

Registered number: 05853180
Charity number: 1124661

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2021

Trustees	K Ligers (resigned 2 October 2021) UJ Revelins Mrs I Grickus IAJ Sinka (resigned 2 October 2021) Ms K I Zobens East M Vizbulis Mrs E Brauele B Freimane A Namsone Hatone (resigned 20 March 2022) E Osa (appointed 2 October 2021) J Voitkevics (appointed 2 October 2021) G Lerhs (appointed 20 March 2022)
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

THE LATVIAN WELFARE TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees present their annual report together with the audited financial statements of the Charity for the 1 January 2021 to 31 December 2021. 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 Latvian Welfare Trust's public benefit, charitable activities have significantly increased in scale in recent years, because of the huge increase in numbers of Latvians living in the UK. In their nature, however, these activities build on what was put in place when the charity was formed, over 75 years ago, focusing on:

- support for Latvian community and Latvian cultural activities in the UK, especially through our two major centres, Catthorpe and London;
- charitable support for Latvians in need, both in the UK and abroad (primarily now in Latvia).

The maintenance of the London and Catthorpe centres is of great psychological and practical significance to the Latvian community in Britain. The centres contain not only facilities but also works of art and important historical books and documents. It is fundamental to and makes possible our charitable activities. Hence, making a success of the trading activities that support the continued existence of the two centres takes a significant effort and focus.

All of the above, of course, was severely impacted by the Covid pandemic, from March 2020 onwards. Latvian community schools, summer camps, church services, folk dancing groups, choirs and folklore ensembles, which are the mainstay of our public benefit activity were effectively closed down. The annual midsummer festival, usually attended by 3-4,000 people was cancelled for a second year running. We are proud that we managed to keep our old people in the Catthorpe sheltered accommodation facility secure and cared for throughout the period. Trading activities to support our centres were also severely impacted, but thanks to Central and Local Government support, in particular the furlough scheme in 2020 – 2021 as well as a range of grants, we were able to reduce the financial impact.

With hindsight, we were very fortunate in having disposed of our hotel in Riga, Latvia, in 2019. It would have been almost impossible for the board to have dealt with the effects of the pandemic there at the same time as dealing with it in the UK.

We were able to continue building works and physical improvements to our two centres, because the Covid crisis had less impact on building activities and the lack of business activities meant work could be completed more quickly.

Our staff, in particular, and our volunteers deserve our sincere thanks for the huge additional effort they put in to get us through the crisis.

Overview of our cultural centres

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 rented rooms, apartments and houses 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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Objectives and activities (continued)

- Is home to the Cattothorpe Latvian choir, a Latvian Saturday school, three folk dancing troupes for both adults and children and a folklore ensemble
- Provides facilities for three children's annual summer camps for the Latvian and Estonian communities
- Provides facilities for a number of traditional Latvian 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
- Hosts guests from the Latvian parliament and provides the opportunity for Latvian nationals to meet with their representatives
- 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.

Charitable activities run or supported by the Trust

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

These are the charitable, public benefit, activities undertaken in 2021, grouped according to the charity's objects:

- 1) to relieve financial hardship, sickness and poor health amongst Latvian People;
 - Support to the Latvian care home at Cattothorpe (approximately £50,000. NB this is a best estimate, as it consists of a number of linked transactions and shared costs between the Trust and its Trading Company).
 - Most of the €5,481 donation in 2021 to the DV CV (the DV Central Committee in Riga, Latvia) is used to support veterans and widows living in Latvia, helping to provide medication and other necessities
 - A donation of €500 to provide Christmas treats for Latvian military serving in Kosovo
 - A donation of €300 to support the publication of the biography of Major Ernests Laumanis, an important figure in Latvian military history
- 2) to advance the education of the public about the country of Latvia and its people, past and present;
 - Since the autumn of 2020, the board has greatly improved the communications side of LWT's work, with the appointment of our new full-time administrator. Our presence on social media has greatly raised our profile, reaching out to the wider public.
- 3) to advance the education of Latvian People in Latvia and in the United Kingdom;
 - A donation to the European Latvian Association of €1,300 was used to support an organisation active primarily in education and cultural areas
 - A donation of £7,600 to The Latvian Education Foundation helps to support the children's Saturday or Sunday schools across the UK providing them lessons in Latvian history, language, and traditions.
 - The purchase of a Father Christmas outfit for £76 to help teach young children some of the traditions of Christmas

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Objectives and activities (continued)

- Providing facilities at both Catthorpe and the London centre for Latvian cultural activities and meetings, including rehearsals for dancers, choirs, and theatre groups. The groups are rehearsing for particular events for both Latvians and non-Latvians. Covid restrictions meant that these could only effectively recommence in September 2021.
 - At Catthorpe the subsidy value for the following was £4,730
 - 3 Choir Rehearsals
 - 58 Folk-Dance Classes (three different dance groups)
 - Meeting of the Latvian National Council
 - General Meeting of The Latvian Welfare Trust
 - At the London centre the subsidy value for the following was £8,078:
 - 5 Children's folk dance group meetings
 - 5 DVF London branch events
 - 9 Folk dance group "Jautrais p?ris" rehearsals
 - 12 Folk dance group "Londona dejo" rehearsals
 - 12 Folk dance group "Salinieki" rehearsals
 - "Koklu Zapte" band rehearsal (traditional instrument similar to a zither)
 - 14 Latvian Language group meetings
 - 18 London Latvian choir rehearsals
 - 3 Children's arts & crafts sessions
 - Charity event "Latvia and its children" in aid of children with cancer
- 4) to conserve for the benefit of all peoples everywhere ancient and modern buildings, monuments, archives and works of art which are of historical or cultural importance to Latvia and Latvian People and which it is desirable to preserve for the public benefit; and
- Part of the €5,481 donation to the DV CV (the DV Central Committee) is used to support the Brothers' Cemetery in Lestene, Latvia (this is a military cemetery of great historical value)
 - The Catthorpe Estate contains and supports the work of a library and the documentary archive about Latvians in the UK dating from before WW2. The facilities are donated at a cost of some £10,000 p.a.
 - Within the grounds of the Catthorpe Estate is a stone sculpture commemorating the fallen and the house contains a number of important Latvian works of art
 - The London centre contains some important Latvian works of art
 - The London centre has a library which is run by the Latvian National Council in Great Britain, but the maintenance of the premises is the responsibility of the Trust.
 - The London centre contains a store of Latvian Folk costumes for use by various groups and the Latvian School
- 5) 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, financial hardship and hardship caused by social or economic circumstances with the object of improving their conditions of life.
- Planning events and activities is essential to meeting these objectives and regular meetings of the Trustees are required to ensure appropriate activities are available to the wider community. During the pandemic, face to face meetings had to be abandoned but meetings have continued to take place via video-links.
 - The trustees met by video link 12 times during 2021. This has proved to be very effective, as meetings have tended to be more focussed and meeting costs have been all but eliminated.
 - Particular attention is paid to traditional Latvian events, for example, Midsummer celebrations and Latvia's Independence Day. These are the times when the Latvian community feels the greatest need to connect to each other.
 - Our branches also provide support and activities specifically geared to their local communities, which are promoted through our social media.
 - With the lifting of restrictions, we were able to hold one face to face General meeting at which members were able to raise issues of particular concern.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Objectives and activities (continued)

- Social media and a dedicated email address provides a means for our members and the wider community to give feedback and raise any problems they need help with.
- Our elderly sheltered housing residents have been particularly vulnerable during 2020 and 2021 and every effort has been made to protect them as well to ensure that they are not entirely isolated, by providing a safe means by which they can celebrate their birthdays and Latvia's traditional events.
- We maintain good relationships with the Latvian National Council in Britain and the Embassy of Latvia to the UK.
- In our London property, we provide 8 rooms at a reduced rate particularly for students from Latvia who have been given the opportunity to study in the UK but who would not otherwise be able to afford the additional accommodation costs.

Achievements and performance

a. Achievement and Performance

While both UK centres 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 has become increasingly difficult to find suitable people. As we reported in 2020, to reduce the pressure on the Trustees, the Board advertised and employed an administrator, with the objectives of taking on administrative functions, improving marketing, supporting the residents of the sheltered housing and increasing the involvement of the diaspora in Trust activities. People who have moved from Latvia to the UK in more recent years now form a key component of the membership and the various committees, which is a positive sign for the future.

The Trust works closely with other Latvian organisations such as the Latvian National Council in Great Britain (LNC) and the Latvian Lutheran Church as well as with the Embassy of Latvia to the UK. The Trust also supports the Latvian Educational Foundation, a joint charity established with the LNC, which helps to provide financial assistance to the growing number of weekend schools for Latvian children in the UK and supports various other educational and cultural activities.

The Covid situation struck at the heart of our commercial and cultural activities. Weddings and the hotel business essentially stopped, as had the community schools, dance groups and so on. The Government's furlough and other support schemes enabled us to keep the centres going through the various lockdown periods and prevented the need for major redundancies. We were able, thankfully, to keep the elderly in the sheltered accommodation safe through the most dangerous period of lockdown. The Trust's strong financial position after the sale of the Riga hotel has enabled good use of this period for capital improvements to the centres with no disruption to what would have normally been a busy business period.

A new business plan for the Catthorpe estate was due to be implemented in 2020 but this was delayed until the summer of 2021. The focus is now on sales of weddings, conferences and other social events, with the hotel and restaurant facilities meeting additional needs. There is strong evidence that this change is having a positive effect.

We have made changes to the responsibilities for various aspects of our day-to-day activities between the Trust and its Trading Company and from January 2021, the governance and oversight has been simplified.

Close attention continues to be paid to income generation at both UK centres, as our trading activities there are required not only to generate profit, but to maintain and improve the centres, which we regard as key to our charitable activities. At Catthorpe we have invested in three bungalows for rental income bringing the total to four. In addition, the Trading company manages two additional bungalows on the estate which were purchased

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Achievements and performance (continued)

in the name of the Latvian Welfare Fund (also known as the DVF). We have refurbished a number of flats on the estate, all of which are now generating income. Significant improvements to community-used facilities have been made, particularly the refurbishment of the Baltic Lodge and this meets our charitable obligations to the Latvian community in the UK.

b. Key performance indicators

In previous years the Trustees have used KPI's to measure and monitor how the subsidiary trading company was performing or improving. However, these have not been considered to be helpful during the pandemic period because of the uncertainty in the industry and the changing government guidelines. A comparison with the previous year at Catthorpe Manor and 72 Queensborough Terrace has not been useful as both were forced to close in the early part of the year with the result that business activities in both venues were greatly reduced at that time. In London, tourists were slow to return and in Catthorpe a new business plan was put in place, delayed from March 2020. Business activities resumed in July 2021 with a certain amount of caution, with next 3 months showing a slow return to normal business. However, November and December are the quiet months in our business.

The financial statements show accumulated funds of £11,808,776 (2020: £11,952,833) of which deficits exist for the funds retained within non-charitable subsidiaries of £1,988,967 (2020: £1,554,833).

Financial review

a. Going concern

The directors of LWT Trading UK Ltd and the Trustees of The Latvian Welfare Trust meet almost monthly to monitor the progress of the business activities. Because of the continuing impact of Covid-19 for the first six months of 2021, business activities have been severely limited. However, during the first few months of 2021 we were able to take advantage of several grants and furlough payments and costs were reduced to the minimum. The continuation of restrictions during the first half of 2021 were a huge planning challenge to the trading company and a continued risk to the business given the overall state of the hospitality sector.

During 2020 the directors of the trading company had taken the opportunity to examine staffing levels and roles at both venues, to adjust its business model at Catthorpe Manor to reflect more closely the market demand (as we saw it in 2019), and to consolidate the rented properties on the estate. All properties purchased by the Trust were placed under the responsibility of the trading company. Together with the Trustees, the trading company directors are continuing to discuss a wide-ranging strategy review of its properties. The purpose is to ensure that both the Trustees and the trading company are obtaining the best possible outcomes from the use of its properties and that the needs of the Latvian community are met in line with the charitable objectives of the Trust. Any significant changes recommended will need to be approved by the members of the Trust.

Budgets for the London house and Catthorpe Manor are initially set by their respective General Managers in conjunction with one of the directors – Leslie East in London and Ilze Gricus in Catthorpe. Budgets are then discussed at trading company Board meetings where all directors, both general managers, the Company Secretary and the Trust Chairman are present. As required, other Trustees may be invited to attend. Budgets are monitored monthly and may be adjusted if necessary. The Trustees are kept informed at their monthly meetings of the financial situation of the business. Cash flow is monitored daily by the Company Secretary in conjunction with Cottons accountants, who manage the day-to-day accounts processes. Cash flow problems are discussed initially with the trading company's chairman and, if necessary, referred to the Trust chairman. This has been particularly relevant during the pandemic as the Trustees had to consider to what extent it could help to support the trading company financially in a constantly changing environment and an uncertain future.

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FOR THE YEAR ENDED 31 DECEMBER 2021

Several 2021 budgets were developed to reflect possible scenarios as there was no clarity when business could fully resume. These were reviewed at trading company board meetings to ensure that the changes to government policies are reflected and that business could restart promptly.

The London property relies very much on the tourist industry, whilst Catthorpe is an events venue, primarily for conferences and weddings, with the hotel and restaurant supporting these events. Both have been adversely affected by government restrictions. The second half of the year is proving quite buoyant at Catthorpe and the trading company has not had to borrow from the Trust during 2021 but it was expected that the trading company would, nevertheless, return a loss, albeit greatly reduced from 2019. 2022 is looking more positive at Catthorpe with a strong growth in the wedding and conference markets. With the overseas tourist market opening up again, the London guest house is seeing a strong demand for rooms and during the summer months, the London guest house has returned to 85% occupancy rate. However, steeply rising inflation is affecting all areas of the business and the hospitality sector is particularly vulnerable. The trading company expects to return a loss in 2022, albeit reduced from pre-pandemic levels.

b. Reserves policy

The trustees consider it prudent to maintain reserves in the general fund at six months of the current annual operating costs. The trustees believe that this should normally be sufficient to ensure that any unbudgeted or emergency expenditure will be sufficiently covered. A separate reserve has been set up with the NatWest Bank for funds from the sale of the Riga hotel.

However, during the pandemic it has 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 was set up and maintained.

At the year end the consolidated total reserves were £11,808,776 (2020: £11,952,833). All reserves were unrestricted. Reserves held relating to fixed assets that could only be realised by their disposal totalled £11,350,715 (2020: £10,734,518). Free reserves at the year end after making allowance for fixed assets were £458,061 (2020: £1,218,315).

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 and, now that the virus issues have abated, is showing strong growth.

d. Price Risk

The charity is exposed to price risk in the hotel and events industry, however the directors of its subsidiaries, 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, although there continues to be some volatility, prices are now returning to normal.

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FOR THE YEAR ENDED 31 DECEMBER 2021

e. Credit Risk

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

f. Liquidity Risk

There is currently one loan outstanding with a substantial balance 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 wedding and conference business expanding and the demand for rooms in London guest house increasing.

g. Principal funding

The principal funding sources are the trading activities from its subsidiary company, LWT Trading UK Limited and rentals from the flats and houses on the Catthorpe estate. Income is also generated from the Garden Annex at Catthorpe Manor, which runs the sheltered housing accommodation and has several rooms to let.

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 some years, apart from upgrading the territory, allowing finances to stabilise. The guest house in London also continues to require regular maintenance.

We have continued with our strategy to buy residential houses on the Catthorpe estate to generate rental income, but we do not plan to invest further at this time in order to preserve our reserves.

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.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

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 on a rotation basis for a period of 3 years and trustees are open to re-election at the end of that period. Because of the pandemic, no AGM was held in March 2021 as there was an unwillingness of the members and delegates to hold it via a video link. The AGM was deferred until October 2021 at which 9 branches were represented by 25 delegates. 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.

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. In 2021 the Trust was represented by:

- Mrs I Grickus
- Mrs B Freimane

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.

Miks Vizbulis became a trustee on 12 March 2017 and has since 1 April 2017 rented property on the Catthorpe estate which is owned by The Latvian Welfare Trust but leased to LWT Trading UK Ltd. He pays a commercial rent and receives no privileges. As the Trust owns and rents out several properties on the estate, occasionally using a letting agency, guidance on rents has been made available.

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Structure, governance and management (continued)

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.

Trustees are committed to the standards outlined in the Charity Commission's Charity Governance Code.

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)
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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 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 . 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:



UJ Revelins

(Trustee)

Date: 20/12/2022

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

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 2021 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 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 2021 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 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 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Group's or the parent charitable company'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 Trustees with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

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.

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; or
- we have not received all the information and explanations we require for our audit.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

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

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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities SORP, Taxation legislation, health and safety and employment law.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over income and reviewing accounting estimates for biases.

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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

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

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: 20 December 2022

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Grants and donations	3	91,970	91,970	68,400
Other trading activities		447,562	447,562	370,888
Investments	4	234,188	234,188	67,003
Other income	5	147,533	147,533	204,635
Total income		921,253	921,253	710,926
Expenditure on:				
Raising funds - trading activities	6	1,168,759	1,168,759	1,052,115
Charitable activities	7	92,568	92,568	273,704
Total expenditure		1,261,327	1,261,327	1,325,819
Net movement in funds before other recognised gains/(losses)		(340,074)	(340,074)	(614,893)
Other recognised gains/(losses):				
Gains/(losses) on revaluation of fixed assets	18	196,017	196,017	(636,033)
Net movement in funds		(144,057)	(144,057)	(1,250,926)
Reconciliation of funds:				
Total funds brought forward		11,952,833	11,952,833	13,203,759
Net movement in funds		(144,057)	(144,057)	(1,250,926)
Total funds carried forward		11,808,776	11,808,776	11,952,833

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

The notes on pages 22 to 44 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	10,467,759	10,184,523
Investment property	13	882,956	549,995
		<u>11,350,715</u>	<u>10,734,518</u>
Current assets			
Stocks	15	7,500	7,500
Debtors	16	43,310	88,747
Cash at bank and in hand		738,430	1,481,451
		<u>789,240</u>	<u>1,577,698</u>
Creditors: amounts falling due within one year	17	(331,179)	(359,383)
Net current assets		<u>458,061</u>	<u>1,218,315</u>
Total assets less current liabilities		<u>11,808,776</u>	<u>11,952,833</u>
Total net assets		<u><u>11,808,776</u></u>	<u><u>11,952,833</u></u>

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

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Charity funds			
Restricted funds	18	-	-
Unrestricted funds	18	11,808,776	11,952,833
Total funds		<u>11,808,776</u>	<u>11,952,833</u>

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:



UJ Revelins
(Trustee)

Date: 20/12/2022

The notes on pages 22 to 44 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	3,823	9,901
Investments	14	100	100
Investment property	13	11,332,956	10,699,995
		<u>11,336,879</u>	<u>10,709,996</u>
Current assets			
Debtors	16	152	3,289,951
Cash at bank and in hand		711,712	1,472,335
		<u>711,864</u>	<u>4,762,286</u>
Creditors: amounts falling due within one year	17	(159,563)	(155,030)
Net current assets		<u>552,301</u>	<u>4,607,256</u>
Total assets less current liabilities		<u>11,889,180</u>	<u>15,317,252</u>
Total net assets		<u><u>11,889,180</u></u>	<u><u>15,317,252</u></u>

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

CHARITY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Charity funds			
Restricted funds	18	-	-
Unrestricted funds	18	11,889,180	15,317,252
Total funds		<u>11,889,180</u>	<u>15,317,252</u>

The parent's loss for the financial year was £3,428,072 (2020: surplus £74,404).

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:



UJ Revelins

(Trustee)

Date: 20/12/2022

The notes on pages 22 to 44 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 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	(293,428)	(803,850)
	<hr/>	<hr/>
Cash flows from investing activities		
Dividends, interests and rents from investments	-	67,003
Purchase of tangible fixed assets and investment property	(449,593)	(710,698)
	<hr/>	<hr/>
Net cash used in investing activities	(449,593)	(643,695)
	<hr/>	<hr/>
Cash flows from financing activities		
	<hr/>	<hr/>
Net cash provided by financing activities	-	-
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	(743,021)	(1,447,545)
Cash and cash equivalents at the beginning of the year	1,481,451	2,928,996
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	738,430	1,481,451
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 44 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 2021

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 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.

2.2 Going concern

The Directors continued to monitor the impact of Covid-19 as, during the first six months of the year, government restrictions on business activity continued to apply. Advantage was taken of several grants which were made available as well as the furlough scheme. Sales activity was increased to ensure that, when all restrictions were lifted, the Company could maximise its business opportunities. An independent Hospitality Consultant has been engaged to assess what improvements can be made and what additional opportunities are available. The sale of the Riga hotel and the investment in easily convertible assets has provided the Trust and the Trading company with a cushion as the Trading company gradually returns to profit. The Directors are optimistic a breakeven position will be achieved in 2023. However, the Directors are very much aware of the rising costs of energy as well as a wide range of consumables, and alternative options are being actively pursued to try to minimise the impact of these costs.

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.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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 subsidiary, LWT Trading UK Limited.

Grants are included in the consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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 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.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Tangible fixed assets and depreciation (continued)

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

Depreciation is provided on the following bases:

Freehold property	- 2% on cost for buildings
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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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 2021

3. Income from donations and legacies

	Unrestricted funds 2021 £	Total funds 2021 £
Donations	542	542
Grants	91,428	91,428
	91,970	91,970
	91,970	91,970

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Donations	18,400	18,400
Grants	50,000	50,000
	68,400	68,400
	68,400	68,400

Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £
Hotel, events and conference income	447,562	447,562
	447,562	447,562

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Rent income from Catthorpe Manor estate	46,676	46,676
Hotel, events and conference income	324,212	324,212
	370,888	370,888
	370,888	370,888

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £
Rents receivable	234,188	234,188
	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Rents receivable	67,003	67,003

5. Other incoming resources

	Unrestricted funds 2021 £	Total funds 2021 £
CJRS income	122,632	122,632
Other income	11	11
Insurance claims receivable	24,890	24,890
	147,533	147,533
	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
CJRS income	194,435	194,435
Other income	10,200	10,200
	204,635	204,635

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Expenditure on raising funds

LWT Trading activities

	Unrestricted funds 2021 £	Total funds 2021 £
Cost of sales	83,969	83,969
Administration expenses	396,331	396,331
Interest payable	228	228
Administration staff costs	644,129	644,129
Depreciation	44,102	44,102
	<u>1,168,759</u>	<u>1,168,759</u>
	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Cost of sales	90,962	90,962
Administration expenses	286,828	286,828
Interest payable	733	733
Administration staff costs	618,996	618,996
Depreciation	54,596	54,596
	<u>1,052,115</u>	<u>1,052,115</u>

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Total funds 2021 £
Catthorpe Manor charitable activities	92,568	92,568

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Catthorpe Manor charitable activities	273,704	273,704

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Catthorpe Manor activities	73,055	19,513	92,568

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Catthorpe Manor activities	219,097	54,607	273,704

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Catthorpe Manor 2021 £	Total funds 2021 £
Governance costs	9,816	9,816
Finance	320	320
Other	9,377	9,377
	<hr/> 19,513 <hr/>	<hr/> 19,513 <hr/>
	<i>Catthorpe Manor 2020 £</i>	<i>Total funds 2020 £</i>
Management	74	74
Governance costs	21,150	21,150
Finance	413	413
Other	32,970	32,970
	<hr/> 54,607 <hr/>	<hr/> 54,607 <hr/>

9. Auditor's remuneration

The auditor's remuneration amounts to an auditor fee of £18,500 (2020 - £18,000).

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Staff costs

	Group 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	£	£	£	£
Wages and salaries	605,515	<i>650,014</i>	18,414	<i>75,888</i>
Social security costs	41,592	<i>52,093</i>	1,352	<i>15,842</i>
Contribution to defined contribution pension schemes	9,961	<i>11,054</i>	373	<i>2,435</i>
	657,068	<i>713,161</i>	20,139	<i>94,165</i>

During the year, no termination payments have been made (2020: £11,107) to any employees (2020: 1).

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

	Group 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	No.	No.	No.	No.
Management	1	<i>5</i>	1	<i>5</i>
Hotel, events and conference	43	<i>61</i>	-	<i>-</i>
	44	<i>66</i>	1	<i>5</i>

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

	Group 2021	<i>Group 2020</i>
	No.	No.
In the band £60,001 - £70,000	1	<i>1</i>

The employee benefits of Key Management Personnel amounted to £66,552 (2020 - £66,372).

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 December 2021, expenses totalling £359 were reimbursed or paid directly to 2 Trustees (2020 - £768, 4 Trustees). The expenses reimbursed in the prior year related to postage and zoom expenses.

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tangible fixed assets

Group

	Freehold property £	Plant and machinery and motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2021	10,150,000	10,449	237,162	7,488	10,405,099
Additions	103,983	277	11,668	704	116,632
Revaluations	196,017	-	-	-	196,017
At 31 December 2021	<u>10,450,000</u>	<u>10,726</u>	<u>248,830</u>	<u>8,192</u>	<u>10,717,748</u>
Depreciation					
At 1 January 2021	-	10,449	203,931	6,196	220,576
Charge for the year	-	34	27,968	1,411	29,413
At 31 December 2021	<u>-</u>	<u>10,483</u>	<u>231,899</u>	<u>7,607</u>	<u>249,989</u>
Net book value					
At 31 December 2021	<u>10,450,000</u>	<u>243</u>	<u>16,931</u>	<u>585</u>	<u>10,467,759</u>
<i>At 31 December 2020</i>	<u>10,150,000</u>	<u>-</u>	<u>33,231</u>	<u>1,292</u>	<u>10,184,523</u>

THE LATVIAN WELFARE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tangible fixed assets (continued)

Company

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2021	325,127	1,600	326,727
At 31 December 2021	<u>325,127</u>	<u>1,600</u>	<u>326,727</u>
Depreciation			
At 1 January 2021	315,226	1,600	316,826
Charge for the year	6,078	-	6,078
At 31 December 2021	<u>321,304</u>	<u>1,600</u>	<u>322,904</u>
Net book value			
At 31 December 2021	<u>3,823</u>	-	<u>3,823</u>
<i>At 31 December 2020</i>	<u>9,901</u>	-	<u>9,901</u>

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13. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2021	549,995
Additions	332,961
At 31 December 2021	882,956

Charity

	Freehold investment property £
Valuation	
At 1 January 2021	10,699,995
Additions	332,961
Surplus on revaluation	300,000
At 31 December 2021	11,332,956

72 Queensborough Terrace was valued on a fair market basis on 3rd March 2022 by Savills, with a valuation of £6,000,000 being provided retrospectively as at 31 December 2021. A surplus of £300,000 has been recognised on the revaluation.

Catthorpe Manor was valued at £4,450,000 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 2021 £	<i>Company 2020 £</i>
Historic cost	4,700,000	4,700,000

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14. Fixed asset investments

Charity	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	100
At 31 December 2021	100
Net book value	
At 31 December 2021	100
<i>At 31 December 2020</i>	<i>100</i>

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14. 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 weddings venue

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	920,700	(1,354,934)	(434,234)	(1,988,967)

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15. Stocks

	Group 2021	<i>Group 2020</i>
	£	£
Stocks	7,500	<i>7,500</i>

16. Debtors

	Group 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	£	£	£	£
Due after more than one year				
Amounts owed by group undertakings	-	-	-	<i>3,246,659</i>
	-	-	-	<i>3,246,659</i>
Due within one year				
Trade debtors	23,023	<i>29,062</i>	-	<i>7,850</i>
Amounts owed by group undertakings	-	-	-	<i>35,290</i>
Other debtors	3,438	<i>29,871</i>	152	<i>152</i>
Prepayments and accrued income	16,849	<i>29,814</i>	-	-
	43,310	<i>88,747</i>	152	<i>3,289,951</i>

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17. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Other loans	117,942	<i>152,942</i>	117,942	<i>127,942</i>
Deposits received in advance	79,883	<i>118,055</i>	-	-
Trade creditors	81,497	<i>50,489</i>	-	<i>9,680</i>
Amounts owed to group undertakings	-	-	27,919	-
Other taxation and social security	15,210	<i>10,492</i>	338	<i>3,653</i>
Other creditors	5,155	<i>2,390</i>	614	<i>1,005</i>
Accruals and deferred income	31,492	<i>25,015</i>	12,750	<i>12,750</i>
	331,179	<i>359,383</i>	159,563	<i>155,030</i>

Included in other loans are the following balances outstanding with The Latvian Welfare Fund:

Leeds branch £175,000 (2020: £175,000)

Debtor balance £57,058 (2020: £57,058)

Payroll loan £Nil (2020: £10,000)

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18. Statement of funds

Statement of funds - current year

	As restated Balance at 1 January 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2021 £
Unrestricted funds					
General fund	9,850,899	553	(92,568)	-	9,758,884
Revaluation reserve	3,656,767	-	-	196,017	3,852,784
Funds retained within non-charitable subsidiaries	(1,554,833)	920,700	(1,168,759)	-	(1,802,892)
	<u>11,952,833</u>	<u>921,253</u>	<u>(1,261,327)</u>	<u>196,017</u>	<u>11,808,776</u>

Statement of funds - prior year

	<i>Balance at 1 January 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2020 £</i>
Unrestricted funds					
General fund	9,776,494	170,324	(95,919)	-	9,850,899
Revaluation reserve	4,292,800	-	-	(636,033)	3,656,767
Funds retained within non-charitable subsidiaries	(865,535)	540,602	(1,229,900)	-	(1,554,833)
	<u>13,203,759</u>	<u>710,926</u>	<u>(1,325,819)</u>	<u>(636,033)</u>	<u>11,952,833</u>

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19. Summary of funds

Summary of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2021 £
General funds	<u>11,952,833</u>	<u>921,253</u>	<u>(1,261,327)</u>	<u>196,017</u>	<u>11,808,776</u>

Summary of funds - prior year

	<i>Balance at 1 January 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2020 £</i>
General funds	<u>13,203,759</u>	<u>710,926</u>	<u>(1,325,819)</u>	<u>(636,033)</u>	<u>11,952,833</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	10,467,759	10,467,759
Investment property	882,956	882,956
Current assets	789,240	789,240
Creditors due within one year	(331,179)	(331,179)
Total	<u>11,808,776</u>	<u>11,808,776</u>

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20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	10,184,523	10,184,523
Investment property	549,995	549,995
Current assets	1,577,698	1,577,698
Creditors due within one year	(359,383)	(359,383)
Total	<u>11,952,833</u>	<u>11,952,833</u>

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

	Group 2021 £	<i>Group 2020 £</i>
Net expenditure for the year (as per Statement of Financial Activities)	<u>(340,074)</u>	<u>(614,893)</u>
Adjustments for:		
Depreciation charges	29,413	60,674
Dividends, interests and rents from investments	-	(67,003)
Decrease in stocks	-	1,061
Decrease/(increase) in debtors	45,437	(45,057)
Increase/(decrease) in creditors	6,796	(90,803)
Increase/(decrease) in other loans	(35,000)	(47,829)
Net cash used in operating activities	<u>(293,428)</u>	<u>(803,850)</u>

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22. Analysis of cash and cash equivalents

	Group 2021	<i>Group 2020</i>
	£	£
Cash in hand	738,430	1,481,451
Total cash and cash equivalents	738,430	1,481,451

23. Analysis of changes in net debt

	At 1 January 2021	Cash flows	At 31 December 2021
	£	£	£
Cash at bank and in hand	1,481,451	(743,021)	738,430
Debt due within 1 year	(152,942)	35,000	(117,942)
	1,328,509	(708,021)	620,488

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24. Related party transactions

Transactions with the subsidiary company are set out below.

The loan balance outstanding at the year end owed from LWT Trading UK Limited was £3,822,232 (2020: £3,281,949). A provision of £3,822,232 has been recognised against this balance at the year end in the Charity.

The trading balance outstanding at the year end owed to LWT Trading UK Limited was £27,919 (2020: £Nil).

	2021	<i>2020</i>
	£	£
Rents receivable from LWT Trading UK Limited	100,000	<i>100,000</i>
Interest receivable from LWT Trading UK Limited	86,175	<i>77,785</i>
	186,175	<i>177,785</i>
	186,175	<i>177,785</i>

During the year, M Vizbulis, who is a Trustee, resided in one of the properties owned by the Trust and paid rent totalling £13,200 (2020: £13,200). There were no outstanding balances as at the year end (2020: £525).

M Jansons, who was a Trustee in the prior year, resided in one of the properties owned by the Trust and paid rent totalling £Nil (2020: £1,800). There were no outstanding balances as at the year end (2020: Nil).

During the year, the Trust has purchased a bungalow for £332,961 from a close family member of a Trustee.

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.

Transactions with The Latvian Welfare Fund are listed below along with the outstanding balances at the year end.

	2021	<i>2020</i>
	£	£
Residents money donation	-	<i>18,350</i>
Leeds branch loan outstanding creditor balance	175,000	<i>175,000</i>
Leeds branch loan interest paid	4,548	<i>4,833</i>
Nottingham branch loan interest paid	-	<i>2,273</i>
Outstanding debtor balance	57,058	<i>57,058</i>
Payroll loan outstanding creditor balance	-	<i>35,000</i>
	57,058	<i>57,058</i>
	57,058	<i>57,058</i>

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In addition, The Latvian Welfare Trust receives rental income from two properties which are owned by The Latvian Welfare Fund. Total rental income received during the year is £16,600 (2020: £12,617). There were no outstanding balances as at the year end (2020: Nil).

There were no other related party transactions during the year.