



## **Leazes Homes Limited**

**(A company limited by guarantee and not having a share capital)**

**Report and Financial Statements  
For the year ended 31 March 2017**

<b>Charity Number :</b>	<b>1133627</b>
<b>Company Number:</b>	<b>6888341</b>
<b>HCA Registration Number:</b>	<b>4633</b>

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## Corporate Information

<b>Chair</b>	D W Midgley
<b>Trustees</b>	C Tweedie (resigned 16 January 2017) C Waddell M E Reynolds V Dunn J Streater D Theobald C Rabbetts (resigned 18 May 2017) D Keightley (appointed 2 May 2017)
<b>Company Secretary</b>	Jill Davison (resigned 5 December 2016) Jon Mitford (appointed 5 December 2016)
<b>Registered Office</b>	YHN House Benton Park Road Newcastle Upon Tyne NE7 7LX
<b>Company Number</b>	6888341
<b>Charity Number</b>	1133627
<b>HCA Number</b>	4633
<b>External Auditors</b>	Ernst & Young LLP Citygate St James' Boulevard, Newcastle Upon Tyne NE1 4JD
<b>Bankers</b>	Natwest 16 Northumberland Street Newcastle Upon Tyne, NE1 7EL
<b>Solicitor</b>	Mr John Softly Civic Centre, Barras Bridge Newcastle Upon Tyne NE1 8PR

## **Structure, Governance and Management and Objectives and Activities**

### **Principal business**

The principal activity of the Company is the provision of high quality, affordable accommodation to people in need who reside in the City of Newcastle upon Tyne.

As at 31 March 2017, the Company had 591 units in stock comprised of 443 new build properties and 148 acquired properties, of these 340 are general housing including shared ownership, 24 properties for older people and, 227 supported properties. There are 125 units under construction and 1 property was sold during the year to a tenant through the Right to Acquire scheme. The Company entered into a management agreement with Your Homes Newcastle ('YHN') on 1 January 2015 under which YHN provide a range of housing management services to Leazes Homes tenants.

### **Organisational structure**

Leazes Homes (LH) is a company limited by guarantee with charitable status. It is governed by a Board of Trustees who are also the members of the Company. The Trustees are responsible for directing the vision and strategic direction of the Company.

The day to day management of the Company is delegated to an Executive Management Team which consists of the Managing Director (also the Company Secretary) and Director of Finance. As of 1 April 2017, the Managing Director is employed directly by Leazes Homes, having previously been seconded from Your Homes Newcastle to the Company. The Finance Director is seconded to the Company from Your Homes Newcastle. The Executive Management Team manages the business in accordance with the Scheme of Delegation and the Financial Regulations.

YHN provides a range of housing management services to Leazes Homes' tenants. In order to provide assurance to the Trustees that the services being provided are of the required standard, YHN provides performance information to the Trustees on a quarterly basis. YHN's Customer Services Director also attends Trustee meetings to present the performance report and to answer any questions raised by the Trustees.

### **Governing Document**

Leazes Homes Limited is a company limited by guarantee and was incorporated on 27 April 2009. The Company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. The Company is registered with the Charity Commission and is also registered with the Homes and Communities Agency.

## Structure, Governance and Management and Objectives and Activities (continued)

### Organisational structure (continued)

In the event of the Company being wound up members are required to contribute an amount not exceeding £10.

The Trustees are responsible for the governance, strategy and ensuring the objectives of the Company are delivered. The Good Governance Standard for Public Service and the NHF Excellence in Governance Code are the best practice guides, which have been used to underpin Leazes Homes' governance arrangements. The Company is supported by YHN, who provide professional expertise and management as required through a Management Agreement that is monitored quarterly.

### Recruitment and Appointment of Trustees

The directors of the Company are also charity trustees for the purposes of charity law and under the Company's Articles of Association are known as Trustees.

In October 2015 the trustees passed a special written resolution to change the Articles of Association.

With effect from October 2015, the Articles of Association state that the Trustees shall consist of at least four and not more than eight individuals; made up of:

- Three individuals nominated by Newcastle City Council (known as 'the Council Trustees'): - V Dunn, J Streather, D Theobald; and
- Four individual trustees (known as 'the Ordinary Trustees'): - M Reynolds, C Waddell, DW Midgley, D Keightley; and
- One Tenant trustee - currently vacant

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.

The Council Trustees are appointed by Newcastle City Council ('the Council') to serve for such period of office as shall be confirmed by the Council.

The Tenant trustee is appointed by the members

The Tenant trustee and one third of the Ordinary Trustees must retire at each Annual General Meeting (*article 12.5.1*).



## Structure, Governance and Management and Objectives and Activities (continued)

### Organisational structure (continued)

#### Trustee Induction and Training

All new Trustees receive training to brief them on their obligations under charity and company law, the Charity Commission guidance on public benefit, the content of the Memorandum and Articles of Association, the decision-making processes, the business plan and recent financial performance of the Company.

As necessary, training is provided to all Trustees throughout the year, to ensure they continue to meet all legal and statutory requirements. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

#### Audit Committee

The Company has an Audit Committee which currently meets twice a year. The purpose of the Audit Committee is to make sure that the Company's internal financial control systems and risk management systems are effective and meet regulatory requirements.

The Audit Committee has a membership of two Ordinary Trustees and an external independent professional who chairs the Committee. This helps the Company to identify and assess potential risks within the business and develop appropriate controls and systems which help to reduce those risks to an acceptable level.

### Our Aims and Objectives

The principal objects of the Company are:

- to provide housing, including social housing or hostels or other residential accommodation and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
- to provide for aged, disabled (whether mentally or physically) or chronically sick persons in need thereof houses or hostels or other residential accommodation and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
- to provide services, advice or assistance upon terms appropriate to their means to aged, disabled (whether mentally or physically) or chronically sick persons or other persons in necessitous circumstances in need thereof and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;

## Structure, Governance and Management and Objectives and Activities (continued)

### Our Aims and Objectives (continued)

- the provision of recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the Area of Benefit (being the City of Newcastle upon Tyne);
- the relief of poverty amongst the residents of Newcastle upon Tyne;
- the advancement of education, training or retraining, particularly among unemployed people and providing unemployed people with work experience; and
- the maintenance, improvement or provision of public amenities for the public benefit in the interests of regeneration in areas of social and economic deprivation in which the Company owns or manages housing stock.

### The strategic aims of the Company are:

- To achieve the charitable objects of the charity by:
  - Providing high quality affordable homes and services, including support services, for people in need; and
  - Supporting education, training or retraining, particularly among unemployed people.
- The provision of new opportunities for people and to build communities for the future.
- Ensuring there are more affordable homes available in the city of Newcastle upon Tyne.

### The strategic objectives of the Company are:

- To develop an operational model which enables the efficient development of new social housing;
- To become a preferred partner of related organisations in the social housing field;
- To be a landlord of choice for social housing tenants primarily in the north east; and
- To develop an operational model which enables the efficient development of new social housing;

## **Structure, Governance and Management and Objectives and Activities (continued)**

### **Public Benefit**

The Trustees regularly review and considers the Company's aims and objectives. This is to ensure that they are being achieved and to assess how the Company's activities benefit those residing in Newcastle upon Tyne. The Trustees considered guidance contained within the Charity Commission's general guidance on public benefit when defining its aims and objectives and continue to consider how its activities will benefit the public.

The Trustees confirm that the Company's objectives fully meet the public benefit test and that all activities of the Company described in the report are undertaken in pursuit of its aims.

Further information about the Company's public benefits are set out in the Review of the Year section below.

### **Value for Money**

The Company continues to be committed to delivering value for money for tenants and stakeholders. Reductions continue to be made in our housing management and repair and maintenance contracts. Activities planned for the year ahead include an external review of service delivery models and a number of procurements including building cleaning and grounds maintenance.

Our full Value for Money Assessment can be viewed at [www.leazeshomes.org.uk](http://www.leazeshomes.org.uk).



## Strategic Report

The Trustees of Leazes Homes Limited ('the Company') present their Strategic Report for the year ended 31 March 2017.

### Review of the Year

#### Provision of affordable homes

During the financial year, the Company added a further 63 units to its property portfolio, and had one disposal through the Right to Acquire scheme. The Company now owns and manages 591 operational residential units as at March 2017 providing much needed affordable housing across Newcastle upon Tyne

#### Employment and Training Opportunities

The Company is continuing to provide training and employment opportunities in conjunction with Leazes' Homes development partners. Over the last year, 3 new apprenticeships have been created alongside a number of employment and training initiatives.

#### Welfare Reform

The four year rent reduction and other changes such as the extension of the Local Housing Allowance to social housing tenants living in general needs accommodation in receipt of housing benefit have made the financial environment very challenging for Registered Providers. The potential extension of the local housing allowance to tenants living in accommodation currently exempt from the local housing allowance is causing uncertainty in the sector and making the provision of new supported housing difficult to deliver. The Company has modelled the impacts of these changes and has taken a number of measures to mitigate adverse impacts. This includes:-

- Building rent reductions into all investment appraisals to ensure the development programme continues to be sustainable;
- Reducing costs in housing management and repairs and maintenance services; and
- Commissioning an external review of service delivery models in 2017/18.

### Future Developments

The Company's principal objective is the provision of affordable housing across Newcastle upon Tyne. 2017/18 will be an exciting but challenging year for the business and its build programme. 125 new units will be added during the year which will include

- 24 units at Springfield, Blakelaw, Newcastle upon Tyne providing wheelchair designed housing, housing for older people and homes for families;

## Strategic Report (continued)

### Future Developments (continued)

- 33 units in Dinnington, Newcastle upon Tyne providing purpose built accommodation for older people;
- 50 units on the site of the former primary school at Throckley, which will provide purpose build accommodation for older people.
- 18 units at Dunblane, Newcastle upon Tyne providing housing for older people

In addition a further 28 units will have started on site but will be delivered in 2018/19 at Dorcas Avenue, Newcastle upon Tyne. This scheme will provide housing for older people and housing for families.

The Company and its Trustees are committed to providing benefits to communities through its activities. Construction related training and employment opportunities will continue to be provided in conjunction with Leazes Homes' construction and development partners. The Company has entered into partnership with another charity to provide catering services in the Company's supported housing schemes, which will also provide training and employment opportunities alongside additional services for tenants.

## Financial Review

### Principal funding sources

The principal funding sources for the Company are the receipt of rental and service charge income from tenants, loans from Newcastle City Council and Royal Bank of Scotland as well as grants from the Homes and Communities Agency and Newcastle City Council.

### Investment Policy

Surplus cash is invested with Newcastle City Council. During 2016-17 returns of 0.45% per year were receivable against amounts deposited.

### Reserves Policy

Reserves are required to bridge the gap between expenditure and income and to cover for unplanned events. The Trustees consider that the ideal level of reserves for the Company as at 31 March 2017 would be £306,000.

The Company has a strong balance sheet and as at 31 March 2017 had reserves of £1,120,000.

## Strategic Report (continued)

### Financial Risk Management Policy

The Company's principal financial instruments comprise loans, cash and short term investments. Other financial assets and liabilities, such as rent debtors and related party balances, arise directly from the Company's operating and financing activities.

The main risks associated with the Company's financial assets and liabilities are set out below. The 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, the Company has a target of 80-90% fixed long term borrowings until maturity of the loans. This reflects and matches the long term nature of the Company's fixed asset base and regular rental income arising from it. The Trustees do not consider there to be any significant exposure.

#### *Price Risk*

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

#### *Credit Risk*

The Company's policy is 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 to ensure that the Company's exposure to bad debts is not significant.

#### *Liquidity Risk and Future Borrowings*

The Company is not currently exposed to liquidity risks as its liabilities are met directly by Newcastle City Council on its behalf. This is planned to change during 2017-18 and Leazes Homes is managing its short term cash forecasting on the basis of this change.

As at 31 March 2017, the Company had £22,500,000 of loan funding (excluding amortisation of loan fees) from Newcastle City Council (2016: £15,500,000) with the earliest maturity in 2026. The company had fully drawn its £5,000,000 loan facility with RBS at 31 March 2017. It is anticipated that £4,000,000 will be drawn during 2017-18 from existing loan facilities of £8,300,000 with Newcastle City Council.

## Strategic Report (continued)

### Financial Risk Management Policy (continued)

#### *Foreign Currency Risk*

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

#### *Risk Management*

The Company has a strategic risk register which is reviewed annually by the Audit Committee. Where appropriate, systems or procedures have been established to mitigate against the risks which the charity faces. The Company also has implemented procedures to minimise any potential impact on the charity should such risks materialise.

### *Principal Risks and Uncertainties*

The most significant risks facing the Company as at 31 March 2017 were:

#### 1. Restrictions on availability of funding restricts development

If the Company faces increased restrictions on accessing funding then development activities will reduce. Actions taken to mitigate this risk include:-

- Funded delivery programme up until March 2018;
- Modelling of alternative financing models; and
- Developing links with other lending institutions.

#### 2. Failure to plan for management succession disrupts delivery and service provision

Any changes to the Executive Management Team, who have extensive knowledge of the Company's affairs, could affect the delivery of the Company's business and development plans. The following actions are taken to mitigate against the risk:-

- Direct employment by the Company of the Managing Director; and
- Implementation of a Management Succession Plan;
- Development of Service Specification; and
- Developing links with other Registered Providers.

## Strategic Report (continued)

### Financial Risk Management Policy (continued)

#### 3. Changes in government policy towards housing provision that might create opportunities or threats

The government has introduced different priorities for affordable housing. The risk is that the principle objects of the company may make it difficult to deliver against these priorities. The following actions are taken to mitigate against these risks:-

- Modelling of alternative financing models;
- Developing links with other sectors such as health; and
- Continued focus on supported housing development.

#### 4. Changes introduced through Welfare Reform affect the financial viability Leazes Homes

Tenants affected by benefit changes may be unable to pay their rent which would result in a loss of income to the Company. The following actions are taken to mitigate against the risk.

- Identifying areas to reduce cost;
- Delivery of project plan to respond to Welfare Reform;
- Households affected by Welfare Reform identified and visits to at risk households to continue;
- Awareness and communication exercises undertaken to inform tenants of the potential effects of Welfare Reform.
- Provision for bad debts;
- Interventions in rent arrears escalation process;
- and Development appraisals for new schemes to build in provision for rent reductions.

During a review of tenancy agreements it was found that some tenants of our properties have been signed up to the wrong form of tenancy agreement. The rents charged are in accordance with the Homes and Communities Rent Standard, but the form of agreement is wrong. We are working with our housing management service provider to correct this error and put in place additional measures to prevent this happening in the future.



## Strategic Report (continued)

### A note on fire safety

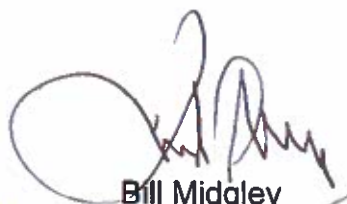
Following the Grenfell Tower tragedy we have reviewed all Leazes Homes properties that provide apartment accommodation. None of these buildings are tower blocks. Furthermore we have had written confirmation from contractors that built or refurbished the buildings that no cladding made of Aluminium Composite Material was used, which is the main area of concern at this stage following the disaster at Grenfell Tower.

The Grenfell Tower tragedy has made us consider what further measures we could take to improve the safety of our residents and with this in mind we are actively looking at what further measures we could take to improve safety. We will also be closely monitoring the information coming out about the likely causes and contributory factors to the tragedy, and will take appropriate action if they are of relevance to the housing stock that we own.

Report was approved by the Trustees on 7 August 2017 and signed on its behalf by:



Jon Mitford  
Company Secretary

  
Bill Midgley  
Chair

## Trustees' Report

A list of Leazes Homes' Trustees for the year ended 31 March 2017 is shown on page 1.

The Trustees present their Report and Financial Statements for the year ended 31 March 2017.

The Company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the Company Strategic Report detailed above the following which the trustees believe to be of strategic importance:

- Review of the Year
- Future developments
- Financial review
- Financial risk management policy

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

The Trustees have approved an Equality and Diversity Policy that sets out the Company's objectives relating to the employment, service delivery, working with other organizations and involving the community which recognises and seeks to address the inequalities and disadvantages that many communities, including disabled people, face in society.

### Going Concern

Having made enquiries, the Trustees consider that the Company's current and future prospects and its availability of financing are adequate to enable it to continue business for the foreseeable future and that they are also 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.

The Trustees consider that a robust going concern assessment process was undertaken and the results discussed and challenged formally at the Board Meeting on 7 August 2017.

The process for determining whether or not the Company is a going concern involved a number of considerations including an assessment of the financial budgets and forecasts for the Company 12 months from the date of these accounts. This period is considered to be 'foreseeable future' as required for this ongoing assessment only and is in accordance with company law and accounting rules.

## Trustees' Report (continued)

### Going Concern (continued)

The assessment also considered the solvency and liquidity risks involved in delivering the financial forecasts for the foreseeable future. Further information on the Company's risks can be found on pages 10 and 11 .

There were no major changes to the Company's significant liquidity and solvency risks in the year. For this reason, the Trustees continue to adopt the going concern basis of preparation for these financial statements.

### Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the 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 Company and of the surplus or deficit of the Company for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies then apply them consistently;
- Make judgements 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.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, bribery and other irregularities.

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

## Trustees' Report (continued)

### Disclosure of information to auditors

So far as each person who was a Trustee at the date of approving this report is aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Trustees and the auditor, each Trustee has taken all 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.

### Related Parties

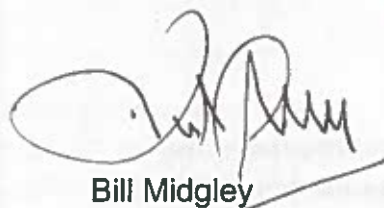
None of the Trustees receive remuneration or other benefit from their work with the Company. Any connection between a Trustee or member of the Executive Management Team with a contractor, supplier or other third party must be disclosed to the Board of Trustees.

Newcastle City Council holds 3/8th of the membership of the Company through the Council Trustees.

### 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 Trustees' Report was approved by the Trustees on 7 August 2017 and signed on its behalf by:



Bill Midgley

Chair



Jon Mitford

Company Secretary

## Independent Auditor's Report

We have audited the financial statements of Leazes Homes Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 28. 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 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 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 trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees 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

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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



## **Independent Auditor's Report (continued)**

### **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, including related housing activities as at 31 March 2017 and of its incoming resources and application of those resources;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction Registered Providers of Social Housing 2015, the 'Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers', issued in September 2014

### **Opinion on other matter 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 Trustees' Annual Report is consistent with the financial statements.
- ▶ The Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report and Trustees' annual report.

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;
- we have not received all the information and explanations we require for our audit.

**Independent Auditor's Report (continued)****Matters on which we are required to report by exception (continued)**

We have nothing to report in respect of the following matters where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- proper accounting records of its transactions and its assets and liabilities in relation to its housing activities have not been kept, and
- a satisfactory system of control of those records, its cash holdings and its receipts and remittances in relation to those activities has not been maintained

*Ernst & Young LLP*

Caroline Mulley (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP,  
Statutory Auditor  
Newcastle upon Tyne

*14 August 2017*

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

## Financial Statements

### Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover	5,6	4,286	3,563
Operating expenditure	5,6	(2,980)	(2,650)
Other income	5	-	12
<b>Operating surplus</b>	<b>7</b>	<b>1,306</b>	<b>925</b>
Gain on disposal of property	8	3	-
Interest receivable	10	3	8
Interest payable and financing costs	11	(752)	(652)
<b>Surplus before and after tax</b>		<b>560</b>	<b>281</b>
<b>Total comprehensive income for the year</b>		<b>560</b>	<b>281</b>

All amounts relate to continuing activities.

These financial statements were approved by the Board and authorised for issue on 7 August 2017 and signed on its behalf by:



D W Midgley (Chair)



C Waddell (Member)



J Mitford (Company Secretary)

### Statement of Changes in Reserves

At 31 March 2017

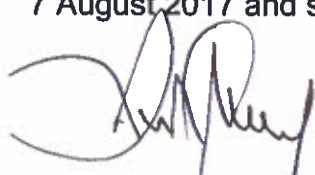
	Revenue Reserve £'000	Designated Reserve £'000	Total Reserves £'000
<b>Balance as at 1 April 2015</b>	<b>279</b>	<b>-</b>	<b>279</b>
Total comprehensive income for the year	281	-	281
<b>Balance as at 31 March 2016</b>	<b>560</b>	<b>-</b>	<b>560</b>
Total comprehensive income for the year	560	-	560
Transfer between reserves	(41)	41	-
<b>Balance as at 31 March 2017</b>	<b>1,079</b>	<b>41</b>	<b>1,120</b>

## Financial Statements

(continued)

Statement of Financial Position		Company registration no: 6888341	
as at 31 March 2017			
	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible fixed assets	12,13	61,407	48,911
		61,407	48,911
<b>Current assets</b>			
Properties held for sale	14	208	261
Trade and other debtors	15	941	251
Investments	16	-	1,000
Cash at bank and in hand		2,764	2,546
		3,913	4,058
<b>Creditors: amounts falling due in less than one year</b>			
	17	(5,517)	(6,309)
<b>Net current liabilities</b>			
		(1,604)	(2,251)
<b>Total assets less current liabilities</b>		<b>59,803</b>	<b>46,660</b>
<b>Creditors: amounts falling due in more than one year</b>			
	18	(58,683)	(46,100)
<b>Total net assets</b>		<b>1,120</b>	<b>560</b>
<b>Reserves</b>			
Income and Expenditure reserve		1,079	560
Designated reserve		41	-
<b>Total reserves</b>		<b>1,120</b>	<b>560</b>

These financial statements were approved by the Board and authorised for issue on 7 August 2017 and signed on its behalf by:



D W Midgley (Chair)



C Waddell (Member)



J Mitford (Company Secretary)



## Financial Statements

(continued)

### Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Net Cash flow from operating activities	20	2,829	1,104
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(14,783)	(7,442)
Proceeds from sale of tangible fixed assets	8	141	-
Grants received		4,283	4,995
Interest received	10	3	8
Net cash flow from investing activities		(10,356)	(2,439)
<b>Cash flow from financing activities</b>			
Interest paid		(1,043)	(779)
New secured loans	25	8,385	2,783
Repayment of borrowings	25	(597)	(893)
Withdrawal from deposits	16	1,000	1,518
Net cash flow from financing activities		7,745	2,629
Net change in cash and cash equivalents		218	1,294
Cash and cash equivalents at beginning of year		2,546	1,252
Cash and cash equivalents at 31 March		2,764	2,546



## Notes to the Financial Statements at 31 March 2017

### 1. Legal structure

The company is registered under the Companies Act 2006 and is a provider of housing registered with the HCA.

### 2. Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards.

A summary of the accounting policies is set out below.

#### Going Concern

The financial statements have been prepared on the going concern basis (notwithstanding the net current liabilities of £1,604,000) which the Trustees believe to be appropriate for the following reasons.

The company has drawn down external loan borrowings of £5,000,000. This is a long term loan facility and repayments within 12 months are not expected.

Of the net current liabilities above, £4,109,000 was the net current liability with NCC. The company has undrawn loan facilities of £8,300,000 with NCC (2016: £16,800,000). Leazes Homes intends to draw down from this facility during 2017-18 as required.

The Trustees consider that these factors should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on the above, the Trustees believe that it remains appropriate to prepare the financial statements on a going concern basis.

#### Basis of accounting and statement of compliance

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, including Financial Reporting Standard 102 (FRS 102), and the 'Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers', issued in September 2014 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015, for the year ended 31 March 2017.

#### Significant judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date, and the amounts reported for revenues and expenses during the period.

## Notes to the Financial Statements at 31 March 2017

### 2. Principal accounting policies (continued)

However, the nature of estimation means that actual outcomes could differ from those estimates.

#### **Significant management judgements**

The following judgements have had the most significant effect on the financial statements:

##### ***Impairment***

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.

From 1 April 2016, social housing rents have been reduced by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with the Housing and Planning Act 2016, which will lead to a reduction in rental income. Whilst a fall in revenue may be an indicator of potential impairment on housing properties, there have been discussions between the National Housing Federation (NHF) and the Financial Reporting Council (FRC) specifically on this issue, and the FRC has agreed that there is a social benefit to social housing assets such that the rent cut in itself is not considered a trigger for impairment.

The expected future reduction in income is considered within all investment appraisals to ensure that the development programme continues to be sustainable. Management has determined based on this that there is no impairment of the Company's social housing properties.

##### ***Recognition of grants on accruals basis***

An entity shall recognise grants either based on the performance model or an accrual model. All grants which are government grants relating to housing properties are recognised on an accruals basis.

##### ***Determination of financial instruments as basic***

There is judgement in determining whether financial instruments meet the definition of basic or complex in accordance with Section 11 of FRS 102.

Management has determined that the Company's financial instruments are deemed as basic on the basis of the following:

- Interest paid on the loans is on a fixed rate basis.
- Loan agreements with external providers do not contain two way break clauses.

These loans have therefore been recognized at amortised historical cost.

## Notes to the Financial Statements at 31 March 2017

### 2. Principal accounting policies (continued)

#### **Key sources of estimation uncertainty**

The following sources of estimation uncertainty have had the most significant effect on the financial statements:

#### ***Useful lives of depreciable assets***

Management reviews its estimate of the useful lives of depreciable assets and components at each reporting date based on the expected utility of the assets. Uncertainties in estimates relate to technology obsolescence that may change the utility of the assets and changes to decent homes standards which may require more frequent replacement of key components.

#### ***Amortisation of deferred government grants***

There is a policy choice in the amortisation of government grants received for housing properties. The accruals policy permits either recognition over the expected useful life of the housing property structure (not land) or over the useful life of the housing property and individual components on a pro rata basis. Government grants received for housing properties are recognised in income over the useful life of the housing property structure.

#### ***Recoverability of bad debts***

A difficult ongoing economic climate and changes in housing benefit entitlements may increase the risk of non-recovery of rent and service charge arrears at each reporting date, and therefore the Company applies assumptions over the expected recovery of these balances in determining the basis of a bad debt provision. Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts due to the extent that they may not be recoverable.

#### ***Turnover***

Turnover represents rental income receivable, service charge income receivable, other income from tenants and grants from local authorities.

Rent and service charges are also receivable from Newcastle City Council under operating leases for four properties at the Scrogg Road Mental Health Supported Housing Scheme. The annual rent for each property is £1, chargeable annually in advance on 25th March. Service charges of approximately £16,900 will be due on these four leases during 2017-18, invoiced bi-annually in arrears, with subsequent annual charges subject to review.

A management agreement also exists with Thirteen Group with regards to 14 domestic violence units at Lilac Crescent. The annual charge totals £82,244 and is raised in arrears in monthly installments. This charge is subject to an annual review.

## Notes to the Financial Statements at 31 March 2017

### 2. Principal accounting policies (continued)

#### ***Interest payable***

Interest is capitalised on borrowing to finance the development of qualifying assets to the extent that it accrues in respect of the period of development it represents

a) interest in borrowings specifically financing the development programme after deduction of related grants in advance.

b) fair amount of interest on borrowings of the Company as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest is allocated at a constant rate on the carrying amount over the period of the borrowing, and is charged to income and expenditure in the year.

#### **Income and Expenditure Reserve**

The income and expenditure 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 I&E 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 by scheme in the income and expenditure account in the period with net movement transferred between the income and expenditure reserve and the designated reserve at the end of each year.

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

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs 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.



## Notes to the Financial Statements at 31 March 2017

### 2. Principal accounting policies (continued)

#### 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 - 50 to 100 years
- Major components - 15 to 60 years
- Minor components - 5 years

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.

#### Other tangible fixed assets

Disabled adaptations relate to those major works and equipment installations deemed essential to bring an individual property fit for use by the tenant.

Depreciation is on a straight line basis over their useful lives. The principal rates and bases used are:

- Disabled adaptations - 10 years
- IT Software and Hardware - 5 years

#### 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.

#### Shared ownership properties

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.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits.

#### Debtors

Debtors are measured at transaction price, less any impairment.



## Notes to the Financial Statements at 31 March 2017

### 2. Principal accounting policies (continued)

#### Debtors (continued)

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts due to the extent that they may not be recoverable.

#### Creditors

Creditors are measured at transaction price.

#### Capital grants

Where developments have been financed wholly or partly by Social Housing Grant or other capital grants. 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 or Disposals Proceeds Funds, depending upon the disposal, and, if not recycled in accordance with Housing Corporation Circular F2 - 21/97, may become repayable.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure in accordance with Housing SORP 2014.

#### Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model and thus recognised at amortised historical cost.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure.

### 3. Corporation taxation

As a registered charity, Leazes Homes is able to claim exemptions from corporation tax where gains are applied for charitable purposes. All gains for Leazes Homes in 2016-17 relate to furthering the charitable purposes of the organisation and are therefore exempt from Corporation Tax.

### 4. 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 2017

#### 5. Turnover, operating costs and operating surplus for the Year

<b>2017</b>	<b>Turnover £'000</b>	<b>Operating costs £'000</b>	<b>Operating surplus £'000</b>
Income and expenditure from lettings	3,115	(1,850)	1,265
Service charge income	1,171	(1,130)	41
	<b>4,286</b>	<b>(2,980)</b>	<b>1,306</b>
<b>2016</b>	<b>Turnover £'000</b>	<b>Operating costs £'000</b>	<b>Operating surplus £'000</b>
Income and expenditure from lettings	2,638	(1,756)	882
Service charge income	923	(894)	29
Grant income	2	-	2
Other Income	12	-	12
	<b>3,575</b>	<b>(2,650)</b>	<b>925</b>

Income and expenditure from lettings includes amortised government grants of £298k (2016: £261k).

#### 6. Particulars of income and expenditure from social housing lettings

	<b>2017 £'000</b>	<b>2016 £'000</b>
Turnover from lettings and service charges:		
Rents receivable	2,882	2,455
Service charge income	1,215	978
Rent and service charge voids	(109)	(133)
Amortised government grants	298	261
	<b>4,286</b>	<b>3,561</b>

## Notes to the Financial Statements at 31 March 2017

### 6. Particulars of income and expenditure from social housing lettings

	2017 £'000	2016 £'000
Premises	12	15
Supplies and services	442	434
Service charge costs (excluding depreciation)	1,063	894
Maintenance	346	321
Bad debt	12	13
Depreciation of housing properties	1,074	973
Non dwellings depreciation	7	-
Auditors fees in total	16	-
IT expenses	3	-
Other	3	-
	2,978	2,650

### 7. Operating Surplus

	2017 £'000	2016 £'000
The operating surplus is arrived at charging/(crediting):		
Depreciation of housing properties	1,074	973
Depreciation of other tangible fixed assets	7	9
Auditors remuneration for audit of statements	7	5
Other services obtained by appointed auditor	9	-

### 8. Gain on disposal of property

	2017 £'000	2016 £'000
Disposal proceeds	141	-
Grant income discount accrual	9	-
Less:		
Carrying value of fixed assets	(95)	-
Carrying value of grant on disposal (note 23)	61	-
Administrative costs of sale	(1)	-
	115	-
Transfer to disposal proceeds fund (note 27)	(112)	-
Net gain on disposal of properties	3	-



## Notes to the Financial Statements at 31 March 2017

### 9. Accommodation in management

	2017	2016
At the end of the year accommodation in management for each class of accommodation was as follows:		
	No.	No.
Social housing		
- social rent	192	194
- affordable rent	134	111
Supported housing	213	173
Housing for older people	24	35
Low cost home ownership	14	16
<b>Total managed</b>	<b>577</b>	<b>529</b>
Managed by agent	14	-
<b>Total owned and managed</b>	<b>591</b>	<b>529</b>
Accommodation in development at the year end	125	145

### 10. Interest receivable and other income

	2017	2016
	£'000	£'000
Interest receivable	3	8
	3	8

This relates to investment interest gained within the year.

### 11. Interest payable and similar charges

	2017	2016
	£'000	£'000
Interest payable	752	652
	752	652

This largely relates to interest on loan agreements.

## Notes to the Financial Statements

### at 31 March 2017

#### 12. Fixed Assets - Housing properties

<b>2016-17</b>	<b>Social housing properties held for letting £'000</b>	<b>Housing properties for letting under construction £'000</b>	<b>Completed shared ownership housing properties £'000</b>	<b>Total £'000</b>
<b>Cost:</b>				
At 1 April 2016	44,193	6,262	1,131	51,586
Additions	-	13,289	-	13,289
Works to existing properties	81	-	-	81
Interest capitalised	-	237	-	237
Schemes completed	7,827	(7,827)	-	-
Disposals	(121)	-	-	(121)
Transfer between categories	362	-	(362)	-
Transfer from current assets	53	-	-	53
<b>As at 31 March 2017</b>	<b>52,395</b>	<b>11,961</b>	<b>769</b>	<b>65,125</b>
<b>Depreciation:</b>				
At 1 April 2016	(2,672)	-	(48)	(2,720)
Depreciation charged in year	(1,052)	-	(22)	(1,074)
Depreciation released on disposal	26	-	-	26
<b>As at 31 March 2017</b>	<b>(3,698)</b>	<b>-</b>	<b>(70)</b>	<b>(3,768)</b>
<b>Net Book Value</b>				
<b>As at 31 March 2017</b>	<b>48,697</b>	<b>11,961</b>	<b>699</b>	<b>61,357</b>
<b>As at 31 March 2016</b>	<b>41,521</b>	<b>6,262</b>	<b>1,083</b>	<b>48,866</b>

#### 12. Fixed Assets - Housing properties continued

	<b>2017 £'000</b>	<b>2016 £'000</b>
Expenditure on works to existing properties		
Improvement works capitalised	81	-
Amounts charged to expenditure	346	321
	<b>427</b>	<b>321</b>



## Notes to the Financial Statements

### at 31 March 2017

#### 12. Fixed Assets - Social housing assistance

	2017 £'000	2016 £'000
Total accumulated social housing grant received or receivable at 31 March 2016:	32,651	27,642
Recognised in statement of comprehensive income	1,049	754
Held as deferred income	31,602	26,888
	32,651	27,642

#### 12. Fixed Assets - Finance costs

	2017 £'000	2016 £'000
Aggregate amount of finance costs included in the cost of housing properties	584	347
	584	347

#### 13. Fixed Assets - Plant and equipment 2016-17

	Disabled adaptations £'000	IT software & hardware £'000	Total £'000
<b>Cost:</b>			
At 1 April 2016	38	16	54
Additions	12	-	12
At 31 March 2017	50	16	66
<b>Depreciation and impairment:</b>			
At 1 April 2016	(6)	(3)	(9)
Depreciation charged in year	(3)	(4)	(7)
At 31 March 2017	(9)	(7)	(16)
<b>Net Book Value</b>			
As at 31 March 2017	41	9	50
As at 1 April 2016	32	13	45

#### 14. Properties for sale

	2017 £'000	2016 £'000
Shared ownership properties	208	261
	208	261

## Notes to the Financial Statements

### at 31 March 2017

#### 15. Trade and other debtors

	2017	2016
	£'000	£'000
Rent and service charge receivable	103	226
Less provision for bad and doubtful debts	(51)	(41)
	52	185
Amounts due from Newcastle City Council	796	59
Other debtors and prepayments	93	7
	941	251

#### 16. Investments

	2017	2016
	£'000	£'000
Investments held with NCC	-	1,000
	-	1,000

This financial year yielded a 0.45% (2016: 0.45%) interest rate and earned interest of £2,963 (2016: £8,185) in the financial year.

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

	Note	2017	2016
		£'000	£'000
Amounts due to Newcastle City Council		3,723	2,646
Amounts due to Your Homes Newcastle		51	497
Contractor payments		26	1,429
Contractor payments (NCC)		6	3
Interest payable		26	-
Interest payable (NCC)		357	452
Tenants payments in advance		84	44
Other accruals		47	87
Deferred grant income	23	376	276
Local authority loans (NCC)	25	819	875
Accounts payable		2	-
		5,517	6,309

## Notes to the Financial Statements

### at 31 March 2017

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

	Note	2017 £000	2016 £000
Deferred grant income	23	31,226	26,612
Local authority loans (NCC)	25	22,455	14,611
Bank loans	25	5,000	5,000
Disposals proceeds fund	26	112	-
Loan issue costs	25	(110)	(123)
		58,683	46,100

#### 19. Financial Instruments

	2017 £'000	2016 £'000
<i>Financial liabilities measured at amortised cost</i>		
Loans	28,164	20,363
Trade Payables	2	-
<i>Financial assets measured at amortised cost</i>		
Trade Receivables	72	7
Cash	2,764	2,546



## Notes to the Financial Statements at 31 March 2017

### 20. Cash flow from operating activities

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Cash flow from operating activities:		
Surplus for the year	560	281
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	1,081	982
Amortisation of grants	(298)	(261)
Net book value of tangible fixed asset disposals	(3)	-
(Increase)/decrease in trade and other debtors	109	3
Increase/(decrease) in creditors	631	(545)
Interest payable	752	652
Interest receivable	(3)	(8)
<b>Net cash generated from operating activities</b>	<b>2,829</b>	<b>1,104</b>

### 21. Capital commitments

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for but not provided in the accounts	6,093	12,362
Expenditure authorised by board, but not contracted	-	-
	<b>6,093</b>	<b>12,362</b>

## Notes to the Financial Statements

### at 31 March 2017

## 22. Related party transactions

During the year Leazes Homes entered into transactions, in the ordinary course of business with other related parties.

### Key Management Personnel

The directors consider that the board of Trustees and Managing Director comprise the key management personnel of Leazes Homes. None of the Trustees received remuneration for the year ended March 2017. The managing director is employed by YHN, and his costs are recharged to Leazes Homes and recorded under Supplies and Services. In 2016-17 YHN recharged £68,000 to Leazes Homes for the services provided by the managing director.

One Trustee is a tenant of Leazes Homes and all transactions with this Trustee take place under normal commercial conditions. Associated transactions can be seen in the table

### Entities with significant influence over the company

#### Newcastle City Council (NCC)

Most cash book payments and receipts are made via NCC's banking facilities with the net balance owing to or from the City Council being disclosed as a current asset or liability as appropriate.

The Trustees who are Newcastle City Council 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.

	<b>Sales to related party £'000</b>	<b>Purchases from related party £'000</b>	<b>Amounts owed from related party £'000</b>	<b>Amounts owed to related party £'000</b>
<b>Key Management Personnel - Tenant trustee</b>				
2017	16	-	-	-
2016	15	-	-	-
<b>NCC</b>				
2017	30	28	796	27,360
2016	1,591	723	1,059	18,587

During the year Leazes Homes drew loans of £8,400,000 and received grants of £3,900,000 from NCC. Leazes Homes repaid loans of £600,000.



## Notes to the Financial Statements at 31 March 2017

### 23. 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 ten pounds.

### 24. Deferred Grant Income

	2017 £'000	2016 £'000
At 1 April	26,888	22,153
Grant received in the year	5,073	4,996
Released to income in the year	(298)	(261)
Grants repaid or repayable	(61)	-
At 31 March	31,602	26,888
Amounts to be released within one year	376	276
Amounts to be released in more than one year	31,226	26,612
	31,602	26,888

### 25. Interest and Financing Costs

	2017 £'000	2016 £'000
Loans and bank overdrafts (net of issue costs)	28,164	20,363
	28,164	20,363
Interest payable capitalised on housing properties under construction	237	125
Capitalisation rate used to determine the finance costs capitalised during the period	3.87%	3.73%

The loans from Newcastle City Council bear interest rates of between 3.35% 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 in periods of six months or one year. Other loans bear variable interest rates on a LIBOR basis.

## Notes to the Financial Statements

### at 31 March 2017

#### 26. Debt analysis

	2017 £'000	2016 £'000
Due within one year:		
Local authority loans	819	875
	<b>819</b>	<b>875</b>
Due after more than one year:		
Bank loans	5,000	5,000
Local authority loans	22,455	14,611
Less: issue costs	(110)	(123)
	<b>27,345</b>	<b>19,488</b>
	<b>28,164</b>	<b>20,363</b>

#### Security

Local Authority loans are secured by fixed charges on individual properties. The bank loans are secured by a floating charge over the assets of the association and by fixed charges on individual properties

#### Terms of repayment and interest rates

The loans from local authorities are repaid in half-yearly instalment, over the estimated life of the scheme on which the loan is secured, at fixed rates of interest ranging from 3.35% to 5.42%. The final instalments fall to be repaid in the period 2016 to 2041.

The bank loan with RBS will be paid in full by a single instalment on the final repayment date in August 2024.

At 31 March 2017 Leazes Homes had undrawn loan facilities of £8.3m (2016: £16.8m).

<b>Maturity of the loans are as follows:</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
In one year or less, or on demand	819	875
Between one and two years	825	622
Between two and five years	2,692	2,021
In five years or more	23,938	16,968
	<b>28,274</b>	<b>20,486</b>

All loans are shown on an amortised cost basis.

## Notes to the Financial Statements

### at 31 March 2017

#### 27. Disposals Proceeds Fund

	2017 £'000	2016 £'000
Funds pertaining to activities within areas covered by the HCA:		
At 1 April	-	-
Inputs to DPF: Funds Recycled	112	-
Outputs from DPF: Recycling of grant	-	-
At 31 March	112	-
Amounts 3 years old or older	-	-
Total Disposal Proceeds Fund Balance	112	-

#### 28. Parent undertaking and controlling party

The Trustees consider the Leazes Homes Board to be the ultimate controlling party.

