

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

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THE LATVIAN WELFARE TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2019

Trustees	K Ligers UJ Revelins Mrs I Grickus IAJ Sinka Ms K I Zobens East M Vizbulis M Jansons (resigned 8 March 2020) M Pulkstenis (resigned 9 March 2019) Mrs E Brauele (appointed 16 January 2019) Mrs D Dundure Kluce (appointed 9 March 2019, resigned 8 November 2020) B Freimane (appointed 8 March 2020) A Namsone Hatone (appointed 8 November 2020)
Company registered number	05853180
Charity registered number	1124661
Registered office	Catthorpe Manor Lilbourne Road Catthorpe Leicestershire LE17 6DF
Company secretary	UJ Revelins
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
Solicitors	Brethertons LLP Montague House 2 Clifton Road Rugby Warwickshire CV21 3PX

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 January 2019 to 31 December 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the 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 (FRS102) (effective 1 January 2019).

Objectives and activities

a. Objectives and Aims

The main purposes of the charity are:

- To relieve financial hardship, sickness and poor health amongst Latvian people
- To advance the education of the public about the country of Latvia and its people
- To advance the education of Latvian people in Latvia and in the UK
- To conserve, for the benefit of all peoples everywhere, ancient and modern buildings, monuments, archives and works of art which are of historical and cultural importance to Latvia and the Latvian people
- To organise and promote social events and recreational activities for the benefit of Latvian people who have a need for such facilities by reason of their age, infirmity and hardship caused by social or economic circumstances, with the object of improving their conditions of life.

The activities of the Trust in the UK are centred on two sites: Catthorpe Manor Estate at Catthorpe, Lutterworth in Leicestershire, and the London centre at 72 Queensborough Terrace. Both of these sites act as key social centres for the wider Latvian community in the UK.

Catthorpe Manor is the registered office and administration centre for the Trust, has a 20 room hotel, a restaurant and several function rooms and outbuildings, some of which are rented out. The centre:

- Provides sheltered accommodation for elderly Latvians
- Provides rooms for other tenants wishing to live in a Latvian community
- Houses a library and the documentary archive about Latvians in the UK, which is also used and accessed by librarians, historians and archivists from Latvia
- Is home to the Catthorpe Latvian choir, a Latvian Saturday school. three folk dancing troupes and folklore ensemble
- Provides facilities for three children's annual summer camps for the Latvian and Estonian communities
- Provides facilities for a number of traditional functions and gatherings each year
- Provides facilities for regular church services
- Houses a number of function rooms, a hotel and bar, which are used by the Latvian community and are also hired out to the wider public for weddings, parties, business meetings and conferences.

The London centre operates as a guest house, but also performs the important role of providing a Central London venue for Latvians to meet for traditional and social activities. Its location is particularly attractive to visitors from Latvia and other countries. The centre:

- Houses a library and social club with bar
- Provides rooms for use by Latvian students attending colleges in London, and for paying guests for overnight stays
- Provides facilities for the Latvian Sunday school
- Provides facilities for Latvian language classes
- Provides a meeting place for Latvian business groups, including the Latvian Chamber of Commerce
- Provides a function room and facilities for three Latvian folk dancing groups and choir, as well as for concerts, theatre productions and other social events.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance

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Objectives and activities (continued)

published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

a. Achievement and Performance

While both UK centres, and until recently the Riga hotel, employ paid staff to carry out the normal day to day operational functions, most of the background work of the Trust is carried out by the trustees and other volunteers from the Latvian community. The role of volunteers is important and over the years their input has been invaluable, not least because of the cost savings, but it had become increasingly difficult to find suitable people. However, recently we have found more activity from people who have moved from Latvia to the UK and now form a key component of the membership and various committees.

The Trust works closely with other Latvian organisations such as the Latvian National Council in Great Britain (LNC) and the Latvian Lutheran Church. Working with LNC, the Trust supports the Latvian Educational Foundation, helping to provide assistance to the growing number of weekend Latvian schools for children in the UK and supporting various other educational and cultural activities.

The trustees are aware of the difficult financial situation at present and have plans to bring both UK centres back to sustainability over the next few years. The London centre has continued to grow its income, and the investments in Catthorpe Manor have resulted in an increase in commercial activity during 2019 with an expectation it will return to a surplus position within the next couple of years. The Riga hotel was sold and will provide capital for investment for the Trust in the UK.

The hotel at Catthorpe and surrounding territory has been upgraded, as funds allow, and the hotel and facilities are increasingly appealing to weddings, parties and dinners. There has also been a growing interest to a wider range of businesses for meetings and conferences where quality overnight accommodation is required.

Close attention continues to be paid to income generation at both UK centres, so that funds are available for the capital expenditure required to carry out improvements. At Catthorpe, this income generation continues to focus on marketing the venue for weddings, parties and business conferences and in London on the guest house facilities. At Catthorpe we are also refurbishing various properties on the estate, so that we can maximise rental income.

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FOR THE YEAR ENDED 31 DECEMBER 2019

Strategic report (continued)

Achievements and performance (continued)

b. Key performance indicators

The trustees use various KPI's to monitor the performance of the charity including its subsidiary undertakings, which are detailed in the table below. Activities at Catthorpe have been steadily growing following the completion of the redevelopment of the Manor house in 2016.

KPI	2019			2018		
	London	Catthorpe	Riga	London	Catthorpe	Riga
Occupancy rate	80%	62%	n/a	81%	54%	67%
Average room rate	£66.11	£78.90	n/a	£58.57	£79.82	€61
Revenue/available room (ex VAT)	£53.33	£49.05	n/a	£47.38	£43.25	€44
Weddings booked	n/a	38	n/a	n/a	35	n/a

The financial statements show accumulated funds of £14,878,080 of which deficits exist for the funds retained within non-charitable subsidiaries of £865,535.

Financial review

a. Going concern

2019

2019 was a disappointing year for both venues. The income for the London venue was 8% less than budget, although there were savings in expenditure. As the London Guest House is dependent on the tourist trade, the view was that Brexit may have caused some nervousness in the tourist industry but we also saw an increase in price competition locally. The directors agreed that the London venue would benefit from a greater level of autonomy in order to be more agile in its response to market demands. As a result, its reporting structure was adjusted with the General Manager of the venue reporting directly to the directors.

At Catthorpe the wedding market, in particular, did not meet expectations and the conference market did not expand as planned, resulting in a 17% reduction in revenue against budget. The directors took the view that the focus on marketing as opposed to sales had an adverse impact on the business. Several changes in the management of the company during the middle of the year provided the opportunity to undertake a thorough review of the business model including a change of focus from marketing to sales. These changes were beginning to be implemented during the first few months of 2020 and were already showing satisfactory results for the second half of 2020. The coronavirus pandemic, however, dramatically changed the circumstances in which we were able to operate.

2020

The hospitality industry in the UK has been particularly hard hit during 2020 with both premises effectively closed for business since March 2020. Catthorpe was able to welcome hotel guests during September and October, but the limited number of people permitted to attend other types of events made it difficult to cover costs. However, we felt it was important that our customers and potential customers were provided with a level of confidence that we were continuing to do what we could to resume our business activities with all the Covid-19 restrictions in place. The constant changes in government policy, the varying rates of infection leading to several

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'lockdowns' and the prospect of an as yet unknown impact of a vaccine roll out in 2021 have made planning ahead not only difficult, but almost impossible but our Sales Manager continues to maintain regular contact with customers who have planned future events to discuss any changes which may be needed as the guidelines and rules and circumstances change. At the same time, much effort is being put into gaining future trading business for functions and business meetings at Catthorpe, which we consider to be the main framework for sound income midweek with weddings and other social events occupying the weekends.

During this period, we have taken full advantage of all Government grants, subsidies and the job retention schemes as well as reviewing our staffing needs and structure. Costs continue to be a concern as both properties require to be maintained in as good an order as possible if we are to return quickly to business mode. These are also the primary assets of the Trust and the Trustees would not be fulfilling their obligations to its community and to the Charity Commission if they were to be neglected. During this period, we have also taken a step back to look at what alternatives there might be for the Trust's properties, such as sale, lease, redevelopment or closing down. All involve either considerable risk or additional investment and do not remove the need for the Trust to continue to maintain the buildings and, in the case of Catthorpe, the wider estate whilst alternatives are fully explored. Maintaining the facilities at Catthorpe and London are a core aspect of our charitable work, so that they can be made available for community purposes: Sunday schools, dance groups, choirs and other cultural activities.

Both venues can depend on a level of stable income from rentals. Residential bed-sit room availability is limited in our London premises as a result of Westminster Council rules regarding HMOs but with normally 100% capacity the income generated is approximately £50,000 p.a. At Catthorpe the number of rented properties has increased as the Trust has sought to invest its capital from the sale of its Riga hotel in making major improvements to a number of the smaller self-contained flats so that these can be let as well as purchasing several houses to let on the Catthorpe estate, the value of which are now in the range of £1m. These are all managed by the trading company but the policy also provides a cushion against future financial problems. Assuming that the occupancy rate of the available accommodation is around 90% the income generated will be in the region of £200,000 p.a. After many years of neglect due to lack of funds, the Trustees have also invested in an improvement programme for both properties to make it more attractive to prospective clients but also to provide better facilities for the community that it serves.

Future Outlook

Our London venue is primarily dependent on the recovery of the tourist trade and the opening up of travel restrictions. The emergence of a more virulent strain of Covid has, however provided yet more uncertainty. The Brexit negotiation outcome and the successful roll out of vaccines both in the UK and overseas will have a major impact on our 2021 business activities. Our assumption is that there will be no change to the situation during the first three months of 2021 to that of the last three months of 2020, in effect, that there will be no guest house visitors. We are hopeful that from April 2021 there will be an easing of travel restrictions to allow a limited number of visitors and that there will be a gradual increase of activity in the tourist and travel industry, with a more positive outlook for the second half of 2021. We do not, however, believe that there will be a full return to 'business as usual' until 2022. Our budget for London is based on these assumptions and we expect to make a loss of some £40,000 with a return to profit in 2022.

At Catthorpe, there is already a strong demand for weddings in 2021 with some 40 bookings and an expectation of this increasing to 50. The majority of these are planned from April onwards. As these events depend on the numbers able to attend to be financially successful, the success of the roll out of vaccines will be a determining factor. The development of the business and conference sector is also very positive, but we are yet to see how much impact the 'working from home' instructions will have on the future of business activity and whether this will become the norm. This could be an opportunity for us to provide working space and meeting and conference facilities to businesses that shrink their office space. However, we also need to recognize that the increasing use of various video conferencing platforms could have an adverse effect on our meetings offering. With so much uncertainty about the range of restrictions still in place during the course of the year, Catthorpe could return a small operating surplus of some £30,000 if all restrictions were to be lifted by the end of March. However, if restrictions continue into the summer months with only a gradual easing, 2021 could end with an

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operating loss of some £90,000, with a return to profit in 2022.

Clearly the sale of the Riga hotel has provided a cushion to the Trust and Trading company to deal with the financial burdens of 2021 and it still has reserves as well as investments in assets which can be readily converted. There has been no requirement to defer payments to creditors and there are no significant debtors. Both venues are well placed to recover quickly once restrictions have been lifted in the hospitality market and 2022 is likely to see both returning an operating profit.

b. Reserves policy

The trustees consider it prudent to maintain reserves in the general fund at six months of the current annual operating surplus. The trustees believe that this should normally be sufficient to ensure that any unbudgeted or emergency expenditure will be sufficiently covered. However, during the period of redevelopment and growth of the revised business, it had not been possible to sustain the requisite level of reserves, and it could be another two years before finances have stabilised. Following sale of the hotel, a separate reserve has now been set up and maintained and the Charity therefore has free reserves in excess of the policy.

At the year end the consolidated total reserves were £14,878,080 (2018: £13,983,424). All reserves were unrestricted. Reserves held relating to fixed assets that could only be realised by their disposal totalled £12,394,848 (2018: £20,814,110). Free reserves at the year end after making allowance for fixed assets were £2,483,232 (2018: -£6,830,686).

c. Principal Risks and Uncertainties

The charity's activities expose it to a number of financial risks including price risk, credit risk and liquidity risk. The impact of the virus restrictions on all activities, has by its very nature raised questions about the viability of the trading business. A review of different scenarios led to the conclusion that the current and future plans are sustainable. The steady improvement in business, since restructuring, shows a positive improvement which will recover once the virus issues have abated.

d. Price Risk

The charity is exposed to price risk in the hotel and events industry, however the directors of its subsidiary, reporting to the trustees and in conjunction with the trustees, regularly review and adjust the pricing structure to take account of competition and general market conditions to attract new customers. During the periods of lock down due to the virus, pricing has been particularly challenging in order to attract customers, but will be normalised when restrictions have eased.

e. Credit Risk

The charity has no significant concentration of credit risk, with exposure spread over a wide number of customers.

f. Liquidity Risk

Following the sale of the Riga hotel all loans have been repaid and a substantial balance was placed in the reserves.

The trustees continue to seek improvements in the trade of its subsidiary undertakings to finance ongoing activities. A steady improvement in turnover is visible and expected to continue with the Catthorpe hotel and restaurant open for business.

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g. Principal funding

The principal funding sources are the trading activities from its subsidiary companies, LWT Trading UK Limited, and until recently SIA "Anglijas Daugavas Vanagu Fonda Viesnica "Radi un draugi"", along with income generated from the Garden Annex at Catthorpe Manor for the running of the sheltered accommodation.

h. Future Plans

Following the refurbishment of Catthorpe Manor, with the associated costs, it is not anticipated that any further major developments will be considered for a period of some 5 years, apart from upgrading the territory, allowing finances to stabilise. The London guest house continues to require regular maintenance.

We are following a strategy of buying residential houses on the estate, as they come up for sale, so that we can increase rental income. That gives additional income not dependant on the Catthorpe hotel.

Structure, governance and management

a. Constitution

The Latvian Welfare Trust is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

b. Governing Document

The charity is governed by its Memorandum and Articles of Association and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

c. Recruitment and Appointment of New Trustees

New trustees are appointed from suitable candidates who have the necessary language skills and experience in the specific cultural requirements of the trust. New trustees undergo a briefing session to outline their legal obligations under charity and company law, the Charity Commission guidance on public benefit, the Memorandum and Articles of Association, the business plans and recent financial summaries. The training needs of each trustee are assessed on an individual basis and any courses are arranged where appropriate.

d. Organisational Structure

The board of trustees, comprising of no more than nine members, is elected from members and delegates of the Latvian Welfare Fund (also known as the DVF) branches and groups at the AGM held in March each year. Election is now on a rotation basis for a period of 3 years and trustees are open to re-election at the end of that period. The delegates for the 2019 AGM represented the 12 Branches and 2 Groups comprising 836 active members. There have been reductions in the number of branches over previous years, due to changes in the rules governing branches and groups. A Branch is required to have at least 20 members, whereas a Group can be formed with at least 10 members.

The day to day management of the Charity is delegated to the General Manager.

None of the trustees receive any remuneration or any other benefit from their work with the Charity, nor are there any contractual relations between any trustees and suppliers or contractors to any of the centres. The board of trustees meets monthly to discuss general business and specific issues relating to the running of the centres in London and Catthorpe.

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Structure, governance and management (continued)

e. Wider Network

The Trust works closely with the Latvian Educational Foundation 1990 (charity no.1004578) by appointing two trustees who, together with other Foundation trustees, provide scholarships and support to Latvian weekend schools in the UK and grants to other educational and cultural programmes:

- Mrs I Grickus
- Mr K Ligers

f. Related party relationships

The Latvian Welfare Fund is considered to be a related party as the board of trustees is selected from its membership in accordance with the Trust's Memorandum and Articles as amended in November 2014. Furthermore, The Latvian Welfare Trust has one trading subsidiary: LWT Trading UK Limited in the UK.

g. Risk management

The Trustees have a risk management strategy which comprises:

- A monthly review of the financial and management risks that the charity and its centres may face
- Systems and procedures to mitigate those risks identified
- Detailed Health & Safety policies for the centres, London and Catthorpe.

The Trustees are aware that financial sustainability is the main risk for the charity. Key elements in the management of financial risk are budgets to highlight expected business trends, together with assessment of monthly financial summaries against budget and close attention to cash flow.

Additional attention has also been focussed on the more general non-financial risks arising from fire, health and safety, and food hygiene. Particular attention is given to the operation of the sheltered accommodation at Catthorpe for the well-being of its residents.

h. Fundraising

The Charity has no fundraising activities requiring disclosure under Section 162 of Charities Act 2011.

i. Remuneration policy

Our approach to remuneration ensures that we can attract and retain talented and motivated people who can achieve our mission and deliver our objectives. Our aim is to pay competitively in the not-for-profit sector within the context of affordability.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

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

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is 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 the charitable group's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



IAJ Sinka
(Chair of Trustees)
Date: 8 March 2021

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LATVIAN WELFARE TRUST

Qualified Opinion

We have audited the financial statements of The Latvian Welfare Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated 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).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion on consolidated profit and loss section of our report, the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 December 2019 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion on consolidated profit and loss

During the year ended 31 December 2019, the group sold its entire interest in SIA "Anglijas Daugavas Vanagu Fonda viesnīca "Radi un draugi" for proceeds of €5,702,379 (£4,932,802 net of withholding tax). The activities of Radi un draugi have been disclosed as a discontinued operation in the consolidated profit and loss account, together with the gain on disposal of the interest in Radi un draugi. Following this disposal, the group has been unable to provide us with supporting documentary evidence required for us to be able to audit the income and expenditure of Radi un draugi presented as discontinued. The gain on disposal of Radi un draugi is directly related to the loss of the operations in the period, with changes in the net result of the discontinued operations having an equal but inverse effect on the reported gain. Consequently, we were unable to determine whether any adjustments to the discontinued operations, together with the related impact on the gain on disposal, was necessary.

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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 qualified opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LATVIAN WELFARE TRUST
(CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the income, expense and gain on disposal of the discontinued operation. We have concluded that where the other information refers to these it may be materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LATVIAN WELFARE TRUST
(CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

Arising solely from the limitation on the scope of our work relating to the discontinued operations, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LATVIAN WELFARE TRUST
(CONTINUED)

Use of our report

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



Kerry Brown (senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 9 March 2021

THE LATVIAN WELFARE TRUST
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Unrestricted funds 2019 £	Continuing operations 2019 £	Discontinued operations 2019 £	Total funds 2019 £	Continuing operations 2018 £	Discontinued operations 2018 £	Total funds 2018 £
Income from:								
Donations and legacies	3	6,004	6,004	-	6,004	11,894	-	11,894
Other trading activities	3	1,703,573	1,428,014	275,559	1,703,573	1,417,304	1,418,898	2,836,202
Investments	4	23,934	23,934	-	23,934	124,078	(79,095)	44,983
Other income	5	952,332	396,994	555,338	952,332	-	-	-
Total income		2,685,843	1,854,946	830,897	2,685,843	1,553,276	1,339,803	2,893,079
Expenditure on:								
Raising funds - trading activities	6	1,867,197	1,444,073	423,124	1,867,197	2,330,760	504,531	2,835,291
Charitable activities	7	466,985	466,985	-	466,985	365,489	30,695	396,184
Total expenditure		2,334,182	1,911,058	423,124	2,334,182	2,696,249	535,226	3,231,475
Net movement in funds before other recognised gains		351,661	(56,112)	407,773	351,661	(1,142,973)	804,577	(338,396)
Other recognised gains:								
Gains on revaluation of fixed assets		950,000	950,000	-	950,000	-	-	-
Net movement in funds		1,301,661	893,888	407,773	1,301,661	(1,142,973)	804,577	(338,396)

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Unrestricted funds 2019 £	Continuing operations 2019 £	Discontinued operations 2019 £	Total funds 2019 £	Continuing operations 2018 £	Discontinued operations 2018 £	Total funds 2018 £
Reconciliation of funds:								
Total funds brought forward		13,576,419	13,984,192	(407,773)	13,576,419	15,126,397	(1,211,582)	13,914,815
Net movement in funds		1,301,661	893,888	407,773	1,301,661	(1,142,973)	804,577	(338,396)
Total funds carried forward		14,878,080	14,878,080	-	14,878,080	13,983,424	(407,005)	13,576,419

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

The notes on pages 21 to 43 form part of these financial statements.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 05853180

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	-	138,117
Tangible assets	13	12,394,848	15,529,703
Fixed asset investments	15	-	5,146,290
		<u>12,394,848</u>	<u>20,814,110</u>
Current assets			
Stocks	16	8,561	23,815
Debtors	17	43,690	64,790
Cash at bank and in hand		2,928,996	168,702
		<u>2,981,247</u>	<u>257,307</u>
Creditors: amounts falling due within one year	18	(498,015)	(5,803,575)
Net current assets / liabilities		<u>2,483,232</u>	<u>(5,546,268)</u>
Total assets less current liabilities		<u>14,878,080</u>	<u>15,267,842</u>
Creditors: amounts falling due after more than one year	19	-	(1,691,423)
Net assets excluding pension asset		<u>14,878,080</u>	<u>13,576,419</u>
Total net assets		<u><u>14,878,080</u></u>	<u><u>13,576,419</u></u>

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 05853180

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Charity funds			
Restricted funds	21	-	-
Unrestricted funds	21	14,878,080	13,576,419
Total funds		14,878,080	13,576,419

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



IAJ Sinka
(Chair of Trustees)
Date: 8 March 2021

The notes on pages 21 to 43 form part of these financial statements.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 05853180

CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	15,979	19,638
Investments	15	100	5,146,290
Investment property	14	10,650,000	9,700,000
		<u>10,666,079</u>	<u>14,865,928</u>
Current assets			
Debtors	17	2,445,617	2,085,706
Cash at bank and in hand		2,890,932	52,457
		<u>5,336,549</u>	<u>2,138,163</u>
Creditors: amounts falling due within one year	18	(259,781)	(149,542)
Net current assets		<u>5,076,768</u>	<u>1,988,621</u>
Total assets less current liabilities		<u>15,742,847</u>	<u>16,854,549</u>
Creditors: amounts falling due after more than one year	19	-	(2,253,277)
Net assets excluding pension asset		<u>15,742,847</u>	<u>14,601,272</u>
Total net assets		<u><u>15,742,847</u></u>	<u><u>14,601,272</u></u>

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 05853180

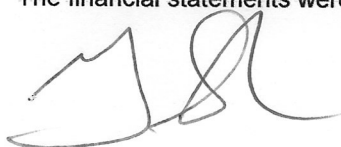
CHARITY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Charity funds			
Restricted funds	21	-	-
Unrestricted funds	21	15,742,847	14,601,272
Total funds		<u>15,742,847</u>	<u>14,601,272</u>

The parent's surplus for the financial year was £1,141,575 (2018: Deficit £1,061,277 which includes an exceptional item of £903,335 impairment of investment held in subsidiary undertakings).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



IAJ Sinka
(Chair of Trustees)
Date: 8 March 2021

The notes on pages 21 to 43 form part of these financial statements.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Net cash used in operating activities	(5,133,201)	111,887
Cash flows from investing activities		
Dividends, interests and rents from investments	123,934	(43,304)
Proceeds from the sale of intangible assets	-	480
Loss on sale of tangible fixed assets	4,237,917	60,244
Purchase of intangible and tangible fixed assets	(61,214)	(97,267)
Proceeds from sale of investments	4,932,802	-
Loss on sale of investments	213,488	-
Net cash provided by/(used in) investing activities	9,446,927	(79,847)
Cash flows from financing activities		
Cash inflows from new borrowing	-	119,911
Repayments of borrowing	(1,553,432)	(60,925)
Net cash (used in)/provided by financing activities	(1,553,432)	58,986
Change in cash and cash equivalents in the year	2,760,294	91,026
Cash and cash equivalents at the beginning of the year	168,702	77,676
Cash and cash equivalents at the end of the year	2,928,996	168,702

The notes on pages 21 to 43 form part of these financial statements

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The Trust is a company limited by guarantee (registered number: 05853180) which is registered in England and Wales. It registered as a charity on 21st June 2008 and its charity registration number is 1124661. The registered office and principal place of business is Catthorpe Manor, Lilbourne Road, Catthorpe, Leicestershire, LE17 6DF.

The principal activity is to relieve financial hardship, sickness and poor health amongst Latvian people, to advance the education of the public about the country of Latvia and its people, as well as the education of Latvian people in Latvia and in the UK, and to conserve, for the benefit of all peoples everywhere, ancient and modern buildings, monuments, archives and works of art which are of historical and cultural importance to Latvia and the Latvian people. The Charity also organise and promote social events and recreational activities for the benefit of Latvian people.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Group has elected to apply all amendments to FRS 102, as set out in the Financial Reporting Council's triennial review published in December 2017, and included in Update Bulletin 2 to the Charities SORP (FRS 102), prior to mandatory adoption for accounting periods beginning on or after 1 January 2019.

The Latvian Welfare Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

The parent's surplus for the financial year was £1,141,575 (2018: Deficit £1,061,277 which includes an exceptional item of £903,335 impairment of investment held in subsidiary undertakings).

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.2 Going concern

In considering going concern, the Directors have taken into account the possible impact arising from Covid-19 and the recently published lockdown release roadmap by H M Government in response to the Covid-19 pandemic. Forecasts have been stress-tested to assess how the company could cope under different scenarios. The Directors consider that in spite of the continuing uncertainties, the sale of the Riga hotel has provided a cushion to the Trust and Trading company to deal with the financial burdens of 2021 and it still has reserves as well as investments in assets which can be readily converted. The Directors have therefore concluded that the Company has adequate resources to continue in operational existence for the foreseeable future and it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Included within the incoming resources are the trading income from its trading subsidiaries, Anglijas Daugavas Vanagu Fonda Viesnica Radi Un Draugi SLA and LWT Trading UK Limited.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Intangible assets and amortisation

Intangible assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- 2% on cost for buildings
Improvements to property	- Over the period of the lease
Motor vehicles	- 25% on reducing balance
Fixtures and fittings	- 20% on cost
Plant and machinery	- 25% on cost
Computer equipment	- 33% on cost

The freehold property Catthorpe Manor & 72 Queensborough Terrace has not been depreciated during the year under review, this is because the freehold property is leased to its trading subsidiary LWT Trading UK Limited from The Latvian Welfare Trust on a long term lease and, as permitted by the Charities SORP (FRS 102) is treated as an investment property.

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the consolidated statement of financial activities as a finance cost.

2.12 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Income from donations and legacies

	Unrestricted funds 2019 £	Total funds 2019 £
Donations	6,004	6,004

	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Donations	11,894	11,894

Income from non charitable trading activities

	Unrestricted funds 2019 £	Total funds 2019 £
Income from Catthorpe Manor	64,233	64,233
Trading income	1,639,340	1,639,340
	1,703,573	1,703,573

	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Income from Catthorpe Manor	71,574	71,574
Trading income	2,764,628	2,764,628
	2,836,202	2,836,202

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £
Rents receivable	23,934	23,934

	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Rents receivable	44,983	44,983

5. Other incoming resources

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Miscellaneous income	5,635	5,635	-
Profit/loss on disposal of fixed asset investments	946,697	946,697	-
	<u>952,332</u>	<u>952,332</u>	<u>-</u>

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Expenditure on raising funds

Trading activities

	Unrestricted funds 2019 £	Total funds 2019 £
Cost of sales	601,545	601,545
Administration expenses	457,727	457,727
Interest payable	1,041	1,041
Cost of sales staff costs	65,279	65,279
Administration staff costs	701,412	701,412
Administration depreciation	40,193	40,193
	<u>1,867,197</u>	<u>1,867,197</u>
	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Cost of sales	1,640,568	1,640,568
Administration expenses	448,752	448,752
Interest payable	18,697	18,697
Administration staff costs	687,001	687,001
Administration depreciation	40,273	40,273
	<u>2,835,291</u>	<u>2,835,291</u>

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Total funds 2019 £
Catthorpe Manor	466,985	466,985

	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Catthorpe Manor	396,184	396,184

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Catthorpe Manor	439,121	27,864	466,985

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Catthorpe Manor	354,583	41,601	396,184

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Catthorpe Manor 2019 £	Total funds 2019 £
Management	418	418
Governance costs	13,739	13,739
Finance	697	697
Other	13,010	13,010
	<u>27,864</u>	<u>27,864</u>
	<u><u>27,864</u></u>	<u><u>27,864</u></u>
	<i>Catthorpe Manor 2018 £</i>	<i>Total funds 2018 £</i>
Management	112	112
Governance costs	1,600	1,600
Finance	592	592
Other	39,297	39,297
	<u>41,601</u>	<u>41,601</u>
	<u><u>41,601</u></u>	<u><u>41,601</u></u>

9. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £12,750 (2018 - £14,100).

THE LATVIAN WELFARE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Staff costs

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Wages and salaries	863,833	826,323	97,142	139,322
	863,833	826,323	97,142	139,322

The average number of persons employed by the Charity during the year was as follows:

	Group 2019 No.	<i>Group 2018 No.</i>	Company 2019 No.	<i>Company 2018 No.</i>
Catthorpe Manor	6	6	6	6
Radi un draugi	-	57	-	-
LWT Trading UK Ltd	62	55	-	-
	68	118	6	6

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2019 No.	<i>Group 2018 No.</i>
In the band £60,001 - £70,000	1	-

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 December 2019, no Trustee expenses have been incurred (2018 - £NIL).

THE LATVIAN WELFARE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Intangible assets

Group

	Patents £	Goodwill £	Total £
At 1 January 2019	20,648	306,945	327,593
Disposals	(20,648)	(306,945)	(327,593)
At 31 December 2019	-	-	-
At 1 January 2019	5,306	184,170	189,476
At 31 December 2019	-	-	-
Net book value			
At 31 December 2019	-	-	-
<i>At 31 December 2018</i>	15,342	122,775	138,117

THE LATVIAN WELFARE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets

Group

	Freehold property £	Improvements to property £	Plant and machinery and motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2019	14,601,058	1,723,325	10,449	288,876	3,608	16,627,316
Additions	-	35,455	-	21,879	3,880	61,214
Disposals	(4,901,058)	-	-	(72,909)	-	(4,973,967)
Revaluations	950,000	-	-	-	-	950,000
At 31 December 2019	10,650,000	1,758,780	10,449	237,846	7,488	12,664,563
Depreciation						
At 1 January 2019	861,756	66,831	8,483	157,177	3,366	1,097,613
Charge for the year	-	17,628	1,966	25,262	1,415	46,271
On disposals	(861,756)	-	-	(12,413)	-	(874,169)
At 31 December 2019	-	84,459	10,449	170,026	4,781	269,715
Net book value						
At 31 December 2019	10,650,000	1,674,321	-	67,820	2,707	12,394,848
At 31 December 2018	13,739,302	1,656,494	1,966	131,699	242	15,529,703

THE LATVIAN WELFARE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets (continued)

Company

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2019	328,549	1,600	330,149
Additions	2,419	-	2,419
At 31 December 2019	330,968	1,600	332,568
Depreciation			
At 1 January 2019	308,911	1,600	310,511
Charge for the year	6,078	-	6,078
At 31 December 2019	314,989	1,600	316,589
Net book value			
At 31 December 2019	15,979	-	15,979
At 31 December 2018	19,638	-	19,638

THE LATVIAN WELFARE TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Investment property

Group

Charity

	Freehold investment property £
Valuation	
At 1 January 2019	9,700,000
Surplus on revaluation	950,000
	<hr/>
At 31 December 2019	10,650,000
	<hr/>

The London Guest House was valued on a fair market basis on 4th September 2014 by Edward Symmons LLP.

Catthorpe Manor was valued by Holt Commercial at market value on 28 August 2020. The valuation includes a special consideration regarding the uncertainty of the current market as a result of the Covid-19 pandemic and reliance was therefore placed on transactions which took place prior to lock down.

Included in the net book value of property displayed above are the following amounts ascribable to land:

	Company 2019 £	<i>Company 2018 £</i>
Historic cost	4,700,000	<i>4,700,000</i>
	<hr/>	<hr/>

THE LATVIAN WELFARE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Fixed asset investments

	Investments in subsidiary companies £
Charity	
Cost or valuation	
At 1 January 2019	5,146,290
Disposals	(5,146,190)
At 31 December 2019	<u>100</u>
Net book value	
At 31 December 2019	<u>100</u>
<i>At 31 December 2018</i>	<u>5,146,290</u>

THE LATVIAN WELFARE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Fixed asset investments (continued)

Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

Name	Company number	Registered office or principal place of business	Principal activity
LWT Trading UK Limited	08798565	Catthorpe Manor Lilbourne Road Catthorpe Leicestershire LE17 6DF	Operation of a hotel and guest house

Class of shares	Holding	Included in consolidation
Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
LWT Trading UK Limited	1,366,190	(1,544,073)	(177,883)	(795,631)

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Stocks

	Group 2019 £	<i>Group 2018 £</i>
Stocks	8,561	23,815

17. Debtors

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Due after more than one year				
Amounts owed by group undertakings	-	-	2,410,123	2,009,143
	-	-	2,410,123	2,009,143
Due within one year				
Trade debtors	5,843	32,996	3,784	5,225
Amounts owed by group undertakings	-	-	25,916	69,087
Other debtors	18,669	134	152	-
Prepayments and accrued income	19,178	31,660	5,642	2,251
	43,690	64,790	2,445,617	2,085,706

18. Creditors: Amounts falling due within one year

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Bank overdrafts	-	5	-	-
Bank loans	200,771	62,780	200,771	62,780
Other loans	-	8,132	-	8,132
Trade creditors	126,782	138,730	4,434	4,921
Investments	-	5,146,290	-	-
Other taxation and social security	25,226	79,762	4,657	3,863
Other creditors	85,170	108,255	19,536	18,721
Accruals and deferred income	60,066	259,621	30,383	51,125
	498,015	5,803,575	259,781	149,542

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19. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	-	857,241	-	857,241
Other loans	-	834,182	-	834,182
Amounts owed to group undertakings	-	-	-	561,854
	<u>-</u>	<u>1,691,423</u>	<u>-</u>	<u>2,253,277</u>

20. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets measured at fair value through income and expenditure	<u>2,928,996</u>	<u>168,702</u>	<u>2,890,932</u>	<u>52,457</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

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21. Statement of funds

Statement of funds - current year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
Unrestricted funds						
General fund	9,905,753	1,044,094	(397,181)	(776,172)	-	9,776,494
Revaluation reserve	5,017,121	-	-	-	950,000	5,967,121
Funds retained within non- charitable subsidiaries	(1,346,455)	1,641,749	(1,937,001)	776,172	-	(865,535)
	<u>13,576,419</u>	<u>2,685,843</u>	<u>(2,334,182)</u>	<u>-</u>	<u>950,000</u>	<u>14,878,080</u>

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21. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 January 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 December 2018 £</i>
Unrestricted funds				
General fund	10,143,843	158,094	(396,184)	9,905,753
Revaluation reserve	5,017,121	-	-	5,017,121
Funds retained within non-charitable subsidiaries	(1,246,149)	2,734,985	(2,835,291)	(1,346,455)
	<u>13,914,815</u>	<u>2,893,079</u>	<u>(3,231,475)</u>	<u>13,576,419</u>

22. Summary of funds

Summary of funds - current year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
General funds	<u>13,576,419</u>	<u>2,685,843</u>	<u>(2,334,182)</u>	<u>-</u>	<u>950,000</u>	<u>14,878,080</u>

Summary of funds - prior year

	<i>Balance at 1 January 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 December 2018 £</i>
General funds	<u>13,914,815</u>	<u>2,893,079</u>	<u>(3,231,475)</u>	<u>13,576,419</u>

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23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	12,394,848	12,394,848
Current assets	2,981,247	2,981,247
Creditors due within one year	(498,015)	(498,015)
Total	14,878,080	14,878,080

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	15,529,703	15,529,703
Intangible fixed assets	138,117	138,117
Fixed asset investments	5,146,290	5,146,290
Current assets	257,307	257,307
Creditors due within one year	(5,803,575)	(5,803,575)
Creditors due in more than one year	(1,691,423)	(1,691,423)
Total	13,576,419	13,576,419

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

	Group 2019 £	<i>Group 2018 £</i>
Net income/expenditure for the year (as per Statement of Financial Activities)	351,661	(338,396)
Adjustments for:		
Depreciation charges	46,271	260,537
Dividends, interests and rents from investments	(123,934)	43,304
Decrease/(increase) in stocks	15,254	(9,957)
Decrease in debtors	21,100	212,655
Decrease in creditors	(5,443,553)	(56,256)
Net cash provided by/(used in) operating activities	(5,133,201)	111,887

25. Analysis of cash and cash equivalents

	Group 2019 £	<i>Group 2018 £</i>
Cash in hand	2,928,996	168,702
Total cash and cash equivalents	2,928,996	168,702

26. Analysis of changes in net debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	168,702	2,760,294	2,928,996
Bank overdrafts repayable on demand	(5)	5	-
Debt due within 1 year	(70,912)	(129,859)	(200,771)
Debt due after 1 year	(1,691,423)	1,691,423	-
	(1,593,638)	4,321,863	2,728,225

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27. Related party transactions

Transactions with the subsidiary company are set out below. The balance outstanding at the year end owed from LWT Trading UK Limited was £2,436,039 (2018: £2,078,230).

	2019	2018
Rents receivable	100,000	44,187
Interest receivable	69,804	34,907
	<u>169,804</u>	<u>79,094</u>

There were no other related party transactions to disclose.

28. Post balance sheet events

The hospitality industry in the UK has been particularly hard hit during 2020 with both premises effectively closed for business since March 2020. Catthorpe was able to welcome hotel guests during September and October, but the limited number of people permitted to attend other types of events made it difficult to cover costs. However, we felt it was important that our customers and potential customers were provided with a level of confidence that we were continuing to do what we could to resume our business activities with all the Covid-19 restrictions in place. During this period, we have taken full advantage of all Government grants, subsidies and the job retention schemes as well as reviewing our staffing needs and structure.