



## **Leazes Homes Limited**

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

**Report and Financial Statements  
For the year ended 31 March 2021**

|                                 |                |
|---------------------------------|----------------|
| <b>Charity Number :</b>         | <b>1133627</b> |
| <b>Company Number:</b>          | <b>6888341</b> |
| <b>RSH Registration Number:</b> | <b>4633</b>    |

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## Corporate Information

|                          |  |
|--------------------------|--|
| <b>Chair</b>             | D Keightley  |
| <b>Trustees</b>          | M E Reynolds<br>V Dunn (resigned 24 June 2020)<br>M Brady (resigned 19 May 2020)<br>W Thompson<br>G Walsh<br>K Heathcote<br>J Ritchie<br>P Holland (appointed 23 July 2020 to 26 May 2021) |
| <b>Company Secretary</b> | Jon Mitford (resigned 14 August 2020)<br>Peter Walters (appointed 28 August 2020)  |
| <b>Registered Office</b> | Jubilee Court<br>Kenton Road<br>Newcastle Upon Tyne<br>NE3 3BW   |
| <b>Company Number</b>    | 6888341  |
| <b>Charity Number</b>    | 1133627  |
| <b>RSH Number</b>        | 4633   |
| <b>External Auditor</b>  | Ernst & Young LLP<br>Citygate<br>St James' Boulevard<br>Newcastle Upon Tyne<br>NE1 4JD   |
| <b>Bankers</b>           | NatWest<br>16 Northumberland Street<br>Newcastle Upon Tyne, NE1 7EL  |
| <b>Solicitor</b>         | Mr John Softly<br>Civic Centre, Barras Bridge<br>Newcastle Upon Tyne<br>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 2021, the Company had 767 residential units in stock comprised of 618 new build properties and 149 acquired properties, of these 424 are general housing including shared ownership, 52 properties are for older people and 291 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 Company Secretary) and Director of Finance. The Managing Director, Jon Mitford, left in August 2020 and an interim Managing Director, Peter Walters, was recruited. Leazes Homes also employed a Finance Director, Alan Park, who left in May 2021 and a Contracts Manager, Sharon Freed, who left in March 2021. These roles will be filled by existing YHN employees in similar roles going forward. The Executive Management Team manages the business in accordance with the Scheme of Delegation and the Financial Regulations.

YHN provides housing management and associated services to Leazes Homes and Leazes Homes' tenants. To provide assurance to the Trustees that the services being provided are of the required standard, YHN provides performance information to the Trustees quarterly and senior representatives from YHN attend meetings to present the performance report and answer any questions raised by 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

Leazes Homes Board of Trustees recognise the importance of effective governance arrangements. In 2017 Leazes Homes adopted the National Housing Federation's Code of Governance 2015 ("the Code"). Section A of the Code requires organisations which adopt the Code to "publish the annual statement of compliance with the Code in their financial statements and to make a reasoned statement about any areas where they do not comply"

A review of compliance has been carried out for 2020/21. Two specific areas of non-compliance have been identified. An explanation of these and how they are being addressed is noted below:

#### **Section D2 - Trustee Tenure**

This section requires that "maximum tenure must be agreed for all non-executives which must in total be nine years or fewer, composed of two or more consecutive terms of office...." In 2020, given the limitation on operations arising from the Coronavirus pandemic, the Board agreed to extend M Reynolds 9-year tenure as an Ordinary Trustee (due to expire in July 2020), to 31 March 2021. It was subsequently decided to extend this to run until the 2021 AGM, reflecting the need for continuity to take the organisation through work on a potential merger opportunity.

#### **Section E4 - Board and Committee Effectiveness**

This requires all Boards and Committees "to consider annually their effectiveness and how they conduct their business and to undertake a formal review of this at least every three years to ensure best practice and that documentation is compliant with latest legislation and regulations".

An annual Board Effectiveness questionnaire based on PWC's model has been completed each year since the Code was adopted in 2017. A formal review due in 2020 was initially deferred for resource reasons. In February 2021 it was agreed to defer this further to later in 2021/22 pending the forthcoming merger with YHN which will bring changes to governance arrangements. It is therefore proposed that following a reasonable period to allow new arrangements to bed-in, a formal review of Board Effectiveness will be conducted later in 2021/22."

#### 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:

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

### Organisational structure (continued)

- One individual nominated by Newcastle City Council (known as 'the Council Trustee'): - V Dunn (resigned 24 June 2020), P Holland appointed from 23 July 2020 to 26 May 2021
- 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.

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.

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

### **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

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
- Meeting the needs and aspirations of our tenants where we can and be a good landlord
- In addition, during the course of the past year the Company has decided to focus its resources on providing supported housing

### **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 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)

|   | 2020/21 | 2019/20 | Sector |
|---|---------|---------|--------|
| Reinvestment %                                  | 0.1%    | 0.1%    | 2.7%   |
| New Supply delivered %                          | 0.1%    | 0.1%    | 0.7%   |
| Gearing %                                       | 40.8%   | 42.7%   | 34.5%  |
| Earnings %                                      | 210%    | 187%    | 199%   |
| Headline social housing cost per unit (£'000's) | £3.62   | £4.06   | £4.60  |
| Operating margin % - social housing             | 28.3%   | 23.8%   | 23.9%  |
| Operating margin % - overall                    | 28.3%   | 23.8%   | 20.3%  |
| Return on capital employed %                    | 2.6%    | 2.2%    | 3.0%   |

#### Reinvestment:

Reinvestment is minimal in the year which reflects the delay to scheduled development activities resulting from the coronavirus pandemic.

#### New Supply delivered:

The new supply delivered for social housing units was minimal (1 property) as the next scheduled developments are not due to complete until 2021/22. 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, 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 of 34.5%, 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 increased from 187% to 210%, reflecting some areas of reduced expenditure as a result of the pandemic. This is broadly comparable to the sector average.

#### Operating Margin:

The operating margin has increased from 23.8% to 28.3% and is generally in line with sector comparisons.

#### Return on Capital Employed:

The Return on Capital Employed (ROCE) has increased slightly to 2.6%. It remains slightly lower 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. Comparisons with relevant local peer group organisations have been produced to inform a wider assessment of significant financial matters. Increasing the regularity of 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, so we need to maintain high Operating Margins to honour 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 future financial viability 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 Housing Federation's guidance and will be carrying out an external independent review on governance arrangements in the coming year. 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 2021.

### Review of the Year

#### Provision of affordable homes

During the financial year, the Company added 1 property 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. Work also started on site in late 2020 on a scheme to provide 5 supported housing units for people with autism and or learning disabilities, as part of a larger residential development project (Thornley Road, East Denton) being taken forward with several partners.

#### Coronavirus

Our work and the lives of many of our residents has been substantially affected by the Coronavirus outbreak throughout the year. During the year, we have taken specific actions to reduce the risk to our customers, especially in vulnerable situations:

- Suspension of housing allocations for significant periods during the year
- 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 tenants' information, e.g., scam awareness and available help
- Daily welfare calls are being made to tenants for extensive periods in the year with vulnerable tenants being given priority for calls
- Activity sessions held with tenants in the Learning Disability schemes

Very sadly despite the best efforts of our staff and our partner agencies, we recorded a number of Covid related deaths in our schemes during the height of the second wave of the pandemic.

In addition to operational actions, we continued to assess 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

During the course of the year the Company reviewed its future strategy, including the types of housing it will develop in the future, its structure and legal form.

The Company decided to focus its resources on providing supported housing and also undertaking further work over the course of the year to inform its future direction, structure and legal form. As noted elsewhere in this report, Leazes has rapidly grown in previous years in line with its original purpose and its financial profile. Such a level of growth and new development can no longer be sustained, and while Leazes remains financially healthy and sustainable for the foreseeable future, strategic options were reviewed in depth during the early part of 2020, and a decision was reached to explore joining a larger organisation, as a subsidiary, to maximise our strength as a business for the future.

As a result, Leazes Homes has chosen to join the Your Homes Newcastle group as a specialist supported housing subsidiary from 1 June 2021. The decision was unanimously supported by the trustees and is seen as an exciting development for the company, ensuring added resilience in the form of the expertise available in a considerably larger housing organisation, growing influence in taking on responsibility for YHN's supported housing portfolio in addition to our own, added financial influence, and the potential to improve customer service and develop yet further specialist supported housing for customers in need.

The new partnership will lead to changes in governance structures, the legal form of the Company, registration with the Charity Commission, and other arrangements described in this report as being in place as at 31 March 2021. Leazes Homes will however continue to be regulated by the Regulator for Social Housing, as a Regulated Provider.

## **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 2020-21.

### 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 is retained for the current needs of the business.

The Company has a strong balance sheet and as at 31 March 2021 had reserves of approximately £2,161,000.

## **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. 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.

## Strategic Report (continued)

### Financial Risk Management Policy (continued)

#### *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 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. At the start of 2020/21, in the light of the pandemic, we also 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 to reassure 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. In the event, total rent arrears at March 2021 were £7k lower than in March 2020. Bad debt provision increased from £100k in March 2020 to £109k in March 2021, but then reduced to £102k in April 2021; this is not deemed to be a significant risk in the circumstances.

#### *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 2021, the Company had £26,828,000 of loan funding (excluding amortisation of loan fees) from Newcastle City Council (2020: £28,303,000) with the earliest maturity in 2026. The Company had fully drawn its £5,000,000 loan facility with RBS at 31 March 2021. There are no plans to draw from existing loan facilities of £1,044,000 with Newcastle City Council during 2021-22.

#### *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.

## Strategic Report (continued)

### Financial Risk Management Policy (continued)

#### *Principal Risks and Uncertainties*

The most significant risks facing the Company as at 31 March 2021 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
- Developing partnerships with developers
- Discussions with YHN on future partnership to increase development potential

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
- 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 by virtue of partnership discussions with YHN

## Strategic Report (continued)

### Financial Risk Management Policy (continued)

#### Principle Risks and Uncertainties (continued)

#### 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, COVID permitting
- 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
- Development appraisals for new schemes to build in provision for rent reductions

#### 5. Failure to meet challenges presented by the White Paper 'Charter for Social Housing Residents'

The White Paper focuses heavily on safety, accountability to residents, listening to the Tenant's voice, providing transparent information to residents, and providing good quality homes and neighbourhoods. Actions taken include

- awareness raising amongst members of expectation
- ensuring that discussions with our prospective partners YHN include actions to deliver on the expectations of the White Paper

While there have been no specific Climate related risk assessments undertaken, environmental risks are considered as part of the risk management process in line with Leazes Homes Risk management policy.

This report was approved by the Trustees on 16 August 2021 and signed on its behalf by:



G van Enk-Bones  
Finance Director



D Keightley  
Chair



## Trustees' Report

A list of Leazes Homes' Trustees for the year ended 31 March 2021 is recorded on page 2.

The Trustees present their Report and Financial Statements for the year ended 31 March 2021.

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 7 July 2021. The Audit Committee recommended that the Trustees approve the annual accounts.

The process for determining whether 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.

## Trustees' Report (continued)

### Going Concern (continued)

#### Coronavirus

Our work and the lives of many of our residents has been substantially affected by the Coronavirus outbreak throughout the year. During the year, we have taken specific actions to reduce the risk to our customers, especially in vulnerable situations:

- Suspension of housing allocations for significant periods during the year
- 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 tenants' information, e.g., scam awareness and available help
- Daily welfare calls are being made to tenants for extensive periods in the year with vulnerable tenants being given priority for calls
- Activity sessions held with tenants in the Learning Disability schemes

Very sadly despite the best efforts of our staff and our partner agencies, we recorded a number of Covid related deaths in our schemes during the height of the second wave of the pandemic.

In addition to operational actions, we continued to assess 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
- 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.

## Trustees' Report (continued)

### Statement of Trustees' Responsibilities (continued)

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.

### 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.

At 31 March 2021, Newcastle City Council held 1/8th of the membership of the Company through the Council Trustee.

### Auditor

In line with Leazes Homes decision to join the Your Homes Newcastle Group during 2021/22, the future auditors of Leazes Homes will be aligned with those of Your Homes Newcastle.

The Trustees' Report was approved by the Trustees on 16 August 2021 and signed on its behalf by:



D Keightley

Chair



G van Enk-Bones

Finance Director

## Charitable company audited under the Companies Act 2006

### 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 2021 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes 1 to 26, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006, 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 charitable 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

## 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 contained in the annual report.

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.

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 themselves. 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.

## Opinion on other matters prescribed by the Companies Act 2006

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

- ▶ the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ The strategic report and the directors' report included within the trustees' 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 charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the trustees' 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; or
- ▶ we have not received all the information and explanations we require for our audit.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 18-19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable 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 management either intends to liquidate the charitable company or to cease operations, or has 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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.
- We understood how Leazes Homes Limited is complying with those frameworks by understanding the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings), the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur by obtaining and reviewing the entity's policies and procedures on fraud risks.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiry with management and those charged with governance, examination of minutes of board meeting and performing substantive tests.
- Our procedures also included discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.

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



**Andrew Brittain (Senior statutory auditor)**

**for and on behalf of Ernst & Young LLP, Statutory Auditor**

**Reading**

19 August 2021

## Financial Statements

### Statement of Comprehensive Income

For the year ended 31 March 2021

|  | Note     | 2021<br>£'000 | 2020<br>£'000 |
|--|----------|---------------|---------------|
| Turnover                                       | 5,6      | 6,108         | 6,274         |
| Operating expenditure                          | 5,6      | (4,382)       | (4,780)       |
| <b>Operating surplus</b>                       | <b>7</b> | <b>1,726</b>  | <b>1,494</b>  |
| Interest payable and financing costs           | 9        | (1,380)       | (1,453)       |
| <b>Surplus before and after tax</b>            |          | <b>346</b>    | <b>41</b>     |
| <b>Total comprehensive income for the year</b> |          | <b>346</b>    | <b>41</b>     |

All amounts relate to continuing activities.

These financial statements were approved by the Board and authorised for issue on 16 August 2021 and signed on its behalf by:



D Keightley (Chair)



G Walsh (Member)



G van Enk-Bones (Finance Director)

### Statement of Changes in Reserves

At 31 March 2021

|   | Revenue<br>Reserve<br>£'000 | Designated<br>Reserve<br>£'000 | Total<br>Reserves<br>£'000 |
|---|-----------------------------|--------------------------------|----------------------------|
| <b>Balance as at 31 March 2019</b>      | <b>1,545</b>                | <b>229</b>                     | <b>1,774</b>               |
| Total comprehensive income for the year | 41                          | -                              | 41                         |
| Transfer between reserves               | (136)                       | 136                            | -                          |
| Adjustment re 18/19                     | (63)                        | 63                             | -                          |
| <b>Balance as at 31 March 2020</b>      | <b>1,387</b>                | <b>428</b>                     | <b>1,815</b>               |
| Total comprehensive income for the year | 346                         | -                              | 346                        |
| Transfer between reserves               | (260)                       | 260                            | -                          |
| <b>Balance as at 31 March 2021</b>      | <b>1,473</b>                | <b>688</b>                     | <b>2,161</b>               |



## Financial Statements

| <b>Statement of Financial Position</b>                      |             | Company registration no: 6888341 |                       |
|---|-------------|----------------------------------|-----------------------|
| At 31 March 2021  |             |                                  |                       |
|   | <b>Note</b> | <b>2021<br/>£'000</b>            | <b>2020<br/>£'000</b> |
| <b>Fixed assets</b>   |             |                                  |                       |
| Tangible fixed assets                                       | 10,11       | 62,024                           | 63,492                |
|   |             | <b>62,024</b>                    | <b>63,492</b>         |
| <b>Current assets</b>                                       |             |                                  |                       |
| Trade and other debtors                                     | 12          | 129                              | 141                   |
| Cash at bank and in hand                                    |             | 6,545                            | 6,245                 |
|   |             | <b>6,674</b>                     | <b>6,386</b>          |
| <b>Creditors: amounts falling due in less than one year</b> | 13          | <b>(3,154)</b>                   | <b>(3,167)</b>        |
|   |             |                                  |                       |
| <b>Net current assets</b>                                   |             | <b>3,520</b>                     | <b>3,219</b>          |
| <b>Total assets less current liabilities</b>                |             | <b>65,544</b>                    | <b>66,711</b>         |
|   |             |                                  |                       |
| <b>Creditors: amounts falling due in more than one year</b> | 14          | <b>(63,383)</b>                  | <b>(64,896)</b>       |
|   |             |                                  |                       |
| <b>Total net assets</b>                                     |             | <b>2,161</b>                     | <b>1,815</b>          |
| <b>Reserves</b>   |             |                                  |                       |
| Revenue reserve   |             | 1,473                            | 1,387                 |
| Designated reserve  |             | 688                              | 428                   |
| <b>Total reserves</b>                                       |             | <b>2,161</b>                     | <b>1,815</b>          |

These financial statements were approved by the Board and authorised for issue on 16 August 2021 and signed on its behalf by:



D Keightley (Chair)



G Walsh (Member)



G van Enk-Bones (Finance Director)

## Financial Statements

| <b>Statement of Cash Flows</b>                        |             |                       |                       |
|---|-------------|-----------------------|-----------------------|
| For the year ended 31 March 2021                      |             |                       |                       |
|   | <b>Note</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
| <b>Net cash flow from operating activities</b>        | 16          | <b>3,595</b>          | <b>2,461</b>          |
| <b>Cash flow from investing activities</b>            |             |                       |                       |
| Purchase of tangible fixed assets                     |             | (131)                 | (57)                  |
| Grants received                                       |             | 7                     | 68                    |
| <b>Net cash flow from investing activities</b>        |             | <b>(124)</b>          | <b>11</b>             |
| <b>Cash flow from financing activities</b>            |             |                       |                       |
| Interest paid   |             | (1,696)               | (1,467)               |
| Repayment of borrowings                               | 23          | (1,475)               | (994)                 |
| <b>Net cash flow from financing activities</b>        |             | <b>(3,171)</b>        | <b>(2,461)</b>        |
| <b>Net change in cash and cash equivalents</b>        |             | <b>300</b>            | <b>11</b>             |
| <b>Cash and cash equivalents at beginning of year</b> |             | <b>6,245</b>          | <b>6,234</b>          |
| <b>Cash and cash equivalents at 1 April</b>           |             | <b>6,545</b>          | <b>6,245</b>          |

## Notes to the Financial Statements

At 31 March 2021

### 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 2021 was £3,520,000 compared to a net current assets position of £3,219,000 in 2020.

As at 31 March 2021, the Company had £26,828,000 of loan funding (excluding amortisation of loan fees) from Newcastle City Council (2020: £28,303,000) with the earliest maturity in 2026. The Company had fully drawn its £5,000,000 loan facility with RBS at 31 March 2021. There are currently no plans to draw from existing loan facilities of £1,044,000 with Newcastle City Council during 2021-22.

Of the net current assets above, £2,171,000 was the net current liability with Newcastle City Council (NCC). The Company has undrawn loan facilities of £1,044,000 with NCC (2020: £1,044,000). Leazes Homes does not intend to draw down from this facility during 2020-21.

On 1st April 2021, Leazes Homes agreed to join the Your Homes Newcastle group during 2021/22 . The new partnership will lead to changes in governance structures, the legal form of the Company, deregistration from the Charity Commission, and other arrangements. Leazes Homes will be effectively ringfenced in the new Group Structure and will continue to be regulated by the Regulator for Social Housing, as a Registered Provider of Social Housing. Leazes Homes will continue to own the same assets and benefit from the income streams from those assets as before.

The Trustees consider that these factors should enable the Company to continue in operational existence for at least 12 months after the date the financial statements are authorised for issue, 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.

## Notes to the Financial Statements

At 31 March 2021

### 2 . Principal accounting policies (continued)

#### Coronavirus

Our work and the lives of many of our residents has been substantially affected by the Coronavirus outbreak throughout the year. During the year, we have taken specific actions to reduce the risk to our customers, especially in vulnerable situations:

- Suspension of housing allocations for significant periods during the year
- 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.
- Daily welfare calls to tenants for extensive periods in the year
- Activity sessions held with tenants in the Learning Disability schemes

In addition to operational actions, we continued to assess the business capability to sustain an adverse financial impact and have reviewed voids, arrears and bad debts as part of our minimum reserves calculation. We believe our going concern is not jeopardised by our assessment of such potential 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 from 2019, for the year ended 31 March 2021.

#### **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.

## Notes to the Financial Statements

At 31 March 2021

### 2 . Principal accounting policies (continued)

#### 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 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 rents increased by the usual inflator, CPI + 1% each year..

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.

## Notes to the Financial Statements

At 31 March 2021

### 2 . Principal accounting policies (continued)

#### ***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, 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 £18,392 were due on these four leases during 2020-21, invoiced bi-annually in arrears, with subsequent annual charges subject to review.

## Notes to the Financial Statements

At 31 March 2021

### 2 . Principal accounting policies (continued)

A management agreement also exists with Thirteen Group with regards to 14 domestic violence units. The annual charge totals £92,223 and is raised in arrears in monthly instalments. This charge is subject to an annual review.

#### ***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 for letting 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 loan funds are paid to Leazes Homes until completion of the project.

**Notes to the Financial Statements****At 31 March 2021****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 2021****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 2021****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 2020-21 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:

|                             | <b>2021</b> | <b>2020</b> |
|-----------------------------|-------------|-------------|
|                             | <b>No's</b> | <b>No's</b> |
| Housing management          | 0.8         | 1.2         |
| Administration and clerical | 0.4         | 0.4         |
|                             | <b>1.2</b>  | <b>1.6</b>  |

Costs for the above employees were:

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Wages & Salaries                                | 76           | 101          |
| Social security costs                           | 4            | 8            |
| Employers pension contribution                  | 4            | 9            |
| Past & current pension service costs above cash | 0            | 0            |
|   | <b>84</b>    | <b>118</b>   |

**b) Directors emoluments**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Emoluments payable to directors (including pension contributions and benefits in kind) | 53           | 88           |
|  | <b>53</b>    | <b>88</b>    |

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 £30,810. 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.

The reduction in Directors' emoluments in 2020/21 reflects the departure of the Managing Director in August 2020. Interim support since then has been provided on a consultancy basis.

**Notes to the Financial Statements**  
**At 31 March 2021**

**5 . Turnover, operating expenditure and operating surplus for the year**

| <b>2021</b>                          | <b>Turnover<br/>£'000</b> | <b>Operating<br/>costs<br/>£'000</b> | <b>Operating<br/>surplus<br/>£'000</b> |
|--------------------------------------|---------------------------|--------------------------------------|--|
| Income and expenditure from lettings | 4,366                     | (2,900)                              | 1,466                                  |
| Service charge income                | 1,742                     | (1,482)                              | 260                                    |
|                                      | <b>6,108</b>              | <b>(4,382)</b>                       | <b>1,726</b>                           |
| <b>2020</b>                          | <b>Turnover<br/>£'000</b> | <b>Operating<br/>costs<br/>£'000</b> | <b>Operating<br/>surplus<br/>£'000</b> |
| Income and expenditure from lettings | 4,503                     | (3,145)                              | 1,358                                  |
| Service charge income                | 1,771                     | (1,635)                              | 136                                    |
|                                      | <b>6,274</b>              | <b>(4,780)</b>                       | <b>1,494</b>                           |

Income and expenditure from lettings includes amortised government grants of £431k (2020: £430k).

**6 . Particulars of turnover and operating expenditure from social housing lettings**

|   | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Turnover from lettings and service charges: |                       |                       |
| Rents receivable                            | 3,927                 | 3,847                 |
| Service charge income                       | 1,729                 | 1,758                 |
| Amortised government grants                 | 431                   | 430                   |
| First tranche shared ownership sales        | -                     | 200                   |
| Other income                                | 21                    | 39                    |
|   | <b>6,108</b>          | <b>6,274</b>          |

**Notes to the Financial Statements****At 31 March 2021**

| <b>6 . Particulars of turnover and operating expenditure from social housing lettings</b> |              |              |
|---|--------------|--------------|
|   | <b>2021</b>  | <b>2020</b>  |
|   | <b>£'000</b> | <b>£'000</b> |
| Premises  | 74           | 76           |
| Supplies and services   | 797          | 730          |
| Service charge costs (excluding depreciation)   | 1,431        | 1,570        |
| Maintenance   | 415          | 516          |
| Bad debt  | 9            | 32           |
| Depreciation of housing properties  | 1,580        | 1,629        |
| Non dwellings depreciation  | 19           | 21           |
| Cost of first tranche shared ownership sales  | -            | 166          |
| Auditors fees in total  | 17           | 17           |
| Office Costs  | 22           | 5            |
| IT expenses   | 5            | 4            |
| Other   | 14           | 14           |
|   | <b>4,382</b> | <b>4,780</b> |

| <b>7 . Operating Surplus</b>                        |              |              |
|---|--------------|--------------|
|   | <b>2021</b>  | <b>2020</b>  |
|   | <b>£'000</b> | <b>£'000</b> |
| The operating surplus is arrived at after charging: |              |              |
| Depreciation of housing properties                  | 1,580        | 1,629        |
| Depreciation of other tangible fixed assets         | 19           | 21           |
| Operating leases                                    | 2            | 2            |
| Auditors remuneration for audit of statements       | 17           | 17           |
| Other services obtained by appointed auditor        | -            | -            |

**Notes to the Financial Statements**  
**At 31 March 2021**

**8 . Accommodation in management**

| At the end of the year accommodation in management for each class of accommodation was as follows: | <b>2021</b> | <b>Add-itions</b> | <b>Dis-posals</b> | <b>Con-versions</b> | <b>2020</b> |
|--|-------------|-------------------|-------------------|---------------------|-------------|
|  | <b>No.</b>  | <b>No.</b>        | <b>No.</b>        | <b>No.</b>          | <b>No.</b>  |
| General Needs housing  |             |                   |                   |                     |             |
| - social rent  | 192         | -                 | -                 | -                   | 192         |
| - affordable rent  | 211         | -                 | -                 | -                   | 211         |
| Supported housing  |             |                   |                   |                     |             |
| - social rent  | 41          | 1                 | -                 | 1                   | 39          |
| - affordable rent  | 236         | -                 | -                 | -                   | 236         |
| Housing for older people   |             |                   |                   |                     |             |
| - social rent  | 24          | -                 | -                 | -                   | 24          |
| - affordable rent  | 28          | -                 | -                 | -                   | 28          |
| Low cost home ownership  | 21          | -                 | -                 | (1)                 | 22          |
| <b>Total managed</b>   | <b>753</b>  | <b>1</b>          | <b>-</b>          | <b>-</b>            | <b>752</b>  |
| Managed by agent   | 14          | -                 | -                 | -                   | 14          |
| <b>Total owned and managed</b>   | <b>767</b>  | <b>1</b>          | <b>-</b>          | <b>-</b>            | <b>766</b>  |
| Accommodation in development at the year end   | 5           | -                 | -                 | -                   | 1           |

**9 . Interest payable and similar charges**

|                  | <b>2021</b>  | <b>2020</b>  |
|------------------|--------------|--------------|
|                  | <b>£'000</b> | <b>£'000</b> |
| Interest payable | 1,380        | 1,453        |
|                  | <b>1,380</b> | <b>1,453</b> |

This relates to interest on loan agreements.

**Notes to the Financial Statements**  
**At 31 March 2021**

**10 Fixed Assets - Housing properties**

| <b>2020-21</b>  | <b>Social housing properties held for letting<br/>£'000</b> | <b>Housing properties for letting under construction<br/>£'000</b> | <b>Completed shared ownership housing properties<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|---|--|--|------------------------|
| <b>Cost:</b>  |   |  |  |                        |
| As at 1 April 2020  | 71,249  | 13   | 514  | <b>71,776</b>          |
| Additions   | -   | 109  | -  | <b>109</b>             |
| Schemes completed   | 49  | (49)   | -  | <b>-</b>               |
| <b>As at 31 March 2021</b>                                | <b>71,298</b>   | <b>73</b>  | <b>514</b>   | <b>71,885</b>          |
| <b>Depreciation:</b>                                      |   |  |  |                        |
| As at 1 April 2020  | (8,247)   | -  | (122)  | <b>(8,369)</b>         |
| Adjustment  | (83)  | -  | 83   | <b>-</b>               |
| Depreciation charged in year                              | (1,571)   | -  | (9)  | <b>(1,580)</b>         |
| <b>As at 31 March 2021</b>                                | <b>(9,901)</b>  | <b>-</b>   | <b>(48)</b>  | <b>(9,949)</b>         |
| <b>Net Book Value</b>                                     |   |  |  |                        |
| <b>As at 31 March 2021</b>                                | <b>61,397</b>   | <b>73</b>  | <b>466</b>   | <b>61,936</b>          |
| <b>As at 1 April 2020</b>                                 | <b>63,002</b>   | <b>13</b>  | <b>392</b>   | <b>63,407</b>          |
|   |   |  |  |                        |
|   |   |  | <b>2021<br/>£'000</b>  | <b>2020<br/>£'000</b>  |
| <b><u>Expenditure on works to existing properties</u></b> |   |  |  |                        |
| Improvement works capitalised                             |   |  | -  | 9                      |
| Amounts charged to expenditure                            |   |  | 415  | 516                    |
|   |   |  | <b>415</b>   | <b>525</b>             |

**Notes to the Financial Statements**  
**At 31 March 2021**

**10 . Fixed Assets - Social housing assistance**

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Total accumulated social housing grant received or receivable at 31 March 2021: | 35,782        | 35,775        |
| Recognised in statement of comprehensive income                                 | 2,728         | 2,298         |
| Held as deferred income (note 21)   | 33,054        | 33,477        |
|   | <b>35,782</b> | <b>35,775</b> |

  

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Aggregate amount of finance costs included in the cost of housing properties | 805          | 805          |
|  | <b>805</b>   | <b>805</b>   |

**11 . Fixed Assets - Equipment**

|                                     | <b>Disabled adaptations</b> | <b>IT software &amp; hardware</b> | <b>Total</b> |
|-------------------------------------|-----------------------------|-----------------------------------|--------------|
|                                     | <b>£'000</b>                | <b>£'000</b>                      | <b>£'000</b> |
| <b>Cost:</b>                        |                             |                                   |              |
| As at 1 April 2020                  | 66                          | 83                                | <b>149</b>   |
| Additions                           | 22                          | -                                 | <b>22</b>    |
| <b>As at 31 March 2021</b>          | <b>88</b>                   | <b>83</b>                         | <b>171</b>   |
| <b>Depreciation and impairment:</b> |                             |                                   |              |
| As at 1 April 2020                  | (28)                        | (36)                              | <b>(64)</b>  |
| Depreciation charged in year        | (6)                         | (13)                              | <b>(19)</b>  |
| <b>As at 31 March 2021</b>          | <b>(34)</b>                 | <b>(49)</b>                       | <b>(83)</b>  |
| <b>Net Book Value:</b>              |                             |                                   |              |
| <b>As at 31 March 2021</b>          | <b>54</b>                   | <b>34</b>                         | <b>88</b>    |
| <b>As at 1 April 2020</b>           | <b>38</b>                   | <b>47</b>                         | <b>85</b>    |

## Notes to the Financial Statements

### At 31 March 2021

#### 12 . Trade and other debtors

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Rent and service charge receivable        | 171          | 174          |
| Less provision for bad and doubtful debts | (109)        | (100)        |
|   | 62           | 74           |
| Amounts due from Your Homes Newcastle     | 21           | -            |
| Amounts due from Newcastle City Council   | 10           | 43           |
| Other debtors and prepayments             | 36           | 24           |
|   | 129          | 141          |

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

|                                       | <b>Note</b> | <b>2021</b>  | <b>2020</b>  |
|---------------------------------------|-------------|--------------|--------------|
|                                       |             | <b>£'000</b> | <b>£'000</b> |
| Amounts due to Newcastle City Council |             | 801          | 94           |
| Amounts due to Your Homes Newcastle   |             | 77           | 130          |
| Accounts payable                      |             | 1            | 1            |
| Interest payable                      |             | 21           | 30           |
| Interest payable (NCC)                |             | 276          | 597          |
| Tenants payments in advance           |             | 175          | 207          |
| Other accruals                        |             | 269          | 203          |
| Deferred grant income                 | 21          | 430          | 430          |
| Local authority loans (NCC)           | 23          | 1,104        | 1,475        |
|                                       |             | 3,154        | 3,167        |

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

|                             | <b>Note</b> | <b>2021</b>  | <b>2020</b>  |
|-----------------------------|-------------|--------------|--------------|
|                             |             | <b>£'000</b> | <b>£'000</b> |
| Deferred grant income       | 21          | 32,624       | 33,047       |
| Local authority loans (NCC) | 23          | 25,724       | 26,828       |
| Bank loans                  | 23          | 5,000        | 5,000        |
| Disposals proceeds fund     | 24          | 96           | 96           |
| Loan issue costs            | 23          | (61)         | (75)         |
|                             |             | 63,383       | 64,896       |



**Notes to the Financial Statements**  
**At 31 March 2021**

**15 . Financial Instruments**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| <i>Financial liabilities measured at amortised cost</i> |              |              |
| Loans   | 31,767       | 33,228       |
| Trade payables  | 1            | 1            |
| Interest payable  | 297          | 627          |
| Accruals  | 1,147        | 427          |
| <i>Financial assets measured at amortised cost</i>      |              |              |
| Trade receivables                                       | 31           | 8            |
| Rent and service charge receivable                      | 171          | 174          |
| Other debtors   | 31           | 43           |
| Cash  | 6,545        | 6,245        |

**16 . Cash flow from operating activities**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Cash flow from operating activities:                |              |              |
| Surplus for the year - before tax                   | 346          | 41           |
| less Corporation Tax                                | -            | -            |
| <b>Surplus for the year - after tax</b>             | <b>346</b>   | <b>41</b>    |
| Adjustments for non-cash items:                     |              |              |
| Depreciation of tangible fixed assets               | 1,599        | 1,650        |
| Amortisation of grants                              | (431)        | (430)        |
| Transfers to current assets                         | -            | (233)        |
| Increase in trade and other debtors                 | (8)          | (5)          |
| Change in property held for sale                    | -            | 329          |
| Increase in creditors                               | 709          | (345)        |
| Interest payable                                    | 1,380        | 1,453        |
| <b>Net cash generated from operating activities</b> | <b>3,595</b> | <b>2,502</b> |

**Notes to the Financial Statements**  
**At 31 March 2021**

**17 Analysis of change in net debt**

|                                   | <b>2021<br/>£'000</b> | <b>Cash<br/>flows<br/>£'000</b> | <b>Other<br/>changes<br/>£'000</b> | <b>2020<br/>£'000</b> |
|-----------------------------------|-----------------------|---------------------------------|------------------------------------|-----------------------|
| Cash at bank and in hand          | 6,545                 | 300                             |                                    | 6,245                 |
| Overdrafts                        | -                     | -                               | -                                  | -                     |
| Debt due within one year          | 1,104                 | -                               | (371)                              | 1,475                 |
| Debt due after more than one year | 30,724                | (1,475)                         | 371                                | 31,828                |
| Current asset investments         | -                     | -                               | -                                  | -                     |
|                                   | <b>38,373</b>         | <b>(1,175)</b>                  | <b>-</b>                           | <b>39,548</b>         |

**18 . Capital commitments**

|   | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Expenditure contracted for but not provided in the accounts | 655                   | 55                    |
| Expenditure authorised by board, but not contracted         | -                     | 728                   |
|   | <b>655</b>            | <b>783</b>            |

| <b>Indicative Financing of Capital commitments</b> |            |            |
|--|------------|------------|
| HE Grant   | 134        | 161        |
| Loan funding - agreed                              | 474        | 474        |
| Use of Reserves                                    | 47         | 148        |
|  | <b>655</b> | <b>783</b> |

## Notes to the Financial Statements

### At 31 March 2021

#### 19 . 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 2021.

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 2020-21 under a contract for management services which commenced in November 2018. The nature of this contract is integral to the operation of Leazes Homes.

**Notes to the Financial Statements**  
**At 31 March 2021**

**19 . Related party transactions (continued)**

|  | <b>Sales to<br/>related<br/>party<br/>£'000</b> | <b>Purchases<br/>from<br/>related<br/>party<br/>£'000</b> | <b>Amounts<br/>owed from<br/>related party<br/>£'000</b> | <b>Amounts<br/>owed to<br/>related<br/>party<br/>£'000</b> |
|--|---|---|--|--|
| <b>Key Management Personnel -<br/>Tenant trustee</b> |   |   |  |  |
| 2021   | 5   | -   | -  | -  |
| 2020   | 5   | -   | -  | -  |
| <b>NCC</b>   |   |   |  |  |
| 2021   | 34  | 3,874   | 10   | 27,905   |
| 2020   | 86  | 2,483   | 43   | 28,990   |
| <b>YHN</b>   |   |   |  |  |
| 2021   | -   | 1,351   | 21   | 77   |
| 2020   | -   | 1,391   | -  | 130  |

During the year Leazes Homes drew no loans and received no grants from NCC. Leazes Homes repaid loans of £1,474,500 (2020 £993,600).

**20 . 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 2021**

| <b>21 . Deferred Grant Income</b>            |               |               |
|--|---------------|---------------|
|  | <b>2021</b>   | <b>2020</b>   |
|  | <b>£'000</b>  | <b>£'000</b>  |
| Deferred Grant Income at 1 April             | 33,477        | 33,839        |
| Grant received in the year                   | 7             | 68            |
| Released to income in the year               | (431)         | (430)         |
| Grants repaid or repayable                   | -             | -             |
| <b>At 31 March</b>                           | <b>33,054</b> | <b>33,477</b> |
| Amounts to be released within one year       | 430           | 430           |
| Amounts to be released in more than one year | 32,624        | 33,047        |
|  | <b>33,054</b> | <b>33,477</b> |

| <b>22 . Interest and Financing Costs</b>  |               |               |
|---|---------------|---------------|
|   | <b>2021</b>   | <b>2020</b>   |
|   | <b>£'000</b>  | <b>£'000</b>  |
| Loans and bank overdrafts (net of issue costs)  | 31,767        | 33,228        |
|   | <b>31,767</b> | <b>33,228</b> |
| Interest payable capitalised on housing properties under construction                 | -             | -             |
| 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 2021

#### 23 . Debt analysis

|                               | 2021<br>£'000 | 2020<br>£'000 |
|-------------------------------|---------------|---------------|
| Due within one year:          |               |               |
| Local authority loans         | 1,104         | 1,475         |
|                               | <b>1,104</b>  | <b>1,475</b>  |
| Due after more than one year: |               |               |
| Bank loans                    | 5,000         | 5,000         |
| Local authority loans         | 25,724        | 26,828        |
| Less: issue costs             | (61)          | (75)          |
|                               | <b>30,663</b> | <b>31,753</b> |
|                               | <b>31,767</b> | <b>33,228</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 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 2021 Leazes Homes had undrawn loan facilities of £1,044,000 (2020: £1,044,000).

| <b>Maturity of the loans are as follows:</b> | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| In one year or less, or on demand            | 1,104         | 1,475         |
| Between one and two years                    | 1,152         | 1,104         |
| Between two and five years                   | 3,771         | 3,612         |
| In five years or more                        | 25,801        | 27,113        |
|  | <b>31,828</b> | <b>33,302</b> |

All loans are shown on an amortised cost basis.

## Notes to the Financial Statements

### At 31 March 2021

#### 24 . Disposals Proceeds Fund

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Funds pertaining to activities within areas covered by the HE: |               |               |
| At 1 April   | 96            | 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  | <b>96</b>     | <b>96</b>     |
| <b>Total Disposal Proceeds Fund Balance</b>                    | <b>96</b>     | <b>96</b>     |
| Amounts 3 years old or older                                   | 96            | 96            |

#### 25 . Parent undertaking and controlling party

Leazes Homes Limited is a stand alone Registered Housing Provider and Company Limited by Guarantee. There are no other parent undertakings or controlling parties

#### 26 . Post balance sheet events

Events after the balance sheet period are those events both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified: -

Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events);

Those that are indicative of conditions that arose after the reporting period (non-adjusting event).

A company shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting period. A company shall not adjust the amounts recognised in its financial statements to reflect non adjusting events after the reporting period. For non adjusting events that are material non disclosure could influence the decisions users of the financial statements . Accordingly, a company shall disclose the event and an estimate of its financial effect or a statement that such an estimate cannot be made.

The following event after the balance sheet period has occurred and is disclosed here:

On 1st April 2021, Leazes Homes agreed to join the Your Homes Newcastle group during 2021/22 . Leazes Homes will be effectively ringfenced in the new Group Structure and will continue to be regulated by the Regulator for Social Housing, as a Registered Provider of Social Housing. Leazes Homes will continue to own the same assets and benefit from the income streams from those assets as before.