

Canopy Housing Project Limited
(Operating as Canopy Housing)
Report and Financial Statements
for the year ended 31 December 2022

Registered Society Number: IP28665R

Canopy Housing Project Limited
31 December 2022
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Canopy Housing Project Limited
31 December 2022
Board of Management and Advisers

Board of Management (Trustees)	Keith Gibson (Chair) Bridget Relton (Secretary) Mhairi Tomlinson, resigned as Treasurer 28 June 2022 Martyn Broadest Janet Onslow Mark Rutherford Lyn Charters Anna Lysakowska Danielle Joy (Treasurer), appointed 28 June 2022 Kinga Salisbury, appointed 28 June 2022 Leroy Ivanov, appointed 28 June 2022
Chief Executive	David Nugent
Registered Office	66 Burley Lodge Road Leeds LS6 1QF
Independent Auditor	Sagars Accountants Ltd. (from 2022) Gresham House 5-7 St Pauls Street Leeds LS1 2JG
Bank	The Co-operative Bank plc Olympic House 6 Olympic Court Montford Street Salford M5 2QP Unity Trust Bank Plc. Nine Brindleyplace Birmingham B1 2HB

Canopy Housing Project Limited

Report of the Board of Management for the year ended 31 December 2022

The Board of Management is pleased to present the annual report together with the audited financial statements for the year ended 31 December 2022. The financial statements comply with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Structure, governance and management

The Canopy Housing Project Limited (Canopy) is a registered Society under the Co-operative and Communities Benefit Societies Act 2014. Canopy's details are available on the Mutuals Public Register held with the Financial Conduct Authority under registration number 28665R and has charitable status with HMRC.

Governance of Canopy Housing Project Limited (Canopy) is laid out in a document known as the Rules of The Canopy Housing Project. The Rules require Canopy to be managed by the Board of Management (the Board) which shall have not less than three and no more than twelve members. A board member shall hold office until the end of the Annual General Meeting three years after their election. Retiring members shall be eligible for re-election once at the Annual General Meeting at which they retire.

Methods adopted for recruitment

New board members are sought to fill any post vacated or to address any identified need in skills, knowledge, or experience that the Board deems required to best fulfil their responsibilities. Prospective board members are invited to visit Canopy, receive briefings on its activities and are asked to attend a Board meeting. Terms are staggered, with the intention that one third of the membership retire at each AGM. Board members have the power to co-opt new board members during the course of the year.

Policies and procedures adopted for the induction and training of members

Upon appointment, new board members complete an induction programme as approved by the Board. This will include visits to Canopy and participation in Canopy's activities where appropriate; attending meetings with, and receiving appropriate briefings from, Canopy's beneficiaries and staff members; and receiving copies of all the Canopy's rules, policies and procedures.

Organisational structure

Canopy is organised so that the Board and its two subcommittees, three groups and one panel meet regularly to manage its affairs. Canopy employs a Chief Executive who is responsible for co-ordinating the staff and services of Canopy, and ensuring it delivers the services specified.

The Board believes that Canopy meets the definition of a public benefit entity under FRS 102.

Risk review

The Board has carried out ongoing assessments of the Canopy's activities setting out the major opportunities available to Canopy and the risks to which it is exposed. These risks are identified in the risk register which is reviewed regularly by the Finance and Risk Subcommittee and presented to the full Board periodically.

The principal risks and uncertainties faced by Canopy are considered to be as follows:

- Cuts to the funding of supported housing reducing our ability to generate income.
- A reduction in the appetite of charitable foundations to sponsor the type of work we do.
- Increased borrowing costs leading to increased expenditure.
- Inflationary cost increases impacting the ability to deliver projects within budget.

Canopy Housing Project Limited

Report of the Board of Management for the year ended 31 December 2022 (continued)

The Board members have considered their responsibilities under legislation including health and safety, employment law and safeguarding. Systems and procedures have been implemented to manage specific risks that have been identified, including training for all appropriate persons as necessary.

Key Management Personnel

The Board considers David Nugent (Chief Executive), Sharon Whitehurst (Operations Manager), Alex Leccardi (Properties Manager), Rosie Scurfield, (Support Manager) and Stuart Hall (Finance Manager) as comprising the key management personnel of Canopy, in charge of directing and controlling Canopy and running and operating it on a day-to-day basis.

The pay of the Canopy's key management personnel is reviewed annually and normally increased in accordance with inflation. The remuneration is also benchmarked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Objectives and Activities

The rules of Canopy Housing state that the objects of Canopy shall be the relief of persons in necessitous circumstances who are homeless or inadequately housed, especially young persons in housing need, in particular through the renovation of property, including Social Housing, for occupancy by such persons.

The Board has given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

Achievements and Performance

Over the course of the year, Canopy have housed seven homeless households; offered training to many volunteers and self-helpers; acquired a commercial property that will provide three long-term homes bringing it back into use as good quality social housing; and carried out major planned repairs, such as new thermally efficient doors and windows, new kitchens and bathrooms, new roofs and efficient and effective boilers, to fifteen properties from our existing housing stock.

Canopy is in a strong financial position, controlling £6.4m in fixed assets and generating annual rental income of approximately £718k. With the three further homes to be delivered under the current right-to-buy programme and plans to accelerate the development programme by operating more sites, our target of 100 homes in management is getting closer, continuing to improve our financial stability and allow us to develop our work with communities and disadvantaged people in the more deprived areas of Leeds.

As ever our volunteer programme remains central to our work and has grown towards our pre-Covid pandemic levels. During the year 84 volunteers have given 882 site days helping to deliver superb homes to their community. Of those volunteers 53 are new to Canopy with 24 gaining employment and 12 entering higher education. Most of our volunteers and self-helpers come from deprived backgrounds in underprivileged areas and many are long-term unemployed, so we are proud to continue our focus to support them in improving their wellbeing, accessing training and moving towards employment. We are eternally grateful to our generous funders (See Note 4), without whom we simply could not do what we do. We strive to be accessible to all parts of our community and note the age range of our volunteers is from 15 to 74, of whom 2% identified as trans or non-binary, 49% as female and 49% as male.

We'd also like to mention and thank the hard-work of our staff team. We're delighted that with the assistance of the Social Enterprise Support Fund we've employed two new Assistant Properties workers this year. We've also formalised our staff development and appraisal system to ensure a positive environment for them which will directly benefit our tenants and volunteers alike. This has allowed us to continue our all-encompassing support to tenants with an emphasis on direct face-to-face support including cost-of-living, energy efficiency and condensation training and we're delighted that both our summer trip to Scarborough and Christmas meal both took place after the pandemic regulations prevented them in the previous couple of years.

Canopy Housing Project Limited

Report of the Board of Management for the year ended 31 December 2022 (continued)

Behind the scenes our rules have been modernised, making the Board more transparent and democratic and ensuring Canopy's homes would remain as social housing if we ever ran into financial difficulties and have placed a greater emphasis on an improved risk register in our governance. These help position us to progress our Registered Provider application as and when registration is most beneficial to Canopy.

With an increase in interest rates towards the end of the year we've continued scenario forecasts to ensure that our reserves have continued to be sustainable throughout the year and into the new financial year. As in previous years our contingency for the worst-case scenario is to consider reducing staffing levels.

The Board considers that the viability of Canopy is not under threat. The reliance on grants has been maintained at around 1/3 of annual income, the remainder coming from steady rental income from its properties. We increased our loan facility to £1.4M with Unity Trust Bank, of which £1.3M has been drawn down at the year-end allowing us to continue purchasing and refurbishing properties.

Plans for future periods

As always we are passionate about making a difference to people's lives, improving the neighbourhoods in which we work, strengthening communities, creating decent, affordable homes and making Leeds a great place to live. At our Board and staff away day in the autumn we considered our over-arching priorities would be to:

- Become a pioneer in eco-housing and development,
- Be diverse and reflect the communities we serve,
- Remain viable and continue doing what we do best, and
- Use tenant and volunteer perspectives to improve our services.

We consider that we do Volunteering and Training, Development and Community best at Canopy. To fund this we are excited that we will be applying for funding from the Energy Redress Scheme and Right-to-Buy Fund early in the new year. Also over the course of the next twelve months, we also expect to register Canopy with the Regulator of Social Housing. This will allow us to trade more easily with other providers and give us access to Homes England's funding, helping facilitate new-build developments to sit alongside our more traditional stock, diversifying our asset base and allowing us to offer fresh experiences to our valued self-helpers, volunteers and trainees.

Financial Review

The surplus reported for the year is £169,738 (2021: £39,510). Canopy's funds at 31 December 2022 were £5,139,666 (2021: £4,970,018), represented mainly by residential properties.

Rental income, the Right to Buy Programme and grant funding has supported Canopy's activities during the year. During this time, Canopy's rental income has grown and its housing stock has increased. At the end of the year, Canopy has sufficient assets to fulfil both its obligations related to the restricted funds and to continue its ongoing work and development.

Principal Funding Sources

Within the year, Canopy has been funded apart from rental income, from various sources including Leeds City Council, the Nationwide Building Society, Jimbo's Fund and the National Lottery Community Fund distributed by Big Issue Invest.

Fundraising

Canopy strives to achieve the highest fundraising standards. Canopy stays up to date with developments in regulation, data protection and the Fundraising Preference Service (FPS) to make sure it is legally compliant and adhering to all guidelines. Canopy follows the Institute of Fundraising's Code of Practice. No complaints regarding fundraising activities have been received during the year.

Canopy Housing Project Limited
Report of the Board of Management for the year ended 31 December 2022
(continued)

Reserves policy

The Board has established a policy whereby unrestricted funds not committed or invested in tangible fixed assets (“the free reserves”) should be between 10% and 20% of current annual expenditure in order to cover a potential shortfall in trust funding and to fund future projects. This equates to between £78,000 and £156,000 in general funds. The free reserves at the balance sheet date, before taking into account long term liabilities and short term loans secured on properties, amounted to £17,765 (2021: (£14,747)) including designated funds.

At the year end, designated funds totalled £53,601.

Statement of Board Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Canopy 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 has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on a going concern basis, unless it is inappropriate to presume that Canopy will continue in business.

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

Each of the persons who are Trustees at the time when this Board of Management report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which Canopy’s auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that Canopy’s auditors are aware of that information.

Azets Audit Services Limited resigned as auditors on 15th December 2022 and Sagars Accountants Ltd were appointed in their place.

The report was approved by the Board and signed on its behalf by:

Keith Gibson (Chair)	Date:
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Canopy Housing Project Limited
31 December 2022
Independent Auditor's Report to the Members of Canopy Housing

Opinion

We have audited the financial statements of The Canopy Housing Project Limited (Canopy) for the year ended 31 December 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and the related notes, 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) and the charities SORP.

In our opinion, the financial statements:

- show a true and fair view of the state of the Canopy's affairs as at 31 December 2022 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 Canopy 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 Canopy'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 Board is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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.

Canopy Housing Project Limited
31 December 2022
Independent Auditor's Report to the Members of Canopy Housing (continued)

Opinions on other matters

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

- The information given in the Board report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Board's report has been prepared in accordance with applicable legal requirements.

Matters on which we report by exception

In the light of the knowledge and understanding of Canopy and its environment obtained in the course of the audit, we have not identified material misstatements in the Board's Annual Report.

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:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosure of the Board's remuneration specified by law are not made; or
- We have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board of Management

As explained more fully in the statement of the Board responsibilities on page 6, 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 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 Board is responsible for assessing Canopy'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 Canopy 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 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

Canopy Housing Project Limited
31 December 2022

Independent Auditor's Report to the Members of Canopy Housing (continued)

We obtained an understanding of the legal and regulatory frameworks within which Canopy operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Co-Operative and Community Benefit Societies Act 2014 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to Canopy to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context were landlord and tenant legislation, health and safety regulations, employment legislation and requirements from funders.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board of Management and other management, and inspection of regulatory and legal correspondence, if any.

We identified the greatest risks of material impact on the financial statements from irregularities, including fraud, to be with the timing of recognition of rental income, matters of health and safety and regulatory considerations, and the override of controls by management.

Our audit procedures to respond to these risks included:

- enquiries of management and the Board of Management about their own identification and assessment of the risks of irregularities,
- sample testing on the posting of journals,
- reviewing accounting estimates for biases,
- reviewing tenancy agreements and carrying out detailed substantive testing on the completeness of income,
- reading minutes of meetings of those charged with governance; and
- obtaining confirmation from the trustees that there was no regulatory correspondence with the Financial Conduct Authority or any other regulatory bodies.

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

Canopy Housing Project Limited
31 December 2022
Independent Auditor's Report to the Members of Canopy Housing (continued)

Use of our report

This report is made solely to Canopy's members, as a body, 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 Canopy's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Canopy's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Daniels LLB FC CTA (Senior Statutory Auditor)
For and on behalf of
Sagars Accountants Ltd
Chartered Accountants and Statutory Auditor
Gresham House
5-7 St Pauls Street
Leeds
LS1 2JG

Date

Canopy Housing Project Limited
31 December 2022
Statement of Financial Activities for the year ended 31 December 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Income							
Donations and Legacies		3,903	-	3,903	3,405	-	3,405
Charitable activities	4	718,740	227,267	946,007	676,911	89,870	766,781
Other		1,654	-	1,654	585	-	585
Total income		724,297	227,267	951,564	680,901	89,870	770,771
Expenditure on:							
Raising funds		(23,778)	-	(23,778)	(22,136)	-	(22,136)
Charitable activities	5	(675,469)	(82,579)	(758,048)	(634,992)	(74,133)	(709,125)
Total expenditure		(699,247)	(82,579)	(781,826)	(657,128)	(74,133)	(731,261)
Net income and net movement in funds	7	25,050	144,688	169,738	23,773	15,737	39,510
Reconciliation of funds:	15						
Total funds brought forward		461,561	4,508,342	4,969,903	437,788	4,492,605	4,930,393
Total funds carried forward		486,611	4,653,030	5,139,641	461,561	4,508,342	4,969,903

The notes on pages 14 to 26 form an integral part of these financial statements.

There were no recognised gains or losses for the year to 31 December 2022 (2021: £nil) other than those included in the Statement of Financial Activities.

All income and expenditure derives from continuing activities.

Canopy Housing Project Limited
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	6,410,678	6,070,556
Current assets			
Debtors	10	89,961	48,763
Cash at bank and in hand		68,647	82,992
Creditors: Amounts falling due within one year	11	(203,965)	(186,523)
Net current assets/(liabilities)		(45,357)	(54,768)
Creditors: Amounts falling due after more than one year	12	(1,225,655)	(1,045,770)
Total assets		5,139,666	4,970,018
Represented by:			
Share capital	14	25	115
Unrestricted funds:			
General	15	433,010	407,960
Designated	15	53,601	53,601
		486,611	461,561
Restricted funds:	15	4,653,030	4,508,342
Total funds		5,139,666	4,970,018

The notes on pages 14 to 26 form an integral part of these financial statements.

Approved by the Board and signed on its behalf:

Board Member	Date:
Board Member	Date:
Board Member	Date:

Canopy Housing Project Limited
Statement of Cash Flows for the year ended 31 December 2022

	Note	2022 £	2021 £
Net cash provided by operating activities	18	129,421	159,179
Cash flows from investing activities			
Purchase of tangible fixed assets		(340,368)	(234,880)
Interest paid		(43,028)	(24,265)
Net cash (used in) investing activities		(383,396)	(259,145)
Cash flows from financing activities			
New borrowing		284,975	125,000
Repayment of borrowing		(45,255)	(92,205)
Redemption of shares		(90)	-
Net cash provided by financing activities		239,630	32,795
(Decrease)/Increase in cash and cash equivalents		(14,345)	(67,171)
Cash and cash equivalents brought forward		82,992	150,163
Cash and cash equivalents carried forward		68,647	82,992

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with 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) (“charities SORP (FRS102)”, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Co-operative and Community Benefit Societies Act 2014.

The financial statements have been prepared on the going concern basis. The Board considers that there are no material uncertainties about Canopy’s ability to continue as a going concern. The board members have prepared financial projections to March 2025, taking into consideration the current economic climate and its potential impact on the sources of income and planned expenditure. They have a reasonable expectation that adequate financial resources are available to enable Canopy to continue in operation existence for the foreseeable future and have adequate contingency plans in the event that income streams are reduced.

2. Identification of the financial statements

Canopy is a Registered Society under the Co-operative and Community Benefits Societies Act 2014 and has charitable status. Canopy meets the definition of a public benefit entity under FRS 102.

3. Accounting policies

The principal accounting policies of Canopy are as follows:

- (i) Canopy’s functional and presentation currency is pounds sterling. Monetary amounts in these financial statements are rounded to the nearest £1.
- (ii) Estimates and Assumptions
 - In the application of Canopy’s accounting policies, the board members 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 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.
 - It continues to be Canopy’s policy not to provide depreciation on freehold or leasehold property as, in the opinion of the board members, the estimated residual value of property at the end of its economic life is expected to be at least its carrying value meaning that any depreciation charge would be immaterial.
- (iii) Income:
 - Grants, donations and associated gift aid are recognised when Canopy becomes entitled to receive the funds, when it is probable that the funds will be received, and they their value can be measured with sufficient certainty.
 - Interest is recognised on an accruals basis.
 - Donated assets are recognised at the fair value of the gift in the period the donated assets are received.
 - No amounts are included for the contribution of volunteers and the free use of facilities and equipment received by Canopy.

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

(iv) Expenditure:

- Expenditure is recognised on an accruals basis and includes attributable VAT which cannot be recovered.
- Charitable expenditure comprises those costs incurred by Canopy in delivering of its activities and services for its beneficiaries. It includes both costs that can be directly allocated to such activities and those costs of an indirect nature necessary to support them.

(v) Fund accounting

- Unrestricted funds are rental income and other income receivable or generated for the objects of Canopy without further specified purpose and are available as general funds.
- Designated funds are unrestricted funds earmarked by the board for particular purposes.
- Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

(vi) Operating leases

Rentals under leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

(vii) Staff costs

- The costs of short-term employee benefits are recognised as a liability and an expense where settlement of obligations does not fall within the same period.
- A defined contribution pension scheme is available to employees. The assets of this scheme are held separately from those of Canopy. Pension costs charged in the Statement of Financial Activities represent contributions payable by Canopy during the year.

(viii) Fixed assets and depreciation:

- Housing properties including improvement works are stated at cost.
- No depreciation is charged on freehold property. The remaining useful lives of Canopy's buildings are considered to be greater than 50 years and the residual value is estimated to be such that any charge to depreciation would be immaterial.
- Other tangible assets are stated at costs less depreciation. Items costing more than £750 are capitalised.
- Renovation costs (materials and directly attributable costs such as labour) are capitalised where Canopy has purchased the property. Costs incurred the renovation of properties not owned are expensed in the year they are incurred.
- Depreciation is charged at the following annual rates in order to write off the original cost less any residual value over the expected useful life of the asset:

Motor Vehicles	33% straight line
Computer & other equipment	30% straight line

(ix) Financial instruments

Canopy 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.

(x) Cash at bank and in hand includes cash and short term highly liquid investments with a maturity within 12 months after the balance sheet date.

(xi) Debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any discounts due.

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

(xii) Creditors, loans and provisions

- Creditors, loans and provisions are recognised where Canopy has a present obligation resulting from a past event that will probably result in the transfers of such funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement value after allowing for any discounts which may be due.
- Financial liabilities are only derecognised when, and only when, Canopy's 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 an impairment.

(xiii) Taxation

Canopy has charitable status and as such is a charity within the meaning of schedule 6 of the Finance Act 2010. Accordingly, it 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.

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

4. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Rental income	718,440	-	718,440
Grants and contracts:			
The Nationwide Foundation	-	50,000	50,000
Jimbo's Fund	-	19,500	19,500
Leeds City Council "Green Deal" Fund	-	14,667	14,667
Liz & Terry Bramall Foundation	-	9,100	9,100
Community Fund – The Big Issue Invest	-	35,000	35,000
The Right to Buy Programme		99,000	99,000
Leeds MENCAP	300	-	300
Total grants and contracts	300	227,267	227,567
Total income	718,740	227,267	946,007

The comparative figures were:

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Rental income	654,911	-	654,911
Grants and contracts:			
Community Fund – Covid 19 Response	-	7,150	7,150
Community Fund – The Big Issue Invest	-	12,220	12,220
Leeds Community Foundation – Men's Suicide Prevention	-	4,500	4,500
The Yorkshire Building Society	21,000	-	21,000
The Arnold Clark Community Fund	1,000	-	1,000
The Right to Buy Programme	-	66,000	66,000
Total grants and contracts	22,000	89,870	111,870
Total income	676,911	89,870	766,781

Canopy Housing Project Limited
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Notes to the financial statements (continued)

5. Expenditure on charitable activities

	Basis of allocation	Projects, renovations, and houses 2022 £	Tenant and volunteer support 2022 £	Total 2022 £
Costs directly allocated to activities:				
Salaries	Direct	165,372	145,738	311,110
House renovations	Direct	247,463	-	247,463
Other	Direct	1,194	3,035	4,229
Professional fees	Direct	15,471	-	15,471
Loan interest	Direct	43,028	-	43,028
Insurance	Direct	13,965	735	14,700
Travel and motor expenses	Direct	3,426	1,956	5,382
Training	Direct	5,160	573	5,733
Tenant support	Direct	-	1,013	1,013
Volunteer costs	Direct	-	5,671	5,671
Arrears write off/provisions	Direct	10,931	-	10,931
Office equipment and supplies	Direct	525	1,125	1,650
Depreciation	Direct	100	-	100
Office utilities and rent	Direct	2,854	2,854	5,708
Support costs (Note 6)	Time	43,788	42,071	85,859
Total expenditure		553,277	204,771	758,048

	Basis of allocation	Projects, renovations, and houses 2021 £	Tenant and volunteer support 2021 £	Total 2021 £
Costs directly allocated to activities:				
Salaries	Direct	171,416	134,901	306,317
House renovations	Direct	233,863	-	233,863
Other	Direct	1,627	619	2,246
Professional fees	Direct	14,333	-	14,333
Loan interest	Direct	24,265	-	24,265
Insurance	Direct	13,250	697	13,947
Travel and motor expenses	Direct	2,589	1,214	3,803
Training	Direct	887	98	985
Tenant support	Direct	-	2,368	2,368
Volunteer costs	Direct	-	6,338	6,338
Arrears write off/provisions	Direct	8,033	-	8,033
Office equipment and supplies	Direct	1,041	1,979	3,020
Depreciation	Direct	121	-	121
Office utilities and rent	Direct	2,002	2,002	4,004
Support costs (Note 6)	Time	46,159	39,323	85,482
Total expenditure		519,586	189,539	709,125

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

6. Analysis of support costs

	Basis of allocation	2022 £	2021 £
Costs directly allocated to activities:			
Staff costs	Direct	60,294	57,814
Travel	Direct	1,956	1,214
Legal and professional	Direct	6,983	8,721
Other	Direct	2,084	398
Office utilities	Direct	5,707	4,003
Office supplies and IT	Direct	8,835	13,332
Total support costs		85,859	85,482

7. Net income for the year

This is stated after charging:

	2022 £	2021 £
Auditors' remuneration:		
Audit	6,840	4,000
Accounts preparation	-	1,390
Depreciation of tangible fixed assets	100	121

8. Staff costs

	2022 £	2021 £
Wages and salaries	369,472	356,637
Social security costs	27,646	25,932
Pension costs	17,621	16,526
	414,739	399,095

No employees received emoluments in excess of £60,000 (2021: no employees).

Wages and salaries costs of £11,120 (2021: £10,409) have been spent on raising funds and £32,358 (2021: £24,555) has been capitalised in respect of property improvements. These costs are not included in note 5.

The average number of employees, analysed by function was:

	2022 £	2021 £
Project manager, finance, administration and development	5	6
Tenant and volunteer support	4	6
Projects and renovations	4	4
	13	16

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

8. Staff costs - continued

The number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each remuneration band were as follows:

	2022 £	2021 £
£10,000 to £20,000	5	5
£20,001 to £30,000	7	7
£30,001 to £40,000	2	2
£40,001 to £50,000	1	1
£50,001 to £60,000	0	0
	15	15

The board considers its key management personnel to comprise the Chief Executive, Operations Manager, Properties Manager, the Support Manager and the Finance Manager. The total employee benefits of key management personnel during the year was £173,759 (2021: £165,412).

No board member received any remuneration or benefits during the year (2021: £nil). Costs totalling £34.20 were reimbursed to one trustee (2021: £nil).

9. Tangible Fixed Assets

	Property £	Motor vehicles £	Computer and office equipment £	Total £
Cost at 1 January 2022	6,070,310	49,649	5,547	6,125,506
Additions	340,368	-	-	340,368
Disposals	-	-	(146)	(146)
Cost at 31 December 2022	6,410,678	49,649	5,401	6,465,728
Depreciation at 1 January 2022	-	49,649	5,301	54,950
Charge for the year	-	-	100	100
Depreciation at 31 December 2022	-	49,649	5,401	55,050
Net book value at 31 December 2021	6,070,310	-	246	6,070,556
Net book value at 31 December 2022	6,410,678	-	-	6,410,678

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

10. Debtors

	2022 £	2021 £
Debtors	15,095	37,780
Prepayments and accrued income	74,866	10,983
	89,961	48,763

11. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	39,249	59,587
Social security and other taxes	9,863	10,031
Deferred income (see note 13)	2,002	36,676
Other creditors and accruals	50,038	37,104
Concessionary, unsecured loan - Quaker Housing Trust (note 12)	1,000	1,000
Concessionary, secured loan - Leeds City Council (note 12)	11,765	11,765
Secured bank loans – Unity Trust (note 12)	90,048	30,360
	203,965	186,523

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

	2022 £	2021 £
Concessionary, unsecured loan - Quaker Housing Trust	6,000	7,000
Concessionary, secured loan - Leeds City Council	152,940	164,705
Secured bank loans – Unity Trust	1,066,715	874,065
	1,225,655	1,045,770

An unsecured concessionary loan was obtained from Quaker Housing Trust in 2019. The loan is unsecured, interest free and repayable in equal instalments over 10 years. A balance of £7,000 (2021: £8,000) remains outstanding at the year end.

A concessionary interest free secured loan was obtained from Leeds City Council in 2015. The loan is to be repaid over 17 years in equal instalments and is secured by way of legal charge over seven leasehold properties. The first payment was made in 2020 and a balance of £164,705 (2021: £176,470) remains outstanding at the year end.

The loans from Unity Trust are subject to a variable rate of interest and secured by way of legal charges over 17 freehold properties and 39 leasehold properties. A balance of £1,156,763 (2021: £904,425) remained outstanding at the year end.

At 31 December 2022 the loans were repayable as follows:

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31 December 2022
Notes to the financial statements (continued)

12. Creditors: amounts falling due after more than one year - continued

	2022 £	2021 £
In one year or less	102,813	43,125
Between one and five years	359,382	180,296
After five years	866,273	865,474
	1,225,655	1,045,770
	1,328,468	1,088,895

13. Deferred income

	2022 £	2021 £
Balance at 1 January 2022	36,676	29,014
Amount released to income	(36,676)	(29,014)
Amount deferred during the year	2,002	36,676
Balance at 31 December 2021	2,002	36,676

Deferred income relates to grant income received in advance.

14. Share capital

	2022 £	2021 £
Members' share capital as at 1 January	25	115
Members' share capital at 31 December	25	115

During 2022 members were invited to renew their Canopy membership to ensure an accurate and up-to-date membership.

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

15. Reconciliation of funds

	Balance at 1 January 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
Restricted funds				
Community Fund – COVID 19 Response	1,931	-	(1,931)	-
Community Fund – The Big Issue Invest	173	35,000	(18,870)	16,303
LandAid Charitable Trust	41,200	-	-	41,200
Leeds City Council leases	3,241,627	-	-	3,241,627
The Empty Homes Community Grants Programme	187,000	-	-	187,000
The Empty Homes Community Properties Programme	600,000	-	-	600,000
The Right to Buy Programme	436,411	99,000	-	535,411
Liz & Terry Bramall Foundation	-	9,100	-	9,100
Jimbo's Fund	-	19,500	(19,500)	-
The Nationwide Foundation	-	50,000	(27,611)	22,389
The Green Deal Fund	-	14,667	(14,667)	-
Total restricted funds	4,508,342	227,267	(82,579)	4,653,030
Unrestricted funds				
Designated funds:				
Litigation fund	10,000	-	-	10,000
Repairs fund (office)	30,000	-	-	30,000
Repairs fund (tenanted houses)	4,965	-	-	4,965
Vehicle replacement fund	8,636	-	-	8,636
Total designated funds	53,601	-	-	53,601
General funds	407,960	724,297	(699,247)	433,010
Total unrestricted funds	461,561	724,297	(699,247)	486,611
Total funds	4,969,903	951,564	(781,826)	5,139,641

The Big Issue Invest fund provides funding for two property trainees for one year and all their equipment and training.

Liz & Terry Bramall have helped towards the refurbishment of 67 Bayswater Grove from one commercial unit to three residential flats.

Jimbo's Fund has contributed towards the 'self-help' costs for six properties allowing the purchase of both decorating materials and fixtures and fittings.

Nationwide have provided two years contribution to salaries to support people to thrive within the home environment, prevent people from losing their home and help people into a new home.

The Green Deal Fund has allowed us to raise the energy efficiency rating of a low income and low Energy Performance Certificate (EPC) rated property.

The LandAid Charitable Trust – provides funding towards salary costs and renovations costs of bringing three long term empty properties back into use.

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

The Empty Homes Community Grants and Properties Programmes provide funding towards the purchase of 14 empty properties and to bring them back into use.

Leeds Community Foundation provides funding towards volunteer support and for a mentoring project to provide skills training and confidence building to men.

Leeds City Council Leases represent 99-year leases on 39 properties which are used for social housing.

The Right to Buy programme represents funding from Leeds City Council towards the delivery of 17 units of social housing.

Designated funds

The Board considers it prudent to set aside funds to cover the costs of any potential litigation in the future (the litigation fund), funds to cover the cost of repairs to its office base and tenanted houses (the repairs funds) and funds to cover the cost of a replacement vehicle (the vehicle replacement fund).

The comparative for the previous year was:

	Balance at 1 January 2021 £	Income £	Expenditure £	Balance at 31 December 2021 £
Restricted funds				
Community Fund – COVID 19 Response	-	7,150	(5,219)	1,931
Community Fund – Power to Change	52,367	-	(52,367)	-
Community Fund – The Big Issue Invest	-	12,220	(12,047)	173
LandAid Charitable Trust	41,200	-	-	41,200
Leeds Community Foundation – Men’s Suicide Prevention	-	4,500	(4,500)	-
Leeds City Council leases	3,241,627	-	-	3,241,627
The Empty Homes Community Grants Programme	187,000	-	-	187,000
The Empty Homes Community Properties Programme	600,000	-	-	600,000
The Right to Buy Programme	370,411	66,000	-	436,411
Total restricted funds	4,492,605	89,870	(74,133)	4,508,342
Unrestricted funds				
Designated funds:				
Litigation fund	10,000	-	-	10,000
Repairs fund (office)	30,000	-	-	30,000
Repairs fund (tenanted houses)	4,965	-	-	4,965
Vehicle replacement fund	8,636	-	-	8,636
Total designated funds	53,601	-	-	53,601
General funds	384,187	680,901	(657,128)	407,960
Total unrestricted funds	437,788	680,901	(657,128)	461,561
Total funds	4,930,393	770,771	(731,261)	4,969,903

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

16. Analysis of net assets by fund

Year ended 31 December 2022	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Restricted funds	4,614,338	38,692	-	4,653,030
Unrestricted funds:				
Designated funds	-	53,601	-	53,601
General funds	1,796,340	(137,675)	(1,225,655)	433,010
Total funds	6,410,678	(45,382)	(1,225,655)	5,139,641
Members' share capital	-	25	-	25
Total funds	6,410,678	(45,357)	(1,225,655)	5,139,666

The comparative was:

Year ended 31 December 2021	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Restricted funds	4,506,238	2,104	-	4,508,342
Unrestricted funds:				
Designated funds	-	53,601	-	53,601
General funds	1,564,318	(110,588)	(1,045,770)	407,960
Total funds	6,070,556	(54,883)	(1,045,770)	4,969,903
Members' share capital	-	115	-	115
Total funds	6,070,556	(54,768)	(1,045,770)	4,970,018

17. Pension costs

Canopy operates defined contribution arrangements for the benefit of employees. The assets of the schemes are held separately from Canopy. The Employer's contribution to the schemes was 5% and the cost for the year was £17,621 (2021: £16,526). At the year end £3,019 (2021: £2,933) was due to the schemes and included within other creditors and accruals.

Canopy Housing Project Limited
31 December 2022
Notes to the financial statements (continued)

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net movement in funds	169,738	39,510
Depreciation charge	100	121
Interest paid	43,028	24,265
Decrease/(Increase) in debtors	(41,157)	45,036
(Decrease)/Increase in creditors	(42,288)	50,247
Net provided by operating activities	129,421	159,179

Analysis of changes in net debt

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	82,992	(14,345)	68,647
Borrowings	(1,088,895)	(239,573)	(1,328,468)
	(1,005,903)	(253,918)	(1,259,821)

19. Related party transactions

Martyn Broadest, a Trustee, is on the Management Team of Connect Housing. During the year Canopy paid £nil (2021: £2,591) to Connect Housing for the lease of Cross Flats Terrace; no payment was made because the lease reverted to the owner of the property.

There were no other related party transactions during the current year.