

Leeds Action To Create Homes Limited
T/A LATCH
Annual Report And Financial Statements
For The Year Ended 31 March 2021

LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

LEGAL AND ADMINISTRATIVE INFORMATION

Society number: IP27643R

Management Committee: David Clark
Dennis Bernard
Stephen Boyle (Chair)
Nic Croker
Kat Doneghan
Keith Gibson
Manjeet Gahir (appointed 18 November 2020)
Maggie Gjessing
Samia Hussien
Stephen Oxley
Carol White

Society Secretary: Sue Burgess

Chief Executive: James Hartley

Registered office 176 Chapeltown Road
Leeds
LS7 4HP

Auditor Garbutt & Elliott Audit Limited
33 Park Place
Leeds
LS1 2RY

Bankers Virgin Money
6 Otley Road
Leeds
LS6 2AA

Solicitors Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

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LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

MANAGEMENT COMMITTEE'S REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

The Board of Trustees, who are also the Management Committee for the purposes of reporting under the Co-operative and Community Benefit Societies Act 2014, present their report and the audited financial statements for the year ended 31 March 2021.

Reference and Administrative Details of the Society, its Management Committee and Advisors

Latch Limited ("LATCH") is a Charitable Community Benefit Society with charitable objectives incorporated under the Co-operative and Community Benefit Societies Act 2014 with the registration number 27643R. The society has charitable exemption with H M Revenue and Customs.

The Charitable Community Benefit Society was registered with the FCA on the Mutuals Public Register on the 16th July 1992. The Society is governed by the rules that were agreed at incorporation and recorded on the FCA's Mutuals Public Register.

The Society allows members to join with the requirement of purchasing a share of the nominal value £1. Each member shall only hold one share within the Society. All persons who are in receipt of training or employment by the Society shall be eligible for membership of the Society.

The society information on the Legal and administrative page forms part of this report.

Objectives and activities

In line with our organisational mission LATCH continues to provide housing and support to people who are vulnerable and in housing need. Throughout the year we received a significant number of applications for our supported housing service.

We were able to help 45 people, through the re-letting of 24 of our existing homes and letting 5 newly developed homes. In total during the year LATCH provided housing and support to 150 LATCH tenants and their children.

The main objectives for the year were:

- Continue and complete the property conversion works on our new Latch Creates Project creating 4 new homes
- Deliver a range of volunteering and training opportunities to LATCH clients and others.
- Complete the property renovations works in partnership with Connect Housing creating 10 new homes for future Latch tenants.
- Explore the viability of Latch launching a community share issue for investment in future development projects
- Continue to provide a high-quality support service to Latch

LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

MANAGEMENT COMMITTEE'S REPORT (INCLUDING DIRECTORS' REPORT)

(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance

The achievements and performance this year were effected by the Covid-19 pandemic with the primary impact being the delayed completion of objectives. Covid-19 created significant disruption to operating processes and with staff illness and furloughing to meet safety concerns we were required to adapt and be creative in delivering our services. We managed to do this very well overall.

The Latch Creates Project, to create four new self-contained flats from the conversion of a 5-bedroom property was the main focus of our property development team throughout the year. This was a major project requiring substantial works and was completed in May 2021, 6 weeks behind schedule. These new flats were all let on completion and are now high-quality homes for our tenants.

A key element of the Latch Creates Project was to provide training opportunities to 12 young people and to subsequently provide employment to two of these for a minimum period of six months. We recruited the 12 trainees but their time on site was disrupted by Covid-19. When it was safe to do so all the trainees participated in a series of short training sessions from which two were selected and employed for the remainder of the project. The other trainees were supported around their trainee and employment aspirations.

The property development project in participation with Connect Housing commenced and made good progress. Again Covid-19 made things harder but throughout the year we were able to purchase, refurbish and let 7 properties. This leaves 3 properties to be developed with a deadline for this of 31 March 2022. This project was impacted by the increases in property prices which has made properties harder to obtain due to budget restrictions and the increased cost of building materials has impacted on the project budget.

An assessment of the viability and desirability of a Latch Community Share issue was undertaken and a decision made to proceed with this. Subsequently all the preparatory work for the launch was completed during this financial year and the share issue was prepared for launch in July 2021. The intention is to raise £350,000, which when combined with grant and loan finance enable the purchase and development of 6 new homes during 2021-2022.

The support we have provided over the year has resulted in substantial impact with regards to the housing and socio-economic outcomes for our tenants. The vast majority of tenants moving on from Latch have moved onto independent living and also achieved a number of additional outcomes with regards to health and wellbeing, financial management, employment and skills etc. This work has been complemented by that of our coach who has been working with tenants in new and innovative ways.

We continue to receive a high volume of applications for housing and support and we are doing our very best to help as many people as possible. However, the demand for our services continues to be greater than the supply of properties available and we plan to continue to increase property numbers to remedy this.

The Property Management Service has continued to improve in all areas, with all repairs handled satisfactorily, compliance with legal requirements has been fully met and long-term maintenance tasks completed. We met and surpassed our 2% target with regards to rental income lost to arrears; achieving a smaller loss of 0.42%. We did not meet our voids target of 6 weeks, with actual void turnaround average being 7.5 weeks.

Financial review

The total deficit reported for the year is £15,179 (2020: £354,654 surplus), including capital funding of £20,721 (2020: £427,240). The capital funding this year was received from a Leeds City Council Grant. It was expended on the renovations of properties held as fixed assets which have previously been purchased by the society.

The society's general funds at 31 March 2021 totalled £3,562,508 (2020: £3,538,931), although much of this is tied up in fixed assets. Free reserves (calculated as unrestricted general reserves, less unrestricted general fixed assets) were £130,928 at 31 March 2021; of which £66,247 was held as cash at 31 March 2021.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
MANAGEMENT COMMITTEE'S REPORT (INCLUDING DIRECTORS' REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

The management committee has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held by the charity should be at a level which matches the financial commitments it would be required to honour in the event of a calamitous event that resulted in LATCH needing to close down within a one/two month period. The free reserves at 31 March 2021 were £130,928, which covers 2.5 months forward expenditure excluding property costs (or 1.2 months when calculated using only unrestricted cash held at the year end). The management committee reviews its reserves policy annually.

Principal funding sources this year were from the Power to Change and rental income.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". The charity does not actively raise funds from the public either directly or via use of an agent, according no such amounts are presented in the financial statements for the year under review.

Given the nature of the funding of the charity the Trustees consider that it remains appropriate not to be voluntarily bound to be regulated by the Fundraising Regulator.

The charity has received no complaints in relation to fundraising activity for the year under review.

Risk

Property prices, material costs, Covid, Brexit

With regards to the management of organisational risk an up to date Risk Register is maintained and reviewed by the management committee.

The impact of Covid-19 remains a concern due to the unknown longer-term impact on service delivery and wider economic impact. We have in place clear guidelines for managing the current situation and this change and responds to circumstances as required.

An area of concern is the continuing increase in property prices and building materials. The future projects have allowed for this to a degree and but we are finding that the situation is becoming more challenging and that this may require the utilisation of contingencies within the project budgets. We remain confident that project commitments can be delivered.

Another item in the risk assessment worth noting is the impact of a possible raise in interest rates, due to a significant amount of borrowing being on a variable interest rates. We have 'pressure' tested the organisations finances in regards to this and are confident that through reserves and options to adapt operating procedures we can mitigate this risk. We have also explored the option of moving some borrowing on to fixed rates and continue to monitor the suitability of doing this in light of economic events.

The Management committee has assessed the major risks to which the Society is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

MANAGEMENT COMMITTEE'S REPORT (INCLUDING DIRECTORS' REPORT)

(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Plans for Future Periods

- Purchase and Refurbish 8 new properties;
- Launch and secure the community share issue funds;
- Establish the coach house project;
- Make progress with Registered Provider status registration;
- Complete the property renovations works in partnership with Connect Housing creating 3 new homes for future Latch tenants;
- Deliver a range of volunteering and training opportunities to LATCH clients and others; and
- Continue to provide a high-quality support service to Latch.

Structure, governance and management

LATCH is governed by a constitution which defines the charitable objects and rules of the organisation. These are known as 'Rules of Leeds Action To Create Homes Limited'.

Recruitment of new members to the management committee is done through advertising and promotion of the service through local events and community contacts. There are 2 places on the committee for both tenant and volunteer representatives.

All new members are required to attend a full induction session where they are provided with an induction pack. The induction provides new members with the opportunity to familiarise themselves with the history, organisational and operational structure of LATCH.

Committee members are encouraged to take up training opportunities which will enhance their knowledge and skills and a small budget is available for this purpose.

Management of the society is organised so that the management committee meets regularly to manage its affairs. There are 4 staff members responsible for day to day operational and strategic management. Reports, both verbal and written are submitted at bi-monthly meetings.

The management committee continues to conduct its own review of the major risks to which the society is exposed and systems are being established to mitigate those risks. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects. These procedures are reviewed periodically to ensure they still meet the needs of the society.

Senior management remuneration policy

The management committee consider the Chief Executive, the Property Services Manager, and the Business & Supported Housing Manager as the society's key management personnel in charge of directing and controlling the society and running and operating the society on a day to day basis.

The pay of the society's key personnel is reviewed annually and increased in accordance with the guidance contained within the LATCH Remuneration Policy and Procedures. These procedures ensure that pay increases are affordable to LATCH and are in-line with the pay rates within the sector.

Auditor

At the last AGM the auditor, Garbutt & Elliott Audit Limited were re-appointed in accordance with s.83 of the Co-operative and Community Benefit Societies Act 2014. Garbutt & Elliott Audit Limited will be proposed for re-appointment in accordance with s.83 of the Co-operative and Community Benefit Societies Act 2014 as they have expressed their willingness to be re-appointed.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
MANAGEMENT COMMITTEE'S REPORT (INCLUDING DIRECTORS' REPORT)
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Statement of the Responsibilities of the Board of Trustees

The Co-operative and Community Benefits Society Act 2014 requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society as at the end of the financial year and of its income and expenditure for the year ended on that date. In preparing those financial statements, the Board of Trustees has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards;
- prepared the financial statements on a going concern basis, unless it is inappropriate to presume that the society will continue in business.

The Board of Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society. It is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The management committee's report was approved by the Board of Management Committee.

S. Boyle

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Stephen Boyle

Chair of Management Committee

Dated: 18/10/2021.....

LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT COMMITTEE OF LEEDS ACTION TO CREATE HOMES LIMITED

Opinion

We have audited the financial statements of Leeds Action to Create Homes Limited (the 'Society') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 society's affairs as at 31 March 2021 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.

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 Society 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 management committee'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 Society'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 Management committee 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 annual report other than the financial statements and our auditor's report thereon. The Management committee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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 course of 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MANAGEMENT COMMITTEE OF LEEDS ACTION TO CREATE HOMES LIMITED

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 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the management committee's report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Management committee

As explained more fully in the committee of management's responsibilities statement, the committee of management 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 they 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 committee of management are responsible for assessing the society'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 committee of management either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the trustees and other management, and from inspection of the society's regulatory and legal correspondence. We discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The Society is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental, health and safety, employment legislation and safeguarding, and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

**LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MANAGEMENT COMMITTEE OF LEEDS ACTION TO CREATE HOMES LIMITED**

To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the society to commit fraud. Our risk assessment procedures included: enquiry of trustees and other management to understand the high level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures we identified the greatest potential for fraud in the following areas:

- income recognition and in particular the risk that income is recognised in the wrong reporting period and that restricted income is incorrectly recognised as unrestricted; and
- subjective accounting estimates.

These fraud risks arise due to a potential desire to present the results in a differing light to suit management objectives.

As required by auditing standards we also identified and addressed the risk of management override of controls. We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation;
- assessing significant accounting estimates for bias; and
- testing the recognition of income and in particular that it was complete and appropriately recognised or deferred.

Owing 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, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the society, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society 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 society, for our audit work, for this report, or for the opinions we have formed.

Garbutt & Elliott Audit Limited

**Laura Masheder (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited**

20/10/2021
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**Chartered Accountants
Statutory Auditor**

33 Park Place
Leeds
LS1 2RY

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | Unrestricted 2021 £ | Designated 2021 £ | Restricted 2021 £ | Total 2021 £ | Total 2020 £ |
|--|-------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>Income from:</u> | | | | | | |
| Donations and legacies | 3 | 35,343 | - | - | 35,343 | 13,808 |
| Charitable activities | 4 | 798,474 | - | 175,036 | 973,510 | 1,159,553 |
| Investments | 5 | 23 | - | - | 23 | 75 |
| Other income | | 11,213 | - | - | 11,213 | - |
| Total income | | <u>845,053</u> | <u>-</u> | <u>175,036</u> | <u>1,020,089</u> | <u>1,173,436</u> |
| <u>Expenditure on:</u> | | | | | | |
| Charitable activities | 6 | <u>751,477</u> | <u>96,880</u> | <u>186,911</u> | <u>1,035,268</u> | <u>818,782</u> |
| Net income/(expenditure) before transfers | | 93,576 | (96,880) | (11,875) | (15,179) | 354,654 |
| Gross transfers between funds | | (221,168) | 248,037 | (26,869) | - | - |
| Net (expenditure)/income for the year | | <u>(127,592)</u> | <u>151,157</u> | <u>(38,744)</u> | <u>(15,179)</u> | <u>354,654</u> |
| Net movement in members capital | | 12 | - | - | 12 | (2) |
| Net movement in income funds | | <u>(127,580)</u> | <u>151,157</u> | <u>(38,744)</u> | <u>(15,167)</u> | <u>354,652</u> |
| Fund balances at 1 April 2020 | | <u>630,256</u> | <u>2,908,675</u> | <u>356,081</u> | <u>3,895,012</u> | <u>3,540,360</u> |
| Fund balances at 31 March 2021 | | <u><u>502,676</u></u> | <u><u>3,059,832</u></u> | <u><u>317,337</u></u> | <u><u>3,879,845</u></u> | <u><u>3,895,012</u></u> |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

A fully detailed Statement of Financial Activities for the year ended 31 March 2020 is shown at note 26.

The notes on pages 11 to 27 form part of these financial statements.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
BALANCE SHEET
AS AT 31 MARCH 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|-----------|-------------|-----------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 6,107,979 | | 5,951,912 |
| Current assets | | | | | |
| Debtors | 12 | 116,629 | | 135,791 | |
| Cash at bank and in hand | | 66,247 | | 316,963 | |
| | | 182,876 | | 452,754 | |
| Creditors: amounts falling due within one year | 14 | (149,470) | | (109,138) | |
| Net current assets | | | 33,406 | | 343,616 |
| Total assets less current liabilities | | | 6,141,385 | | 6,295,528 |
| Creditors: amounts falling due after more than one year | 15 | | (2,261,540) | | (2,400,516) |
| Net assets | | | 3,879,845 | | 3,895,012 |
| Charity funds | | | | | |
| Restricted funds | 19 | | 317,337 | | 356,081 |
| <u>Unrestricted funds</u> | | | | | |
| General unrestricted funds | | 502,568 | | 630,160 | |
| Unrestricted funds - designated | 20 | 3,059,832 | | 2,908,675 | |
| | | 3,562,400 | | 3,538,835 | |
| Members' capital | 18 | 108 | | 96 | |
| | | | 3,562,508 | | 3,538,931 |
| | 21 | | 3,879,845 | | 3,895,012 |

The financial statements were approved by the Management Committee on 17/10/2021 and signed on its behalf by:

DA Clarke

David Clark
Committee Member

Sue Burgess

Sue Burgess
Secretary

KR Gibson

Keith Gibson
Committee Member

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 25 | | 182,161 | | 441,553 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (316,218) | | (792,842) | |
| Dividends and interest received | | 23 | | 75 | |
| Net cash used in investing activities | | | (316,195) | | (792,767) |
| Financing activities | | | | | |
| Net proceeds from issue/(redemption) of members capital | | 12 | | (2) | |
| Proceeds from new other loans drawn | | - | | 313,011 | |
| Repayment of other loans | | (67,067) | | (18,781) | |
| Proceeds of new bank loans | | - | | 153,000 | |
| Repayment of bank loans | | (49,627) | | (45,756) | |
| Net cash (used in)/generated from financing activities | | | (116,682) | | 401,472 |
| Net (decrease)/increase in cash and cash equivalents | | | (250,716) | | 50,258 |
| Cash and cash equivalents at beginning of year | | | 316,963 | | 266,705 |
| Cash and cash equivalents at end of year | | | 66,247 | | 316,963 |

LEEDS ACTION TO CREATE HOMES LIMITED

T/A LATCH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Community Benefit Society information

Leeds Action To Create Homes Limited is registered with the Co-operative and Community Benefit Societies Act 2014 as a Registered Society (Number: 27643R) with charitable status. The registered office is 176 Chapeltown Road, Leeds, LS7 4HP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's constitution, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective for accounting periods commencing from 1 January 2019) and the Co-operative and Community Benefit Societies Act 2014. The Society is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Society. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Management committee have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Whilst the global economy has been significantly impacted by the COVID-19 virus, the Society still has free reserves sufficient to meet its immediate requirements and significant housing stock to enable it to continue to generate income. Thus the Management committee continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Management committee in furtherance of their charitable objectives.

Designated funds relate to unrestricted funds set aside by the trustees that are in use for the purpose of maintaining and refurbishing properties.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Society is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Society has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid is recognised at the time of the donation.

Income from government grants and other grants whether 'capital grants' or 'revenue grants' is recognised when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably and not deferred.

LEEDS ACTION TO CREATE HOMES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

When income is received for expenditure in a future accounting period, that amount is deferred.

Rents receivable are stated net after voids but before provision is made for bad and doubtful debts.

Investment income is included when receivable and the amount can be measured reliably by the charity.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligations can be measured reliably. Expenditure is classified under the following activity headings:

- Housing Support
- Housing Management
- Training and Property Renovations Facility

Expenditure on charitable activities includes the costs of activities undertaken to further the purpose of the society, and their associated support costs. Irrecoverable VAT is charged as a cost against the activity for which the expenditure incurred.

The society's activities are classified as exempt for the purposes of value added tax, and the society is unable to reclaim the value added tax it suffers on its expenditure. Expenditure in these financial statements is therefore shown inclusive of value added tax.

Support costs are those functions that assist the work of the society but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Society's activities. The bases on which support costs have been allocated are set out in note 7.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Individual assets costing £1,000 or more are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|----------------------------|
| Freehold buildings | 2% straight line |
| Leasehold buildings | Over the life of the lease |
| Fixtures and fittings | 25% straight line |
| Motor vehicles | 25% straight line |

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the Society reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The Society has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Society's balance sheet when the Society becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors

Prepayments and accrued income represent time apportioned expenses or income to be recognised in a future accounting period.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the income and expenditure account.

Creditors, loans and provisions

Creditors, loans and provisions are recognised where the society has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors, loans and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial liabilities are derecognised when, and only when, obligations are discharged, cancelled or they expire.

Amounts recognised as provisions are best estimates of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

As permitted by paragraph 34.90 of FRS 102, Concessionary Loans are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

1.10 Taxation

The society is a charity within the meaning of schedule 6 of the Finance Act 2010. Accordingly, the society is potentially entitled to tax exemption under part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 in respect of income and gains arising, given this, no tax charge arises.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.11 Staff costs

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Society is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the Society's accounting policies, the Management committee are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

Value of freehold land

The value of freehold land and buildings in the financial statement is a key figure. The accounting policy is to not depreciate the freehold land element of land and buildings. An estimate has been made that 30% of the historical cost comprised land and the remaining 70% buildings. Accordingly, 30% of the cost of freehold land and buildings has not been depreciated.

3 Donations and legacies

| | 2021 | 2020 |
|---|---------------|---------------|
| | £ | £ |
| General donations | 775 | 7,441 |
| Coronavirus job retention scheme grants | 18,346 | - |
| Other income | 16,222 | 6,367 |
| | <u>35,343</u> | <u>13,808</u> |

The society benefits greatly from the involvement and enthusiastic support of a number of volunteers. In accordance with FRS 102 the economic contribution of volunteers is not recognised in the accounts.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

| | 2021 | 2020 |
|--|----------------|------------------|
| | £ | £ |
| Grant and contract income | 175,036 | 501,900 |
| Ancillary trading income | 51,026 | - |
| Rents receivable | 747,448 | 657,653 |
| | <u>973,510</u> | <u>1,159,553</u> |
| Analysis by fund | | |
| Unrestricted funds - general | 798,474 | 657,653 |
| Restricted funds | 175,036 | 501,900 |
| | <u>973,510</u> | <u>1,159,553</u> |
| Grant and contract income | | |
| LCC Right to Buy 2 | - | 60,109 |
| LandAid 2 | - | 24,790 |
| LCC Right to Buy 3 | 20,721 | 102,187 |
| Power to Change | 51,350 | 243,716 |
| Clothworkers' Foundation | - | 29,000 |
| | <u>72,071</u> | <u>459,802</u> |
| <i>Training and property renovations</i> | | |
| ESF Community Grants | - | 7,644 |
| LAQM | - | 26,342 |
| Community Fund (A4A) | - | 8,112 |
| Enable communities | 4,982 | - |
| Turning Lives Around | 21,053 | - |
| Homeless Link | 36,877 | - |
| | <u>62,912</u> | <u>42,098</u> |
| <i>Housing support and management</i> | | |
| Power to Change | 8,000 | - |
| Co-operatives UK | 10,000 | - |
| LandAid - Covid support | 22,053 | - |
| | <u>40,053</u> | <u>-</u> |
| <i>Support costs and overheads</i> | | |
| | <u>175,036</u> | <u>501,900</u> |

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

5 Investments

| | 2021 | 2020 |
|---------------------|-------------|-------------|
| | £ | £ |
| Interest receivable | 23 | 75 |

6 Charitable activities

| | Housing Support | Housing Management | Training & property renovations facility | Total |
|--|----------------------------|-------------------------------|---|------------------|
| | 2021 | 2021 | 2021 | 2021 |
| | £ | £ | £ | £ |
| Staff costs | 184,785 | 42,138 | 162,389 | 389,312 |
| Property repairs and maintenance | - | 51,204 | 69,893 | 121,097 |
| Property management | 3,591 | 75,661 | 9,010 | 88,262 |
| Volunteer expenses | 441 | - | 327 | 768 |
| Training and courses | 9,366 | 927 | 917 | 11,210 |
| | <u>198,183</u> | <u>169,930</u> | <u>242,536</u> | <u>610,649</u> |
| Share of support costs (see note 7) | 64,027 | 200,558 | 151,586 | 416,171 |
| Share of governance costs (see note 7) | 929 | 3,717 | 3,802 | 8,448 |
| | <u>263,139</u> | <u>374,205</u> | <u>397,924</u> | <u>1,035,268</u> |
| Analysis by fund | | | | |
| Unrestricted funds - general | 263,139 | 90,414 | 397,924 | 751,477 |
| Unrestricted funds - Designated | - | 96,880 | - | 96,880 |
| Restricted funds | - | 186,911 | - | 186,911 |
| | <u>263,139</u> | <u>374,205</u> | <u>397,924</u> | <u>1,035,268</u> |

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

6 Charitable activities

(Continued)

| | Housing Support | Housing Management | Training & property renovations facility | Total |
|--|----------------------------|-------------------------------|---|----------------|
| | 2020 | 2020 | 2020 | 2020 |
| | £ | £ | £ | £ |
| Staff costs | 115,141 | 8,163 | 124,313 | 247,617 |
| Property repairs and maintenance | - | 31,299 | 37,625 | 68,924 |
| Property management | - | 60,995 | 23,049 | 84,044 |
| Volunteer expenses | 32 | - | 1,768 | 1,800 |
| Training and courses | 10,572 | 4,911 | 817 | 16,300 |
| | <u>125,745</u> | <u>105,368</u> | <u>187,572</u> | <u>418,685</u> |
| Share of support costs (see note 7) | 108,403 | 231,448 | 52,470 | 392,321 |
| Share of governance costs (see note 7) | 1,166 | 4,355 | 2,255 | 7,776 |
| | <u>235,314</u> | <u>341,171</u> | <u>242,297</u> | <u>818,782</u> |
| Analysis by fund | | | | |
| Unrestricted funds - general | 235,314 | 168,095 | 242,297 | 645,706 |
| Unrestricted funds - Designated | - | 95,911 | - | 95,911 |
| Restricted funds | - | 77,165 | - | 77,165 |
| | <u>235,314</u> | <u>341,171</u> | <u>242,297</u> | <u>818,782</u> |

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

7 Support costs

| | Support costs | Governance costs | 2021 | 2020 | Basis of allocation |
|------------------------------|----------------|------------------|----------------|----------------|---------------------|
| | £ | £ | £ | £ | |
| Staff costs | 75,022 | - | 75,022 | 64,867 | Usage |
| Depreciation | 160,151 | - | 160,151 | 140,767 | Direct |
| Office premises and repairs | 15,764 | - | 15,764 | 13,658 | D/U |
| Office supplies and sundries | 21,028 | - | 21,028 | 16,682 | D/U |
| Publicity | 14,547 | - | 14,547 | 9,620 | Usage |
| Telephone | 5,671 | - | 5,671 | 6,969 | D/U |
| Book-keeping & consultancy | 22,883 | - | 22,883 | 23,297 | D/U |
| Motor and travel costs | 18,904 | - | 18,904 | 20,971 | D/U |
| Legal fees | 588 | - | 588 | 3,276 | Direct |
| Loan interest | 80,315 | - | 80,315 | 90,023 | Direct |
| Other | 1,298 | - | 1,298 | 2,191 | Usage |
| Professional fees | - | 8,448 | 8,448 | 7,776 | Governance |
| | <u>416,171</u> | <u>8,448</u> | <u>424,619</u> | <u>400,097</u> | |

D/U - Support costs are a combination of direct and usage.

Governance costs includes fees paid/payable to the auditors for audit services totalling £5,350 (2020 - £3,950) and for other services totalling £2,400 (2020 - £2,300).

8 Net movement in funds

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Net movement in funds is stated after charging/(crediting): | | |
| Fees payable to the society's auditor for the audit of the society's financial statements | 5,350 | 3,950 |
| Depreciation of owned tangible fixed assets | <u>160,151</u> | <u>140,767</u> |

9 Management Committee

None of the Management committee (or any persons connected with them) received any remuneration or benefits from the Society during the year (2020 - none).

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

10 Staff costs and cost of key management personnel

Number of employees

The average number of employees, excluding members, analysed by function was:

| | 2021 | 2020 |
|-------------------------------|---------------|---------------|
| | Number | Number |
| Supported housing | 6 | 6 |
| Property management | 3 | 3 |
| Property development | 6 | 6 |
| Management and administration | 2 | 2 |
| | <u>17</u> | <u>17</u> |

Employment costs were as follows:

| | 2021 | 2020 |
|-------------------------------------|-----------------|------------------|
| | £ | £ |
| Wages and salaries | 461,010 | 403,451 |
| Social security costs | 33,860 | 31,995 |
| Pension costs | 20,122 | 20,998 |
| Other staff costs | 10,558 | 4,594 |
| Total staff costs | <u>525,550</u> | <u>461,038</u> |
| Staff costs capitalised in the year | <u>(61,216)</u> | <u>(148,554)</u> |
| Staff costs charged to expenditure | <u>464,334</u> | <u>312,484</u> |

Staff costs of £61,216 (2020 - £148,554) have been capitalised due to the capital improvement nature of the work that staff carried out on the society's properties.

The key management personnel of LATCH are the Chief Executive, the Property Services Team Leader, Property Refurbishment Team Leader and the Supported Housing Manager. The total employee benefits of the key management personnel of the charity were £154,714 (2020 - £124,676 - Chief Executive, the Property Services Manager, and the Business & Supported Housing Manager).

There were no employees whose annual remuneration was £60,000 or more in either the current or previous financial year.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets

| | Freehold land and buildings | Leasehold land and buildings | Fixtures and fittings | Motor vehicles | Total |
|------------------------------------|--------------------------------|------------------------------------|-----------------------|----------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 April 2020 | 5,177,788 | 1,393,595 | 197,373 | 24,640 | 6,793,396 |
| Additions | 255,197 | 7,507 | 44,414 | 9,100 | 316,218 |
| At 31 March 2021 | 5,432,985 | 1,401,102 | 241,787 | 33,740 | 7,109,614 |
| Depreciation and impairment | | | | | |
| At 1 April 2020 | 321,296 | 417,248 | 82,562 | 20,378 | 841,484 |
| Depreciation charged in the year | 82,025 | 24,755 | 49,696 | 3,675 | 160,151 |
| At 31 March 2021 | 403,321 | 442,003 | 132,258 | 24,053 | 1,001,635 |
| Carrying amount | | | | | |
| At 31 March 2021 | 5,029,664 | 959,099 | 109,529 | 9,687 | 6,107,979 |
| At 1 April 2020 | 4,856,492 | 976,347 | 114,811 | 4,262 | 5,951,912 |

Included within freehold land and buildings is land valued at £1,203,391 (2020 - £1,203,391) which is not depreciated.

12 Debtors

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Rental and grant income debtors | 85,683 | 117,720 |
| Prepayments and accrued income | 30,946 | 18,071 |
| | 116,629 | 135,791 |

13 Loans and overdrafts

| | 2021 £ | 2020 £ |
|-------------------------|-----------|-----------|
| Bank loans | 1,631,729 | 1,681,356 |
| Other loans | 721,735 | 788,802 |
| | 2,353,464 | 2,470,158 |
| Payable within one year | 91,924 | 69,642 |
| Payable after one year | 2,261,540 | 2,400,516 |
| | 2,353,464 | 2,470,158 |

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

13 Loans and overdrafts

(Continued)

Three loans have been drawn down with Triodos Bank:

The first loan was for a total amount £431,839 drawn down in February 2017, with a total amount outstanding at the year end of £385,351 (2020 - £397,304). The facility is to be repaid over 25 years at an interest rate of 3% over base with a minimum rate of 3.5%.

The second loan has the facility to draw down funds of up to £1.168m. The loan was fully drawn down in the year to March 2019, with a balance as at the balance sheet date of £1,098,627 (2020 - £1,132,602). The facility is to be repaid over 25 years at an interest rate of 3% over base with a minimum rate of 3.5%.

The third loan was for a total amount £153,000 drawn down in November 2019, with a total amount outstanding at the year end of £147,751 (2020 - £151,450). The facility is to be repaid over 25 years at an interest rate of 3% over base with a minimum rate of 3.75%.

These loans are secured by a legal charge over 23 freehold properties and 13 long leasehold properties owned and possessed by LATCH.

A loan of £36,711 was obtained from Connect Housing in the year to March 2012 to renovate a property leased from Connect Housing. It is to be repaid over 15 years at an interest rate of 6%. This loan will cease if LATCH relinquishes the property the loan relates to. At the year end, the balance outstanding is £18,587 (2020 - £21,101), and is included within Other loans.

A concessionary loan of £65,000 was obtained from the Quaker Housing Trust in the year to March 2013 which is to be repaid over 20 years, the loan is interest free and secured by a first legal charge on 18 Hillcrest View, a property owned by LATCH. At the year end, the balance outstanding is £39,000 (2020 - £42,200) and is included within Other loans.

A loan facility with Leeds City Council is held with maximum draw down funds of up to £676,000, which was fully drawn down in the year to March 2020. The facility is to be repaid over 30 years at an interest rate of 3.75%. At the year end, the balance outstanding is £652,688 (2020 - £699,790) including interest accrued on the loan and is included within Other loans.

A loan is held with Homeless Link which allowed a maximum draw down of up to £42,000. The loan is due to be repaid over 3 years at an interest rate of 8%. At the year end, a balance of £11,460 (2020 - £25,711) remaining outstanding and is included within Other loans.

14 Creditors: amounts falling due within one year

| | Notes | 2021 £ | 2020 £ |
|------------------------------|--------------|-------------------|-------------------|
| Bank loans | 13 | 51,239 | 49,627 |
| Other borrowings | 13 | 40,685 | 20,015 |
| Trade creditors | | 21,501 | 29,253 |
| Accruals and deferred income | | 36,045 | 10,243 |
| | | <u>149,470</u> | <u>109,138</u> |

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

15 Creditors: amounts falling due after more than one year

| | Notes | 2021 £ | 2020 £ |
|------------------|-------|------------------|------------------|
| Bank loans | 13 | 1,580,490 | 1,631,729 |
| Other borrowings | 13 | 681,050 | 768,787 |
| | | <u>2,261,540</u> | <u>2,400,516</u> |

16 Deferred income

| | 2021 £ | 2020 £ |
|----------------------|-----------|-----------|
| Brought forward | - | 26,342 |
| Released in the year | - | (26,342) |
| Deferred in the year | - | - |
| | <u>-</u> | <u>-</u> |
| Carried forward | - | - |
| | <u>-</u> | <u>-</u> |

17 Retirement benefit schemes

Defined contribution schemes

The society has made arrangements for a defined contribution scheme with Friends Provident for which all staff are eligible. The contribution rate of 5% of gross salary paid by the society is charged to the accounts in the period to which it relates. The charge to the statement of financial activity in respect of defined contribution schemes was £17,546 (2020 - £14,745). A further £2,576 (2020 - £6,253) was capitalised and is included within fixed asset additions.

18 Members' capital

| | 2021 £ | 2020 £ |
|--|------------|-----------|
| Ordinary shares of £1 as at 1 April 2020 | 96 | 98 |
| Ordinary shares of £1 issued in the year | 38 | 35 |
| Ordinary shares of £1 redeemed in the year | (26) | (37) |
| | <u>108</u> | <u>96</u> |
| Ordinary shares of £1 as at 31 March 2021 | <u>108</u> | <u>96</u> |

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| Current year | Balance at 1 April 2020 £ | Movement in funds | | Transfers £ | Balance at 31 March 2021 £ |
|--|---------------------------------|-------------------|------------------|-----------------|----------------------------------|
| | | Income £ | Expenditure £ | | |
| Community Fund (A4A) | 5,498 | - | (3,192) | (2,306) | - |
| LCC Right to Buy 3 | 101,723 | 20,721 | (1,545) | - | 120,899 |
| Power to Change - Community Business Fund | 190,750 | 51,350 | (86,744) | - | 155,356 |
| Power to Change - Homes in Communities Hands | 26,370 | - | (1,807) | (24,563) | - |
| ESF Community Grants | 2,872 | - | (2,872) | - | - |
| Clothworkers Foundation | 28,868 | - | (363) | - | 28,505 |
| Power to Change - Business Development Support | - | 8,000 | (8,000) | - | - |
| Co-operatives UK - Community Shares Booster Programme | - | 10,000 | (6,925) | - | 3,075 |
| Turning Lives Around | - | 21,053 | (21,053) | - | - |
| Homeless Link - Covid support | - | 36,877 | (36,877) | - | - |
| LandAid - Covid support | - | 22,053 | (12,551) | - | 9,502 |
| En:Able Communities | - | 4,982 | (4,982) | - | - |
| | <u>356,081</u> | <u>175,036</u> | <u>(186,911)</u> | <u>(26,869)</u> | <u>317,337</u> |

The Leeds City Council Right to Buy Grant Programmes funding is to enable LATCH to bring into use long term empty properties.

LandAid Grants were awarded in the year to enable LATCH to bring into use long term empty properties to house individuals between 18 and 25 years old.

The Homeless Link grant was awarded in the year to help enable LATCH to deliver increased support for tenants.

The Community Fund (A4A) grant was awarded in the year to provide capital funds for organisational development including IT infrastructure, new phone systems and office decoration.

The LAQM grant was awarded in the year to enable LATCH to hire a new support worker to continue to provide support for tenants.

The Power to Change and Clothworkers Foundation grants were awarded in the year to help fund the capital and revenue expenditure for the purchase and refurbishment of a property as part of the Latch Creates project.

The ESF Community Grant was to enable the provision of training and employment services to trainees and tenants.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

19 Restricted funds

(Continued)

Power to Change - Business Development Support: Revenue funding provided to LATCH to develop and deliver a new publicity and marketing strategy and for staff development.

Co-operatives UK - Community Shares Booster Programme: Revenue funding to engage professional services for the development and promotion of the LATCH community share issue.

Turning Lives Around: Revenue funding to cover staff and service delivery costs for the Housing First support project.

Homeless Link - Covid support: Revenue funding to cover the loss of rental and other income due to delays in the completion of project as a consequence of Covid-19

En:Able Communities: Revenue funding for the provision of training and employment support to LATCH trainees.

Following the completion of significant property refurbishment projects, at the year end the Community Fund (A4A) and Power to Change - Homes in Communities Hands funds were derestricted as no restrictions were longer placed on these funds. At the balance sheet date, the closing balance of these funds were transferred into the designated property fund.

Included within the amounts received from the Co-operatives UK: Community Shares Booster Programme and LandAid: Covid support are amounts of £3,075 and £9,502 (2020 - Community Fund (A4A), Right to Buy Grant, Power to Change - Community Business Fund, Power to Change: Homes in Communities Hands and Clothworkers Grants are amounts of £2,039, £52,046, £79,785, £1,493 and £26,328) of cash available respectively to be carried forward and spent on costs incurred on the respective projects.

| Prior year | Movement in funds | | | | Balance at 31 March 2020 £ |
|---|----------------------------|--------------------|-----------------|------------------|----------------------------------|
| | Balance at 1 April 2019 | Income Expenditure | | Transfers | |
| | £ | £ | £ | £ | |
| LandAid | 98,528 | - | (1,722) | (96,806) | - |
| LCC Right to Buy 2 | 204,448 | 60,109 | (3,267) | (261,290) | - |
| Homeless Link | 10,500 | - | (10,960) | 460 | - |
| LandAid 2 | - | 24,790 | (296) | (24,494) | - |
| Community Fund (A4A) | - | 8,112 | (2,614) | - | 5,498 |
| LCC Right to Buy 3 | - | 102,187 | (464) | - | 101,723 |
| LAQM | - | 26,342 | (26,342) | - | - |
| Power to Change - Community Business Fund | - | 217,226 | (26,476) | - | 190,750 |
| Power to Change - Homes in Communities Hands | - | 26,490 | (120) | - | 26,370 |
| ESF Community Grants | - | 7,644 | (4,772) | - | 2,872 |
| Clothworkers Foundation | - | 29,000 | (132) | - | 28,868 |
| | <u>313,476</u> | <u>501,900</u> | <u>(77,165)</u> | <u>(382,130)</u> | <u>356,081</u> |

20 Designated funds

At 31 March 2018 a designated property fund was created. The value of this fund represents the book value of housing stocks, excluding those held in restricted funds, less liabilities outstanding in respect of capital loans used to finance those housing stocks.

LEEDS ACTION TO CREATE HOMES LIMITED
T/A LATCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

21 Analysis of net assets between funds

| | General funds | Designated property funds | Restricted funds | Total |
|---|----------------------|----------------------------------|-------------------------|------------------|
| | £ | £ | £ | £ |
| Fund balances at 31 March 2021 are represented by: | | | | |
| Tangible assets | 371,748 | 5,413,296 | 322,935 | 6,107,979 |
| Current assets/(liabilities) | 130,928 | (91,924) | (5,598) | 33,406 |
| Long term liabilities | - | (2,261,540) | - | (2,261,540) |
| | <u>502,676</u> | <u>3,059,832</u> | <u>317,337</u> | <u>3,879,845</u> |
| | | | | |
| | General funds | Designated property funds | Restricted funds | Total |
| | £ | £ | £ | £ |
| Fund balances at 31 March 2020 are represented by: | | | | |
| Tangible assets | 376,093 | 5,378,833 | 196,986 | 5,951,912 |
| Current assets/(liabilities) | 254,163 | (69,642) | 159,095 | 343,616 |
| Long term liabilities | - | (2,400,516) | - | (2,400,516) |
| | <u>630,256</u> | <u>2,908,675</u> | <u>356,081</u> | <u>3,895,012</u> |

22 Operating lease commitments

At the reporting end date the Society had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2021 | 2020 |
|----------------------------|---------------|---------------|
| | £ | £ |
| Within one year | 7,550 | 8,400 |
| Between two and five years | 30,193 | 30,195 |
| In over five years | 38,502 | 46,050 |
| | <u>76,245</u> | <u>84,645</u> |

23 Events after the reporting date

Latch launched a community share issue in July 2021 with the aim to use the funds to purchase and develop 6 additional properties during 2021-2022. The share issue reached its maximum target of £550,000 and is now closed. The number of shares issued was 550,000, at £1 each, a total of £550,000. This was from 134 investors who are now members of Latch. The shareholders have rights relating to their investments in regards to the payment of interest and principal and as members also having voting rights as single members at the Latch Annual General meeting.

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24 Related party transactions

Each resident is also a member of the society for the purposes of maintaining its community benefit society status. Rents of £747,448 (2020: £657,653) were paid by either the residents directly or via their benefit arrangements. No individual member resident has significant influence over the organisation.

There are no other related party transactions which require disclosure.

| 25 Cash generated from operations | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| (Deficit)/surplus for the year | (15,179) | 354,654 |
| Adjustments for: | | |
| Investment income | (23) | (75) |
| Depreciation of tangible fixed assets | 160,151 | 140,767 |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | 19,162 | (55,732) |
| Increase in creditors | 18,050 | 28,281 |
| (Decrease) in deferred income | - | (26,342) |
| Cash generated from operations | 182,161 | 441,553 |

26 Analysis of changes in net (debt)/funds

| | At 1 April 2020 | Cash flows | At 31 March 2021 |
|--|------------------------|-------------------|-------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 316,963 | (250,716) | 66,247 |
| Loans falling due within one year | (69,642) | (22,282) | (91,924) |
| Loans falling due after more than one year | (2,400,516) | 138,976 | (2,261,540) |
| | <u>(2,153,195)</u> | <u>(134,022)</u> | <u>(2,287,217)</u> |

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27 Comparative Statement of Financial Activities

| | Unrestricted £ | Designated £ | Restricted £ | Total £ |
|--|-------------------|------------------|-----------------|------------------|
| <u>Income from:</u> | | | | |
| Donations and legacies | 13,808 | - | - | 13,808 |
| Charitable activities | 657,653 | - | 501,900 | 1,159,553 |
| Investments | 75 | - | - | 75 |
| Total income | 671,536 | - | 501,900 | 1,173,436 |
| <u>Expenditure on:</u> | | | | |
| Charitable activities | 645,706 | 95,911 | 77,165 | 818,782 |
| Net income/(expenditure) before transfers | 25,830 | (95,911) | 424,735 | 354,654 |
| Gross transfers between funds | 64,697 | 317,433 | (382,130) | - |
| Net income for the year | 90,527 | 221,522 | 42,605 | 354,654 |
| Net movement in members capital | (2) | - | - | (2) |
| Net movement in income funds | 90,525 | 221,522 | 42,605 | 354,652 |
| Fund balances at 1 April 2019 | 539,731 | 2,687,153 | 313,476 | 3,540,360 |
| Fund balances at 31 March 2020 | 630,256 | 2,908,675 | 356,081 | 3,895,012 |