

**Leazes Homes Limited**  
**(a company limited by guarantee and not having a share capital)**

**Report and Financial Statements**  
**For the year ended 31 March 2012**

**Charity Number: 1133627**  
**Company Number: 6888341**  
**TSA Registration Number: 4633**

## Reference and Administrative Details

### Board

D W Midgley	(Chair)
C Tweedie	
C Waddell	
H McStravick	(appointed 25 May 2011, resigned 1 February 2012)
M E Reynolds	(appointed 7 July 2011)
M T Burke	(appointed 1 February 2012)
R Higgins	(appointed 7 July 2011)
S C Murphy	
J Emmerson	(resigned 7 April 2011)
R L Renton	(resigned 25 May 2011)
D S Slesenger	(resigned 25 May 2011)

**Charity Number** 1133627

**Company Number** 6888341

**TSA Registration Number** 46333

**Company Secretary** M Dickson

**Registered Office** YHN House  
Benton Park Road  
Newcastle upon Tyne  
NE7 7LX

**Auditors** Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JD

**Bankers** The Co-operative Bank  
PO Box 250  
Skelmersdale  
WN8 6WT

**Solicitors** Mr Stuart Ovens  
Head of Corporate Law  
Chief Executives Office  
Civic Centre  
Barras Bridge  
Newcastle upon Tyne  
NE1 8PR

## **Trustees' Report for the year ended 31 March 2012**

The Trustees, who are Directors for Company Law purposes, present their report and financial statements for the year ended 31 March 2012.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing documents**

The charity's governing documents are its Memorandum and Articles of Association.

#### **Recruitment and appointment of Trustees**

The Trustees consist of at least four and not more than seven individuals, made up of one Trustee nominated by Your Homes Newcastle (the ALMO Trustee); two individuals nominated by the City County (the Council Trustees) and four individuals (the Ordinary Trustees). The Ordinary Trustees are appointed by the Members. Ordinary Trustees can also be appointed by the existing Trustees, either to fill a casual vacancy or as an addition to the existing Trustees, although the total number of Trustees cannot exceed the number specified in the Articles.

#### **Trustee Induction and Training**

All Trustees receive initial training in respect of their roles and responsibilities as Company Directors and Trustees of a Charity and training is on going to meet legal and statutory requirements.

#### **Risk Management**

Leazes Homes has a strategic risk register which is monitored by Audit Committee.

#### **Structure**

The Trustees are members of the Charity and are admitted as members upon appointment or election as a Trustee.

The Board of Trustees is responsible for the governance, strategy and mission of Leazes Homes.

Leazes Homes is supported by Your Homes Newcastle, who provides professional expertise and management services as required through a Management Agreement that is monitored quarterly.

Leazes Homes has an Audit Committee, currently meeting twice a year. The purpose of the committee is to make sure that the organisation's internal financial control systems and risk management systems are effective and meet regulatory requirements. The Committee has a membership of two Ordinary Trustees and an external professional who chairs the committee. This helps the company to identify and assess potential risk within the business and develop appropriate controls and systems to reduce those risks to an acceptable level.

## **Employees**

Leazes Homes recognises that its most valuable resource is its people; a quality workforce is key to the organisation's success.

We are committed to equal opportunities and support the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst employed by the organisation.

## **Policy on the Employment, Training and Development of Disabled People**

The Board has approved an Equalities Policy that sets out our objectives relating to employment, service delivery, working with other organisations and involving the community which recognises and seeks to address the inequalities and disadvantage that many communities, including disabled people, face in our society.

## **Public Benefit**

Leazes Homes is committed to providing homes or hostels or other residential accommodation and any associated amenities for people in necessitous circumstances upon terms appropriate to their means. The Trustees confirm that the organisation's objectives fully meet the public benefit test and that all activities of the charity described in the report are undertaken in pursuit of its aims.

## **Related parties**

During 2011/12, Leazes Homes was a subsidiary of Your Homes Newcastle. Your Homes Newcastle is a local authority controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of Newcastle City Council. Copies of the financial statements for Your Homes Newcastle Limited can be obtained from the Company Secretary, Your Homes Newcastle Limited, YHN House, Benton Park Road, Newcastle upon Tyne NE7 7LX.

On 2<sup>nd</sup> May 2012 Leazes Homes ceased to be a subsidiary of Your Homes Newcastle, following a change in constitution of the company. The management agreement between the two parties continues.



## **OBJECTIVES AND ACTIVITIES**

### **Principal Activity**

The principal activity of the company is to provide high quality affordable accommodation to people in need. The primary target for this activity is Newcastle upon Tyne. This objective is being delivered through working in partnership with key organisations in the affordable housing sector.

### **Review of the year**

During 2011/12 Leazes Homes continued working in partnership with Your Homes Newcastle, and Newcastle City Council in building new properties on a number of sites across the city to provide:

- General needs family housing ;
- Purpose designed supported housing for young families; and
- Purpose designed supported housing for people with learning disabilities.

These developments, providing 165 homes, were transferred from Your Homes Newcastle to Leazes Homes on 28 February 2012.

Leazes Homes has also been actively working alongside existing social landlords and tenants and:-

- Has taken ownership of 91 affordable homes in Walbottle, Newcastle upon Tyne; and
- Has assisted a local Almshouse Charity to access central government funding to refurbish its housing stock.

Leazes Homes is committed to providing benefits to communities through its activities. In partnership with development and construction partners around 400 training and employment outcomes have been delivered since the establishment of Leazes Homes.

During 2011/12 Leazes Homes submitted a bid for funding to the Homes and Communities Agency's 2011-15 Affordable Homes Programme. This bid was successful and will result in around 144 new affordable homes being built over the 4 year programme period and will include family and older persons housing.

One of the conditions of the Homes and Communities Agency's funding for the Affordable Homes Programme was that Leazes Homes should not incur any public debt. This meant that Leazes Homes was required to become a private sector body in order to access loan finance. During 2011/2012 Leazes Homes began the process of amending its governing document and following receipt of all the necessary consents, on 2 May 2012 Leazes Homes became an independent private sector body.

## **Future Developments**

Leazes Homes' focus is on providing affordable housing in accordance with its Objects and will continue to invest in properties which will be made available to meet general and supported housing needs. Future developments include the delivery of the 2011/2015 Affordable Homes Programme with the delivery of around 144 new affordable homes during by 2015.

Leazes Homes is also planning to acquire new stock. Discussions are underway with a local Almshouse Trust about the acquisition of 12 units. Following an approach from Anchor, the transfer of 24 units to Leazes Homes is in progress.

Leazes Homes is participating in the Mortgage Rescue Scheme, a government initiative to prevent some of the most vulnerable people losing their homes and working with ISOS Housing who administer the scheme.

Leazes Homes is part of a consortium that was successful in a bid to the Homes and Communities Agency for funding to bring empty properties back into use. The target is for 10 empty homes to be returned to use during 2012-2015 with three properties being taken forward in 2012/13.

Leazes Homes wants to help people on lower incomes to buy brand new houses and flats and is working on this initiative with ISOS Housing who manage the HomeBuy Scheme in Tyne & Wear and Northumberland. During the coming year we anticipate that around 10 families will be helped by this scheme.

## **Going Concern**

The trustees have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the trustees continue to adopt the going concern basis of preparation for these financial statements.

## **Financial Risk Management Policy**

The association's principal financial instruments comprise cash and short term investments. Other financial assets and liabilities, such as trade creditors and related party balances, arise directly from the company's operating activities.

The main risks associated with the association's financial assets and liabilities are set out below. The company does not undertake any hedging activity.



### **Interest Rate Risk**

The company received interest from Newcastle City Council relating to cash held on its behalf in the Council's bank account. Financial assets, liabilities, interest income and cash flows can be affected by movements in interest rates. The Board Members do not consider there to be any significant exposure. Treasury Management Services are provided to the association by Newcastle City Council.

### **Price Risk**

There is no significant exposure to changes in the carrying value of financial liabilities.

### **Credit Risk**

Association policies are aimed at minimising such losses with a key focus on rental arrears collection in order to minimise bad debt exposure. Individual exposures and overdue debts are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

### **Liquidity Risk**

The association is not exposed to liquidity risks as its liabilities are met directly by Newcastle City Council on its behalf.

### **Foreign Currency Risk**

The association does not engage in any foreign currency transactions. All its activities take place within the United Kingdom and consequently, the association is not exposed to any foreign currency risk.

### **Post balance sheet events**

Since the year end, Leazes Homes has undertaken a review of the constitution which will result in a revision to the membership of the company. YHN will hold 1/7<sup>th</sup> of the membership and at this point, Leazes Homes will move outside the YHN Group.

## **Statement of Directors' Responsibilities**

The Board is responsible for preparing the annual report and financial statements in accordance with applicable United Kingdom Law and United Kingdom Generally accepted Accounting Practice.

Regulation requires the Members of the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing these financial statements, the Members of the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the requirements of the Industrial and Provident Societies Acts 1965 to 1978, the Accounting Requirements for Registered Social Landlords General Determination 2000 and the Housing Act 1996. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Disclosure of information to auditors**

So far as each person who was a director (who are members of the Board) at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.



## Auditors

A resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the Annual General Meeting.

The Directors' Report was approved by the Board on 6 August 2012 and signed on its behalf by:



D'W Midgley  
Director



M Dickson  
Company Secretary

## **Independent auditors' report**

**to the members of Leazes Homes Limited**

We have audited the financial statements of Leazes Homes Limited for the year ended 31 March 2012 which comprise the Income and Expenditure Account, Balance Sheet, Statement of cash flows and the related notes 1 to 19. 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).

This report is made solely to the Housing Association's members, as a body, in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination 2006. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the board and the auditor**

As explained more fully in the Statement of Board's Responsibilities set out on page 6, the board is responsible for the preparation of financial statements which 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Independent auditors' report

to the members of Leazes Homes Limited

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

*Ernst + Young LLP*

Ernst & Young LLP  
Statutory Auditor  
Newcastle upon Tyne

8 August 2012

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



## Income and expenditure account

For the year ended 31 March 2012

	Note	Year ended 31 March 2012 £'000	Period ended 31 March 2011 £'000
<b>Turnover</b>	4	321	-
Operating costs	5	(208)	(11)
Gift aid receivable	2	84	
<b>Operating profit/(loss)</b>		197	(11)
Interest receivable and other Income	6	14	-
Interest payable and similar charges	7	(98)	
<b>Profit/(loss) on ordinary activities before and after taxation</b>		113	(11)

All amounts relate to continuing activities.

There have been no recognised gains and losses during either period, other than those shown in the income and expenditure account, therefore no Statement of Total Recognised Gains and Losses has been prepared.

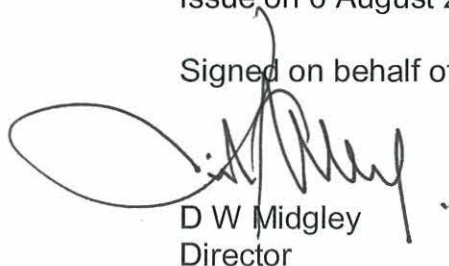
**Balance sheet**

at 31 March 2012

	Note	2012 £'000	2011 £'000
<b>Fixed Assets</b>			
Tangible assets – depreciated cost	8	18,105	-
Less: Social housing capital grants	8	(10,203)	-
Other public capital grants	8	(1,741)	-
		<u>6,161</u>	<u>-</u>
<b>Current assets</b>			
Debtors	9	1,284	-
Short Term Investments	10	1,314	-
Assets Held for Sale	11	308	-
Cash		182	37
		<u>3,088</u>	<u>37</u>
<b>Creditors: amounts falling due in less than one year</b>	12	(628)	(11)
		<u>2,460</u>	<u>26</u>
<b>Net current assets</b>			
		8,621	26
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due in more than one year</b>	13	(8,482)	-
		<u>139</u>	<u>26</u>
<b>Net assets</b>			
		<u>139</u>	<u>26</u>
<b>Capital and reserves</b>	14	139	26

These financial statements were approved by the Board and authorised for issue on 6 August 2012.

Signed on behalf of the Board



D W Midgley  
Director

**Statement of cash flows**

for the year ended 31 March 2012

		2012	2011
	Note	£'000	£'000
<b>Net cash flow from operating activities</b>	15 (i)	(486)	(11)
<b>Returns on investments and servicing of finance</b>			
Interest Received and Other Income		14	-
Interest Paid and Other Charges		(98)	-
<b>Net Cash Outflow from return on Investment and Servicing Activity</b>		(84)	-
<b>Capital Expenditure and Financial Investment</b>			
Construction of Properties		(483)	-
Sale of Properties		42	-
<b>Net Cash Outflow from Capital Expenditure</b>		(441)	-
<b>Acquisition</b>			
Acquisition and Construction of Properties		(18,030)	-
Capital Grants Received		11,964	-
Loan transferred		4,295	-
		(1,771)	-
<b>Net Cash Outflow before Liquid Resources and Financing</b>		(2,782)	(11)
<b>Management of Liquid Resources</b>			
Increase in short-term deposits		1,314	-
<b>Net Cash Inflow from Liquid Resources</b>		1,314	-
<b>Financing</b>			
Loans Advances Received		4,241	-
<b>Net Cash Inflow from Financing</b>		4,241	-
<b>Increase/(decrease) in cash</b>	15(iii)	145	(11)



## Notes to the financial statements

at 31 March 2012

### 1. Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. A summary of the more important accounting policies is set out below.

#### ***Accounting convention***

The financial statements have been prepared under the historical cost accounting convention modified to include the revaluation of certain land and buildings and in accordance with applicable accounting standards in the United Kingdom, the Accounting Requirements for Registered Social Landlords General Determination as amended, and the 'Statement of Recommended Practice: accounting by registered social landlords (SORP Update)', issued in 2010.

#### ***Turnover***

Turnover represents rental income receivable, fees and grants from local authorities.

#### ***Housing properties and depreciation***

Housing properties are principally properties available for rent and are stated at cost less depreciation, Social Housing Grant and other grants (where applicable). Cost includes the cost of acquiring land and buildings plus any costs incurred in bringing the asset to its working condition.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Interest is capitalised on projects under construction from the time funds are available until completion of the project.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

## Notes to the financial statements

at 31 March 2012

### *Housing properties and depreciation (continued)*

Depreciation is calculated to write off the cost or valuation of housing properties by component on a straight line basis over their useful lives of the component categories as follows:

Land	not depreciated
Structure	100 years
Major Components	15 to 60 years

The depreciable amount is arrived at on the basis of original cost, less proportion of SHG and other grants.

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

### *Non routine repairs expenditure*

Non routine repairs expenditure is capitalised to the extent it represents an improvement to the property, otherwise it is expensed in the year in which it is incurred.

### *Capital grants*

Where developments have been financed wholly or partly by Social Housing Grant or other capital grants, the cost of those developments has been reduced by the amount of the grant receivable. Capital grants and donations are recognised in the financial statements on the basis of the event dates which must be reached prior to the grant becoming claimable. Where grant received is in excess of costs incurred the excess is transferred to creditors. On disposal of properties which have been financed wholly or partly by Social Housing Grant, the amount of grant not abated by the Housing Corporation is transferred to the recycled Capital Grant Fund and, if not recycled in accordance with Housing Corporation Circular F2 - 21/97, may become repayable.

## 2. Corporation taxation

Leazes Homes Limited is a subsidiary of Your Homes Newcastle Limited.

Under the corporate gift aid tax treatment regime, the company has received a gift aid donation from Your Homes Newcastle. No tax is payable on Gift Aid receivable or other profits as the company is an exempt charity.

## 3. Employee information

The company had no employees during the period and there are no staff costs. No remuneration was paid to the trustees of the company.

## Notes to the financial statements

at 31 March 2012

### 4. Turnover, Operating Costs and Operating Surplus for the Year

<i>2012</i>	<i>Turnover</i> <i>£'000</i>	<i>Operating costs</i> <i>£'000</i>	<i>Operating surplus</i> <i>£'000</i>
Income and Expenditure from lettings	286	(195)	91
Service Charge Income	22	(13)	9
Other Operating Income	13	-	13
Gift Aid	84	-	84
	<u>405</u>	<u>(208)</u>	<u>197</u>

<i>2011</i>	<i>Turnover</i> <i>£'000</i>	<i>Operating costs</i> <i>£'000</i>	<i>Operating (deficit)</i> <i>£'000</i>
Income and Expenditure from lettings	-	-	-
Service Charge Income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Other Income and Expenditure:			
Other income	-	(11)	(11)
	<u>-</u>	<u>(11)</u>	<u>(11)</u>



## Notes to the financial statements

at 31 March 2012

### 4. Turnover, Operating Costs and Operating Surplus for the Year (continued)

	2012 £'000	2011 £'000
Lettings:		
Rents receivable	286	-
Service Charge Income	22	-
Voids and bad debts	-	-
	<u>308</u>	<u>-</u>

### 5. Operating Costs

	2012 £'000	2011 £'000
Premises	143	-
Supplies and services	65	11
	<u>208</u>	<u>11</u>

There were 260 properties in management at 31 March 2012 (2011:nil), all of these are general needs properties.

The company's audit fee for the year totalled £4,000 (2011:nil).

### 6. Interest Receivable and Other Income

Interest receivable in the year was £14,000 (2011: £nil), this relates to investment interest gained within the year.

### 7. Interest Payable and Similar Charges

Interest payable of £98,000 was incurred during the year (2011: £nil). This largely relates to interest on loan agreements.

## Notes to the financial statements

at 31 March 2012

### 8. Tangible Fixed Assets

	<i>Land</i>	<i>Housing</i>	<i>Assets in the course of construction</i>	<i>Total</i>
<b>Cost</b>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 April 2011	-	-	-	-
Schemes completed	-	-	-	-
Transfer of Assets	1,293	16,737	-	18,030
Additions	-	459	24	483
Sale of Property	-	(29)	-	(29)
Assets held for sale	-	(308)	-	(308)
As at 31 March 2012	1,293	16,859	24	18,176
<b>Capital Grants</b>				
As at 1 April 2011	-	-	-	-
Transferred in SHG	-	10,223	-	10,223
Transferred in Other Public Grant	-	1,741	-	1,741
Less recognised in Income & Expenditure	-	(20)	-	(20)
As at 31 March 2012	-	11,944	-	11,944
<b>Accumulated depreciation</b>				
As at 1 April 2011	-	-	-	-
Charge for the year	-	71	-	71
As at 31 March 2012	-	71	-	71
<b>Net Book Value</b>				
As at 31 March 2012	1,293	4,844	24	6,161
As at 1 April 2011	-	-	-	-

## Notes to the financial statements

at 31 March 2012

### 9. Debtors

	2012 £'000	2011 £'000
Amounts due from Newcastle City Council	183	-
Amounts due from Your Homes Newcastle	1,057	-
Other debtors and prepayments	44	-
	<u>1,284</u>	<u>-</u>

### 10. Investments

Investments amounting to £1,314,000 were held with NCC at year end. This yielded a 1.61% interest rate and earned interest of £13,418 in the financial year.

### 11. Assets held for sale

	2012 £'000	2011 £'000
Shared ownership properties	<u>308</u>	<u>-</u>

### 12. Creditors: amounts falling due in less than one year

	2012 £'000	2011 £'000
Amounts due to Newcastle City Council	510	-
Amounts due to Your Homes Newcastle	49	6
Accruals and deferred income	15	5
Loans	54	-
	<u>628</u>	<u>11</u>



## Notes to the financial statements

at 31 March 2012

### 13. Creditors: amounts falling due in more than one year

	2012	2011
	£'000	£'000
Loan from Newcastle City Council	8,482	-
	<u>8,482</u>	<u>-</u>

The Loans from Newcastle City Council bear interest rates of between 4.7% and 5.42%, fixed for between 15 and 30 year periods. The loans are secured against the housing assets and are repaid on an annuity basis every six months.

Maturity of the loans are as follows:

	2012	2011
	£'000	£'000
In one year or less, or on demand	54	-
Between one and two years	210	-
Between two and five years	781	-
In five years or more	7,491	-
	<u>8,536</u>	<u>-</u>

### 14. Reconciliation of reserves and shareholder funds

	<i>Revenue Reserves</i>	
	2012	2011
	£	£
Opening Balances as at 1 April	26	37
Result for year	113	(11)
Closing Balance as at 31 March	<u>139</u>	<u>26</u>

## Notes to the financial statements

at 31 March 2012

### 15. Notes to the cash flow statement

#### i) Reconciliation of operating surplus to net cash flow from operating activities

	2012 £'000	2011 £'000
Operating Surplus	197	(11)
Depreciation	71	-
SHG release	(20)	-
Profit on sale of assets	(13)	-
Increase in debtors	(1,284)	-
Increase in creditors	563	-
Net cash outflow from operating activities	(486)	(11)

#### ii) Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
Increase in cash in year	145	37
Short term deposits	1,314	-
New loan advances	(4,241)	-
Change in net debt resulting from cash flows	(2,782)	37
Loan transferred	(4,295)	-
Net funds at start of year	37	-
Net (debt)/funds at end of year	(7,040)	37

#### iii) Analysis of changes in net debt

	At 31 March 2011 £'000	Cash flows £'000	Acquisition £'000	At 31 March 2012 £'000
Cash	37	145	-	182
Short term investments	-	1,314	-	1,314
Loans	-	(4,241)	(4,295)	(8,536)
Net debt	37	(2,782)	(4,295)	(7,040)

## Notes to the financial statements

at 31 March 2012

### 16. Related party transactions

The company has taken advantage of the exemption under FRS8 not to disclose transactions with fellow group entities.

### 17. Parent undertaking and controlling party

The charitable company's immediate and ultimate parent undertaking and controlling party is Your Homes Newcastle Limited. Copies of its group financial statements, which include the company, are available from the Company Secretary.

### 18. Liability of members

The Charity is a private company limited by guarantee. The liability of the members is limited and every member undertakes to contribute to the assets of the company, in the event of the company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound.

### 19. Acquisition

On 29 February the charity took ownership of 165 affordable homes from Your Homes Newcastle.

	<i>Book value and fair value £'000</i>
Assets and liabilities acquired	
Tangible fixed assets – cost	18,030
Tangible fixed asset - depreciation	(292)
Tangible fixed assets – related grants	(11,964)
Transferred Arrears	1
Loan	(6,536)
Loan Interest	(213)
Net assets acquired	<u>(974)</u>

The consideration was cash of £974,000.