

Canopy Housing Project Limited

Operating as Canopy Housing

Report and Financial Statements

for the year ended 31 December 2020

Canopy Housing

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Report of the Management Committee for the year ended 31 December 2020

The Management Committee present their report and the audited financial statements for the year ended 31 December 2020.

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

Canopy Housing Project Limited is a Registered Society under the Co-operative and Community Benefit Societies Act, 2014. The Society has charitable status (no.28665R) and charitable exemption with HM Revenue and Customs.

The registered office and operating address: 66 Burley Lodge Road
Leeds
LS6 1QF

The management committee members, who served during the year and up to the date of this report were:

Keith Gibson	(Chair)
Bridget Relton	(Secretary)
Mhairi Tomlinson	(Treasurer)
Martyn Broadest	
Stephen Dawes	
Meena Jhakra	(appointed 25 May 2020)
Janet Onslow	
Mark Rutherford	
Ben Wilson-Griffith	(resigned 15 May 2020)
Nicola Window	(resigned 22 June 2020)

Society Secretary: Bridget Relton

Executive Director: David Nugent

Bankers: The Co-operative Bank plc
Olympic House
6 Olympic Court
Montford Street
Salford
M5 2QP

Unity Trust Bank Plc.
Nine Brindleyplace
Birmingham
B1 2HB

Auditors: Garbutt & Elliott Audit Limited
Chartered Accountants and Statutory Auditors
33 Park Place
Leeds
LS1 2RY

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Report of the Management Committee for the year ended 31 December 2020 (continued)

Structure, Governance and Management

Governance of the Society is laid out in a document known as the Rules of The Canopy Housing Project. The Society is managed by the Management Committee under rules laid out in this document. The Society shall have a committee comprising not less than three and no more than twelve persons. A committee member shall hold office until the end of the next Annual General Meeting following her/his election. Retiring members shall be eligible for re-election at the Annual General Meeting at which they retire.

Methods adopted for recruitment

New committee members are sought to fill any post vacated or to address any identified need in skills, knowledge or experience that the committee deems required to best fulfil their responsibilities. Prospective committee members are invited to visit the Society, receive briefings on its activities and asked to attend a Management Committee meeting. Committee members are elected annually at the Society's AGM and have the power to co-opt new committee members during the course of the year.

Policies and procedures adopted for the induction and training of members

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

Organisational structure

The Society is organised so that the Management Committee and its three subcommittees meet regularly to manage its affairs. The Society employs a Director who is responsible for co-ordinating the staff and services of the Society, and ensuring it delivers the services specified.

Risk review

The Management Committee have carried out ongoing assessments of the Society's activities setting out the major opportunities available to the Society and the risks to which it is exposed. These risks are identified in the risk register which is reviewed regularly by the governance subcommittee and presented to the full committee periodically.

The principal risks and uncertainties faced by the Society at the time of writing are as follows:

- A reduction in the appetite of charitable foundations to sponsor the type of work we do.
- An increase in voids or arrears due to low demand and/or poor internal performance.
- Cuts to the funding of supported housing reducing our ability to generate income.

The Management Committee 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 Management Committee consider David Nugent, (Director), Sharon Whitehurst, (Operations Manager), Alex Leccardi, (Properties Manager), Rosie Scurfield, (Support Manager), and Stuart Hall, (Finance Manager), as comprising the key management personnel of the society, in charge of directing and controlling the society and running and operating it on a day to day basis.

The pay of the society's key management personnel is reviewed annually and normally increased in accordance with inflation. The remuneration is also bench-marked 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.

Canopy Housing

Report of the Management Committee for the year ended 31 December 2020 (continued)

Objectives and Activities

The rules of Canopy Housing state the following objects:

The objects of the Society 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 for occupancy by such persons.

Achievements and Performance

Over the course of the last year, Canopy have housed eight homeless households; offered training to many volunteers and self-helpers; and acquired three long-term empty homes for refurbishment.

Canopy is in a strong financial position, controlling £5.8m in fixed assets and generating annual rental income of more than £630k. With a further 11 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 cannot be far away. Doing so would improve our financial stability and allow us to develop our work with communities and disadvantaged people in the more deprived areas of Leeds.

Our volunteer programme remains central to our work and had been growing too. However, the coronavirus lockdown has seriously affected our ability to work with large numbers of people. Over the course of the year, the volunteering programme has been on-going with reduced numbers to ensure Covid-safe practice and our properties workers have also been assisted on site by all staff to allow us to continue to convert empty homes. It is not the same without our usual number of volunteers and we look forward to welcoming them all back on site soon.

Most of our volunteers and self-helpers come from deprived backgrounds in underprivileged areas and many are long-term unemployed. Our focus is to support them in improving their wellbeing, accessing training and moving towards employment. We are eternally grateful to our generous funders (See Note 3), without whom we simply could not do what we do.

Coronavirus

The lockdowns and tier restrictions have had a significant detrimental effect on the national economy. At Canopy, it has affected us in several ways: Our volunteering programme has been reduced; our properties team have worked more hours on site to compensate for the loss of volunteers; and the remainder of our staff have been both remote-working and assisting on site. Thankfully, one thing that has been demonstrated is that our disaster recovery plan is effective: The transition to remote-working and Covid-safe site working was smooth. With office-based workers spending part of their time on site to keep our development programme running, we have managed to avoid furloughing any staff.

All but one of our funders continued to pay grant whilst revising or deferring outcomes for any parts of the project affected by coronavirus. The sole exception was the European Social Fund project, whose outcomes could not realistically be delivered in the absence of face-to-face contact with the beneficiaries. The Management Committee took the difficult decision to withdraw from the programme three months into lockdown.

To enable the committee to take this decision with confidence, we prepared worst-case scenario forecasts that included the possibility of the ESF project folding. They demonstrated that free reserves remained sustainable for a period of at least four months into 2021. Beyond that, they showed that we would need to make significant savings, which might include reducing staffing levels.

Fortunately, we were successful in securing three significant grants late in 2020. They have allowed us to resume the training programme we had planned to deliver through the ESF project and put in place measures that allowed us to resume the volunteering programme in a COVID-secure environment.

The Board considers that the viability of the society is not under threat. The reliance on grants has been reduced to around 1/3 of annual income, the remainder coming from steady rental income from its properties. It has a loan facility of £1.15M with Unity Trust Bank, of which £806K has been drawn down at the year end and has taken advantage of a £50K Coronavirus Bounce-back-loan. The worst-case scenarios outlined above do not rely on making further drawdowns, but the facility does provide a comfort blanket should multiple, complex forces stretch the society's finances further.

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Report of the Management Committee for the year ended 31 December 2020 (continued)

Plans for Future Periods

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. As a social landlord, we will continue to do this through:

- Volunteering: We still hope to deliver more than 750 hours of volunteering in the year to come despite the lockdown, teaching people construction skills on site as we improve our properties.
- Development: With finance now secured against the 99-year leases from Leeds City Council, we aim to complete the current 15-home right-to-buy programme by 2022. With additional grant support from the likes of Land Aid and the Quakers we aim to purchase and repair at least 12 further long-term empty homes over the next two years, thus rehousing 12 more self-helpers who have experienced homelessness.
- Training: Our new formalised training programme will offer young people an intensive six-week taster session with both site- and classroom-based experiences. Successful graduates will leave Canopy with a certificate and their own tool bag and PPE.

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 registered providers and give us access to Homes England's funding, allowing us to explore opportunities outside Leeds. Over time, it should also help us 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 £228,254 of which £90,437 was unrestricted (2019 £3,414,855). The Society's funds at 31 December 2020 stand in total at £4,930,508, (2019 £ 4,702,254) represented mainly by residential properties.

The Society's rental income has grown and its housing stock has increased. At the end of the year the Society 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, Power to Change, Henry Smith Charity, Land Aid, Leeds Quakers, Big Issue Invest and the National Lottery Community Fund.

Reserves Policy

The Management Committee have established a policy whereby unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held 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 £65,000 and £130,000 in general funds. The free reserves at the balance sheet date, before taking into account long term liabilities, amounted to £10,471, an improvement on prior year, and the trustees are reviewing how to continue to increase free reserves.

The designated fund to cover repairs to office bases remains at £30,000 and the designated funds towards important repairs at Canopy's tenanted houses remains at £4,965. £8,636 remains in the Vehicle Replacement fund and a designated fund of £10,000 is in place to cover the costs of any potential litigation which may arise in the future.

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Report of the Management Committee for the year ended 31 December 2020 (continued)

Statement of Management Committee Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee 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 Management Committee 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 the Society will continue in business.

The Management Committee is 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 report was approved by the Management Committee and signed on its behalf by:



.....
Keith Gibson
Chair of the Management Committee

20 May 2021

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Independent Auditors' Report to the Members of Canopy Housing

We have audited the financial statements of Canopy Housing Society for the year ended 31 December 2020. 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 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Committees' 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 Management Committee are 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters

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

- the information given in the Management Committee's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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Independent Auditors' Report to the Members of Canopy Housing

- the Management Committee's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Committee'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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Management Committee'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 Management Committee

As explained more fully in the statement of the Management Committee's responsibilities, the Management Committee 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 Management Committee 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 Management Committee either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

Extent to which the audit was 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 management committee and other management, and from inspection of the society's regulatory and legal correspondence. We discussed with the management committee 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.

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Independent Auditors' Report to the Members of Canopy Housing

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 and employment legislation, and health and safety regulation 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 management committee 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.

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 the management committee 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
- subjective accounting estimates.

Both fraud risks arise due to a desire to present weaker results due to an incentive to obtain further funding.

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.

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.

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Independent Auditors' Report to the Members of Canopy Housing

Use of our report

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

Garbutt & Elliott Audit Limited

26/05/2021

Garbutt & Elliott Audit Limited
Chartered Accountants
Statutory Auditor

33 Park Place
Leeds
LS1 2RY

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Statement of Financial Activities for the Year Ended 31 December 2020

	Note	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
		£	£	2020 £	£	£	2019 £
Income:							
Donations and legacies		6,245	-	6,245	4,712	-	4,712
Transfer of Leeds City Council leases	3	-	-	-	-	3,241,627	3,241,627
Charitable activities	3	630,642	232,678	863,320	562,323	303,350	865,673
Other		95	-	95	500	-	500
Total income		636,982	232,678	869,660	567,535	3,544,977	4,112,512
Expenditure on:							
Raising funds		28,778	-	28,778	41,064	-	41,064
Charitable activities	4	517,767	94,861	612,628	502,443	154,150	656,593
Total expenditure		546,545	94,861	641,406	543,507	154,150	697,657
Net income and net movement in funds	6	90,437	137,817	228,254	24,028	3,390,827	3,414,855
Reconciliation of funds:							
Total funds brought forward	14,15	347,351	4,354,788	4,702,139	323,323	963,961	1,287,284
Total funds carried forward	14,15	437,788	4,492,605	4,930,393	347,351	4,354,788	4,702,139

The notes on pages 14 to 25 form part of these financial statements.

There were no recognised gains and losses for the year to 31 December 2020 and for the year to 31 December 2019 other than those included in the statement of financial activities.

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Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	8	5,835,797	5,515,910
Current assets			
Debtors	9	93,799	55,282
Cash at bank and in hand		150,163	39,357
		243,962	94,639
Creditors: Amounts falling due within one year	10	(139,924)	(96,718)
Net current assets/(liabilities)		104,038	(2,079)
Creditors: Amounts falling due after more than one year	11	(1,009,327)	(811,577)
Total assets		4,930,508	4,702,254
Represented by:			
Share capital	13	115	115
Unrestricted funds:			
General	14	384,187	293,750
Designated	14	53,601	53,601
		437,788	347,351
Restricted funds	14	4,492,605	4,354,788
Total funds		4,930,508	4,702,254

Approved by the Management Committee and signed on its behalf:





.....
Committee Member

.....
Committee Member



.....
Secretary – Bridget Relton

20 May 2021

The notes on pages 14 to 25 form part of these financial statements.

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Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Net cash provided by operating activities	18	220,191	158,013
Cash flows from investing activities			
Purchase of tangible fixed assets		(321,047)	(345,933)
Net cash (used in) investing activities		(321,047)	(345,933)
Cash flows from financing activities			
New borrowing		250,000	110,000
Repayment of borrowing		(38,338)	(22,129)
Net cash provided by financing activities		211,662	87,871
Increase/(Decrease) in cash and cash equivalents		110,806	(100,049)
Cash and cash equivalents brought forward		39,357	139,406
Cash and cash equivalents carried forward		150,163	39,357

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Notes to the Financial Statements for the year ended 31 December 2020

1. Accounting Policies

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

Community Benefit Society Information

Canopy Housing project Limited is registered with the Co-operative and Community Benefits Society Act 2014 as a Registered Society (Number 28665R) with charitable status. The registered office is 66 Burley Lodge Road, Leeds, LS6 1QF.

Functional Currency

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.

Basis of preparing the financial statements

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) (effective 1 January 2019) ("Charities SORP (FRS 102)"), 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 Society meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The management committee consider that there are no material uncertainties about the society's ability to continue as a going concern. The committee members have prepared financial projections, 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 the society to continue in operational existence for the foreseeable future and have adequate contingency plans in the event that income streams are reduced. Whilst the global economy has been significantly impacted by the COVID-19 virus, the society still has funding sufficient to meet its immediate requirements. Consequently, the financial statements have been prepared on the basis that the society is a going concern.

Income

Income represents all resources which become available to the society but excludes gains on investments. Grants and donations and associated gift aid are recognisable when the society becomes entitled to receive the funds, when it is probable that the funds will be received and that they can be measured with sufficient accuracy. Investment income is recognised on an accruals basis and comprises of interest receivable during the accounting period.

In accordance with Charities SORP (FRS 102), the time given by the society's volunteers is not recognised as income. The annual report gives more information about their contribution.

The value of donated assets is recognised as income at the fair value of the gift in the period the donated assets were received.

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Notes to the Financial Statements for the year ended 31 December 2020

Expenditure

Expenditure is recognised in the period in which it is incurred and includes attributable VAT which cannot be recovered.

Charitable expenditure comprises those costs incurred by the society in the deliverance 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.

Support costs include those costs incurred in supporting the work of the society.

Fund accounting

Unrestricted funds are rental income and other income receivable or generated for the objects of the society without further specified purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the management committee 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.

Operating leases

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

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.

Pension costs

The society has made arrangements for defined contribution schemes for the members of staff. The assets of the scheme are held separately from those of the society. Pension costs charged in the Statement of Financial Activities represent contributions payable by the society in the year.

Fixed assets and depreciation

Housing properties including improvement works are stated at cost.

No depreciation is provided on freehold property. The remaining useful lives of the society'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 fixed assets are stated at cost less depreciation. Items costing more than £750 are capitalised.

Renovation costs (materials and directly attributable costs such as labour costs) are capitalised where the society has purchased the property. Costs incurred in the renovation of properties not owned are expensed in the year they are incurred.

Depreciation is calculated at the following annual rates which it is estimated will write off the original cost less any residual value of the assets over their expected useful lives:

Motor Vehicles	33% straight line
Computer and Other Equipment	30% straight line

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.

Cash at bank and in hand

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

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Notes to the Financial Statements for the year ended 31 December 2020

Debtors

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

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 transfers of 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, the society'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 any impairment.

Taxation

Canopy Housing 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.

2. Critical accounting estimates and judgements

In the application of the society's accounting policies, the committee 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 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Notes to the Financial Statements for the year ended 31 December 2020

3. Income from charitable activities

	Unrestricted funds £	Restricted funds £	2020 Total £	Unrestricted funds £	Restricted funds £	2019 Total £
Rental income	630,944	-	630,944	560,673	-	560,673
Grants and contracts:						
Asda Foundation	-	-	-	-	9,240	9,240
Beatrice Laing Trust	-	-	-	-	6,600	6,600
The National Lottery:-						
Community Fund – COVID 19 Response	-	2,100	2,100	-	-	-
Community Fund – Power to Change	-	74,898	74,898	-	-	-
Community Fund – The Big Issue Invest	-	6,730	6,730	-	-	-
European Social Fund	(302)	-	(302)	-	16,633	16,633
Henry Smith Charity	-	45,000	45,000	-	43,000	43,000
LandAid Charitable Trust	-	41,200	41,200	-	36,000	36,000
Leeds Community Foundation – Men’s Suicide Prevention	-	5,250	5,250	-	9,500	9,500
LCC Violence Reduction Unit	-	8,000	8,000	-	-	-
The Quaker Housing Trust	-	-	-	-	20,000	20,000
The Liz and Terry Bramall Foundation	-	-	-	-	5,000	5,000
The Right to Buy Programme	-	49,500	49,500	-	156,750	156,750
Other grants	-	-	-	1,650	627	2,277
Total grants and contracts	(302)	232,678	232,376	1,650	303,350	305,000
Transfer of Leeds City Council leases	-	-	-	-	3,241,627	3,241,627
Total income	630,642	232,678	863,320	562,323	3,544,977	4,107,300

In 2019 Leeds City Council granted extended 99 leases on 39 leasehold properties. The 99 year lease is considered to substantially represent the remaining useful economic life of the properties such that the granting of leases was accounted for as a gift, at fair value, of the properties at the date of the transfer.

4. Expenditure on charitable activities

	Basis of allocation	Projects, renovations and houses £	Tenant and volunteer support £	2020 Total £
Costs directly allocated to activities:				
Salaries	Direct	180,450	140,720	321,170
House renovations	Direct	122,881	-	122,881
Other	Direct	1,080	295	1,375
Professional fees	Direct	22,222	-	22,222
Loan interest	Direct	21,030	-	21,030
Insurance	Direct	11,816	621	12,437
Travel and motor expenses	Direct	2,480	1,065	3,545
Training	Direct	2,111	234	2,345
Tenant support	Direct	-	1,066	1,066
Volunteer costs	Direct	-	3,357	3,357
Arrears write off/provisions	Direct	3,244	-	3,244
Office equipment and supplies	Direct	411	1,989	2,400
Depreciation	Direct	1,160	-	1,160
Office utilities and rent	Direct	2,366	2,366	4,732
Support costs (Note 5)	Time	48,707	40,957	89,664
Total expenditure		419,958	192,670	612,628

Canopy Housing

Notes to the Financial Statements for the year ended 31 December 2020

4. Total expenditure (continued)

	Basis of allocation	Projects, renovations and houses £	Tenant and volunteer support £	2019 Total £
Costs directly allocated to activities:				
Salaries	Direct	152,376	127,093	279,469
House renovations	Direct	154,630	-	154,630
Licence fees	Direct	7,160	-	7,160
Other	Direct	974	3,118	4,092
Professional fees	Direct	37,195	-	37,195
Loan interest	Direct	30,266	-	30,266
Insurance	Direct	12,136	639	12,775
Travel and motor expenses	Direct	6,225	1,221	7,446
Training	Direct	2,252	250	2,502
Tenant support	Direct	-	1,707	1,707
Volunteer costs	Direct	-	12,392	12,392
Arrears write off/provisions	Direct	-	10,244	10,244
Office equipment and supplies	Direct	442	1,193	1,635
Depreciation	Direct	7,862	-	7,862
Office utilities and rent	Direct	2,793	2,793	5,586
Support costs (Note 5)	Time	44,344	37,288	81,632
Total expenditure		458,655	197,938	656,593

5. Analysis of support costs

	Basis of allocation	Total 2020 £	Total 2019 £
Costs directly allocated to activities:			
Staff costs	Direct	58,439	56,907
Consultancy	Direct	1,994	-
Travel	Direct	1,065	1,221
Legal and professional	Direct	4,816	4,530
Other	Direct	459	3,316
Office utilities	Direct	4,723	5,586
Office supplies and IT	Direct	18,168	10,072
Total support costs		89,664	81,632

6. Net income for the year

This is stated after charging:	2020 £	2019 £
Auditors' remuneration:		
Audit	3,500	2,867
Accounts preparation	1,315	1,250
Depreciation of tangible fixed assets	1,160	7,862

7. Employee and Management Committee information

Staff costs during the year were as follows:	2020 £	2019 £
Wages and salaries	382,781	332,288
Social security costs	16,005	25,739
Pension costs	16,932	14,482
	415,718	372,509

No employees received emoluments of more than £60,000 (2019: no employees).

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Notes to the Financial Statements for the year ended 31 December 2020

7. Employee and Management Committee information (continued)

Wages and salaries costs of £10,595 (2019: £10,632) have been spent on raising funds and £25,514 (2019: £25,501) has been capitalised in respect of property improvements. These costs are accordingly not included within note 4.

The average number of employees analysed by function was:	2020	2019
Project manager, finance, administration and development	6	6
Tenant and volunteer support	6	5
Projects and renovations	5	3
	17	14

The management committee considers its key management personnel comprise the Executive Director, Operations Manager, Properties Manager, the Volunteer and Development Manager and the Finance Manager. The total employment benefits of key management personnel during the year was £162,918 (2019: £163,578).

No management committee member received any remuneration or benefits during the year (2019: £nil). Costs totalling £71 were reimbursed to one trustee (2019: £131 to one trustee).

8. Tangible Fixed Assets

	Property	Motor vehicles	Computer and office equipment	Total
	£	£	£	£
Cost:				
At 1 January 2020	5,514,529	49,649	5,401	5,569,579
Additions	321,047	-	-	321,047
At 31 December 2020	5,835,576	49,649	5,401	5,890,626
Depreciation:				
At 1 January 2020	-	48,864	4,805	53,669
Charge for the year	-	785	375	1,160
At 31 December 2020	-	49,649	5,180	54,829
Net book values				
At 31 December 2020	5,835,576	-	221	5,835,797
At 31 December 2019	5,514,529	785	596	5,515,910

9. Debtors

	2020	2019
	£	£
Debtors	35,475	29,649
Prepayments and accrued income	58,324	25,633
	93,799	55,282

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Notes to the Financial Statements for the year ended 31 December 2020

10. Creditors: Amounts Falling Due Within One Year

	2020 £	2019 £
Trade creditors	20,400	25,240
Social security and other taxes	9,535	10,956
Deferred income (Note 12)	29,014	7,942
Other creditors and accruals	34,202	19,719
Concessionary, unsecured loan - Quaker Housing Trust (Note 11)	2,450	2,450
Concessionary, unsecured loan - Quaker Housing Trust (Note 11)	1,000	1,000
Concessionary secured loan - Leeds City Council (Note 11)	11,765	11,765
Concessionary unsecured loan - Co-operative Bank – Bounce Back Loan	5,517	-
Secured bank loans - Unity Trust (Note 11)	26,041	17,646
	139,924	96,718

11. Creditors: Amounts Falling Due After More Than One Year

	2020 £	2019 £
Concessionary, unsecured loan - Quaker Housing Trust	-	2,450
Concessionary, unsecured loan - Quaker Housing Trust	8,000	9,000
Concessionary secured loan - Leeds City Council	176,470	188,235
Concessionary unsecured loan - Co-operative Bank – Bounce Back Loan	44,483	-
Secured bank loans - Unity Trust	780,374	611,892
	1,009,327	811,577

An unsecured £50,000 loan was obtained in 2020 from the Co-operative Bank under the Bounce Back Loan Scheme. The loan is interest free for the first 12 months, after 12 months interest will be charged at a fixed rate of 2.5%. No repayments are due for 12 months after drawdown. The loan is then repayable in equal instalments over 5 years. A balance of £50,000 remains outstanding at the year end.

An unsecured loan was obtained from the Quaker Housing Trust in 2011. The loan is unsecured, interest free and repayable in equal instalments over 10 years. A balance of £2,450 remains outstanding at the year end.

An additional unsecured loan was obtained from the Quaker Housing Trust in 2019. The loan is unsecured, interest free and repayable in equal instalments over 10 years. A balance of £9,000 remains outstanding at the year end.

An interest free secured loan was obtained from Leeds City Council in 2015. £100,000 was advanced that year and a further £100,000 advanced in 2016. The loan is to be repaid over 17 years in equal instalments and is secured by way of legal charge over 7 leasehold properties. The first repayment was delayed until 2020 and a balance of £188,235 remains outstanding at the year end.

The loan from Unity Trust is repayable over ten years from June 2019 at a variable rate of interest and is secured by way of legal charge over 17 freehold properties and 39 leasehold properties. An additional £200,000 was advanced in 2020 and a balance of £806,415 remains outstanding at the year end.

At 31 December 2020 the loans were repayable in annual instalments as follows:

	2020 £	2019 £
In one year or less	46,773	32,861
Between one and five years	201,575	129,783
After five years by instalments	807,752	681,794
	1,009,327	811,577
Total borrowings	1,056,100	844,438

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Notes to the Financial Statements for the year ended 31 December 2020

12. Deferred income

	2020 £	2019 £
Balance at 1 January 2020	7,942	30,405
Amount released to income	(7,942)	(30,405)
Amount deferred in the year	29,014	7,942
Balance at 31 December 2020	29,014	7,942

13. Share capital

	2020 £	2019 £
Members' share capital as of 1 January and 31 December 20	115	115

14. Movement in funds

The restricted funds of the Society comprise the following unexpended balances of grants held on trust to be applied for specific purposes:

Year ended 31 December 2020	Balance 1 Jan 2020 £	Income £	Expenditure £	Balance 31 Dec 2020 £
Restricted funds				
Community Fund – COVID 19 Response	-	2,100	(2,100)	-
Community Fund – Power to Change	-	74,898	(22,531)	52,367
Community Fund – The Big Issue Invest	-	6,730	(6,730)	-
Henry Smith Charity	-	45,000	(45,000)	-
LandAid Charitable Trust	-	41,200	-	41,200
Leeds Community Foundation – Men's Suicide Prevention	-	5,250	(5,250)	-
Leeds Community Foundation -Volunteer Support	5,250	-	(5,250)	-
LCC Violence Reduction Unit	-	8,000	(8,000)	-
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	320,911	49,500	-	370,411
Total restricted funds	4,354,788	232,678	(94,861)	4,492,605
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
General funds	293,750	636,982	(546,545)	384,187
Total unrestricted funds	347,351	636,982	(546,545)	437,788
Total funds	4,702,139	869,660	(641,406)	4,930,393

Canopy Housing

Notes to the Financial Statements for the year ended 31 December 2020

14. Movement in funds (cont...)

Restricted Funds:

Community Fund – funding for various COVID-19 recovery projects

Fund balances for The Empty Homes Community Grants and Properties Programmes represents funding towards the purchase of 14 empty properties and to bring them back in to use.

Henry Smith funding is towards salary and on costs of a project providing employability skills for local residents in Leeds.

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

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

Leeds City Council funding represents the value of 99-year leases on 39 properties which are used for social housing.

The Right to buy programme – funding from Leeds City Council towards the delivery of 10 units of social housing.

Designated Funds:

The management committee 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 costs of repairs to its office bases and tenanted houses (the repairs funds) and funds to cover the cost of a replacement vehicle (the vehicle replacement fund).

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Notes to the Financial Statements for the year ended 31 December 2020

14. Movement in funds (cont...)

Year ended 31 December 2019	Balance 1 Jan 2019 £	Income £	Expenditure £	Balance 31 Dec 2019 £
Restricted funds				
Asda Foundation	-	9,240	(9,240)	-
Beatrice Laing Trust	-	6,600	(6,600)	-
European Social Fund	-	16,633	(16,633)	-
Henry Smith Charity	-	43,000	(43,000)	-
Jimbo's Fund	12,800	-	(12,800)	-
LandAid Charitable Trust	-	36,000	(36,000)	-
Leeds Community Foundation	-	9,500	(4,250)	5,250
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 Quaker Housing Trust	-	20,000	(20,000)	-
The Liz and Terry Bramall Foundation	-	5,000	(5,000)	-
The Right to Buy Programme	164,161	156,750	-	320,911
Other grants	-	627	(627)	-
Total restricted funds	963,961	3,544,977	(154,150)	4,354,788
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
General funds	269,722	567,535	(543,507)	293,750
Total unrestricted funds	323,323	567,535	(543,507)	347,351
Total funds	1,287,284	4,112,512	(697,657)	4,702,139

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Notes to the Financial Statements for the year ended 31 December 2020

15. Analysis of net assets by fund

Year ended 31 December 2020	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Restricted funds	4,399,038	93,567	-	4,492,605
Unrestricted funds:				
Designated funds	-	53,601	-	53,601
General funds	1,436,759	(43,245)	(1,009,327)	384,187
Total funds	5,835,797	103,923	(1,009,327)	4,930,393
Members' share capital	-	115	-	115
	5,835,797	104,038	(1,009,327)	4,930,508

Year ended 31 December 2019	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Restricted funds	4,349,538	5,250	-	4,354,788
Unrestricted funds:				
Designated funds	-	53,601	-	53,601
General funds	1,166,372	(61,045)	(811,577)	293,750
Total funds	5,515,910	(2,194)	(811,577)	4,702,139
Members' share capital	-	115	-	115
	5,515,910	(2,079)	(811,577)	4,702,254

16. Pension Costs

The Society operates defined contribution pension arrangements for the benefit of its employees. The assets the schemes are held separately from the Society. The employer's contribution to the schemes was 5% and the cost for the year was £16,932 (2019: £14,482). At the year end £2,759 (2019: £3,695) was due to the schemes and included within accruals.

17. Financial Commitments

At 31 December 2020 the society had outstanding commitments for future minimum lease payments under non-cancellable leases which fall due as follows:

	Office equipment 2020 £	2019 £
Within one year	-	586
Between one and five years	-	-
Over five years	-	-
	-	586

Canopy Housing

Notes to the Financial Statements for the year ended 31 December 2020

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

	2020	2019
	£	£
Net movement in funds	228,254	3,414,855
Add depreciation charge	1,160	7,862
Less value of leases gifted	-	(3,241,627)
(Increase) in debtors	(38,517)	(24,158)
Increase in creditors	29,294	1,081
Net cash used in operating activities	220,191	158,013

Analysis of changes in net debt

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	39,357	110,806	150,163
Borrowings	(844,438)	(211,662)	(1,056,100)
	(805,081)	(100,856)	(905,937)

19. Related Party Transactions

Martyn Broadest, a trustee, is on the Management Team of Connect Housing. During the year Canopy paid £2,579 (2019: £2,555) to Connect Housing for the lease of 65 Cross Flats Terrace. There are no other related party transactions in the current or prior year.