

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

Report and Financial Statements
For the year ended 31 March 2013

Charity Number: 1133627
Company Number: 6888341
HCA Registration Number: 4633

Reference and Administrative Details

Board

D W Midgley	(Chair)
C Tweedie	
C Waddell	
M E Reynolds	
M T Burke	
R Higgins	
J Common	(appointed 8 October 2012)
S C Murphy	(resigned 18 September 2012)

Charity Number 1133627

Company Number 6888341

HCA 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 John Softly
Chief Legal Officer
Legal Services
Civic Centre
Barras Bridge
Newcastle upon Tyne
NE1 8PR

Trustees' Report for the year ended 31 March 2013

The Trustees, who are Directors for Company Law purposes, present their report and financial statements for the year ended 31 March 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The charitable company's governing documents is its 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 Newcastle 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 charitable company 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 at its meeting twice a year. The register includes political, financial, capacity, statutory and economic environment risks. Audit Committee consider the adequacy of existing controls and monitor actions identified to reduce risks.

Structure

The Trustees are members of the charitable company 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 charitable company to identify and assess potential risk within the business and

develop appropriate controls and systems to reduce those risks to an acceptable level.

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 charitable company described in the report are undertaken in pursuit of its aims.

Related parties

At the beginning of 2012/13, 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.

On 2nd May 2012 Leazes Homes changed its constitution which resulted in a revision to the membership of the company. As a result of the change, YHN now holds 1/7th of the membership and therefore Leazes Homes is no longer a subsidiary of Your Homes Newcastle. The management agreement between the two parties continues.

Value for Money

Leazes Homes is committed to delivering value for money for its tenants. As Leazes Homes has no employees and buys in all of its services, the focus of achieving value for money lies in robust procurement and contract management.

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 2012/13 Leazes Homes continued working in partnership with Your Homes Newcastle, Newcastle City Council and the Homes and Communities Agency in building new properties on a number of sites across the city. These developments have provided a total of 44 new build homes, including 13 delivered through an apprentice led scheme.

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

- Has taken ownership of 26 affordable homes in Benwell, Newcastle upon Tyne; and
- Brought four empty properties back into use through the Homes and Communities Agency's Empty Homes Programme
- Continued to provide help through the Homes and Communities Agency's Mortgage Rescue Scheme, purchasing one property from a private owner.

This activity, in addition to housing properties owned at the start of the year means that Leazes Homes owns 333 at the end of 2012/13.

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

During 2012/13 Leazes Homes established a community fund, with support from the contract partners in order to provide activities for Leazes Homes tenants.

Leazes Homes has continued to provide support for vulnerable tenants through different housing schemes in Newcastle Upon Tyne and hopes to be able to benefit more tenants with specific support needs in the future.

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 a further 100 new affordable homes expected by 2015.

Leazes Homes is continuing its participation 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 committed to providing suitable housing for its tenants and as such has committed to continue bringing empty properties back into use, In addition to the current scheme that Leazes Homes is involved in, a bid for further funding has been made in the hope that more empty properties can be brought back into use.

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.

In partnership with Newcastle City Council, Leazes Homes has submitted applications for two further funding programmes set out by the Homes and Communities Agency. If successful, Leazes Homes will provide new care and support facilities for those with specific care needs.

Going Concern

The trustees have considered the charitable 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 charitable company'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 charitable company's financial assets and liabilities are set out below. The charitable company does not undertake any hedging activity.

Interest Rate Risk

Financial assets, liabilities, interest income and cash flows can be affected by movements in interest rates. In order to mitigate exposure to interest rate fluctuation, Leazes Homes has fixed all long term borrowings until maturity of the loans. This reflects and matches the long term nature of the Leazes Homes fixed asset base and regular rental income arising from it. The Board Members do not consider there to be any significant exposure.

Treasury Management Services are provided to the charitable company by Newcastle City Council.

Price Risk

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

Credit Risk

Charitable company 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 charitable company's exposure to bad debts is not significant.

Liquidity Risk and Future Borrowings

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

As at 31 March 2013, Leazes Homes had £10,816,000 of loan funding from Newcastle City Council, with the earliest maturity in 2026.

Foreign Currency Risk

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

Statement of Trustees' 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 Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company 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 Trustees 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 Trustees) 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 charitable company is to be proposed at the Annual General Meeting.

The Trustees' Report was approved by the Board on 5 August 2013 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 2013 which comprise the Income and Expenditure Account, Balance Sheet, Statement of cash flows and the related notes 1 to 17. 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 charitable company'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 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 the charitable 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 Trustees' Responsibilities set out on page 7, the board of trustees 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 charitable company's affairs as at 31 March 2013 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 W

Ernst & Young LLP
Statutory Auditor
Newcastle upon Tyne

12 August 2013

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 2013

	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Turnover	4	1,501	321
Operating costs	5	(1,054)	(208)
Gift aid receivable and operational income	2	-	84
		<hr/>	<hr/>
Operating profit		447	197
Interest receivable and other Income	6	22	14
Interest payable and similar charges	7	(468)	(98)
		<hr/>	<hr/>
Profit on ordinary activities before and after taxation		1	113
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

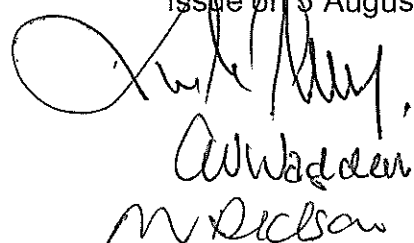
There have been no recognised gains and losses during either period, other than those shown in the income and expenditure account, therefore no Statement of Total Recognised Gains and Losses has been prepared.

Balance sheet

at 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed Assets			
Tangible assets – depreciated cost	8	23,440	18,105
Less: Social housing capital grants	8	(11,100)	(10,203)
Other public capital grants	8	(2,798)	(1,741)
		<u>9,542</u>	<u>6,161</u>
Current assets			
Debtors	9	115	1,284
Short Term Investments	10	1,333	1,314
Assets Held for Sale	11	261	308
Cash		1,714	182
		<u>3,423</u>	<u>3,088</u>
Creditors: amounts falling due in less than one year	12	<u>(2,219)</u>	<u>(628)</u>
Net current assets		1,204	2,460
Total assets less current liabilities		10,746	8,621
Creditors: amounts falling due in more than one year	13	<u>(10,606)</u>	<u>(8,482)</u>
Net assets		<u>140</u>	<u>139</u>
Capital and reserves	14	<u>140</u>	<u>139</u>

These financial statements were approved by the Board and authorised for issue on 5 August 2013 and signed on its behalf by:



D W Midgley (Chair)

C Waddell (Member)

Maureen Dickson (Company Secretary)

Statement of cash flows

for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Net cash flow from operating activities	15 (i)	2,202	(486)
Returns on investments and servicing of finance			
Interest Received and Other Income		22	14
Interest Paid and Other Charges		(521)	(98)
Net Cash Outflow from return on Investment and Servicing Activity		(499)	(84)
Capital Expenditure and Financial Investment			
Construction of Properties		(4,845)	(483)
Sale of Properties		-	42
Capital Grants Received		2,413	-
Net Cash Outflow from Capital Expenditure		(2,432)	(441)
Acquisition			
Acquisition and Construction of Properties		-	(18,030)
Capital Grants Received		-	11,964
Loan transferred		-	4,295
		-	(1,771)
Net Cash Outflow before Liquid Resources and Financing		(729)	(1,604)
Management of Liquid Resources			
Increase in short-term deposits		(19)	(1,314)
Net Cash Outflow from Liquid Resources		(19)	(1,314)
Financing			
Loans Advances Received		2,323	4,241
Loan Repayments		(43)	-
Net Cash Inflow from Financing		2,280	4,241
Increase in cash	15(iii)	1,532	145

Notes to the financial statements

at 31 March 2013

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.

General Reserve

The general reserve is part of the charitable company's unrestricted funds and is freely available to spend on any of the charitable company's purposes. As a charitable company Leazes Homes will not hold excessive general reserves.

Designated Reserve

A designated reserve is identified to fund specific events for the benefit of the tenants of Leazes Homes. Funds collected and relevant expenditure incurred are recorded in the income and expenditure account in the period with net movement transferred between the income and expenditure reserve and the restricted reserve at the end of each year.

Contingent Reserve

Contingent reserves are set aside for the organisation to be able to react to potential future financial shocks. A judgement of the level of risk that various budget areas have is made using an expected value approach, based on general and specific economic factors effecting the organisation. A reserve is set aside to allow Leazes Homes to react if these events come to fruition. Funds are transferred into this reserve from the income and expenditure reserve to meet the agreed level set by the Leazes Homes Board.

Notes to the financial statements

at 31 March 2013

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.

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.

Notes to the financial statements

at 31 March 2013

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

As a registered charity, Leazes Homes is able to claim exemptions from corporation tax where gains are applied for charitable purposes. Gains for Leazes Homes in 2012/13 all relate to furthering the charitable purposes of the organisation and are therefore exempt from Corporation Tax.

3. Employee information

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

Notes to the financial statements

at 31 March 2013

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

	<i>Turnover</i>	<i>Operating costs</i>	<i>Operating surplus</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
2013			
Income and Expenditure from lettings	1,098	(678)	420
Service Charge Income	403	(376)	27
	<u>1,501</u>	<u>(1,054)</u>	<u>447</u>

	<i>Turnover</i>	<i>Operating costs</i>	<i>Operating surplus</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
2012			
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>2013</i>	<i>2012</i>
	<i>£'000</i>	<i>£'000</i>
Lettings:		
Rents receivable	1,120	286
Service Charge Income	411	22
Rent and service charge voids	(30)	-
	<u>1,501</u>	<u>308</u>

Notes to the financial statements

at 31 March 2013

5. Operating Costs

	2013	2012
	£'000	£'000
Premises	419	143
Supplies and services	635	65
	<u>1,054</u>	<u>208</u>

At the end of the year accommodation in management for each class of accommodation was as follows:

	2013	2012
General housing	252	214
Sheltered housing/older persons	24	0
Supported housing	32	32
Shared ownership housing	14	14
Total Properties	<u>322</u>	<u>260</u>

As at 31 March 2013 there were 12 properties identified as work in progress.

The charitable company's audit fee for the year totalled £4,500 (2012: £4,000).

6. Interest Receivable and Other Income

Interest receivable and other income in the year was £22,000 (2012: £14,000), this relates to investment interest gained within the year and funds relating to the transfer of assets from Anchor Housing Trust.

7. Interest Payable and Similar Charges

Interest payable of £468,000 was incurred during the year (2012: £98,000). This largely relates to interest on loan agreements.

Notes to the financial statements

at 31 March 2013

8. Tangible Fixed Assets

2013

	<i>Land</i>	<i>Housing</i>	<i>Assets in the course of construction</i>	<i>Total</i>
Cost	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 April 2012	1,293	16,859	24	18,176
Schemes completed	-	24	(24)	-
Additions	-	4,741	977	5,718
Disposals	-	(40)	-	(40)
Reclassification of Assets Held for Sale	-	57	-	57
As at 31 March 2013	1,293	21,641	977	23,911
Capital Grants				
As at 1 April 2012	-	11,944	-	11,944
SHG	-	852	185	1,037
Other Public Grant	-	877	227	1,104
Less recognised in Income & Expenditure	-	(187)	-	(187)
As at 31 March 2013	-	13,486	412	13,898
Accumulated depreciation				
As at 1 April 2012	-	71	-	71
Charge for the year	-	423	-	423
Disposals	-	(23)	-	(23)
As at 31 March 2013	-	471	-	471
Net Book Value				
As at 31 March 2013	1,293	7,684	565	9,542
As at 1 April 2012	1,293	4,844	24	6,161

Included within cost is an amount of £51k relating to borrowing costs capitalised (2012: £nil). The amount of borrowing costs capitalised during the year ended 31 March 2013 was £51k (2012: £nil). Borrowing costs are capitalised at a rate of 3.35% of funds drawn down.

Notes to the financial statements

at 31 March 2013

8. Tangible Fixed Assets (continued)

2012

	<i>Land</i>	<i>Housing</i>	<i>Assets in the course of construction</i>	<i>Total</i>
Cost	<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
Capital Grants				
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
Accumulated depreciation				
As at 1 April 2011	-	-	-	-
Charge for the year	-	71	-	71
As at 31 March 2012	-	71	-	71
Net Book Value				
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 2013

9. Debtors

	2013 £'000	2012 £'000
Rent and service charge arrears (net of provision)	52	44
Amounts due from Newcastle City Council	-	183
Amounts due from Your Homes Newcastle	14	1,057
Other debtors and prepayments	49	-
	<u>115</u>	<u>1,284</u>

10. Investments

Investments amounting to £1,333,000 (2012: £1,314,000) were held with NCC at year end. This yielded a 1.47% (2012: 1.61%) interest rate and earned interest of £19,307 (2012: £13,418) in the financial year.

11. Assets held for sale

	2013 £'000	2012 £'000
Shared ownership properties	<u>261</u>	<u>308</u>

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

	2013 £'000	2012 £'000
Amounts due to Newcastle City Council	485	510
Amounts due to Your Homes Newcastle	210	49
Accruals and deferred income	1,314	15
Loans	210	54
	<u>2,219</u>	<u>628</u>

Notes to the financial statements

at 31 March 2013

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

	2013	2012
	£'000	£'000
Loan from Newcastle City Council	10,606	8,482
	<u>10,606</u>	<u>8,482</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:

	2013	2012
	£'000	£'000
In one year or less, or on demand	210	54
Between one and two years	320	210
Between two and five years	1,052	781
In five years of more	9,234	7,491
	<u>10,816</u>	<u>8,536</u>

14. Reconciliation of reserves and shareholder funds

	<i>Revenue Reserves</i>	
	2013	2012
	£'000	£'000
Opening Balances as at 1 April	139	26
Profit for year	1	113
Closing Balance as at 31 March	<u>140</u>	<u>139</u>

Notes to the financial statements

at 31 March 2013

15. Notes to the cash flow statement

i) Reconciliation of operating profit to net cash flow from operating activities

	2013 £'000	2012 £'000
Operating profit	447	197
Depreciation	423	71
Capital grants amortisation	(187)	(20)
Impairment of assets	17	-
Profit on sale of assets	-	(13)
Decrease/(increase) in debtors	1,169	(1,284)
Increase in creditors	333	563
Net cash inflow/(outflow) from operating activities	<u>2,202</u>	<u>(486)</u>

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

	2013 £'000	2012 £'000
Increase in cash in year	1,532	145
Short term deposits	19	1,314
New loan advances	(2,323)	(4,241)
Repayments of Loans	43	-
Change in net debt resulting from cash flows	<u>(729)</u>	<u>(2,782)</u>
Loan transferred	-	(4,295)
Net (debt)/funds at start of year	<u>(7,040)</u>	<u>37</u>
Net (debt) at end of year	<u><u>(7,769)</u></u>	<u><u>(7,040)</u></u>

Notes to the financial statements

at 31 March 2013

15. Notes to the cash flow statement (continued)

iii) Analysis of changes in net debt

	<i>At</i> 31 March 2012 £'000	<i>Cash flows</i> £'000	<i>At</i> 31 March 2013 £'000
Cash	182	1,532	1,714
Short term investments	1,314	19	1,333
Loans	(8,536)	(2,280)	(10,816)
Net debt	<u>(7,040)</u>	<u>(729)</u>	<u>(7,769)</u>

16. Related party transactions

Leazes Homes Limited is an independent company limited by guarantee and a charitable company. It has seven trustees who are also the members. There are four ordinary trustees who are independent, one trustee appointed by Your Homes Newcastle (YHN) and two trustees appointed by Newcastle City Council (NCC).

Many of Leazes Homes senior management team are employed by YHN and YHN provides a housing management service to Leazes Homes. During 2012-13 transactions totalling £389k took place between Your Homes Newcastle and Leazes Homes Limited (2011-12: £112K) relating to salary recharges and management fees. At 31 March 2013 £210k was due to YHN included within creditors (note 12) (2012: £49k).

In addition at 31 March 2013 £14k was due from YHN included within debtors (note 9) in relation to amounts to be reimbursed from YHN in respect of expenses incurred by LH on behalf of YHN (2012: £1,057k).

NCC provides services to Leazes Homes. During 2012-13 transactions totalling £253k (£121k) took place between NCC and Leazes Homes. At 31 March 2013 £485k was due to NCC included within creditors (note 12) (2012: £nil).

The Trustees who are Newcastle City Council or YHN Trustees do not use their position as Trustees to gain any commercial advantage. Where conflicts do arise they are fully disclosed either in advance of a Board meeting or at such a meeting. If appropriate the NCC trustee would leave the meeting to enable the matter to be discussed in their absence thereby avoiding a conflict of interest.

Notes to the financial statements

at 31 March 2013

17. Liability of members

The charitable company 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 charitable company, in the event of the charitable 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 charitable 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.