



Leazes Homes Limited

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

**Report and Financial Statements
For the year ended 31 March 2020**

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

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Corporate Information

Chair	D Keightley
Trustees	C Waddell (term expired 19 January 2020) M E Reynolds V Dunn (resigned 24 June 2020) M Brady (resigned 19 May 2020) W Thompson G Walsh K Heathcote (appointed 9 May 2019) J Ritchie (appointed 3 March 2020) P Holland (appointed 23 July 2020)
Company Secretary	Jon Mitford (resigned 14 August 2020)
Registered Office	Jubilee Court Kenton Road Newcastle Upon Tyne NE3 3BW
Company Number	6888341
Charity Number	1133627
RSH Number	4633
External Auditor	Ernst & Young LLP Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JD
Bankers	NatWest 16 Northumberland Street Newcastle Upon Tyne, NE1 7EL
Solicitor	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 2020, the Company had 766 residential units in stock comprised of 617 new build properties and 149 acquired properties, of these 425 are general housing including shared ownership, 52 properties are for older people and 289 are supported housing properties. Following a procurement exercise the Company entered into contract with Your Homes Newcastle ('YHN') on 19 November 2018 under which YHN continues to provide a range of housing management and associated services to Leazes Homes.

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. The Managing Director has been employed directly by Leazes Homes since April 2017, having previously been seconded from Your Homes Newcastle to the Company. This Managing Director, Jon Mitford, leaves Leazes Homes in August 2020 and an interim Managing Director has been recruited until a permanent appointment is made. Following a recruitment and selection exercise a new Finance Director was appointed in December 2018. A further appointment was made to the position of Contracts Manager in January 2019. 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 and associated services to Leazes Homes and 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 and senior representatives from YHN attend 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 Regulator of Social Housing.

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. In October 2017, the Company adopted the National Housing Federation Code of Governance 2015 edition and has put in place arrangements to comply with the Code. The Company is supported by Newcastle City Council, who provide expertise and support as required through a Service Level Agreement.

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

Organisational structure (continued)

Statement of Compliance with National Housing Federation, Code of Governance, 2015 edition

The Board of Trustees recognise the importance of effective governance arrangements to support the operation of the Company. Leazes Homes has adopted and is acting in compliance with the National Housing Federation's Code of Governance, 2015 ("the Code").

Under the terms of the Code, a formal review of board effectiveness is due and this will be completed as part of a wider external governance review during 2020/21.

In view of the limitation on operations arising from the Coronavirus pandemic, the Board has agreed to extend the term of office of M Reynolds, trustee, until 31 March 2021, which is beyond the maximum 9 year limit stated in section D2 of the NHF Code of Governance. This will be for a limited period until the organisation is able to carry out an open and transparent recruitment process.

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 April 2018 the Trustees passed a special written resolution to change the Articles of Association to ensure compliance with the Regulation of Social Housing (influence of Local Authorities) (England) Regulations 2017. These regulations limit the level of Local Authority representation on the Boards of private Registered Providers of Social Housing in England (with some exceptions). As a result, with effect from 9 April 2018 the organisation's Articles of Association state that the Board of Trustees shall consist of at least five and not more than eight individuals, made up as follows:-

- One individual nominated by Newcastle City Council (known as 'the Council Trustee'): - V Dunn (resigned 24 June 2020), P Holland from 23 July 2020;
- A minimum of three and maximum of six individuals (known as 'the Ordinary Trustees'): - M Reynolds, C Waddell (term ended 19 January 2020), D Keightley, G Walsh, W Thompson, K Heathcote (appointed 9 May 2019), J Ritchie (appointed 3 March 2020); and
- One Tenant Trustee - M Brady (resigned 19 May 2020)

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.

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

Organisational structure (continued)

The Council Trustee is 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*). All Trustees normally serve a maximum of nine years.

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 meets twice a year. The purpose of the 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 three 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;

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

Our Aims and Objectives (continued)

- 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;
- 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;
- the relief of poverty amongst the residents of the Area of Benefit;
- 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 objectives of the Company as defined in its 2018-2023 Business Plan are

To achieve the charitable objects of the charity by:

- Identifying the key areas of housing need that are not being met by the market in the North of Tyne area;
- Developing housing solutions to meet housing need and failure in the housing market that support our charitable purposes;
- Responding flexibly to opportunities to acquire and build homes; and
- Meeting the needs and aspirations of our tenants where we can and be a good landlord.

Public Benefit

The Trustees regularly review and consider 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 the Company's primary operating area, which is currently 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.

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

Value for Money

Our Strategy

Our purpose is to provide high quality, affordable accommodation to people in need who reside in the City of Newcastle upon Tyne. This drives a focus on delivering value for money for tenants and stakeholders. This requires that we operate a financially sound business, with efficiency and effectiveness of the services we provide to our customers.

Our approach

The Board sets the strategy and has overall responsibility for ensuring the organisation operates effectively, economically and efficiently. A Value for Money ethos is embedded in our governance arrangements and is evident in our procurement activities and expenditure decisions.

We are committed to achieving value for money for residents and other stakeholders in all relevant activities, including the procurement of third-party goods and services, which has recently been evidenced by the reductions in grounds maintenance costs following the completion of a procurement exercise.

The Board considers significant projects and scrutinises these against the organisation's development strategy and investment hurdles. The Audit and Risk Committee's objectives include the promotion of high standards of propriety in the use and stewardship of the resources of the business, encouraging transparency and accountability over the use of the organisation's assets.

Our Commitment

We are committed to balancing the investment in new and existing assets, to ensure we deliver the affordable housing needs of our customers. We aim to achieve this by using the skills and experience of our direct employees and trusted partners who provide an extensive range of supporting activities. In reaching a balanced approach we are informed by customer feedback of our service provision, offer services that meets customer's needs, have a viable business for the long term and understand our capacity to undertake new initiatives.

Progress in measuring Value for Money

The Regulator produced the standard code of practice in April 2018, which referred to seven value for money metrics that providers are expected to report against. The following performance for those seven metrics is presented for the current financial year, the previous year as a comparator, together with a sector comparator for the average of all 48 organisations with less than 2,500 property units:

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

Value for Money (continued)

Progress in measuring Value for Money (continued)

	2019/20	2018/19	Sector
Reinvestment %	0.1%	8.9%	4.3%
New Supply delivered %	0.1%	6.1%	0.6%
Gearing %	42.7%	43.3%	34.1%
Earnings %	187%	195%	194%
Headline social housing cost per unit (£'000's)	£4.06	£3.86	£4.88
Operating margin % - social housing	23.8%	27.6%	23.3%
Operating margin % - overall	23.8%	27.6%	20.3%
Return on capital employed %	2.2%	2.6%	3.1%

Reinvestment:

Reinvestment is minimal in the year which reflects the absence of any scheduled development activities, awaiting the completion of new units in the forthcoming financial year.

New Supply delivered:

The new supply delivered for social housing units was also minimal (1 property) as the next scheduled developments are not due to complete until 2020/21. This hiatus follows several years of steady growth in new supply, consistent with the agreed strategic ambitions of the business.

Gearing:

Gearing has reduced during the year as the organisation has repaid loans that matured during the period. The gearing is comfortably lower than our loan covenant conditions, thereby giving us capacity to potentially borrow further loans to assist with the development of the business in the future. Whilst we appear to borrow more than the sector average, it is a reflection that we are using our available asset base to support growth.

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

Value for Money (continued)

Earnings:

Earnings have reduced slightly from 195% to 187%, which is consistent with approved budgets in a climate where rent reductions have obliged to be funded by the business. This is broadly comparable to the sector average.

Operating Margin:

The operating margin has reduced from 27.6% to 23.8% and is generally in line with sector comparisons.

Return on Capital Employed:

The Return on Capital Employed (ROCE) has reduced slightly to 2.2%. It remains slightly less than average in the sector.

Additional measurements

In addition to the regulatory metrics being measured, the Board have also been more routinely monitoring a range of financial ratios about key financial indicators during the year. This has allowed trends for Leazes homes to be identified, together with projections for future years' plans. Further, comparisons with relevant local peer group organisations have been produced to inform a wider assessment of the significant financial matters. Increasing the regularity of such comparative financial Key Performance Indicators (KPI's) allows the Board to review the progress of Value for Money.

The additional KPI's considered by the Board include:

- Loan debt per unit
- Loan interest cost per unit
- Overall Funding per unit
- Average loan interest rate
- Average property cost per unit
- Turnover per unit
- Surplus per unit
- Surplus to Turnover ratio

The observations arising from this additional layer of financial comparisons with local peer group organisations appears to reinforce some of the perceptions from the VFM metrics. We appear to have borrowed more funding to support our development programme peers, therefore we need to maintain high Operating Margins in order to honour the Loan Debt obligations through annual Loan Interest payments.

The consequence of this is that the Net Surplus is comparably low, meaning that growth in our Reserves is more modest than our peer group.

We do, however have a higher Turnover per unit than our peer group, which assists our financial viability in the future by providing a reliable income base to support our strategic ambitions.

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

Governance and Financial Viability Standard

The Company has assessed their compliance with Regulator of Social Housing's Governance and Financial Viability Standard and complies with the requirements of Regulator of Social Housing's Governance and Financial Viability Standard. Leazes Homes has adopted the National Federation's guidance and carries out an external independent review on governance arrangements every three years. In intervening years an internal review of our practice is carried out and discussed with Trustees.

Strategic Report

The Trustees of Leazes Homes Limited ('the Company') present their Strategic Report for the year ended 31 March 2020.

Review of the Year

Provision of affordable homes

During the financial year, the Company added one further unit to its property portfolio. The Company now owns and manages 766 operational residential units as at March 2020 providing much needed affordable housing across Newcastle upon Tyne. The Company also commenced developing a scheme to provide 5 supported housing units for people with autism and or learning disabilities, which is part of a larger residential development project being taken forward with several partners.

Coronavirus

Whilst the virus had commenced its spread in the U.K. before the year-end of 31 March, the organisation had not been significantly affected by increasing impact until the subsequent financial year starting in April 2020. Since the escalation, we have taken specific actions to reduce the risk to our customers, especially in vulnerable situations. Some of our actions so far have included:

- Suspension of housing allocations
- Scaling repairs back to emergency and urgent cases
- Closing communal areas in supported housing schemes
- Reduced provision of grounds maintenance activities
- Restriction to essential visitors for supported housing schemes
- Increased tenant's information, e.g. scam awareness and available help.

In addition to these operational actions, we have assessed the business capability to sustain an adverse financial impact and have modelled increases in arrears and bad debts. We believe our going concern is not jeopardised by our assessment of such deterioration of our cash flow

Future Developments

The Company's principal objective is the provision of affordable housing across the North of Tyne area. 2020/21 will be an exciting but challenging year for the business.

The Company is reviewing its future strategy including the types of housing it will develop in the future, its structure and legal form. The Company has decided to focus its resources on providing supported housing and has commissioned an assessment of supported housing needs in the North of Tyne area to inform this. The Company is also undertaking further work over the course of the year to inform its future direction, structure and legal form.

The Company and its Trustees are committed to providing benefits to communities through its activities and delivering on its social value obligations through its procurements. Historically the Company has secured training and employment opportunities through procurement exercises. This continued last year through the procurement exercise for building cleaning services and it is envisaged will continue this year through the procurement exercises for repairs and maintenance services and grounds maintenance services.

Strategic Report (continued)

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 Homes England and Newcastle City Council.

Investment Policy

Surplus cash is invested with Newcastle City Council. No investments were made during 2019-20.

Reserves Policy

Reserves are required to bridge the gap between expenditure and income and to cover for unplanned events. The Trustees consider that an acceptable level of reserves are retained for the current needs of the business.

The Company has a strong balance sheet and as at 31 March 2020 had reserves of approximately £1,815,000.

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

Generally, 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. However, towards the final weeks of the financial year the Coronavirus issue materialised with increasing severity. Since the financial year-end, we have considered the cash-flow impact of higher arrears and bad debts to assess the resilience of our future cashflow projections to withstand a deterioration in lower income levels. By stress testing our cash projections we have reassured ourselves of the going concern nature of our business and that we have the capability to mitigate against reasonable predictions of an economic downturn due to the Covid-19 impact.

Strategic Report (continued)

Financial Risk Management Policy (continued)

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.

As at 31 March 2020, the Company had £28,303,000 of loan funding (excluding amortisation of loan fees) from Newcastle City Council (2019: £29,296,000) with the earliest maturity in 2026. The Company had fully drawn its £5,000,000 loan facility with RBS at 31 March 2020. There are no plans to draw from existing loan facilities of £1,044,000 with Newcastle City Council during 2020-21.

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 Risk Management Policy, which sets out the Company's approach to managing risk. The Board sets the risk appetite for the Company annually using a risk appetite framework and also reviews the strategic risk register annually. The Company's Audit Committee amended the approach taken to identifying, reporting and reviewing risks and the Company now has a risk at a glance report to help monitor progress in managing risks in addition to a strategic risk register and an operational risk register. The Company's Audit Committee monitors and reviews the risk at a glance report, strategic risk register and operational risk register as a standing item and recommends changes to the Board. Where appropriate, systems or procedures have been established to mitigate against the risks which the Company faces. The Company also has implemented procedures to minimise any potential impact on the Company should such risks materialise. The Company's arrangements for risk management were reviewed by Internal Audit during 2019/20 and the assessment was full assurance with no recommendations for improvement.

Principal Risks and Uncertainties

The most significant risks facing the Company as at 31 March 2020 were:

1. Restrictions on availability of funding and / or land that is affordable restricts development

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

- Modelling of alternative financing models;
- Developing links with other lending institutions; and
- Developing partnerships with developers.

Strategic Report (continued)

Financial Risk Management Policy (continued)

2. Inability to let properties reduces income and the ability to service debt

Reductions in income will restrict new activities and reduce services to customers. Actions to mitigate against this risk include:-

- Building measures into business cases to take account of reductions in income; and
- Implementing a voids improvement action plan to reduce void periods and improve letting performance following a review of the voids process.

3. Failure to establish a strong relationship with tenants and failure in the provision of support services results in low levels of customer satisfaction.

The 2019 STAR customer satisfaction survey reported reductions in customer satisfaction across several service areas. Poor customer satisfaction could result in reputational damage as well as increased voids and a loss of income to the company. The following actions are being taken to mitigate this risk.

- Review of service model;
- Repairs and maintenance procurement exercise; and
- Implementing a Star survey action plan to address tenant priorities for service improvement.

4. Changes introduced through Welfare Reform affect the financial viability of 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 this risk.

- 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.

This report was approved by the Trustees on 28 August 2020 and signed on its behalf by:



A Park
Finance Director



D Keightley
Chair

Trustees' Report

A list of Leazes Homes' Trustees for the year ended 31 March 2020 is recorded on page 2.

The Trustees present their Report and Financial Statements for the year ended 31 March 2020.

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 organisations 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 Audit Committee on 21 August 2020. The Audit Committee recommended that the Trustees approve the annual accounts.

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 up to 31 March 2050. 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.

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 in the Strategic Report section.

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.

Coronavirus

Whilst the virus had commenced its spread in the U.K. before the year-end of 31 March, the organisation had not been significantly affected by increasing impact until the subsequent financial year starting in April 2020. Since the escalation, we have taken specific actions to reduce the risk to our customers, especially in vulnerable situations. Some of our actions so far have included:

- Suspension of housing allocations
- Scaling repairs back to emergency and urgent cases
- Closing communal areas in supported housing schemes
- Reduced provision of grounds maintenance activities
- Restriction to essential visitors for supported housing schemes
- Increased tenant's information, e.g. scam awareness and available help.

In addition to these operational actions, we have assessed the business capability to sustain an adverse financial impact and have modelled increases in arrears and bad debts. We believe our going concern is not jeopardised by our assessment of such deterioration of our cash flow

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; and
- 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 for Private Registered Providers of Social Housing 2019. 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.

Disclosure of information to auditor

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.

Trustees' Report (continued)

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.

As of 9 April 2018, Newcastle City Council holds 1/8th of the membership of the Company through the Council Trustee.

Auditor

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 28 August 2020 and signed on its behalf by:



D Keightley

Chair



A Park

Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEAZES HOMES LIMITED

Opinion

We have audited the financial statements of Leazes Homes Limited for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEAZES HOMES LIMITED (continued)

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEAZES HOMES LIMITED (continued)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 16, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Darren Rutherford (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
August 2020

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Financial Statements

Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	5,6	6,274	6,288
Operating expenditure	5,6	(4,780)	(4,554)
Operating surplus	7	1,494	1,734
Gain on disposal of property	8	-	-
Interest receivable	10	-	-
Interest payable and financing costs	11	(1,453)	(1,456)
Surplus before and after tax		41	278
Total comprehensive income for the year		41	278

All amounts relate to continuing activities.

These financial statements were approved by the Board and authorised for issue on 28 August 2020 and signed on its behalf by:


D Keightley (Chair)


G Walsh (Member)


A Park (Finance Director)

Statement of Changes in Reserves

At 31 March 2020

	Revenue Reserve £'000	Designated Reserve £'000	Total Reserves £'000
Balance as at 31 March 2018	1,387	109	1,496
Total comprehensive income for the year	278	-	278
Transfer between reserves	(120)	120	-
Balance as at 31 March 2019	1,545	229	1,774
Total comprehensive income for the year	41	-	41
Transfer between reserves	(136)	136	-
Adjustment re 18/19	(63)	63	-
Balance as at 31 March 2020	1,387	428	1,815

Financial Statements

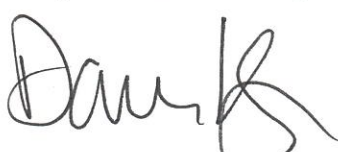
Statement of Financial Position

Company registration no: 6888341

At 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	12,13	63,492	64,862
		63,492	64,862
Current assets			
Properties held for sale	14	-	329
Trade and other debtors	15	141	115
Cash at bank and in hand		6,245	6,234
		6,386	6,678
Creditors: amounts falling due in less than one year	16	(3,167)	(3,668)
Net current assets		3,219	3,010
Total assets less current liabilities		66,711	67,872
Creditors: amounts falling due in more than one year	17	(64,896)	(66,098)
Total net assets		1,815	1,774
Reserves			
Income and expenditure reserve		1,387	1,545
Designated reserve		428	229
Total reserves		1,815	1,774

These financial statements were approved by the Board and authorised for issue on 28 August 2020 and signed on its behalf by:



D Keightley (Chair)



G Walsh (Member)



A Park (Finance Director)

Financial Statements

Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash flow from operating activities	19	2,461	3,024
Cash flow from investing activities			
Purchase of tangible fixed assets		(57)	(513)
Grants received		68	1,145
Net cash flow from investing activities		11	632
Cash flow from financing activities			
Interest paid		(1,467)	(1,446)
New secured loans	26	-	-
Repayment of borrowings	26	(994)	(865)
Net cash flow from financing activities		(2,461)	(2,311)
Net change in cash and cash equivalents		11	1,345
Cash and cash equivalents at beginning of year		6,234	4,889
Cash and cash equivalents at 31 March		6,245	6,234

Notes to the Financial Statements**At 31 March 2020****1 . Legal structure**

The Company is limited by guarantee, registered under the Companies Act 2006 and is a provider of housing registered with the Regulator of Social Housing.

2 . Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and in GBP Sterling rounded to the nearest £'000.

A summary of the accounting policies is set out below.

Going Concern

The financial statements have been prepared on the going concern basis which the Trustees believe to be appropriate for the following reasons. Net current assets position as at 31 March 2020 was £3,219,000 compared to a net current assets position of £3,010,000 in 2019.

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 assets above, £2,119,000 was the net current liability with Newcastle City Council (NCC). The Company has undrawn loan facilities of £1,044,000 with NCC (2019: £1,044,000). Leazes Homes does not intend to draw down from this facility during 2020-21.

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.

Coronavirus

Whilst the virus had commenced its spread in the U.K. before the year-end of 31 March, the organisation had not been significantly affected by increasing impact until the subsequent financial year starting in April 2020. Since the escalation, we have taken specific actions to reduce the risk to our customers, especially in vulnerable situations. Some of our actions so far have included:

- Suspension of housing allocations
- Scaling repairs back to emergency and urgent cases
- Closing communal areas in supported housing schemes
- Reduced provision of grounds maintenance activities
- Increased tenant's information, e.g. scam awareness and available help.

Notes to the Financial Statements**At 31 March 2020****2 . Principal accounting policies (continued)****Coronavirus (continued)**

In addition to these operational actions, we have assessed the business capability to sustain an adverse financial impact and have modelled increases in arrears and bad debts. We believe our going concern is not jeopardised by our assessment of such deterioration of our cash flow.

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 2018: Statement of Recommended Practice for Registered Social Housing Providers', issued in October 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019, for the year ended 31 March 2020.

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.

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.

Notes to the Financial Statements**At 31 March 2020****2 . Principal accounting policies (continued)*****Impairment (continued)***

From April 2016 to March 2020, social housing rents were reduced by one per cent per annum. Whilst a fall in revenue may be an indicator of potential impairment on housing properties, the Financial Reporting Council 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. From April 2020/21 rents can be increased by the usual inflator, CPI + 1%.

The reduction in income was considered within all investment appraisals to ensure that the development programme continued to be sustainable. Management has determined based on this that there is no impairment of the Company's social housing properties from the reduction in rental income between 2016/17 and 2019/20.

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

- 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 recognised at amortised historical cost.

Estimation uncertainty

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

Notes to the Financial Statements**At 31 March 2020****2 . Principal accounting policies (continued)*****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, amortised grants, other income from tenants and revenue 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 £18k were due on these four leases during 2019-20, 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. The annual charge totals £90,656 and is raised in arrears in monthly instalments. This charge is subject to an annual review.

Notes to the Financial Statements**At 31 March 2020****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 Social Housing Grant (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 Company's unrestricted funds and is freely available to spend on any of the 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 2020****2 . Principal accounting policies (continued)**

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

- Land - not depreciated
- Structure - 50 to 100 years
- Major components - 10 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 - 3-5 years
- Other equipment - 3-10 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 expected element relating to first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, with the associated cost of sales in operating costs. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Notes to the Financial Statements**At 31 March 2020****2 . Principal accounting policies (continued)****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.

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 Homes England 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 the Housing SORP 2019.

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.

Notes to the Financial Statements**At 31 March 2020****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 2019-20 relate to furthering the charitable purposes of the organisation and are therefore exempt from Corporation Tax.

4 . Employee information**a) Staff costs**

The average number of persons employed during the year, expressed as equivalent of whole time employees was:

	2020	2019
	No's	No's
Housing management	1.2	0.8
Administration and clerical	0.4	0.1
	1.6	0.9

Costs for the above employees were:

	2020	2019
	£'000	£'000
Wages & Salaries	101	59
Social security costs	8	7
Employers pension contribution	9	8
Past & current pension service costs above cash	0	0
	118	74

b) Directors emoluments

Emoluments payable to directors (including pension contributions and benefits in kind)

	2020	2019
	£'000	£'000
	88	66
	88	66

No employee received remuneration exceeding £60,000. The remuneration payable to the highest paid Director in relation to the period of account, excluding pension contributions, was £50,000. Pension contributions for the highest paid Director are through NEST, a defined contribution occupational pension scheme backed by the government. The highest paid Director is an ordinary member of this pension scheme, and no enhanced or special terms apply. No payments are made by Leazes Homes to any individual pension arrangements of its employees. Non-executive Board members are not remunerated; expenses incurred are reimbursed.

Notes to the Financial Statements
At 31 March 2020

5 . Turnover, operating costs and operating surplus for the year

2020	Turnover £'000	Operating costs £'000	Operating surplus £'000
Income and expenditure from lettings	4,503	(3,145)	1,358
Service charge income	1,771	(1,635)	136
	6,274	(4,780)	1,494
2019	Turnover £'000	Operating costs £'000	Operating surplus £'000
Income and expenditure from lettings	4,525	(2,911)	1,614
Service charge income	1,763	(1,643)	120
	6,288	(4,554)	1,734

Income and expenditure from lettings includes amortised government grants of £430k (2019: £425k).

6 . Particulars of income and expenditure from social housing lettings

	2020 £'000	2019 £'000
Turnover from lettings and service charges:		
Rents receivable	3,952	3,871
Service charge income	1,818	1,814
Rent and service charge voids	(166)	(139)
Amortised government grants	430	425
First tranche shared ownership sales	200	300
Other income	39	17
	6,273	6,288

Notes to the Financial Statements**At 31 March 2020****6 . Particulars of income and expenditure from social housing lettings**

	2020	2019
	£'000	£'000
Premises	76	86
Supplies and services	730	518
Service charge costs (excluding depreciation)	1,570	1,574
Maintenance	516	489
Bad debt	32	13
Depreciation of housing properties	1,629	1,573
Non dwellings depreciation	21	16
Cost of first tranche shared ownership sales	166	255
Auditors fees in total	17	11
Office Costs	5	6
IT expenses	4	2
Other	14	11
	4,780	4,554

7 . Operating Surplus

	2020	2019
	£'000	£'000
The operating surplus is arrived at after charging:		
Depreciation of housing properties	1,629	1,573
Depreciation of other tangible fixed assets	21	16
Operating leases	2	9
Auditors remuneration for audit of statements	14	8
Other services obtained by appointed auditor	-	-

8 . Gain on disposal of property

	2020	2019
	£'000	£'000
Disposal proceeds	-	-
Grant income discount accrual	-	-
Less:		
Carrying value of fixed assets	-	-
Carrying value of grant on disposal (note 23)	-	-
Administrative costs of sale	-	-
	-	-
Transfer to disposal proceeds fund (note 27)	-	-
Net gain on disposal of properties	-	-

Notes to the Financial Statements

At 31 March 2020

9 . Accommodation in management

At the end of the year accommodation in management for each class of accommodation was as follows:	2020	Add- itions	Dis- posals	Con- versions	2019
	No.	No.	No.	No.	No.
General Needs housing					
- social rent	192				192
- affordable rent	211	1		2	208
Supported housing					
- social rent	39				39
- affordable rent	236				236
Housing for older people					
- social rent	24				24
- affordable rent	28				28
Low cost home ownership	22			(2)	24
Total managed	752				751
Managed by agent	14				14
Total owned and managed	766				765
Accommodation in development at the year end	1	1			-

10 . Interest receivable and other income

	2020 £'000	2019 £'000
Interest receivable	-	-
	-	-

This relates to investment interest gained within the year.

11 . Interest payable and similar charges

	2020 £'000	2019 £'000
Interest payable	1,453	1,456
	1,453	1,456

This largely relates to interest on loan agreements.

Notes to the Financial Statements

At 31 March 2020

12 Fixed Assets - Housing properties

2019-20	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total £'000
Cost:				
At 1 April 2019	70,132	11	1,373	71,516
Additions	257	83	-	340
Works to existing properties	9	-	-	9
Interest capitalised	-	-	-	-
Schemes completed	81	(81)	-	-
Transfer from Shared Ownership	770		(859)	(89)
As at 31 March 2020	71,249	13	514	71,776
Depreciation:				
At 1 April 2019	(6,626)	-	(114)	(6,740)
Transfer between Categories				
Depreciation charged in year	(1,621)	-	(8)	(1,629)
As at 31 March 2020	(8,247)	-	(122)	(8,369)
Net Book Value				
As at 31 March 2020	63,002	13	392	63,407
As at 31 March 2019	63,506	11	1,259	64,776
			2020	2019
<u>Expenditure on works to existing properties</u>			£'000	£'000
Improvement works capitalised			9	-
Amounts charged to expenditure			516	489
			525	489

Notes to the Financial Statements

At 31 March 2020

12 . Fixed Assets - Social housing assistance

	2020 £'000	2019 £'000
Total accumulated social housing grant received or receivable at 31 March 2020:	35,775	35,707
Recognised in statement of comprehensive income	2,298	1,867
Held as deferred income (note 24)	33,477	33,840
	35,775	35,707

	2020 £'000	2019 £'000
Aggregate amount of finance costs included in the cost of housing properties	805	805
	805	805

13 . Fixed Assets - Equipment

	Disabled adaptations £'000	IT software & hardware £'000	Total £'000
Cost:			
At 1 April 2019	62	68	130
Additions	4	15	19
At 31 March 2020	66	83	149
Depreciation and impairment:			
At 1 April 2019	(22)	(21)	(44)
Depreciation charged in year	(6)	(15)	(21)
At 31 March 2020	(28)	(36)	(65)
Net Book Value:			
At 31 March 2020	38	47	85
At 1 April 2019	40	47	86

14 . Properties for sale

	2020 £'000	2019 £'000
Shared ownership properties	-	329
	0	329

Notes to the Financial Statements

At 31 March 2020

15 . Trade and other debtors

	2020	2019
	£'000	£'000
Rent and service charge receivable	174	164
Less provision for bad and doubtful debts	(100)	(80)
	74	84
Amounts due from Newcastle City Council	43	15
Other debtors and prepayments	24	16
	141	115

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

	Note	2020	2019
		£'000	£'000
Amounts due to Newcastle City Council		94	619
Amounts due to Your Homes Newcastle		130	143
Accounts payable		1	12
Interest payable		30	31
Interest payable (NCC)		597	625
Tenants payments in advance		207	93
Other accruals		203	84
Deferred grant income	24	430	436
Local authority loans (NCC)	26	1,475	1,625
		3,167	3,668

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

	Note	2020	2019
		£'000	£'000
Deferred grant income	24	33,047	33,404
Local authority loans (NCC)	26	26,828	27,671
Bank loans	26	5,000	5,000
Disposals proceeds fund	27	96	112
Loan issue costs	26	(75)	(89)
		64,896	66,098

Notes to the Financial Statements
At 31 March 2020

18 . Financial Instruments

	2020	2019
	£'000	£'000
<i>Financial liabilities measured at amortised cost</i>		
Loans	33,228	34,207
Trade payables	1	12
Interest payable	627	656
Accruals	427	846
<i>Financial assets measured at amortised cost</i>		
Trade receivables	8	8
Rent and service charge receivable	174	164
Other debtors	43	15
Cash	6,245	6,234

19 . Cash flow from operating activities

	2020	2019
	£'000	£'000
Cash flow from operating activities:		
Surplus for the year	41	278
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	1,650	1,589
Amortisation of grants	(430)	(425)
Transfers to current assets	(233)	120
(Increase)/decrease in trade and other debtors	(5)	(27)
Decrease in property held for sale	329	120
Increase/(decrease) in creditors	(345)	(87)
Interest payable	1,453	1,456
Net cash generated from operating activities	2,461	3,024

Notes to the Financial Statements

At 31 March 2020

20 Analysis of change in net debt

	2020 £'000	Cash flows £'000	Other changes £'000	2019 £'000
Cash at bank and in hand	6,245	11	-	6,234
Overdrafts	-	-	-	-
Debt due within one year	1,475	-	(151)	1,625
Debt due after more than one year	31,828	(994)	151	32,671
Current asset investments	-	-	-	-
	39,547	(983)	-	40,530

21 . Capital commitments

	2020 £'000	2019 £'000
Expenditure contracted for but not provided in the accounts	55	-
Expenditure authorised by board, but not contracted	728	2,041
	783	2,041

Indicative Financing of Capital commitments

HE Grant	161	680
Loan funding - agreed	474	-
Loan Funding - under negotiation	-	-
Use of Reserves	148	1,361
	783	2,041

Notes to the Financial Statements

At 31 March 2020

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 2020. The Managing Director and Finance Director are now employed directly by Leazes Homes.

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 below.

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 NCC 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.

Your Homes Newcastle (YHN)

Your Homes Newcastle is the largest supplier to Leazes Homes Limited, providing housing management, marketing and public relations support, and financial and accounting services throughout 2019-20 under a contract for management services which commenced in November 2018.

Notes to the Financial Statements**##****22 . Related party transactions (continued)**

	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
Key Management Personnel - Tenant trustee				
2020	5	-	-	-
2019	5	-	-	-
NCC				
2020	86	2,483	43	28,990
2019	86	3,313	15	30,540
YHN				
2020	-	1,391	-	130
2019	-	1,394	-	143

During the year Leazes Homes drew no loans and received no grants from NCC. Leazes Homes repaid loans of £993,600.

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.

Notes to the Financial Statements

At 31 March 2020

24 . Deferred Grant Income

	2020	2019
	£'000	£'000
At 1 April	33,840	33,120
Grant received in the year	68	1,145
Released to income in the year	(430)	(425)
Grants repaid or repayable	-	-
At 31 March	33,477	33,840
Amounts to be released within one year	430	436
Amounts to be released in more than one year	33,047	33,404
	33,477	33,840

25 . Interest and Financing Costs

	2020	2019
	£'000	£'000
Loans and bank overdrafts (net of issue costs)	33,228	34,207
	33,228	34,207
Interest payable capitalised on housing properties under construction	-	34
Capitalisation rate used to determine the finance costs capitalised during the period	4.26%	4.26%

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 2020

26 . Debt analysis

	2020 £'000	2019 £'000
Due within one year:		
Local authority loans	1,475	1,625
	1,475	1,625
Due after more than one year:		
Bank loans	5,000	5,000
Local authority loans	26,828	27,671
Less: issue costs	(75)	(89)
	31,753	32,582
	33,228	34,207

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 company and by fixed charges on individual properties.

Terms of repayment and interest rates

The loans from local authorities are repaid in half-yearly instalments, 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 2020 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 2020 Leazes Homes had undrawn loan facilities of £1,044,000 (2019: £1,044,000).

Maturity of the loans are as follows:

	2020 £'000	2019 £'000
In one year or less, or on demand	1,475	1,625
Between one and two years	1,104	1,065
Between two and five years	3,612	3,485
In five years or more	27,113	28,121
	33,302	34,296

All loans are shown on an amortised cost basis.

Notes to the Financial Statements

At 31 March 2020

27 . Disposals Proceeds Fund

	2020 £'000	2019 £'000
Funds pertaining to activities within areas covered by the HE:		
At 1 April 2019	112	112
Inputs to DPF: Funds Recycled	-	-
Notional Interest	1	
Outputs from DPF: New build	-	-
Major repairs and works to existing stock	(17)	
At 31 March 2020	96	112
Total Disposal Proceeds Fund Balance	96	112
Amounts 3 years old or older	96	-

28 . Parent undertaking and controlling party

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