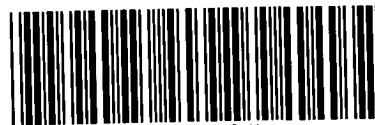


GREENSLEEVES HOMES TRUST

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2017

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GREENSLEEVES HOMES TRUST

**(A Company limited by Guarantee not having a share capital -
Company Registered Number 03260168)**

(Charity Registration Number 1060478)

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2017

GREENSLEEVES HOMES TRUST
ANNUAL REPORT
YEAR ENDED 31 MARCH 2017

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GREENSLEEVES HOMES TRUST

LEGAL AND ADMINISTRATIVE DETAILS

(A Company limited by Guarantee not having a share capital - Company Registered Number 03260168)
(Charity Registration Number 1060478)

TRUSTEES

Mr R Costella
Ms K Davies (Appointed 1 April 2017)
Mr M Girling (Retired 18 May 2017)
Ms K Gray
Ms L Harris-Ryberg
Mr D Kelly OBE (Appointed 1 April 2017)
Ms E Marsh
Ms D Pounds (Appointed 1 April 2017)
Ms L Ramakrishnan
Mr P Rees
Mr C Shaw (Chairman)
Mr R Strange OBE (Vice Chairman)
Mr P Varney (Retired 18 May 2017)

COMPANY SECRETARY

Mr G Almond

CHIEF EXECUTIVE

Mr P Newman

KEY MANAGEMENT PERSONNEL

Mr C Doherty - Chief Financial Officer
Mr A Mangion - Chief Operating Officer
Mr G Williams - Director of Business Development

REGISTERED OFFICE

Unit 2 Regent Terrace
Rita Road
London
SW8 1AW

STATUTORY AUDITOR

Grant Thornton UK LLP
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

INTERNAL AUDITOR

RSM UK
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City Gate East
Nottingham
NG1 5FS

BANKERS

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2nd Floor
39 Threadneedle Street
London EC2R 8AU

SOLICITOR

Wilsons
4 Lincoln's Inn Fields
London
WC2A 3AA

SOLICITOR

Moon Beaver
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INVESTMENT ADVISORS

Schroder & Co. Ltd
12 Moorgate
London
EC2R 6DA

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2017

The Trustees, who are the directors for the purposes of the Companies Act 2006, present the report and financial statements of Greensleeves Homes Trust ("the Trust"/"the Charity") for the year ended 31 March 2017. The Trustees confirm that the annual report and financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Strategic Report - Objectives and Activities

Aims

Greensleeves Homes Trust is a charitable organisation providing care and accommodation for older people, primarily through residential, dementia and nursing care services.

Our mission is to encourage residents to thrive as individuals and employees to practice as caring professionals. We achieve this through a set of core values which underpin and inform our work, namely; Respect; Openness; Responsibility.

Greensleeves Homes Trust aims to continue to increase the number of beneficiaries it supports beyond the previous target of supporting one thousand residents across our homes by March 2023.

Objectives

The objects of Greensleeves Homes Trust as defined by its Memorandum and Articles of Association are:

- The relief of persons who are in need by reason of age, ill-health or disability by the provision, or assistance in the provision, of accommodation and associated facilities, services and amenities or by such other means as may be charitable;
- such other purposes for the benefit of the community as shall be exclusively charitable;

in each case for the public benefit.

Current Focus

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

The focus of Greensleeves Homes Trust's work is to provide residential, dementia and nursing care, comfort and security to older people, at an economic price that reflects our charitable status. The same standards are offered to all residents without regard to their background. Those unable to fund their care and who are subsidised by the local authority are afforded the same service as those that can.

Our aim through practicing The Eden Alternative philosophy is to improve the lives of our residents and of our staff. Based around the core belief that ageing should be a continued stage of development and growth, rather than a period of decline, we are dedicated to eliminating the plagues of Loneliness, Helplessness and Boredom and to go beyond person-centred care. The philosophy encourages our staff to be creative when giving care, creating vibrant communities where contact with children, the outdoors and animals is central to the home. Our residents are given the opportunity to fulfil their wishes such as going to a football match, driving a racing car or simply having fish and chips at the seaside.

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Strategic Report - Achievements and Performance

Major achievements during the year -

- Greensleeves Homes Trust has provided high quality residential, dementia and nursing care for in excess of 700 increasingly frail older people at competitive weekly fees in homely environments that are staffed by caring and well trained staff.
- Broadlands, our home in Oulton Broad near Lowestoft, achieved a rating of Outstanding from our regulator the Care Quality Commission (CQC). This was our first home to achieve this and ranked it amongst the top 1% of care homes in the country.
- In addition to the outstanding rating at Broadlands, at 31 March 2017 the Trust had achieved a CQC rating of good at 16 of our homes with outstanding traits at four of these. Two homes have been classified as requiring improvement and action plans have already been implemented to rectify any areas of concern identified by the CQC inspectors. De Lucy House, our new home in Diss, Norfolk awaits its first inspection. Therefore, based on the 19 homes that have been inspected, 89.5% have been rated as good or above by the CQC.
- Following a detailed strategic and financial review, the Trust elected to utilise a retail charity bond structure to refinance existing debt and to provide funding for future acquisition and development activity. The bond issue closed over-subscribed in less than one week from launch having raised £33m from a wide range of institutional, ethical and individual investors. The bond was issued by Retail Charity Bonds Plc for a period of nine years at a fixed rate of interest of 4.25% with the raised funds loaned to Greensleeves on the same terms as the bond. The loan was drawn down by Greensleeves on 30 March 2017 and all existing bank debt repaid the following day. This reduced the effective rate of funding and removes exposure to potential future interest rises. £893,000 break costs were incurred in repaying existing loans which were expensed fully in the year. The issue of the bond also garnered a lot of media attention in both care publications and the national press thus helping raise the profile of the Trust.
- Legal and due diligence work surrounding our acquisition of the Glebelands Estate in Wokingham, Berkshire was completed and contracts exchanged on 4 April 2017. Completion of the purchase happened on 15 June 2017. The Estate was purchased from The Cinema and Television Benevolent Fund and includes an operating home providing residential and nursing care for up to 41 residents. In addition, there are a variety of other buildings including a 27 unit apartment block, a three unit stable block and a three bedroom cottage which have either been sold on a long leasehold basis or let on shorthold tenancies.
- We achieved occupancy in our homes (calculated based on phased resident build up at new homes) of 93.2% (2016: 93.4%) which compares favourably with the sector average which was under 90% in 2016-2017. This will ensure continued income to fund our future development plans and expansion. Good occupancy was achieved through careful occupancy monitoring, effective marketing of vacancies but mainly the quality of care provided and resulting good reputation of our homes.
- We held our annual Greensleeves Care Awards event at The Oval cricket ground in London at which we recognised the achievements of our homes, employees and volunteers. This year's event was attended by over 160 people with the majority being staff from our homes.
- We continued to develop the Trust's long-term Financial Strategy and Plan which will help drive our growth and expansion plans.
- We completed our rebranding exercise which has resulted in clarity of positioning and greater awareness for the charity in the care home market.
- Following separate formal tendering processes overseen by the Finance & Audit Committee where multiple firms were invited to submit proposals, Grant Thornton was appointed as the Trust's statutory auditor and RSM was appointed as the Trust's internal auditor.

GREENSLEEVES HOMES TRUST
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Strategic Report - Achievements and Performance - continued

Against last year's specific 'Plans for the Future' -

- **To review the Trust's long-term strategy and plans** - the Board and Senior Management Team undertook a detailed review of the long term strategy of the Trust, recognising that the sustainable growth target of supporting 1,000 beneficiaries by March 2023 was likely to be met more quickly than originally envisaged. Following the success achieved to date, Trustees agreed to continue with the controlled growth of the organisation at a broadly similar rate to that achieved in recent years. This will periodically be reviewed dependent on market conditions and resource availability.
- **To continue to improve the standards of care and the overall service by developing the Eden Alternative philosophy** - a further four homes were validated during the year bringing the total to 17 and we continue towards the aim of having all our homes validated.
- **To continue to invest in the training and development of our staff** - we invested £306,000 in mandatory and non-mandatory training for our staff during the year to ensure that they are able to provide appropriate care for our residents. We retained Trust-wide Investors in People accreditation, thus confirming our staff have a true understanding of our values and strategy. In addition, individually, one home has Gold accreditation and another has Silver. The Trust wide dementia service and values based recruitment continues to develop and in March 2017 89% of Trust staff were registered as Dementia Friends. Since its introduction at Greensleeves, including those that have now left, 1,100 employees have received this training. Additionally, we have over 50 Dementia Champions and are continuing to roll out our Virtual Dementia Tour training across the Trust.
- **To integrate and support our three new homes further namely De Lucy House in Norfolk, Gloucester House in Kent and Viera Gray House in London** - with guidance from head office and other homes, all three new homes are operating to the same standards as our other long standing homes. Viera Gray House and Gloucester House are rated good by the Care Quality Commission whilst De Lucy House has not yet been inspected.
- **To prepare for and mobilise three new build properties in the South East** - construction of our new home, Lavender Fields in Seal near Sevenoaks, Kent continues on schedule with completion expected in March 2018. Development activity at our second site in Rye, Sussex has progressed well with a formal planning application expected to be submitted during the first half of 2017-18. Unfortunately the developer of our third site withdrew the project from the market at a late stage of development and so we will not now be proceeding with construction of this home.
- **To complete the re-branding exercise started in the year ended 31 March 2016** - the re-branding project has been completed successfully. The new brand has been adopted both within the Trust and at each of our care homes. As part of re-branding we developed: new brand guidelines, a new website, new brochures for each of our care homes, new stationery as well as uniforms and name badges for staff. In addition to that, thanks to the new brand and publicity which followed re-branding, we managed to achieve a higher positioning and greater awareness for the charity in the care home market.
- **To increase the Trust's influence and visibility in the care sector by positively promoting our homes both locally and nationally** - we have continued to improve the Trust's visibility through membership of appropriate organisations including the National Care Forum. We have actively participated in national care sector initiatives, won numerous local, regional and national industry awards. The number of positive reviews on external websites continues to grow and some homes are now rated as the best in their area. We also continue to benchmark ourselves against other care providers by taking part in surveys such as Your Care Rating which is based on responses from residents and separately from family and friends of care home residents. In the latest results, Greensleeves was ranked first overall in the family and friends survey and third overall in the residents survey. We also achieved a score of 93.5% for Quality of Life from our residents. Additionally, De Lucy House was rated as the highest scoring care home in East Anglia.

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Strategic Report - Achievements and Performance - continued

- To continue to research potential development sites or new homes to expand the Trust's current portfolio of homes - this process continues and we have developed an excellent pipeline of development or acquisition opportunities. For example, the purchase of the Glebelands Estate as detailed above.

Strategic Report - Key Performance Indicators

We monitor performance against a variety of Key Performance Indicators including the principal ones summarised in the table below.

	Outcome 2017	Outcome 2016
Number of homes with Eden Alternative validation	17	13
Percentage of residents funded by the local authority	23.3%	24.2%
Staff turnover	18.0%	14.8%
Occupancy	93.2%	93.4%
Average fee per week	£805	£735

- A further four homes achieved Eden Alternative validation during the year bringing the total to 17 and we continue towards the ultimate aim of having all our homes validated.
- Percentage of residents funded by the local authority - in line with public benefit and our sustainable operating model, we aim to have 25% of the total number of our residents funded by local authorities. At the year end, we were slightly below this target and the percentage was lower compared with 2016. The percentage tends to fluctuate on a monthly basis in line with resident admissions and departures and our overall target remains at 25%.
- Staff turnover has risen this year but remains comfortably below the average of 21.7% published by the National Care Forum. Recruitment remains a challenge for the sector and whilst our staff turnover is lower than the national average, we continue to investigate innovative ways to attract the best people to join us.
- Occupancy levels are broadly in line with last year (based on anticipated resident build up at new homes) and compare favourably with the sector average of below 90%.
- Average fee per week - the fee reflects the cost of running each individual home and will vary based on location, type of care being offered and the funding status of the residents. The average fee has increased this year reflecting inflationary pressures in particular from the impact of the new National Living Wage.

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Strategic Report - Financial Review

Review of Transactions and Financial Position

These financial statements for the year ended 31 March 2017 comply with Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'.

Overall results

Overall, net income of £474,673 (2016: £421,070) was produced which has increased reserves to a total of £32.9million (2016: £32.4million).

The table on page 7 shows the results for the year compared with 2016.

Existing operations

Income

- Residents' care fees, relating to our core activity of providing residential, dementia and nursing care, have increased by £2.2million as a result of the annual fee increase (which was impacted by the introduction of the National Living Wage), stable occupancy, an increasing number of residents at one home and the rising care needs of our residents generally.
- Residents' sundries relate to the recharge of incidental expenses incurred on behalf of residents.
- Other income includes £63,000 (2016: £74,000) generated by our investment portfolio and cash reserves plus rent from various accommodations, donations and fundraising.

Expenditure

- Resident care costs, relating to the running costs of our homes including depreciation, loan interest and an allocation of head office staff costs, have increased by £1.7million as a result of inflationary cost pressures, the introduction of the National Living Wage, increased investment in the upkeep of the homes and the rising care needs of our residents.
- Head office costs comprise expenditure from day to day head office operations plus professional fees in respect of expansion plans; HR, energy and health & safety consultancy; and Trust-wide computer services.
- Costs of raising finance of £893,000 relate mainly to charges incurred in repaying existing bank loans early with the proceeds of the new loan from Retail Charity Bonds Plc. It also includes arrangement fees and amortised set up costs of the latter.
- Other costs relate to investment manager fees and costs relating to various rental properties owned by the Trust.

Investment gains and losses

- In the year, our investment portfolio produced realised gains of £1,000 (2016: £74,000) and unrealised gains of £190,000 (2016: unrealised losses of £181,000) leading to net gains of £191,000 (2016: net losses of £107,000).

New homes

During the year ended 31 March 2016, three new homes were added; two were acquisitions of existing operating homes - Gloucester House in Sevenoaks, Kent which was purchased in June 2015 and Viera Gray House in Barnes, South West London which was added in November 2015. The other home, De Lucy House in Diss, Norfolk was a new build leasehold home which opened in September 2015. Therefore, the results for last year reflect a part year of operations compared with a full year contribution in 2017 albeit, in the case of De Lucy House, resident numbers are still building to its potential maximum of 60.

In 2017, the new homes generated income of £5.5million (2016: £2.8million) and expenditure was £5.7million (2016: £3.4million) resulting in a deficit of £196,000 (2016: deficit of £545,000). Between them, the two new acquisitions contributed a surplus of £394,000 and the leasehold home generated a deficit of £590,000 which is after taking into account the rent for the year. Whilst the leasehold home broadly met resident number targets set for the year, it is behind original assumptions set prior to its opening and has not yet reached full occupancy. On 31 March 2017, there were 43 residents (2016: 21 residents). It is expected to reach full resident capacity during 2017.

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Strategic Report - Financial Review - continued

	Existing Homes 2017 £	Head Office 2017 £	Existing Operations 2017 £	New Homes 2017 £	Total 2017 £	Existing Homes 2016 £	Head Office 2016 £	Existing Operations 2016 £	New Homes 2016 £	Total 2016 £
INCOME										
Residents' care fees	22,864,924	-	22,864,924	5,439,995	28,304,919	20,637,231	-	20,637,231	2,750,346	23,387,577
Residents' sundries	210,215	-	210,215	36,164	246,379	212,318	-	212,318	16,919	229,237
Other income	77,458	155,452	232,910	21,551	254,461	76,006	251,951	327,957	41,086	369,043
TOTAL	23,152,597	155,452	23,308,049	5,497,710	28,805,759	20,925,555	251,951	21,177,506	2,808,351	23,985,857
EXPENDITURE										
Residents' care costs	20,526,770	-	20,526,770	5,693,856	26,220,626	18,833,723	-	18,833,723	3,353,494	22,187,217
Head Office costs	-	1,366,613	1,366,613	-	1,366,613	-	1,251,169	1,251,169	-	1,251,169
Cost of raising finance	-	893,472	893,472	-	893,472	-	-	-	-	-
Other costs	-	41,018	41,018	-	41,018	-	19,221	19,221	-	19,221
TOTAL	20,526,770	2,301,103	22,827,873	5,693,856	28,521,729	18,833,723	1,270,390	20,104,113	3,353,494	23,457,607
Net investments gains / (losses)	-	190,643	190,643	-	190,643	-	(107,180)	(107,180)	-	(107,180)
NET INCOME	2,625,827	(1,955,008)	670,819	(196,146)	474,673	2,091,832	(1,125,619)	966,213	(545,143)	421,070

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Strategic Report - Financial Review - continued

Balance Sheet

The balance sheet shows that at 31 March 2017 the total funds of the group were £32.9million (2016: £32.4million). This was represented by fixed assets of £43.3million (2016: £42.6million), net current assets of £23.4million including investments of £1.7million (2016: net current assets of £1.1million including investments of £1.4million) and long term liabilities of £33.8million (2016: £11.3million). Unrestricted funds of £32.8million (2016: £32.3million) represent the reserves available to the Trust to fulfil its current operations and existing financial commitments over the long term and also to finance the growth in activity envisaged in future plans.

Reserves

The Charity Commission defines free reserves as “income which becomes available to the Charity and is to be expended at the Trustees’ discretion in furtherance of the Charity’s objectives, but which is not yet spent, committed or expended”.

The Reserves Policy is considered annually and the Board of Trustees reviews the Trust’s reserve levels throughout the year in the light of its planned activities, budget and cashflow forecasts. The Board currently believe it necessary to hold reserves so that the future standards of service and accommodation offered to residents can be maintained and, hopefully, improved. It is also important that funds are available to fulfil any committed acquisition and development activity.

With this in mind, the Trust should have sufficient reserves available to fund revenue costs in the event of any unexpected problems. As the Trust’s operational sites are widespread, it is expected that such problems would be isolated to a particular site and would not affect the Trust as a whole. Therefore the reserves provision for revenue costs has been set at 10% of the Trust’s ordinary costs for a period of three months. In addition to this requirement, and with reference to our active development programme, there should be further reserves available that are equivalent to actual capital commitments less any associated finance arrangements that are already in place.

At the balance sheet date, the Trust’s free unrestricted reserves before long term liabilities were £23.2million which represents an excess of £22.0million over the £1.2million needed to fulfil the above requirement. The excess is a result of holding the surplus funds from the loan from Retail Charity Bonds Plc. £7.3million was used to fund the purchase of the Glebelands Estate which happened on 15 June 2017. The intention is that the remainder will contribute towards the redevelopment of our current homes and also to enable further expansion of the Trust. At the date of signing the Trustees’ report, firm plans are in place to redevelop two of our existing homes and works at both are expected to start within the next twelve months. Both will be funded by the excess reserves.

On transition to FRS 102, the decision was taken to adopt a ‘deemed cost’ value at the date of transition for the freehold homes using their value as at 1 April 2014 thus creating a revaluation reserve equivalent to the increased value only of those homes that had risen in value. The balance of this reserve at 31 March 2017 was £10.5million.

The Trustees had previously chosen to designate some of the unrestricted funds to create a fixed assets reserve which consisted of the net book value of the residential homes, other properties and equipment which were held for the long term benefit of the Trust less the year end long term balances outstanding on loans that were taken out to finance home purchases and developments and less the value of the revaluation reserve. With the advent of the loan from Retail Charity Bonds Plc and to provide more clarity, the decision was made to no longer designate funds in the fixed assets reserve. At the end of last year the fixed assets reserve stood at £21.7million. The full amount has been released to general funds.

The Trust’s Senior Management Team actively monitor reserves on behalf of the Board of Trustees and they are responsible for providing quarterly updates on the current situation and highlighting any potential problems that are envisaged.

Greensleeves Homes Trust currently has total reserves of £32.9million of which £115,000 are restricted (2016 £32.4million and £141,000 respectively). These restricted funds are made up by amenity funds raised specifically for our homes’ residents’ benefit.

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Strategic Report - Financial Review - continued

Investments

The Trustees of Greensleeves Homes Trust wish to ensure the sound and competent management of the Trust's financial assets in order to maximise the monies available to fulfil the charity's core purpose of meeting the needs of current and of future older people. In the light of this, investment of funds is weighted towards capital growth rather than immediate income with the aim of maintaining capital in the long term and making a sustainable and reliable return in line with RPI plus 4% (net of costs).

The Trustees have decided to place investments in a Common Investment Fund (CIF) established and approved by the Charity Commission and regulated by the Financial Services Authority. Day to day investment decisions are delegated to the Investment Manager, who follows the requirements set out below:

- Equity like returns at less than three quarters volatility of the equity markets;
- The Trust does not apply any restrictions on where investments are placed, other than that the CIF cannot be leveraged;
- Liquidity: all funds should be capable of being available in one week.

The Investment Manager produces a report at quarterly intervals, measuring performance over the last five years, using the above benchmark.

The Trustees review this policy and the appropriateness of the CIF and meet the Investment Manager at least every twelve months. The policy is also reviewed at any stage if there are any significant changes to the Trust's situation.

The Trust's investments are overseen by Schroder & Co. Ltd with the majority of monies now being held in their Charity Multi-Asset Fund. During the year, income of £61,400 was generated of which £60,300 was used to purchase additional units. Investment manager fees of £3,600 were funded through the disposal of units which generated realised gains of £600. At the year end, we recorded unrealised gains of £190,000 which is a result of the investments increasing in value since they were purchased. Taking gains and fees into consideration, the portfolio's market value as at 31 March 2017 stood at £1.68million plus cash balances of £1,102 (2016: £1.44million plus cash balances of £823).

Temporary surplus funds derived from the proceeds of the loan from Retail Charity Bonds Plc will be held on short term deposit pending utilisation on planned development activity.

Going concern

The Trustees believe the Charity is a going concern as it has adequate resources to continue in operational existence for the foreseeable future. There are sufficient cash reserves and whilst the loan from Retail Charity Bonds Plc amounts to £33million and is unsecured, future cash flows will meet the six monthly interest payments as they fall due and monies will be accrued in readiness for its repayment in 2026.

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Strategic Report - Plans for the Future

The Board have identified two key strategic goals:

- Quality Improvement - Ensure continuous enhancement in the quality of care provided to residents and service users.
- Sustainable Development - Expand the charitable impact of Greensleeves in an enduring and affordable manner.

Key Plans

In the coming year, our key plans are:

- To review the Trust's long-term strategy and plans.
- To develop a long-term Care and Quality improvement Strategy and Plan
- To continue to invest in the training and development of our staff to ensure that they are able to provide appropriate care for both current and future older generations.
- To formalise our resourcing strategy to develop our approach to how we respond to the challenges and opportunities to attract, recruit and retain frontline staff.
- To continue to improve the standards of care and the overall service by developing the Eden Alternative philosophy and by ensuring we receive validation in at least a further three homes with the ultimate aim of all being validated.
- To complete the acquisition of Glebelands, our new home in Wokingham, and to subsequently integrate the home into the Trust.
- To continue the upgrading process of our recently acquired homes - Gloucester House in Kent and Viera Gray House in London.
- To prepare for and mobilise our new build property, Lavender Fields, in Kent.
- To transfer residents and staff from Mount Ephraim House to Lavender Fields in order to facilitate the redevelopment and refurbishment of the home in Tunbridge Wells.
- To obtain planning permission to build a new home in Sussex.
- To commence major extension and development works at Croxley House in Croxley Green, Rickmansworth.
- To continue to research potential development sites or new homes to expand the Trust's current portfolio of homes and the types of care it provides without jeopardising the financial strength of the Trust. This is in line with our medium to long term aim for the Trust to continue our sustainable growth.
- To increase the Trust's influence and visibility in the care sector by positively promoting our homes both locally and nationally.

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Strategic Report - Risks and Uncertainties

Our Risk Register is reviewed on a quarterly basis by Trustees and by the Senior Management team. Mitigating actions are taken to minimise the likelihood and impact of all risks. The following are the key risks and uncertainties currently facing the Trust:

- Poor operational / care performance results in either Care Quality Commission enforcement action or the Trust fails to open new services effectively, leading to damage to the Trust's reputation and finances.
- Failure to meet the current regulatory requirements of the Care Quality Commission and the Charity Commission or to identify and comply with any changes in legislation.
- High staff turnover and our ability to recruit staff with sufficient knowledge, skills, expertise or experience to provide good care which could lead to higher use of agency staff and inconsistent care standards.
- The need to ensure sufficient funds are accrued in readiness for repaying the loan from Retail Charity Bonds Plc on maturity.

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Structure, Governance and Management

Greensleeves Homes Trust is a company limited by guarantee and a registered charity. Its governing instrument is its Memorandum and Articles of Association.

The Trustees

As at 31 March 2017, the Board of Trustees comprised ten members who are responsible for the overall policy, direction and strategy of the Trust and for the oversight of its financial affairs. All attend Trustees' meetings, held throughout the year, at which the important matters affecting the Trust are discussed and decisions made.

Trustees are usually recruited with the support of an external agency specialising in non-executive recruitment. In recruiting new Trustees, the aim is to attract appropriate people who will complement the skill set of the existing Board and fill any identified skills gaps. Potential new Trustees are interviewed by the Nominations Committee or a panel of board members. Any suitable candidates are then recommended to the Board for appointment.

As part of their induction, all Trustees are issued with relevant key documentation including the Memorandum and Articles of Association, current annual budget and business plans, as well as information about regulatory requirements in the care and charity sectors. They also meet with the Chief Executive to discuss current strategy and future aims and objectives, as well as identifying any specific, additional training or induction needs. Going forward, Trustees are kept informed of any developments within the Trust and in legislation affecting the Trust by the Chief Executive and in board papers.

The current Trustees come from a wide range of backgrounds and provide the Trust with a high calibre of expertise and advice that complements support from our external advisers.

Finance & Audit Committee

The Finance & Audit Committee comprises four Trustees and has responsibility for providing the Board with assurance on the adequacy of all systems, controls and processes that may have an impact on the Trust's ability to meet its objectives and to ensure that its financial resources are being deployed appropriately in furtherance of its objectives.

Property Committee

The Property Committee comprises five Trustees and is responsible for providing the Board, the Chief Executive and Senior Management Team with advice on property related issues, consistent with the Trust's objectives. In particular, it advises on development activity both within the existing portfolio and by evaluating new opportunities.

Remuneration Committee

The Remuneration Committee comprises three Trustees and is responsible for advising the Board and Chief Executive on pay and reward throughout the Trust, with a particular focus on the pay of senior staff, on any reward and incentive scheme and on pension issues.

Care & Quality Improvement Committee

The Care & Quality Improvement Committee comprises five Trustees and is responsible for the clinical governance and risk management of resident safety and experience, quality standards and compliance, and service development / innovation.

Nominations Committee

The Nominations Committee meets as required and is responsible for effective succession planning for senior roles in the Trust such as the Chairman, Vice Chairman, Chairman of any standing committee, Trustees and the Chief Executive.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2017

Health and Safety

At Greensleeves Homes Trust we believe a safe environment for staff, residents and guests is an essential right and so we work hard to ensure that no one should come to any harm within any of our care homes. The responsibility for ensuring the safety and wellbeing of all is shared by everyone within the Trust and as such all staff are provided with relevant training, equipment and resources to achieve this goal.

To manage the provision of the training, equipment and resources, as well as the management of any accidents, incidents or near misses, a comprehensive Health and Safety Compliance process has been implemented that is ultimately overseen by the Board of Trustees with support from the Health and Safety Consultative Committee, Senior Management Team and Care Home Managers.

During the year, we have not had to report any serious accidents or similar events to any regulatory body.

Risk Assessment

Identifying possible areas of risk that could affect the Trust is taken very seriously. We have an active Risk Register, covering the business, operational and financial areas of the Trust, and it is regularly reviewed in detail by appropriate members of the Senior Management Team. The Team, which comprises senior members of Head Office staff, meet on a quarterly basis to discuss all existing risks and to identify any new ones. The Register is updated accordingly before it is subsequently considered by the Finance & Audit Committee. Its review also forms part of the agenda of the Trust's other committees as appropriate. A summary is then presented to the full Board of Trustees at their quarterly meeting. The Senior Management Team carries out a variety of internal controls on a regular basis to ensure that any potential problems are identified and tackled as soon as possible.

These internal reviews include:

- monthly visits to the homes by a rotation of Head Office staff that cover all aspects of the day to day running of each home including reviewing the areas of care, HR and health & safety;
- periodic inspections of each home's financial records by the Trust's Finance Team to ensure that everything is in order and that there is no potential misappropriation of the Trust's funds;
- continued training of staff to ensure that they have the relevant skills and knowledge to meet the needs of the Trust.
- regular visits to the homes by a rotation of Trustees.

In addition, we employ external providers who complete care, health and safety and financial audits thus giving additional reassurance.

Management and Staffing

Trustees delegate the day-to-day running of the Charity to a full-time Chief Executive, who is supported by a Senior Management Team including the Chief Financial Officer, Chief Operating Officer and Director of Business Development. Among their many responsibilities are the development and strengthening of the services provided within the framework set by the Trustees, ensuring staff are recruited who understand the Trust's values and the regulatory requirements in the care sector, and optimising the use of the Trust's assets. In addition they provide strategic and operational leadership ensuring that regulatory requirements are met, agreed standards of service are maintained within budget and new sustainable income streams and development opportunities are identified.

Other key members of Head Office staff also assist with day to day operations and are involved in forward planning and the focus of the Trust. In anticipation of the Trust's increasing development plans, during the year, additional staff were added at Head Office and further people will be recruited in the coming year. This has impacted costs for the year.

Throughout the year, the home managers attend a variety of seminars and Trust wide training events to ensure that they are kept informed of any care, HR, financial, property and health and safety issues. External speakers are invited to attend the events to share their knowledge and experience.

GREENSLEEVES HOMES TRUST
REPORT OF THE BOARD OF TRUSTEES
(INCORPORATING THE REPORT OF THE DIRECTORS AND THE STRATEGIC REPORT)
FOR THE YEAR ENDING 31 MARCH 2017

The Trust has a formal Remuneration Policy which is regularly reviewed. The Policy helps ensure we reward, motivate and retain staff with a particular focus on ensuring our staff members maintain high standards of care for our residents. We are committed to ensuring a proper balance between paying our staff fairly so we attract and retain the best people for the job whilst carefully managing our financial net income. The Board of Trustees make the final decision on any staff-wide pay increases as part of the annual budget-setting process.

The pay of senior staff is reviewed and benchmarked against other similar care providers annually. In addition, a biennial, independent remuneration review is conducted by an external consultancy to provide benchmarking support on both pay and benefits provision. The Remuneration Committee determine the level of increase giving specific consideration to Executive pay namely, the Chief Executive, the Chief Financial Officer, the Chief Operating Officer and the Director of Business Development posts. In setting the salary for these four roles the Trust will take into consideration market data and the future growth plans for Greensleeves Homes Trust.

The Trustees would like to take this opportunity to thank all staff for their contribution during the year.

Employee involvement

The Trust has established work practices in place that enable effective communication and engagement with staff, for example the quarterly staff newsletter and the staff engagement survey. Staff meetings are held at all homes on a regular basis which give employees the opportunity to discuss any issues and make suggestions on how their home operates.

Disabled Persons

We are committed to encouraging diversity amongst our workforce and seek to make reasonable adjustments to ensure our premises and working conditions meet the needs of staff members and job applicants that are disabled. All staff are afforded the same opportunities.

Volunteers

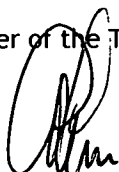
Greensleeves Homes Trust and its residents are fortunate to benefit from a multitude of volunteers who support our homes. These volunteers give their time freely to help us in a number of ways including assisting with activities, facilitating fundraising events or simply providing friendly conversation and companionship to residents. The Trustees are extremely grateful to all those volunteers who support us in delivering a valued and important service and making such a positive contribution to the lives of not only our residents but our staff as well.

Subsidiary undertaking

The Trust has a subsidiary, Greensleeves Developments Limited. It is currently dormant but is being kept in existence in case a trading subsidiary is required for any future activities. Details can be found in note 5 of the notes to these financial statements.

The Report of the Board of Trustees and the Strategic Report are formally approved by the Trustees. They also approve the Strategic Report in their capacity as company directors.

By Order of the Trustees



Christopher Shaw - Trustee of Greensleeves Homes Trust
27 July 2017

GREENSLEEVES HOMES TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
YEAR ENDED 31 MARCH 2017

The Trustees (who are also directors of Greensleeves Homes Trust for the purposes of company law) are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENSLEEVES HOMES TRUST

We have audited the financial statements of Greensleeves Homes Trust for the year ended 31 March 2017 which comprise the statement of financial activities (incorporating an income and expenditure account), the balance sheet, the cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Report of the Board of Trustees have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Report of the Board of Trustees.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENSLEEVES HOMES TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

William Devitt
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: 9 August 2017

GREENSLEEVES HOMES TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2017

	<u>Notes</u>	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total 2016 £
INCOME FROM							
Charitable activities							
Residents' care fees		28,304,919	-	28,304,919	23,387,577	-	23,387,577
Residents' sundries		246,379	-	246,379	229,237	-	229,237
Rental income		91,030	-	91,030	84,947	-	84,947
Raising funds							
Donations and fundraising		5,279	75,561	80,840	12,808	140,972	153,780
Investments	2	62,658	-	62,658	73,805	-	73,805
Other							
Miscellaneous income		19,933	-	19,933	41,562	-	41,562
Surplus from sale of fixed assets		-	-	-	14,949	-	14,949
TOTAL		28,730,198	75,561	28,805,759	23,844,885	140,972	23,985,857
EXPENDITURE ON							
Charitable activities							
Residents' care costs	3	26,174,202	46,424	26,220,626	22,150,590	36,627	22,187,217
Head Office costs	3	1,366,613	-	1,366,613	1,251,169	-	1,251,169
Rental costs	3	37,422	-	37,422	14,913	-	14,913
Raising funds							
Investment manager fees	3	3,596	-	3,596	4,308	-	4,308
Cost of raising finance	3	893,472	-	893,472	-	-	-
TOTAL	3	28,475,305	46,424	28,521,729	23,420,980	36,627	23,457,607
INVESTMENT GAINS / (LOSSES)	9	190,643	-	190,643	(107,180)	-	(107,180)
NET INCOME		445,536	29,137	474,673	316,725	104,345	421,070
Transfer between funds	12	55,295	(55,295)	-	46,671	(46,671)	-
NET MOVEMENT IN FUNDS		500,831	(26,158)	474,673	363,396	57,674	421,070
FUNDS AT 1 APRIL 2016	12	32,268,251	140,903	32,409,154	31,904,855	83,229	31,988,084
FUNDS AT 31 MARCH 2017	12	32,769,082	114,745	32,883,827	32,268,251	140,903	32,409,154

All of the above results are derived from continuing activities.

The notes on pages 21 to 32 form part of these financial statements.

GREENSLEEVES HOMES TRUST
BALANCE SHEET
31 MARCH 2017

	<u>Notes</u>	<u>2017</u> £	<u>2016</u> £
FIXED ASSETS			
Tangible assets	7	43,289,568	42,579,250
Investment in Subsidiary	5	4	4
		<hr/> 43,289,572	<hr/> 42,579,254
CURRENT ASSETS			
Debtors	8	1,218,731	1,194,765
Investments	9	1,683,636	1,436,263
Bank and cash balances		22,299,861	791,165
		<hr/> 25,202,228	<hr/> 3,422,193
CURRENT LIABILITIES			
Amounts falling due within one year	10	(1,850,166)	(2,272,830)
		<hr/>	<hr/>
NET CURRENT ASSETS		23,352,062	1,149,363
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		66,641,634	43,728,617
		<hr/>	<hr/>
CREDITORS			
Amounts falling due after more than one year	10	(33,757,807)	(11,319,463)
		<hr/>	<hr/>
NET ASSETS		32,883,827	32,409,154
		<hr/> <hr/>	<hr/> <hr/>
UNRESTRICTED FUNDS			
General funds		22,302,960	2,338
Revaluation reserve		10,466,122	10,573,753
Fixed assets reserve		-	21,692,160
	12	<hr/> 32,769,082	<hr/> 32,268,251
RESTRICTED FUNDS	12	114,745	140,903
		<hr/>	<hr/>
TOTAL FUNDS	13	32,883,827	32,409,154
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of Trustees and authorised for issue on 27 July 2017 and signed on their behalf by:

.....
Christopher Shaw - Trustee of Greensleeves Homes Trust

The notes on pages 21 to 32 form part of these financial statements.

Company Registered Number 03260168

GREENSLEEVES HOMES TRUST
CASH FLOW STATEMENT
31 MARCH 2017

	<u>2017</u> £	£	<u>2016</u> £	£
Cash flows from operating activities		2,033,323		1,986,084
Cash flows from investing activities				
Dividends received	61,428		69,481	
Interest received	1,230		4,324	
	<hr/>	62,658	<hr/>	73,805
Purchases of tangible assets	(2,082,500)		(6,222,668)	
Sale of tangible assets	-		16,500	
Purchases of investments	(60,326)		(69,438)	
Sales of investments	3,596		503,442	
	<hr/>	(2,139,230)	<hr/>	(5,772,164)
Net cash used in investing activities		(2,076,572)		(5,698,359)
Cash flows from financing activities				
New loan facilities	33,000,000		2,500,000	
Capitalisation of costs	(488,770)		-	
Amortisation of capitalised costs	298		-	
Capital repayments	(10,959,583)		(584,467)	
	<hr/>	21,551,945	<hr/>	1,915,533
Net cash provided by financing activities		21,551,945		1,915,533
Change in cash and cash equivalents in the reporting period		21,508,696		(1,796,742)
Cash and cash equivalents at beginning of reporting period		791,165		2,587,907
Cash and cash equivalents at end of reporting period		22,299,861		791,165
Reconciliation of net income to net cash flow from operating activities				
Net income for the reporting period		474,673		421,070
(Increase) in debtors		(23,966)		(365,786)
Increase in creditors		463,735		600,170
Depreciation		1,372,182		1,312,204
Dividends and interest from investments		(62,658)		(73,805)
Net losses / (gains) on investments		(190,643)		107,180
Gains on fixed asset disposals		-		(14,949)
		<hr/>		<hr/>
Net cash provided by operating activities		2,033,323		1,986,084
Analysis of cash and cash equivalents				
		Cash at 31 March 2017		Cash at 31 March 2016
Cash at bank		22,299,861		791,165

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. They are in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity constitutes a public benefit entity as defined by FRS 102.

The currency used in the financial statements is Pound Sterling.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions concerning the future. The areas of the financial statements that are subject to these judgements are as follows:

- Care home debtors: An allowance for bad and doubtful debts is maintained in respect of estimated losses resulting from the inability of the Charity's debtors to settle amounts due.
- Fixed asset valuation: On transition to FRS 102, the decision was taken to adopt a 'deemed cost' value for the freehold homes so as to give a truer indication of their value. A professional valuation was therefore undertaken as at 1 April 2014; being the transition date, and the carrying value of all homes held at that date is based on this valuation less provision for depreciation and impairment subsequently charged. Additions are stated at cost less depreciation. The existence of impairment indicators is considered by the Trustees at each reporting date, as is the continuing appropriateness of the depreciation policy.
- Loan measurement: Future payments have been estimated in respect of the loan in computing the effective interest rate at inception, with a periodic re-assessment being undertaken of the effective rate as a floating rate instrument based on actual outcomes during the loan term.

(c) Income recognition

Residents' care fees, rental income donations are recognised when the Charity has entitlement to the amounts due and their receipt is probable. It is accounted for on a receivable basis.

Income from investments or bank interest is included when receivable and the amount can be measured reliably by the Charity; this is normally on notification by our investment advisor or by the bank.

Investment income, including bank interest, is stated gross as it is paid without deduction of tax.

(d) Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment where it can be reliably measured and it is probable settlement will be required.

Expenditure is allocated to the particular activity where it direct relates to that activity. Any that is not directly attributable to one activity is allocated as appropriate.

Expenditure on raising funds comprise the fees paid to the manager of our investment portfolio, charges incurred in repaying existing bank loans early and the amortisation of initial costs incurred in respect of the loan from Retail Charity Bonds Plc. Rental costs are in respect of a small number of rental properties owned by the Trust.

(e) Fixed assets

Fixed assets are stated at cost (or, in the case of some freehold property, deemed cost) less accumulated depreciation. Cost includes the original purchase price and any associated costs directly attributable to bringing the asset to its working condition for its intended use.

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017

1 ACCOUNTING POLICIES - continued

The cost or deemed cost of each home's building value is split into two elements:

- 'Core' which includes foundations, walls, stairs, roof structure, site works, drainage and external services and has a longer life.
- 'Renewables' which includes windows, roof coverings, bathrooms, kitchens, lifts and mechanical and electrical services and have a shorter life.

Each home has been assessed for its remaining useful life and is depreciated accordingly.

Land is not depreciated. Depreciation and amortisation of other fixed assets is provided on a straight line basis to write off the cost over the estimated useful lives of the assets:

Freehold property - Core	- over the lower of 50 years or the estimated remaining useful life of the home
Freehold property - Renewables	- over the lower of 20 years or the estimated remaining useful life of the home
Long-term leasehold property	- over the period of the specific lease
Computer equipment	- over three years
Furniture and equipment	- over five years
Motor vehicles	- over four years

Fixed assets include amounts in respect of significant development contracts' valuation certificates received immediately after the year end on the assumption that the work thereon would have occurred prior to the year end.

Where a development at one of our homes is being funded by way of bank finance, any loan interest and associated charges that are attributable to the period during which the works are being undertaken are capitalised as part of the project's cost.

A review for impairment of a fixed asset is carried out at each reporting date to determine if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Depreciation is charged from when an asset is available for use.

(f) Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed funds and company shares are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the quoted market price. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

(g) Debtors and prepayments

Trade and other debtors are recognised at the amount due on the day that they arise. Prepayments are amounts paid in advance and are stated at the actual amount that has been prepaid.

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017

1 ACCOUNTING POLICIES - continued

(h) Bank and cash equivalents

Bank and cash equivalents consist of monies held in current accounts and cash monies held at the Charity's homes and head office. They include monies in respect of both restricted and unrestricted funds

(i) Creditors and accruals

Creditors and accruals are recognised when the Charity has an obligation to make a payment to a third party. Capital repayments due on long-term loans are stated at today's value and are split into instalments due within the next twelve months or due after more than twelve months. Residents' deposits are amounts collected from residents on admission and are repayable on departure. They are classified as long term liabilities.

(j) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the term of the lease.

(k) Funds

General funds are unrestricted funds held for the general objects of the Trust's work. Restricted funds are funds used for specific purposes as laid down by the donor. Expenditure which meets this criterion is identified to the specific fund.

(l) Pension

The Trust operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust in an independently administered Scheme. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(m) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of financial activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the charity would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017

1 ACCOUNTING POLICIES - continued

(n) Going concern

Accounting standards require the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Charity has adequate resources to continue in operational existence for the foreseeable future. There are sufficient cash reserves and whilst the loan from Retail Charity Bonds Plc amounts to £33million and is unsecured, future cash flows will meet the six monthly interest payments as they fall due and monies will be accrued in readiness for its repayment in 2026.

2 INVESTMENT INCOME

	<u>2017</u> £	<u>2016</u> £
Dividends	61,428	69,481
Bank interest	1,230	4,324
	<u>62,658</u>	<u>73,805</u>

3 EXPENDITURE

(a) Analysis of expenditure

	Staff costs (note 4) £	Other care costs (note 3b) £	Other Support costs (note 3c) £	Governance costs £	Total 2017 £	Total 2016 £
Unrestricted funds						
Charitable activities						
Residents' care costs	18,862,112	7,312,090	-	-	26,174,202	22,150,590
Head Office costs	438,432	-	873,189	54,992	1,366,613	1,251,169
Rental costs	-	-	37,422	-	37,422	14,913
Raising funds						
Investment manager fees	-	-	3,596	-	3,596	4,308
Cost of raising finance	-	-	893,472	-	893,472	-
	<u>19,300,544</u>	<u>7,312,090</u>	<u>1,807,679</u>	<u>54,992</u>	<u>28,475,305</u>	<u>23,420,980</u>
Restricted funds						
Charitable activities						
Residents' care costs	-	46,424	-	-	46,424	36,627
	<u>-</u>	<u>46,424</u>	<u>-</u>	<u>-</u>	<u>46,424</u>	<u>36,627</u>
Total expenditure	<u>19,300,544</u>	<u>7,358,514</u>	<u>1,807,679</u>	<u>54,992</u>	<u>28,521,729</u>	<u>23,457,607</u>

GREENSLEEVES HOMES TRUST
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3 EXPENDITURE - continued

(b) Analysis of other care costs

	<u>2017</u> £	<u>2016</u> £
Charitable activities		
Food	1,352,101	1,203,476
Medical costs	81,442	74,600
Activities	401,633	361,856
Care Quality Commission fees	108,638	84,980
Maintenance	1,395,509	1,218,933
Cleaning and housekeeping	606,103	522,723
Insurance	121,027	103,634
Utilities costs	698,421	696,586
Administration costs	309,359	306,795
Loan interest and charges	496,544	497,576
Leasehold rents	447,595	273,238
Depreciation	1,340,142	1,281,597
	<u>7,358,514</u>	<u>6,625,994</u>

(c) Analysis of head office support costs

	<u>2017</u> £	<u>2016</u> £
Professional fees in respect of development plans	162,627	179,435
HR, health & safety, energy consultancy plus other professional fees	138,412	196,975
Trust-wide computer services	235,597	225,631
Head office running costs	306,309	219,608
Depreciation	30,244	30,607
	<u>873,189</u>	<u>852,256</u>

Costs of raising finance of £893,472 relate mainly to charges incurred in repaying existing bank loans early with the proceeds from the loan from Retail Charity Bonds Plc. It also includes arrangement fees and amortised set up costs of the latter.

(d) Analysis of governance costs

	<u>2017</u> £	<u>2016</u> £
Legal and professional fees	4,910	4,627
Audit fees for current year	31,200	25,500
Audit fees in respect of other services	1,920	-
Trustees' expenses	4,689	2,787
Trustee recruitment	7,140	-
Trustee training and development	5,133	-
	<u>54,992</u>	<u>32,914</u>

In addition to the audit fees shown above, Grant Thornton UK LLP was also involved in the financial due diligence in respect of the loan from Retail Charity Bonds Plc. The cost amounted to £40,170 and this has been capitalised along with other costs in respect of the loan and is to be amortised over the nine year term.

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
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4 WAGES AND SALARIES

	<u>2017</u> £	<u>2016</u> £
Summary of wages and salaries allocation in respect of:		
Residents' care costs	18,862,112	15,561,223
Head Office costs	438,432	365,999
	<u>19,300,544</u>	<u>15,927,222</u>
Analysis of wages and salaries:		
Salaries	15,357,572	12,688,184
National insurance costs	927,095	685,467
Pension costs	251,882	191,772
Agency staff	1,990,975	1,636,768
Training	306,006	339,625
Recruitment	180,890	142,619
Other staff costs	286,124	242,787
	<u>19,300,544</u>	<u>15,927,222</u>

Central staff costs are allocated to residents' care costs or head office costs based on the activities being undertaken.

As at 31 March 2017, total pension contributions still to be paid over to employees' policies amounted to £55,315 (2016: £34,623).

The average number of persons employed during the year was:-

	<u>2017</u> FTE	<u>2017</u> Number	<u>2016</u> FTE	<u>2016</u> Number
Residents' care	754	985	603	906
Head office - Homes' support	18	18	15	15
Head office - Central administration	6	6	5	5
	<u>778</u>	<u>1,009</u>	<u>623</u>	<u>926</u>

The number of employees whose emoluments amount to over £60,000 in the year was as follows:-

	<u>2017</u> Number	<u>2016</u> Number
£60,001 to £70,000	3	1
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-
£100,001 to £110,000	-	1
£120,001 to £130,000	1	-
	<u>6</u>	<u>4</u>

Pension contributions paid on behalf of the six above employees for the year amounted to £25,497 (2016: £16,738 for four employees).

Key management personnel consist of the Chief Executive, Chief Financial Officer, Chief Operating Officer and Director of Business Development whose total employment benefits for the year including employer pension contributions were £327,163 (2016: £268,628 although figures are not directly comparable due to changes in the staff structure including the addition of another person which happened during 2017).

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
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5 SUBSIDIARY RESULTS

Greensleeves Developments Ltd (company number 02898839) is a wholly owned dormant subsidiary of the Charity. It has in issue 4 Ordinary Shares with a nominal value of £1 and has not traded throughout the current or prior year, generating neither a profit nor loss. Its net assets at the end of both years amounted to £56.

As the subsidiary is considered dormant, has not traded and is not material, it has not been consolidated into these financial statements.

6 TRUSTEE AND RELATED PARTY TRANSACTIONS

The Trustees received no remuneration for their services during the current or prior year. Travel expenses of £4,689 were reimbursed to 10 Trustees during the year (2016: £2,787 for 11 Trustees).

7 TANGIBLE ASSETS

	<u>Freehold property</u> £	<u>Long term leasehold property</u> £	<u>Computer equipment</u> £	<u>Furniture and equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost						
At 1 April 2016	42,528,108	635,252	352,532	3,926,344	108,356	47,550,592
Additions during the year	1,333,296	247,923	62,817	414,514	23,950	2,082,500
At 31 March 2017	43,861,404	883,175	415,349	4,340,858	132,306	49,633,092
Depreciation						
At 1 April 2016	1,588,065	40,104	215,522	3,067,796	59,855	4,971,342
Charge for the year	862,288	16,891	104,316	364,910	23,777	1,372,182
At 31 March 2017	2,450,353	56,995	319,838	3,432,706	83,632	6,343,524
Net book value at 31 March 2017	41,411,051	826,180	95,511	908,152	48,674	43,289,568
Net book value at 31 March 2016	40,940,043	595,148	137,010	858,548	48,501	42,579,250

Freehold property includes £19.38million of land which is not depreciated.

Included under freehold property are assets with a net book value as at 31 March 2017 of £34.5million which are included at deemed cost less depreciation based on a valuation dated 1 April 2014 (the date of transition to FRS 102). The valuation was undertaken by Knight Frank. Based on historic cost less depreciation, the net book value would be £28.0million.

Further capital expenditure contracted for at 31 March 2017 but not provided for in these accounts amounted to £353,000 (2016: £37,000).

None of the above assets are used as security for the Trust's borrowings.

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
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8 DEBTORS

	<u>2017</u> £	<u>2016</u> £
Amounts due within one year:		
Residential care home debtors	520,888	656,475
Other debtors	125,792	145,925
Prepayments and accrued income	572,051	392,365
	<u>1,218,731</u>	<u>1,194,765</u>

9 CURRENT ASSET INVESTMENTS

	<u>2017</u> £	<u>2016</u> £
Market value at 1 April 2016	1,436,263	1,977,447
Add: additions to investments at cost	60,326	69,438
Book value of disposals in year		
Proceeds from sales	(3,596)	(503,442)
Realised gain	585	73,919
	<u>(3,011)</u>	<u>(429,523)</u>
Net unrealised gain / (loss) in the year	190,058	(181,099)
Market value at 31 March 2017	<u>1,683,636</u>	<u>1,436,263</u>
Cost at 31 March 2017	<u>1,344,613</u>	<u>1,287,299</u>
	<u>2017</u> £	<u>2016</u> £
Investments are represented by:		
Schroder Charity Multi-Asset Fund	1,683,392	1,434,843
Corporate bonds	244	1,420
	<u>1,683,636</u>	<u>1,436,263</u>

All investments are held in the United Kingdom but the Schroder Charity Multi-Asset Fund does have some exposure to overseas investments.

Realised gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between fair value at the year end and their carrying value

GREENSLEEVES HOMES TRUST
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10 CREDITORS

	<u>2017</u> £	<u>2016</u> £
Amounts due within one year:		
Bank loans	-	646,246
Trade creditors	862,123	925,763
Other creditors and accruals	538,000	423,051
Payments in advance	450,043	277,770
	<hr/> 1,850,166	<hr/> 2,272,830

Payments in advance relate to fee invoices raised before the year end which cover periods in the following year. It also includes monies paid in advance of future fees or refunds due to be made post year end. The amount of £277,770 at the end of 2016 was released in full in the year ended 31 March 2017.

Amounts due after more than one year:		
Bank loans	-	10,313,337
Loan from Retail Charity Bonds Plc	32,511,528	-
Residents' deposits	1,246,279	1,006,126
	<hr/> 33,757,807	<hr/> 11,319,463

On 30 March 2017, Retail Charity Bonds Plc (RCB Plc) launched the Greensleeves Homes Trust Retail Charity Bond which was issued through their Retail Charity Bonds platform and is listed on the London Stock Exchange.

RCB Plc raised £33million from the issue of bond. It was issued for a period of nine years at a fixed rate of interest of 4.25% with the option to extend the term by a further two years. All funds raised were loaned to the Trust on the same terms as the bond. Interest is paid six monthly in arrears. There is an annual arrangement fee at an initial rate of 0.1% of the loan which is payable six monthly in advance. This fee is subject to a yearly increase in line with the Retail Price Index.

Costs in respect of the bond issue of £488,770 have been capitalised and are to be amortised over the term of the loan. The year end position is as follows:

	<u>2017</u> £
Loan value	33,000,000
Capitalised costs	(488,770)
Amortisation of capitalised costs	298
	<hr/> 32,511,528
Balance shown in the balance sheet	<hr/> 32,511,528

The loan is repayable in full in March 2026. It is unsecured and has two main covenants.

Following receipt of the funds on 30 March, existing bank loans were settled on 31 March and, as a result, break costs of £893,000 were incurred. These were expensed fully in the year

Having taken into account the repayment of existing loans and costs associated with the new loan, surplus funds of £21million remain and these are to be used to provide funding for future acquisition and development activity.

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017

10 CREDITORS - continued

At the year end the total amount of loans outstanding was repayable as follows:

	<u>2017</u> £	<u>2016</u> £
Due within one year	-	646,246
Due between two and five years	-	7,832,403
Due after more than five years	32,511,528	2,480,934
	<u>32,511,528</u>	<u>10,959,583</u>

11 OPERATING LEASES

Rents paid in the year amounted to £447,595.

At the balance sheet date, the Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<u>2017</u> £	<u>2016</u> £
Due within one year	450,000	443,000
Due within two to five years	1,799,000	1,770,000
Due after five years	12,763,000	13,001,000
	<u>15,012,000</u>	<u>15,214,000</u>

The amounts payable increase annually over the course of the lease in line with the Retail Price Index. The amounts shown above make no assumption for this and are based on the current annual rent.

12 FUNDS

	At 1 April <u>2016</u> £	<u>Income</u> £	<u>Expenditure</u>	Investment <u>gains</u> £	Transfer between <u>Funds</u> £	At 31 March <u>2017</u> £
Unrestricted						
General funds	2,338	28,730,198	(28,367,674)	190,643	21,747,455	22,302,960
Revaluation reserve	10,573,753	-	(107,631)	-	-	10,466,122
Designated funds						
Fixed assets reserve	21,692,160	-	-	-	(21,692,160)	-
Total unrestricted funds	<u>32,268,251</u>	<u>28,730,198</u>	<u>(28,475,305)</u>	<u>190,643</u>	<u>55,295</u>	<u>32,769,082</u>
Restricted						
Amenity funds	140,903	75,561	(46,424)	-	(55,295)	114,745
Total restricted funds	<u>140,903</u>	<u>75,561</u>	<u>(46,424)</u>	<u>-</u>	<u>(55,295)</u>	<u>114,745</u>
Total funds	<u>32,409,154</u>	<u>28,805,759</u>	<u>(28,521,729)</u>	<u>190,643</u>	<u>-</u>	<u>32,883,827</u>

GREENSLEEVES HOMES TRUST
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12 FUNDS - continued

General funds are unrestricted funds held for the general objects of the Trust's work.

The fixed assets reserve consisted of the net book value of the residential homes, other properties and equipment which were held for the long term benefit of the Trust less the year end long term balances outstanding on loans that were taken out to finance home purchases and developments and less the value of the revaluation reserve. With the advent of the loan from Retail Charity Bonds Plc and to provide more clarity, the decision was made to no longer designate funds in the fixed assets reserve and the full £21,692,160 has been released into general funds.

The revaluation reserve represents the remainder of the increase in freehold homes property values that arose on transition to FRS 102 and the adoption of a deemed cost valuation. The £107,631 reduction in the year reflects the increased depreciation which arose as a result and is charged to income and expenditure.

The amenity funds represent monies raised by each home to be spent on specific projects and activities in that home.

Transfer between funds of £55,295 represents the purchase of a motor vehicle and the construction of a summer house, both for residents' use at one home. Both purchases were funded by amenity funds.

13 ANALYSIS OF ASSETS BETWEEN FUNDS

	<u>Restricted funds</u> £	<u>Designated funds</u> £	<u>Revaluation reserve</u> £	<u>General funds</u> £	<u>Total</u> £
Tangible fixed assets	-	-	10,466,122	32,823,450	43,289,572
Investments	-	-	-	1,683,636	1,683,636
Other current assets	114,745	-	-	23,403,847	23,518,592
Current liabilities	-	-	-	(1,850,166)	(1,850,166)
Long term liabilities	-	-	-	(33,757,807)	(33,757,807)
Total net assets	114,745	-	10,466,122	22,302,960	32,883,827

14 FINANCIAL INSTRUMENTS

	<u>2017</u> £	<u>2016</u> £
Financial assets		
Financial assets measured at fair value through income and expenditure	22,299,861	791,165
Financial assets measured at amortised cost	646,680	802,400
	<u>22,946,541</u>	<u>1,593,565</u>
Financial liabilities		
Financial liabilities measured at amortised cost	35,157,930	13,314,523
	<u>35,157,930</u>	<u>13,314,523</u>

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

Financial assets measured at amortised cost comprise residential care home debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank and other loans, other creditors and accruals and residents' deposits.

GREENSLEEVES HOMES TRUST
NOTES TO THE FINANCIAL STATEMENTS
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15 TAXATION

Greensleeves Homes Trust is a registered charity and it is therefore exempt from taxation on its charitable activities as it falls within the definition of Charitable Company as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen during the year.

16 CONNECTED ENTITIES

The following entity is connected to the Trust by virtue of common or related objects or by unity of administration:

WRVS Trust - A charitable Trust supporting the activities of Greensleeves Homes Trust and the Women's Royal Voluntary Service whose responsibility is to distribute legacies on receipt to the appropriate legatee.

17 POST BALANCE SHEET EVENTS

Glebelands Estate - On 15 June 2017, the purchase of the Glebelands Estate in Wokingham, Berkshire was completed for a total consideration of £7.7million, £385million of which had been paid as a deposit prior to the year end. The Estate includes an operating home providing residential and nursing care for up to 41 residents. In addition, there are a variety of other buildings including a 27 unit apartment block, a three unit stable block and a three bedroom cottage which have either been sold on a long leasehold basis or let on shorthold tenancies.

Head office premises - On 16 June 2017, the Trust formally agreed to lease new head office premises at an annual rent of £196,000 in Fenchurch Street, London as the lease on the existing office will end in October 2017. The new lease expires in December 2021. The relocation to the new premises is expected to happen in mid to late Summer.