



Leazes Homes Limited

(A Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014)

**Report and Financial Statements
For the year ended 31 March 2023**

**Financial Conduct Authority
Registration Number: 8692**

RSH Registration Number: 4633

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Corporate Information

Chair	D Keightley – appointed 2 May 2017
Board Members	G Walsh (Vice Chair) - appointed 9 April 2018 K Heathcote - appointed 9 May 2019 J Ritchie - appointed 3 March 2020 to 26 July 2022 L Hobson (YHN representative) - appointed 6 August 2021 to 25 May 2022 P Hughes - appointed 24 November 2021 P Mastrantonio - appointed 24 November 2021 I Ali (YHN representative) - appointed 26 July 2022 D Gibson - appointed 20 September 2022 D Hern - appointed 20 September 2022 J Clifford - appointed 20 September 2022
Company Secretary	Jill Davison (appointed 6 August 2021)
Registered Office	YHN House Benton Park Road Newcastle Upon Tyne NE7 7LX
FCA Registration Number	8692
RSH Number	4633
External Auditor	Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL
Bankers	NatWest 16 Northumberland Street Newcastle Upon Tyne, NE1 7EL
Solicitor	Mr John Softly Civic Centre, Barras Bridge Newcastle Upon Tyne NE1 8PR

Structure, Governance and Management and Objectives and Activities

Principal business

The principal activity of Leazes Homes is the provision of high quality, affordable accommodation and related services to people in need.

As at 31 March 2023, the Society had 759 residential units in stock; 745 management and 14 managed by agent units. Of these units, 422 are general housing including shared ownership, 52 were older person, and 285 were supported. Following a procurement exercise the Society 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

On 6 August 2021 Leazes Homes (LH) became a subsidiary of Your Homes Newcastle Limited ("YHN") Limited and changed its legal structure from a company limited by guarantee with charitable status to a Registered Society under the Co- operative and Community Benefit Societies Act 2014 and an exempt charity. It is governed by a Board who are also the shareholders along with its parent company YHN.

Governance and management

The Board

Within the YHN Group the Leazes Homes Board is responsible for strategic leadership and oversight of the delivery of services to the supported housing stock managed by the Group, including properties owned by Leazes and properties managed by YHN. The Board is also responsible for developing and implementing their vision for supported housing in addition to the vision for the Group.

While part of the YHN Group structure, Leazes Board maintains independence via its Rules as a Community Benefit Society and seeks to maintain high standards of governance through adoption of the National Housing Federation Code of Governance, compliance with the Group Governance Framework and an Intra Group Agreement with YHN.

Under its Rules, Leazes Homes Board may at any time have a maximum of nine and minimum of 5 Board members. All Board members will normally serve a maximum of six years.

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

At 31 March 2023 there were nine board members comprising:

- One Board Member nominated by the parent company, Your Homes Newcastle Limited - Cllr. I Ali.
- Eight Independent Board members –
 - D Keightley
 - G Walsh
 - K Heathcote
 - P Hughes
 - P Mastrantonio
 - J Clifford
 - D Gibson
 - D Hern

Management Arrangements

The operational management of the Society is delegated to the YHN Executive Management Team and is governed by an Intra Group Agreement. The Your Homes Newcastle Management Team comprises:

- Group Managing Director - Tina Drury
- Group Director Finance, Risk and ICT – Rachel Taylor
- Group Director Housing Services - Jen Vinton
- Group Director Assets and Development - David Langhorne

The Executive Management Team manages the business in accordance with the IGA, Group Governance Framework and the Financial Regulations. YHN provides housing management and associated services to Leazes Homes and Leazes Homes' tenants. To provide assurances that the services being provided are of the required standard, YHN provides regular performance information to the Board and senior representatives from YHN attend Board and committee meetings to present reports and answer questions.

Governance

As a registered Community Benefit Society Leazes Homes is governed by the Co-operative and Community Benefit Societies Act 2014 and operates in accordance with its Rules which were adopted on 6 August 2021. The Society is an exempt charity and is registered with the Regulator of Social Housing.

The Regulator of Social Housing's Governance and Financial Viability Standard has a specific requirement for all Registered Providers to "adopt and comply with an appropriate code of governance". The NHF Code of Governance 2020 was developed to fulfil the requirements of the Standard and is selected by the vast majority of Registered Providers to meet this requirement. In October 2017, Leazes Homes adopted the National Housing Federation Code of Governance 2015 edition and in August 2021 agreed to adopt the National Housing Federation Code of Governance 2020. Leazes Homes' parent company, Your Homes Newcastle Limited, has also adopted the Code. Arrangements have been put in place to comply with the Code and in January 2022, the YHN Group adopted a new Group Governance Framework, built around the four core principles of the Code.

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

Your Homes Newcastle Group Statement of Compliance with National Housing Federation, Code of Governance, 2020 edition

The Boards of the YHN Group have adopted the National Housing Federation Code of Governance. An annual assessment is undertaken to review arrangements are clear and effective.

A compliance checklist exercise is conducted, which involves evaluation of the following Code principles:

- Mission and values
- Strategy and delivery
- Board effectiveness
- Control and assurance

Having reviewed outcomes of the assessment, the Boards are satisfied that high standards of corporate governance are being upheld and concluded that the YHN Group is compliant with the Code. However, for reasons of transparency, they draw attention to the following Code Provision relating to Board Member tenure:

Principle 3 – Board effectiveness

Provision 3.7 Tenure and Renewal

Malcolm Page was appointed on 22 September 2015, during which time the previous Code of Governance recommended a maximum term of nine years. In the 2022-23 financial year, M Page entered his eighth consecutive year of service, at which point the 2020 Code of Governance had been adopted, which states that

“Maximum tenure will normally be up to six consecutive years (typically comprising two terms of office), but where a Member has served six years, and the Board agrees that it is in the organisation’s best interests, their tenure may be extended up to a maximum of nine years”.

The Boards are of the opinion that continuing such arrangements is in the best interests of the YHN Group; to utilise his valuable skills and knowledge, particularly in finance, accounting and audit, to support the Group as both YHN Board Member and Chair of Finance and Performance Committee.

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

Governance and management

Board Member Induction and Training

Since joining with YHN on 6 August 2021, all continuing and new Leazes Homes Board members are undertaking an induction, learning and development programme to support them in the process of becoming part of the Your Homes Newcastle Group.

As necessary, training is also provided to Board members throughout the year to ensure they continue to meet legal and statutory requirements and two group board away days are held each year to provide the opportunity for planning and focus on specific strategic issues. Board members may also attend appropriate external training events where these will support them to carry out their roles. As of April 2022, a board engagement calendar has been created to help develop members' understanding of the Group, and to meet with both staff and customers.

Committee Arrangements

The Your Homes Newcastle Group has a committee structure as set out below. Leazes Homes Board members represent their board on the following Group committees:-

- Appointments Committee
 - D Keightley
- Audit and Risk Committee
 - P Mastrantonio
 - James Clifford
- Finance and Performance Committee
 - K Heathcote
 - D Gibson
 - G Walsh
- Health and Safety Committee
 - D Hern
 - P Hughes
- Property and Development Committee (ended January 2023)
 - D Keightley
 - G Walsh
 - P Hughes

The Chair of Leazes Homes is also a Board Member of the parent company, Your Homes Newcastle. All board and committee papers are shared with all board members in the YHN Group. Leazes Homes Board also receives a summary note of key points arising from each committee meeting and a copy of the minutes of those meetings. Assurances from Committees is a standing item on all board agendas.

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

Our Aims and Objectives

The charitable objects of the Society are:

- the business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people; and
- Any other charitable object that can be carried out from time to time by a registered society registered as a provider of Social Housing with the Regulator of Social Housing

The strategic objectives of the Society as defined in the IGA with Parent company Your Homes Newcastle are to:

- be housing providers of choice in the North East;
- deliver outstanding co-designed, customer focussed services across all tenures;
- develop affordable new homes, including supported housing to meet needs utilise financial capacity and meet the expectations of the Regulator;
- play an active role in creating and sustaining great communities;
- maximise the safety, health, well-being, and independence of residents;
- deliver sustainable environmentally friendly homes and services;
- support, influence and deliver the local housing agenda;
- run a highly efficient, value for money business

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. 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 Society 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 Leazes Audit and Risk Committee's objectives included 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. This responsibility transferred to YHN Group's Finance and Performance Committee when Leazes joined YHN as a subsidiary. The Finance and Performance Committee has a stated purpose to "Establish a performance framework which enables YHN Group to proactively manage its financial and operational performance and ensure value for money".

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 the YHN Group. 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.

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

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 table shows our targets for those seven metrics, our performance for the current and previous financial years, and a sector comparator for the average of all organisations with between 1,000 and 2,500 property units:

	2023/24 Target	2022/23 Result	2021/22 Result	2021/22 Sector
Reinvestment %	0.5%	1.0%	0.0%	4.7%
New Supply delivered %	0.0%	2.5%	0.0%	0.9%
Gearing %	36.3%	37.8%	39.5%	32.3%
Earning-EBITDA MRI interest cover%	244%	220%	216%	194%
Headline social housing cost per unit	£4,400	£4,220	£3,830	£4,960
Operating margin % - social housing	27.5%	27.3%	27.2%	19.5%
Operating margin % - overall	27.5%	27.3%	27.2%	17.4%
Return on capital employed %	3.3%	2.8%	2.6%	2.4%

Reinvestment and New Supply delivered:

At the start of the financial year the Thornley Road development and Holmes Close re-purposing projects were completed and brought into use. Since Leazes joined the YHN group, development plans have been on hold while we undertake a strategic review of investment and approval of a new Development Plan.

Gearing:

Gearing has reduced slightly during the year as the Society has repaid loans that matured during the period. The gearing is comfortably lower than our loan covenant conditions of 60% (debt to historic cost of properties), 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 32.3%, it is a reflection that we are using our available asset base to support growth.

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

Earnings:

Earnings have increased from 216% to 220%, 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 slightly from 27.2% to 27.3% and is higher than the sector average.

Return on Capital Employed:

The Return on Capital Employed (ROCE) has improved at 2.8%. Slightly higher than average in the sector.

Additional measurements

In addition to the regulatory metrics being measured, the Board have also reviewed a range of financial ratios 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. The review of comparative financial Key Performance Indicators (KPI's) allows the Board to review the progress of Value for Money.

This additional layer of financial comparisons with local peer group organisations supports some of the conclusions 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.

Strategic Report

Governance and Financial Viability Standard

The Society 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 Code of Governance (2020) and have conducted a Group self-assessment against the Code with YHN, following which, all boards of the YHN Group are deemed to be fully compliant with the Code.

The Board members of Leazes Homes Limited ('the Society') present their Strategic Report for the year ended 31 March 2023.

Review of the Year

Provision of affordable homes

The Society owns and manages 759 operational residential units as at March 2023, providing much needed affordable housing across Newcastle upon Tyne. During the financial year repurposing work was completed at Holmes Close transforming the scheme from a 25 unit specialist dementia care provision to a 14 unit scheme providing specialist care for customers aged 55 plus with learning disabilities and autism. There was also the development of 5 supported housing units at Howick Avenue for people with autism and learning disabilities, as part of a larger residential development project (Thornley Road, East Denton) which were completed at the start of the 2022/23 financial year.

Response to Cost of Living Crisis

The cost-of-living crisis and growth in child poverty combined with the continued impact of welfare reform and austerity cuts means that many more of our customers are being pushed into poverty which is throwing up challenges that are impacting on how our customers live their lives.

YHN has a range of dedicated information advice and support services that are available to our customers to help them sustain their home which is paramount if households are going to find ways to make living bearable.

Throughout 2022, there was a range of activities being delivered across the Society to support our customers. In December 2022, YHN set up an internal steering group of senior managers, from across the business, to coordinate YHN's response to the cost-of-living crisis and to maximise the positive impact these are having on customers.

Our approach has been to help keep household income up and household expenditure down.

The comprehensive package of support comes from a range of services including Support and Progression, Financial Inclusion, Employability, and Income Teams who targeted their support based on the need and vulnerability of the customer. Our staff have received a comprehensive package of training to enable them to provide this support. The training has included the assessment of income and expenditure for all customers to ensure accurate benefit advice is given, training in welfare benefits and universal credit to level one for all customer facing staff, enabling brief interventions and better signposting. During 2022 we also developed our thinking and began to roll out training on Psychologically Informed Environments (PIE).

Strategic Report (continued)

In addition to our support services, we have set up a "Making Living Easier" fund. There are two strands to the fund - crisis and prevention. The crisis element helps vulnerable customers with energy bills and the prevention element which makes up two thirds of the fund, helps through the purchase of blankets and throws, air fryers and microwaves, thermal curtains, rugs, and winter duvets, that makes living more manageable through cold spells.

Future Developments

Leazes Homes has capacity to grow by around 100 homes through a mixture of new development and purchase existing stock.

The Board's priorities are:

- Focus on the Newcastle area as a preference, but consider schemes in adjacent areas
- Affordable rented homes
- Support accommodation aimed at older people with complex needs
- Purchase of existing stock from existing Registered Providers

Their working assumption is that the best route to market is to work with existing developing Registered Providers either:

- As a new partner on an existing development scheme
- Working together to secure new opportunities, potentially using council owned land
- Purchase pockets of existing homes

Financial Review

Principal funding sources

The principal funding sources for the Society 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 2022-23.

Reserves Policy

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

The Society has a strong balance sheet and as at 31 March 2023 had reserves of approximately £2,850,000.

Strategic Report (continued)

Financial Risk Management Policy

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

The main risks associated with the Society's financial assets and liabilities are set out below. The Society 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 Society 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 Society's fixed asset base and regular rental income arising from it. The Board members do not consider there to be any significant exposure.

Price Risk

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

Credit Risk

Generally, the Society'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 Society's exposure to bad debts is not significant. Rent and service charges receivable in March 2023 were £43k higher than in March 2022. The bad debt provision, which is calculated based on the size of individual arrears balances, at March 2023 has increase to £129k from £109K at March 2022. This level of debt is not deemed to be a significant risk in the circumstances.

Liquidity Risk and Future Borrowings

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

As at 31 March 2023, the Society had £24,572,000 of loan funding (excluding amortisation of loan fees) from Newcastle City Council (2022: £25,724,000) with the earliest maturity in 2026. The Society had fully drawn its £5,000,000 loan facility with RBS at 31 March 2023.

Foreign Currency Risk

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

Strategic Report (continued)

Risk Management

The Society has a Risk Management Policy, which sets out the Society's approach to managing risk. The Board sets the risk appetite for the Society annually using a risk appetite framework and also reviews the strategic risk register annually. The YHN Group's Audit and Risk Committee has delegated responsibility for monitoring and reviewing the 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 Society faces. The Society also has implemented procedures to minimise any potential impact on the Society should such risks materialise.

Principal risks and uncertainties

The most significant risks facing the Society as at 31 March 2023 were:

Restricted opportunities to develop due to land availability, funding and planning approval (SR10 – Development)

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

- Developing partnerships with developers
- Developing links with other lending institutions
- Financial capacity testing
- Implementation of Leazes Homes Development Strategy
- All development proposals are assessed through development principles and financial appraisal and approved by Board.
- Regular discussions with NCC to discuss development opportunities.

Lack of appropriately skilled resources to deliver specialist services SR11 (Commissioning)

Actions taken to mitigate this risk concerning lack of resources being available include:

- Housing plus action plans created for each scheme to address specific requirements of each scheme
- PPE and other Health & Safety measures in place at local level
- All Housing Plus Officers trained to use Ostara customer lifting equipment to give maximum flexibility of work force
- Strong formal relationships with Fairer Housing Unit and Adult Social Care which improves the understanding of our interdependences.
- Training YHN staff in working in psychologically informed environments to help both them and our customers as part of the wider wraparound service from YHN
- Installed Cascade sensor telecare into Holmes Close which is monitored and responded to by care staff onsite that has resulted in a safer environment for customers and reduced numbers of care staff required overall.

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 Board members on 17 July 2023 and signed on
its behalf on ~~DATE~~ by:
17.7.23



D Keightley
Chair



G Walsh
Member



J Davison
Company Secretary

Board Members' Report

A list of Leazes Homes' Board members for the year ended 31 March 2023 is recorded on page 2.

The Board members present their Report and Financial Statements for the year ended 31 March 2023.

Policy on the Employment, Training and Development of Disabled People

The Board members have adopted the YHN Group Equality and Diversity Policy that sets out the Society'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 Board members consider that the Society's current position, future prospects and availability of financing are adequate to enable it to continue business for the foreseeable future and that they are also satisfied that the Society 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 Board members consider that a robust going concern assessment process was undertaken and the results discussed and challenged formally at the Audit and Risk Committee on 6 July 2023. The Committee recommended that the Board members approve the annual accounts.

The process for determining whether the Society is a going concern involved a number of considerations including an assessment of the financial budgets and forecasts for the Society up to 31 March 2050.

The assessment also considered the solvency and liquidity risks involved in delivering the financial forecasts for the foreseeable future. Further information on the Society's risks can be found in the Strategic Report section.

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

Board Members' Report (continued)

Going Concern (continued)

Statement of Board Members' Responsibilities in Respect of the Financial Statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Society and of the Income and Expenditure for the period of account.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and 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, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Society will continue in business.

Statement of Board Members' Responsibilities

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Society and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the Group's Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

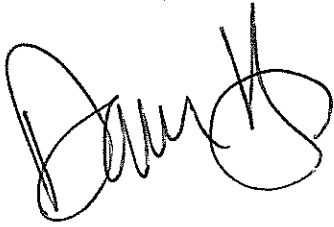
At its meeting on 17 January 2022, Leazes Homes Board confirmed the appointment of Beever & Struthers as auditors of the YHN Group in accordance with the IGA and formally resolved to accept that appointment on behalf of Leazes Homes.

Information for Auditors

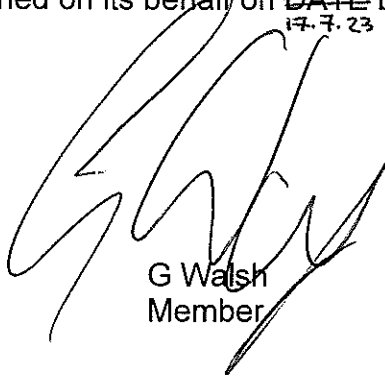
The Board members who held office at the date of approval of this Strategic Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The Board Members' Report was approved by the Board Members on 17
July 2023 and signed on its behalf on ~~DATE~~ by:

17.7.23



D Keightley
Chair



G Walsh
Member



J Davison
Company Secretary

Independent Auditor's Report to the Members of Leazes Homes Limited

Opinion

We have audited the financial statements of Leazes Homes Limited ('the Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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. We are independent of the Association 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 Board's 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 Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 18, the Board is 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 Board determines 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 Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of

irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to it 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 Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers

Statutory Auditor
One Express
1 George Leigh St
Ancoats
Manchester
M4 5DL

Date: 17 July 2023

Financial Statements


Statement of Comprehensive Income

For the year ended 31 March 2023

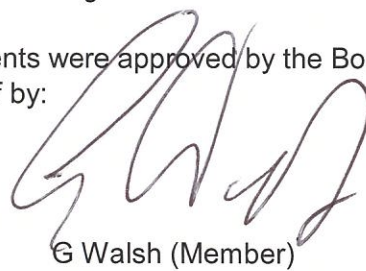
	Note	2023 £'000	2022 £'000
Turnover	4,5	6,429	6,077
Operating costs	4,5	(4,677)	(4,413)
Gain on disposal of property, plant and equipment	7	1	5
Operating surplus	9	1,753	1,669
Interest payable and financing costs	8	(1,390)	(1,325)
Surplus before exceptional items		363	344
Exceptional items	10	-	(18)
Total comprehensive income for the year		363	326

All amounts relate to continuing activities.

These financial statements were approved by the Board and authorised for issue on 17th July 2023 and signed on its behalf by:



D Keightley (Chair)



G Walsh (Member)



J Davison (Company Secretary)

Statement of Changes in Reserves

At 31 March 2023

	Revenue Reserve £'000	Designated Reserve £'000	Total Reserves £'000
Balance as at 1 April 2021	1,473	688	2,161
Total comprehensive income for the year	326	-	326
Transfer between reserves	(86)	86	-
Balance as at 31 March 2022	1,713	774	2,487
Total comprehensive income for the year	363	-	363
Transfer between reserves	(35)	35	-
Balance as at 31 March 2023	2,041	809	2,850

Financial Statements (continued)**Statement of Financial Position**

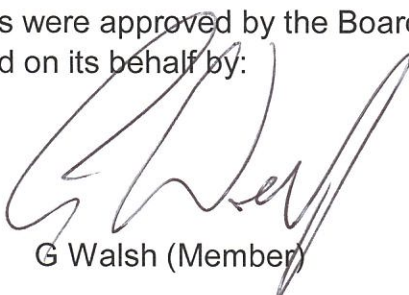
At 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	12.b,13	60,115	61,091
		60,115	61,091
Current assets			
Trade and other debtors	14	127	106
Cash and cash equivalents		6,971	6,671
		7,098	6,777
Creditors: amounts falling due in less than one year	15	(4,036)	(3,661)
Net current assets		3,062	3,116
Total assets less current liabilities		63,177	64,207
Creditors: amounts falling due after more than one year	16	(60,327)	(61,720)
Total net assets		2,850	2,487
Reserves			
Revenue reserve		2,041	1,713
Designated reserve		809	774
Total reserves		2,850	2,487

These financial statements were approved by the Board and authorised for issue on **17th July 2023** and signed on its behalf by:



D Keightley (Chair)



G Walsh (Member)



J Davison (Company Secretary)

Financial Statements (continued)**Statement of Cash Flows**

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash flow from operating activities	21	3,258	3,235
Cash flow from investing activities			
Purchase of tangible fixed assets	12,13	(691)	(727)
Proceeds from sale of tangible fixed assets	7	70	90
Grants received	20	208	-
Net cash flow from investing activities		(413)	(637)
Cash flow from financing activities			
Interest paid		(1,342)	(1,320)
Repayment of borrowings	24	(1,203)	(1,152)
Net cash flow from financing activities		(2,545)	(2,472)
Net change in cash and cash equivalents		300	126
Cash and cash equivalents at beginning of year		6,671	6,545
Cash and cash equivalents at 1 April		6,971	6,671

Financial Statements (continued)

1. Statement of compliance

Leazes Homes Limited is a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a private registered provider of social housing.

The financial statements of the Society have been prepared in Compliance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Ireland' (FRS 102).

2. Principal accounting policies

Basis of preparation

The financial statements of the Society have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) and the Housing SORP 2018: statement of recommended practice for registered social housing providers, the Co-operative and Community Benefit Societies (Group Regulations) 2014 and, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared on a historical cost basis and are presented in sterling rounded to the nearest £'000, or where applicable nearest £'m.

Going concern

The Board of the Society have performed an assessment of the appropriateness of the going concern basis of preparation of the statutory financial statements for the period ended 31 March 2023. The Board Members have concluded that the Society can continue to pay its liabilities as they fall due, or otherwise agreed with creditors, for a period of at least 12 months from the date of approval of the financial statements. In making that assessment the Board Members confirm that they have considered the following factors:

- The basis on which the conclusion has been drawn has been discussed and agreed with all Board Members;
- Forecasts and budgets prepared for the period ending 31 March 2023, extended for 12 months from the date of signing of the accounts and various sensitivities and risks associated within the assumptions thereon;
- The long term business plan and the various sensitivities and risk associated with the assumptions thereon (including "stress testing" scenarios);
- Contingency plans in the event that trading forecasts were not met or major changes to anticipated cash flows arose, including business capability to sustain an adverse financial impact from Coronavirus.
- The availability of continuing finance from Newcastle City Council (NCC) and external lenders;
- The Society has net assets of £2,850,000 in the period ended 31 March 2023; and cash equivalents balance is approximately £6,971,000 and is sufficient to fund day to day transactions.

Financial Statements (continued)

2. Principal accounting policies (continued)

Going concern (continued)

The Board Members consider that the Society'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 Society 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 Board Members considered the material uncertainty regarding the outcome of the Newcastle City Council Housing Review. The review is considering options regarding Your Homes Newcastle, Leazes Homes parent company. The Board are developing contingency plans in response to the potential outcomes, all of the contingency plans involve Leazes Homes continuing its operations for the foreseeable future.

Turnover and revenue recognition

Turnover comprises income from lettings and revenue grants, income from the rendering of services, and amortised capital grants.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. The following criteria must also be met before revenue is recognised:

- Income from lettings

Revenue from housing rent and service charge income are recognised from the point when properties under development become available for letting and recognised in the period as they fall due.

- Revenue grants

Grants relating to revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Where grants are received in advance of revenue expenditure they are included in creditors until the expenditure has been incurred.

- Rendering of services

Revenue from the provision of management services is recognised, according to the individual contract, by:

- Fixed fee per period; or
- Reference to labour hours incurred to date; or
- Fee per unit managed.

Where contract income cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

- Amortised capital grants

Government grants received for housing properties are held in the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the useful life of the housing property structure.

Financial Statements (continued)

2. Principal accounting policies (continued)

Tangible fixed assets and depreciation

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit and are stated at historical cost less accumulated depreciation and impairment losses (if any). Cost includes the cost of acquiring land and buildings, development costs plus any costs incurred in bringing the asset to its working condition.

Repairs expenditure on housing properties is capitalised to the extent it represents an improvement to the property, otherwise it is expensed in the period in which it is incurred.

Leazes Homes Limited's 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 with 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 accumulated depreciation and impairment (if any).

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 largely as follows:

<u>Asset Type</u>	<u>Years</u>
Fabric	80
Roof	60
Electricals	30
Windows	25
Bathrooms	25
Lifts	25
External doors	20
Kitchens	15
Boiler	12
Flooring	10
Furniture & Fittings	5

Other tangible fixed assets

Other tangible fixed assets are stated at historical cost, less accumulated depreciation and impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Financial Statements (continued)

2. Principal accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Other tangible fixed assets (continued)

Depreciation is provided on all other fixed assets at rates calculated to write off the asset on a straight-line basis over its expected useful life largely as follows:

<u>Asset Type</u>	<u>Years</u>
Disabled adaptations	10
ICT equipment	3-7
Fixtures and fittings	5

Fixed asset accounting – further detail

The Society's fixed assets mainly consist of housing properties and their components, and disabled adaptations and furniture and fittings. The Society is effectively ringfenced in the YHN Group Structure and will continue to own the same housing property assets and benefit from the income streams from those assets as before they joined the YHN group.

Impairment

The Society assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Society estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Society estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount through an impairment in profit and loss, unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

Capital grants

Grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

All grants which are government grants relating to housing properties are recognised on an accruals basis.

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

Financial Statements (continued)

2. Principal accounting policies (continued)

Capital grants (continued)

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, 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 held in the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the useful life of the housing property structure.

Other grants received in advance are held as a liability on the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the useful economic life of the asset.

Work in progress

Housing assets under construction

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

Business combinations

The acquisitions of Leazes Homes Limited into the Your Homes Newcastle Group has been accounted for using the purchase method under FRS 102. The total cost of the business combination is measured as the total fair value of the assets and liabilities at the date of acquisition. Acquisition related costs are recognised in the Statement of Comprehensive Income as incurred.

Debtors and creditors

Debtors and creditors receivable and payable within one year are recorded at transaction price. Any impairment is recognised in expenses in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, cash held by Newcastle City Council on Leazes Homes' behalf.

Financial Statements (continued)

2. Principal accounting policies (continued)

Interest income and finance costs

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 on borrowings specifically financing the development programme after deduction of related grants in advance.

b) fair amount of interest on borrowings of the Society 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 payable and interest receivable is charged to Statement of Comprehensive Income in the financial period in which it accrues.

Value added tax

Leazes Homes, due to the exempt supplies it makes, is not VAT registered.

Taxation

Leazes Homes is an exempt charity, and as a result any surplus or deficits arising from its charitable activities will be exempt from corporation tax.

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.

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise loans, trade payables, other creditors, deferred income and accruals.

Interest bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method less impairment. The effective interest rate amortisation is included in finance revenue in the Statement of Comprehensive Income.

Loan finance costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Financial Statements (continued)

2. Principal accounting policies (continued)

Provisions

A provision is recognised when the Society has a legal or constructive obligation at the reporting date as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and that the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation.

Pension benefits

Pension contributions for the Leazes Homes members employed within the year are through NEST, a defined contribution occupational pension scheme backed by the government.

Revenue reserve

The revenue reserve forms part of the Society's unrestricted funds and is available to spend on the Society's purposes.

Designated reserve

A designated reserve is identified to fund specific events for the benefit of the tenants of Leazes Homes Limited. 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 financial period.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Society's financial statements requires judgements, estimates and assumptions to be made 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. The following judgements and sources of estimation uncertainty have had the most significant effect on the financial statements:

Impairment assessment

Where there are indicators of impairment of individual assets, the Society performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell is based on observable market prices, less incremental costs for disposing of an asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next three years and does not include significant future investments that will enhance the performance of the cash generating asset that is being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash flows and growth rate used for extrapolation purposes.

Financial Statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty

Impairment assessment (continued)

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually.

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 Society's financial instruments are deemed as basic on the basis of the following:

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

These loans have therefore been recognised at amortised historical cost.

Recoverability of stock and debtors

Where there are indicators of slow moving or obsolete stock or slow recovery of debtors, the Society assesses whether a provision is required based on the assessment of the individual items and historic knowledge.

Recoverability of tenant debtors

Provision is based on collection rate experience and consideration of future changes which may affect collection rates.

Bad debts are written off against the provision once all avenues for collection have been exhausted.

Operating and Finance Lease Commitments

As a lessee, the Society obtains use of plant and equipment. The classification of such leases as operating or finance lease commitments requires the Society to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires a liability to be recognised in the Statement of Financial Position.

Amortisation of deferred government grant

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.

Notes to the Financial Statements at 31 March 2023

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

2023	Turnover £'000	Operating costs £'000	Operating surplus £'000
Income and expenditure from lettings	4,564	(3,112)	1,452
Service charge income	1,865	(1,565)	300
	6,429	(4,677)	1,752
2022	Turnover £'000	Operating costs £'000	Operating surplus £'000
Income and expenditure from lettings	4,380	(2,802)	1,578
Service charge income	1,697	(1,611)	86
	6,077	(4,413)	1,664

Income and expenditure from lettings includes amortised government grants of **£432k** (2022: £431k).

5 . Particulars of turnover and operating costs from social housing lettings

	2023 £'000	2022 £'000
Turnover from lettings and service charges:		
Rents receivable	4,132	3,833
Service charge income	1,865	1,697
Amortised government grants	432	431
Other income	-	116
	6,429	6,077
Operating costs from lettings and service charges:		
Premises	143	125
Supplies and services	1,035	577
Service charge costs (excluding depreciation)	1,533	1,566
Maintenance	315	495
Bad debt	34	2
Depreciation of housing properties	1,534	1,550
Non dwellings depreciation	53	31
Auditors fees	11	10
Prior year Auditors' fees	1	19
Office Costs	-	2
IT expenses	-	-
Other	18	36
	4,677	4,413

Notes to the Financial Statements at 31 March 2023 (continued)

6 . Accommodation in management

At the end of the year accommodation in management for each class of accommodation was as follows:	2022	Additions	Disposals	Other move- ments	2023
	No.	No.	No.	No.	No.
General Needs housing					
- social rent	192	-	-	-	192
- affordable rent	210	-	(1)	-	209
Supported housing					
- social rent	41	-	-	-	41
- affordable rent	211	19	-	-	230
Housing for older people					
- social rent	24	-	-	-	24
- affordable rent	28	-	-	-	28
Low cost home ownership	21	-	-	-	21
Total managed	727	19	(1)	-	745
Managed by agent	14	-	-	-	14
Total owned and managed	741	19	(1)	-	759
Accommodation in development at the year end	19	-	-	(19)	-

7 . Gain on disposal of property, plant and equipment

	Right to acquire sales £'000	LCHO Staircasing sales £'000	2023 £'000	2022 £'000
Proceeds of sales	70	-	70	90
Less: Cost of sales	(69)	-	(69)	(85)
Surplus	1	-	1	5

**Notes to the Financial Statements
at 31 March 2023 (continued)**

8 . Interest payable and financing costs

	2023	2022
	£'000	£'000
Interest payable	1,390	1,325

9 . Operating Surplus

	2023	2022
	£'000	£'000
The operating surplus is arrived at after charging:		
Depreciation of housing properties	1,534	1,550
Depreciation of other tangible fixed assets	53	31
Operating leases	2	2
Auditors' remuneration for audit of statements	11	8
Surplus on sale of fixed assets	1	5

10 . Exceptional items

	2023	2022
	£'000	£'000
Exceptional items	-	18

Exceptional items relate to professional fees associated with the acquisition of Leazes Homes by Your Homes Newcastle that took place on 6th August 2021.

Notes to the Financial Statements at 31 March 2023 (continued)

11 . Employee information

a) Staff costs

The average number of persons employed during the year, expressed as equivalent of whole time employees was:	2023	2022
	No's	No's
Housing management	-	-
Administration and clerical	-	0.1
	0.0	0.1
Costs for the above employees were:	2023	2022
	£'000	£'000
Wages & Salaries	-	5
Social security costs	-	-
Employers' pension contribution	-	-
Past & current pension service costs above cash	-	-
	-	5

	2023	2022
	£'000	£'000

b) Board emoluments

Emoluments payable to Board Members (including pension contributions and benefits in kind)	19	10
	15	10
	2023	2022
	£'000	£'000
Executive Board remuneration for the year ended 31 March:		
A Park	-	5
Non-executive Board remuneration for the year ended 31 March		
G Walsh	3	2
KM Heathcote	3	2
D M Paterson	1	1
PJ Hughes	3	-
PM Mastrantonio	3	-
DC Gibson	2	-
DJ Hern	2	-
AJ Clifford	2	-

The remuneration payable to the highest paid Board Member in relation to the period of account, excluding pension contributions, amounted to £3k. Total Board remuneration in the year is £19k. No pension contributions have been made.

Tina Drury is the Chief Executive of Leazes Homes Limited. An element of her salary is recharged to Leazes Homes via the Housing Management fee contract that was established in November 2018 and is expected to continue until October 2023.

Prior to joining YHN Group non-executive Board Members were not remunerated. Since joining the YHN Group, some non-executive Board Members receive an allowance as they also sit on YHN Group Board or other committees. Non-executive Board Members expenses incurred are reimbursed.

**Notes to the Financial Statements
at 31 March 2023 (continued)**

12.a . Fixed Assets - Housing properties

2022-23	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total £'000
Cost:				
As at 1 April 2022	71,208	700	514	72,422
Additions	-	457	-	457
Works to existing properties	147	(147)	-	-
Interest capitalised	-	-	-	-
Schemes completed	861	(861)	-	-
Disposals	(98)	-	-	(98)
As at 31 March 2023	72,119	149	514	72,782
Depreciation:				
As at 1 April 2022	(11,425)	-	(57)	(11,482)
Depreciation charged in year	(1,525)	-	(9)	(1,534)
Depreciation released on disposal	18			18
As at 31 March 2023	(12,932)	-	(66)	(12,998)
Net Book Value				
As at 31 March 2023	59,187	149	448	59,784
As at 1 April 2022	59,783	700	457	60,940
			2023 £'000	2022 £'000
<u>Expenditure on works to existing properties</u>				
Improvement works capitalised			147	7
Amounts charged to expenditure			315	495
			462	502
			2023 £'000	2022 £'000
Aggregate amount of finance costs included in the cost of housing properties			805	805
			805	805

Notes to the Financial Statements at 31 March 2023 (continued)

12.b . Fixed Assets - Social housing assistance

	2023 £'000	2022 £'000
Total accumulated social housing grant received or receivable at 31 March 2021:	35,963	35,754
Recognised in statement of comprehensive income	3,585	3,156
Held as deferred income (note 20)	32,377	32,598
	35,962	35,754

13 . Fixed Assets - Equipment

	Disabled Adaptations	Fixtures & Fittings	ICT	Total
Cost:	£'000	£'000	£'000	£'000
As at 1 April 2022	99	143	23	265
Additions	44	189	-	234
As at 31 March 2023	143	332	23	499
Depreciation:				
As at 1 April 2022	(44)	(49)	(21)	(114)
Depreciation charged in year	(13)	(39)	(1)	(53)
As at 31 March 2023	(57)	(88)	(22)	(167)
Net Book Value:				
As at 31 March 2023	87	245	1	332
As at 1 April 2022	55	94	2	151

**Notes to the Financial Statements
at 31 March 2023 (continued)**

14 . Trade and other debtors

	2023	2022
	£'000	£'000
Rent and service charge receivable	238	195
Less provision for bad and doubtful debts	(129)	(109)
	109	86
Amounts due from Your Homes Newcastle Group	-	11
Amounts due from Newcastle City Council	-	-
Other debtors and prepayments	18	9
	127	106

15 . Creditors: amounts falling due within one year

	Note	2023	2022
		£'000	£'000
Amounts due to Newcastle City Council		1,645	1,373
Amounts due to Your Homes Newcastle Group		4	31
Accounts payable		37	90
Interest payable		62	23
Interest payable (NCC)		261	266
Tenants payments in advance		188	205
Other accruals		204	91
Deferred grant income	20	432	430
Local authority loans (NCC)	24	1,203	1,152
		4,036	3,661

16 . Creditors: amounts falling due after more than one year

	Note	2023	2022
		£'000	£'000
Deferred grant income	20	31,945	32,168
Local authority loans (NCC)	24	23,369	24,572
Bank loans	24	5,000	5,000
Recycled capital grant fund	17	46	27
Loan issue costs	24	(33)	(47)
		60,327	61,720

**Notes to the Financial Statements
at 31 March 2023 (continued)**

17 . Recycled Capital Grant Fund

	2023 £'000	2022 £'000
At 1 April	27	-
<u>Inputs to the fund:</u>		
Grants recycled	19	27
Interest accrued	-	-
At 31 March	46	27
Amounts 3 years or older	-	-

18 . Analysis of change in net debt

	2023 £'000	Cash flows £'000	Other changes £'000	2022 £'000
Cash at bank and in hand	6,971	300		6,671
Overdrafts	-	-	-	-
Debt due within one year	1,203	50	-	1,152
Debt due after more than one year	28,336	(1,203)	-	29,525
Current asset investments	-	-	-	-
	36,510	(853)	-	37,348

19 . Capital commitments

	2023 £'000	2022 £'000
Expenditure contracted for but not provided in the accounts	98	23
Expenditure authorised by board, but not contracted	-	84
	98	107

Indicative financing of capital commitments

HE Grant	-	-
Loan funding - agreed	-	-
Use of Reserves	98	107
	98	107

**Notes to the Financial Statements
at 31 March 2023 (continued)**

20 . Grant and financial assistance

	2023	2022
	£'000	£'000
Deferred Grant Income at 1 April	32,598	33,054
Grant received in the year	242	-
Grants recycled to the Recycled Capital Grants Fund	(21)	(27)
Grant write off on Disposal	(13)	
Grants amortised in the year	(432)	(431)
Amortised grant on disposal	3	2
At 31 March	32,377	32,598
Amounts to be released within one year	432	430
Amounts to be released in more than one year	31,945	32,168
	32,377	32,598

21 . Cash flow from operating activities

		2023	2022
		£'000	£'000
<u>Cash flow from operating activities:</u>			
Surplus for the year - before tax		363	326
less Corporation Tax		-	-
Surplus for the year - after tax		363	326
<u>Adjustments for non-cash items:</u>			
Depreciation of tangible fixed assets	12,13	1,587	1,581
Amortisation of grants	20	(432)	(431)
Carrying amount in Fixed Asset disposals	12,13	80	80
Recycled Capital Grant Fund	20	21	-
Decrease/(increase) in trade and other debtors	14	(21)	23
Increase in creditors	15,16	340	421
<u>Adjustments for investing or financing activities</u>			
Interest payable		1,390	1,325
Proceeds from sale of Fixed Assets	7	(70)	(90)
Net cash generated from operating activities		3,258	3,235

**Notes to the Financial Statements
at 31 March 2023 (continued)****22 . Related party transactions**

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

Key Management Personnel

The Board consider that the Board Members comprise the key management personnel of Leazes Homes. Three of the Board Members received remuneration for the year ended March 2023.

One Board Member was a tenant of Leazes Homes in 2020/21 but stepped down from the Board in May 2020. All transactions with this Board Member took place under normal commercial conditions. There was no tenant Board Members throughout 2021/22.

Entities over which the Society has joint control or significant influence**Your Homes Newcastle Limited (YHN)**

Your Homes Newcastle is the parent of YHN Group, of which Leazes Homes is now a subsidiary. Your Homes Newcastle, as the parent, provided housing management, marketing and public relations support, and financial and accounting services throughout 2022-23 under a contract for management services which commenced in November 2018.

Abri Trading Limited

Abri Trading Ltd is part of the the YHN Group which consists of the parent company Your Homes Newcastle, Abri Trading Ltd and Leazes Homes Ltd. Leazes Homes procures furniture rentals and sales from Abri Trading Limited.

Entities with significant influence over the Society**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. Leazes Homes has also received loans from NCC and has received grant income, both of which are to facilitate the development of new build properties and are held on the balance sheet.

Notes to the Financial Statements at 31 March 2023 (continued)

22 . Related party transactions (continued)

Entities with significant influence over the Society (continued)

Newcastle City Council (NCC) (continued)

The Board members who are present on behalf of Newcastle City Council do not use their position as Board members 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 Board Member would leave the meeting to enable the matter to be discussed in their absence thereby avoiding a conflict of interest.

	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party £'000	*Amounts owed to related party £'000
Children North East				
2023	-	-	-	-
2022	-	8	-	8
NCC				
2023	139	3,012	-	41,094
2022	19	4,676	-	42,102
YHN - Parent				
2023	-	940	-	1
2022	35	937	11	11
Abri - Other group undertaking				
2023	-	321	-	2
2022	-	362	-	20

During the year Leazes Homes drew no loans and received no grants from NCC. Leazes Homes repaid loans of £1,152,200 (2022 £1,103,500).

**Notes to the Financial Statements
at 31 March 2023 (continued)**

23 . Interest and Financing Costs

	2023	2022
	£'000	£'000
Loans and bank overdrafts (net of issue costs)	29,539	30,677
	29,539	30,677
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. The RBS £5m loan is variable interest rates based on SONIA plus 2.1%.

Notes to the Financial Statements at 31 March 2023 (continued)

24 . Debt analysis

	2023 £'000	2022 £'000
Due within one year:		
Local authority loans	1,203	1,152
	1,203	1,152
Due after more than one year:		
Bank loans	5,000	5,000
Local authority loans	23,369	24,572
Less: issue costs	(33)	(47)
	28,336	29,525
	29,539	30,677

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 Society 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 2023 to 2041. The bank loan with RBS is due to be repaid in full by a single instalment on the final repayment date in August 2024.

Maturity of the loans are as follows:	2023 £'000	2022 £'000
In one year or less, or on demand	1,203	1,152
Between one and two years	1,256	1,203
Between two and five years	8,797	3,836
In five years or more	18,316	24,533
	29,572	30,724

All loans are shown on an amortised cost basis.

**Notes to the Financial Statements
at 31 March 2023 (continued)****25 . Ultimate parent undertakings and controlling party**

Leazes Homes Limited is a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing with the Regulator of Social Housing (RSH).

Leazes Homes Limited is a subsidiary of Your Homes Newcastle, a local authority controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of NCC. Copies of the financial statements are available on request from Civic Centre, Barras Bridge, Newcastle upon Tyne, NE1 8PR.

26 . Post balance sheet events

No post balance sheet events have occurred since the year end on 31 March 2023.

