

Charity registration number 1124661

Company registration number 05853180 (England and Wales)

THE LATVIAN WELFARE TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

THE LATVIAN WELFARE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr M Vizbulis Ms KI Zobens East Mrs B Freimane Mr G Lerhs E Osa Mr J Voitkevics Mrs E Beet Mrs E Browell Mrs L Liepina	(Appointed 9 March 2024) (Appointed 9 March 2024) (Appointed 9 March 2024)
Secretary	Mrs E Beet	
Charity number	1124661	
Company number	05853180	
Registered office	Catthorpe Manor Lilbourne Road Catthorpe Leicestershire England LE17 6DF	
Auditor	Cottons Accountants LLP Chestnut Field House Chestnut Field Rugby Warwickshire United Kingdom CV21 2PD	
Solicitors	Brethertons LLP Montague House 2 Clifton Road Rugby Warwickshire CV21 3PX	

THE LATVIAN WELFARE TRUST

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THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees of the Latvian Welfare Trust present their annual report together with the audited financial statements of the Charity for the year ending 31 December 2023.

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

The Latvian Welfare Trust's public benefit (respectively, charitable activities) has significantly increased in scale in recent years because of the increase in numbers of Latvians living in the UK. However, these activities build on what was in place initially when the Charity was formed focusing on:

- support for the 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 (Latvia).

The maintaining 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 supports the continued existence of the two centres.

All of the above, of course, was unexpectedly and severely impacted by the Covid pandemic from March 2020 onwards and well into 2021. 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 and only gradually restarted their activities in the latter part of 2021. Trading activities to support our centres were also severely impacted and resulted in loss of income.

Our staff in particular, and our volunteers deserve our sincere gratitude for their huge added efforts they put in to get us through the crisis.

Overview of our Cultural Centres

Catthorpe Manor (also the registered office for the Trust) has a 20-room hotel, a restaurant and several function rooms and outbuildings, most of which were leased out to its subsidiary trading company, LWT Trading UK Ltd.

The Catthorpe centre provides:

- **Sheltered accommodation** for elderly Latvians.
- **Rented rooms, apartments, and houses** for those wanting to live in a Latvian community.
- **Library and documentary archive** about Latvians in the UK, used by professionals from Latvia.
- **Cultural activities:** Home to a Latvian choir, two folk dancing troupes, and a folklore ensemble.
- **Children's summer camps** for Latvian and Estonian communities.
- **Traditional functions and gatherings** facilities.
- **Function rooms, hotel, and bar** for community use and public hire for events like weddings and conferences.

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

The London centre provides:

- **Guest house** and Central London venue for Latvian social and traditional activities.
- **Library and social club.**
- **Accommodation** for Latvian students and paying guests.
- **Facilities for Latvian Sunday school and language classes.**
- **Meeting place** for Latvian business groups, including the Latvian Chamber of Commerce.

This centre serves as a vibrant hub for the Latvian community, offering a wide range of services and facilities.

Both Centres also:

- *Host guests from the Latvian parliament and provide the opportunity for Latvian nationals to meet with government representatives.*
- *Provide function rooms to hold annual general meetings or similar gatherings for other Latvian community organisations and groups.*
- *Provide a function room and facilities for three Latvian folk dancing groups and choir, as well as for concerts, theatre productions and other social events.*
- *Hold charitable activities run or supported by the Trust.*
- *However, the location of the event is defined by the Customer and could be held anywhere.*

3. Advance the education of Latvian people in Latvia and in the United Kingdom independently and with assistance of other organisations:

- With assistance of the Latvian Education Foundation, help to support the children's Saturday or Sunday schools across the UK providing them lessons in Latvian history, language, and traditions.
- A donation to the European Latvian Association of EUR 1,300 supports an organisation active primarily in education and cultural areas, as well as supporting the Latvian diaspora community across Europe.
- 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 rehearse for particular events for both Latvian and non-Latvian audiences. The total subsidy value for both centres is in the region of £77,000 for 2023.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

At Calthorpe the subsidy value was £40,094 for the following activities:

- Choir Rehearsals
- Folk-Dance Classes (two different dance groups)
- Masterclasses for choral conductors
- 2 General Meetings of The Latvian Welfare Trust
- 2 meetings of the local branch of the LWT
- Camps mainly for children, lasting between 2 – 6 days.
- Theatre group events of 1 – 6 days
- Traditional midsummer celebration over 4 days with additional days either side for set-up and clearing. This attracted over 4000 people.
- Estonian events
- Several school related events
- Provision of premises for the Latvian national elections and Independence Day celebrations

At the London centre the subsidy value for the following was £37,310 including:

- Children's folk dance group meetings
- DVF London branch events
- Folk dance group "Jautrais paris" rehearsals
- Folk dance group "Londona dejo" rehearsals
- Folk dance group "Salinieki" rehearsals
- "Koklu Zapte" folk group rehearsal (using traditional instruments similar to a zither)
- Latvian Language group meetings
- London Latvian choir rehearsals
- Latvian school days
- Children's arts & crafts sessions
- Theatre group meetings
- Provision of premises for the Latvian national elections and Independence Day celebrations

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4. To preserve ancient and modern buildings, monuments, archives and works of art of historical or cultural importance to Latvia and its people and is desirable to preserve for the public benefit and historic importance of the Baltic States:

- Part of the donation to the DV CV (the DV Central Committee) is used to support the Brothers' Cemetery in Lestene, Latvia, a military cemetery of great historical significance.
- 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 during war and the house displays several important Latvian works of art.
- The London centre there are works of art by Latvian artists that are historically significant to the Latvian nation and Latvian people.
- The London centre has a library run by the Latvian National Council in Great Britain, but the maintenance of the premises is the responsibility of the Trust.
- The London centre has a store of Latvian Folk costumes for use by various community 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 objective of improving their conditions of life:

- Planning events and activities are essential for meeting these objectives; regular meetings of the trustees are required to ensure appropriate activities are available to the wider community. Since the pandemic, most face-to-face meetings have been abandoned in favour of video meetings.
- Regular trustees' meetings were held online ten times in 2023, with additional meetings arranged when required for specific issues. This has proved to be highly 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 with each other. The Latvian Ambassador to the UK also takes part in these events.
- Two General meetings were held at Catthorpe Manor enabling the Trusts members to review activities, participate in discussions, debates, raise issues of particular concern and make decisions by voting.
- Social media and a dedicated email address provides a means for our members and the wider community to not only share news but also to provide feedback and raise any problems they may need help with.
- The Trust aims to maintain good relationships with the Latvian National Council in Britain, Latvian Diaspora Representatives in the UK and the Embassy of Latvia to the UK.
- In the London property, the Trust provides subsidies in the form of accommodation of 8 rooms at a reduced rate 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.

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Achievements and performance

While both UK centres employ paid staff through its subsidiary companies 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. Apart from the trustees, there are up to 100 other volunteers in any one year who contribute a wide range of skills and expertise, for example to advise about savings on utilities, to practical help in clearing up the Estate. It has, however, become increasingly difficult to find suitable trustees as this does require specific knowledge and time commitment. To reduce the pressure on the trustees, the Board of Trustees employs a full-time administrator, who takes on most of the administrative functions, and increases our presence on social media, supports the residents of the sheltered housing and increases the involvement of the diaspora in Trust activities. People who have moved from Latvia to the UK during the last 30 years now form a key part 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), Latvian Diaspora Representatives in UK 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.

Following the pandemic some cultural activities have not returned, but in others there was an increase in activity mainly in preparation for the much-awaited Song and Dance Festival in Latvia at the end of June 2023 for which participation is highly competitive. The wedding business at Catthorpe gradually improved during the year as couples were finally permitted to be joined by friends and family, but the size of the events reduced. Much work was done to build relationships with local companies to increase the use of conference facilities and hotel accommodation.

In London the return of tourists did much to accelerate the overall improvement of the guest house.

Close attention was 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 are regarded as key to our charitable activities. At Catthorpe, over the years, we have invested in four bungalows to increase the rental income. These, together with a number of flats on the estate are all generating income.

During 2022 it became apparent that neither the outsourcing accountancy nor the changes in the presentation of the accounting information were as helpful as expected and it was decided to bring the control of accounts for both the Trust and the subsidiary company back in-house. This was achieved at the end of 2022 with the appointment of a Financial Controller whose responsibilities include not only the trading subsidiary accounts in Catthorpe and London but also those of the Trust. The first three months of 2023 already showed this to be a positive move with both greater engagement by the Financial Controller in all aspects of the business as well as greater clarity of the group's finances.

Financial review

a. Going Concern

The Charity and its subsidiary LWT Trading UK Limited continued to make losses in the year 2023. As a result, on 20 September 2023 followed the closure of the Catthorpe Manor business and subsequent Creditors Voluntary Liquidation of LWT Trading UK Limited. The trustees completed a restructuring of the operations which resulted in two new subsidiaries being formed, one to manage the London business and the other to manage the Catthorpe estate. This has proved to be the right decision as both subsidiaries are currently operating with small profit.

At the time of approving the financial statements, the trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

The Budgets for the Trust and its trading subsidiaries were initially set by their respective General Managers in conjunction with one of the trading company directors. Budgets were 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. Since the restructuring budgets have been reviewed and continue to be reviewed on a regular basis.

Budgets are monitored monthly and may be adjusted if necessary. Budgets are shared with the trustees and the trustees are kept informed at their monthly Board meetings of the financial situation of the business. Cash flow is monitored weekly by the Financial Controller in conjunction with the trustees and Directors of the subsidiaries. Potential Cash flow risks are discussed initially with the trading company's Directors and, if necessary, referred to the trustees.

All properties owned by the Trust were leased to the trading company. After restructuring, properties are leased to two separate subsidiaries DVF Estate Ltd and DVF London Ltd. Together with the trustees, the trading company directors continued to develop a wide-ranging strategic review of the properties held within the lease. This involved looking for any other possible revenue streams without requiring significant capital investment. The purpose was to ensure that both the trustees and the trading companies obtained the best possible outcomes from the use of its properties and that the needs of the Latvian community were met in line with the charitable objectives of the Trust. Any significant changes recommended would need to be approved by the members of the Trust.

The London property relies very much on the tourist industry which has returned to pre-pandemic levels, whilst Catthorpe is an events venue, suitable for conferences and events.

With the overseas tourist market open again by the end of 2022, the London guest house saw a strong demand for rooms which continued into 2023. During the summer months, the London guest house returned to 90% occupancy rate, but longer-term predictions are a little difficult as bookings are normally made weeks rather than months in advance. Nevertheless, there is growing demand in London for accommodation, so predictions are strong for continued growth in income levels.

The event hall in London is mostly used by Latvian community groups for choir and dance group rehearsals, although is sometimes hired out by non-Latvian groups. The Directors of DVF London Ltd are advertising the hall for other potential external customers to increase income.

Towards the end of 2022 the General Manager of the Catthorpe Estate gave notice of his departure, and a new General Manager was appointed with effect from 1 February 2023. He identified areas of the business which could be developed to generate additional revenue. A new business plan for Catthorpe Manor was developed and this, together with the accounts function returning in-house, provided both the trading company directors and the trustees a greater level of confidence in the trading company becoming profitable by 2024.

Individually, the business in the London centre continued to thrive, but the Catthorpe centre had, for a number of reasons failed to make a profit. Nevertheless, it has continued to be strategically important centre of culture to the UK Latvian community. The trustees and the members of the Trust were sufficiently encouraged by the new plans for Catthorpe Manor to be more optimistic that it could finally return to profit. However, it required some further investment in order for the new business plan to be realised.

However, at the end of May 2023, the Charity Commission provided a report in which it expressed its concerns about various aspects of the Trust's management processes together with an action plan, which included a requirement to provide "LWT Trading UK Ltd with no additional funds without a good reason". In these circumstances, the trustees agreed to pause any plans to provide any additional investment funds the trading company had requested in order to fully understand the Charity Commission's position and in order to take legal advice.

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

This situation significantly affected the newly developed business plans at Catthorpe Manor and was a considerable disappointment to the Directors of the trading company, who had been optimistic about the future of the Catthorpe Manor business. By August 2023 the Directors of the trading company were signalling that cash flow was becoming a problem and in September they took legal advice about the future of the company, which on 20 September resulted in the closure of the Catthorpe Manor business and the subsequent formal liquidation (Creditors' Voluntary Liquidation) of LWT Trading UK Ltd on 12 October 2023. Although the London centre was part of the trading company, it was self-sufficient financially, and the appointed Insolvency Practitioner advised that it could continue to trade until other arrangements could be made. Before the formal liquidation of the trading company, the Trust was able to seize all the assets of the trading company and the leases for the London centre and Catthorpe Manor were surrendered voluntarily. The leases had no commercial value as a clause within the agreement prevented them from being sold on. Whilst this did not compensate for the debt which had accumulated to the Trust over many years, the Trust's independent Insolvency Practitioner believed that the trustees had no other option and had acted in the best interests of the charity in very difficult circumstances.

The trustees had the responsibility of deciding how best to move forward and maintain the integrity of both venues. Numerous meetings were held, over 15 in total, to discuss the options available. The trustees agreed that the London centre should run independently of Catthorpe as it had been profitable for many years, but its profits had been supporting the Catthorpe centre. For this reason, DVF London Ltd was formed with a Director from the trustee board appointed. At Catthorpe the trustees agreed to form another new company, DVF Estate Ltd, to manage the rental properties and to plan a strategy for the hotel. Although the Trust itself could manage the rental properties as these were effectively investment properties, the trustees felt that it was important to protect the charity and its assets. Most of the rented properties are old and require frequent maintenance. When setting up the new companies, the trustees followed Charity Commission recommendations, to include at least one trustee as a Director for each of subsidiaries. All Directors are from the local Latvian community and, the same as the trustees, are working in a voluntary capacity to maintain the estate to ensure that it is kept in the best possible condition whilst the subsidiaries improve their financial independence and stability of their trading activities.

Despite the above, the Charity Commission felt the trustees had failed to follow the Charities Commissions' advice and mismanaged the Charity in the period between 2021 and 2023 by continuing to financially support the trading subsidiary LWT Trading UK Ltd in the form of a loan. As a result, on 24 June 2024 the Charity Commission issued an official warning to the trustees appointed in or before 2021 and were continuing to serve the Charity at the time of the Charity Commission decision. Two of the trustees, Chair I Grickus and Treasurer U Revelins, had resigned on 9 March 2024. Newly appointed trustees, including a new Treasurer, have experience in finance and business, which will greatly support the Board of Trustees when making any financial decisions. Trustees continue to review existing operations and to look for additional income opportunities as well as possible cost saving actions. A select committee is preparing evidence for Charity Commission that appropriate action has been taken to have sufficient oversight and control of the operations of DVF London Ltd and DVF Estate Ltd.

Financially, the Latvian Welfare Fund (DVF), a non-incorporated membership organisation, has agreed to donate up to £200,000 to the Trust to help it through the transition period should it be needed. In 2023 the donation received was £51,500. At the time of approving the financial statements, the DVF London Ltd continues to be self-sufficient and generating a profit, and DVF Estate Ltd is generating a small profit.

The Latvian Welfare Trust is recognised by HMRC for Gift Aid, so trustees have selected a committee to increase efforts in attracting donations and claim Gift Aid where eligible.

b. Reserves Policy

It is the policy of the Trust that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Trust's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

If required, additional reserves could be raised by the disposal of a fixed asset. However, the trustees believe that such disposal would reduce the volume of Charitable activities by the Trust and are not in favour of such action.

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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 pandemic 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 future plans are sustainable.

The management changes that have been implemented are regarded as positive for the future viability of the new businesses.

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.

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 expected with the restructuring of the business at Catthorpe Manor and the demand for rooms in London guest house increasing.

g. Principal Funding

The principal funding sources are the trading activities from its subsidiary companies 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 in recent years, with the associated costs, it is not anticipated that any further major developments will be considered for some years, apart from general upgrading of the territory, allowing finances to stabilise. The guest house in London also continues to require regular maintenance.

We do not plan to invest further in the purchase of properties on the Catthorpe Estate at this time.

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.

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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 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 on a staggered, rotation basis for a period of 3 years and trustees are open to re-election at the end of that period. A General Meeting is also held September/October each year. There have been reductions in the number of branches over previous years, in part 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.

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.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs E Brauele	(Resigned 11 September 2023)
Mrs I Grickus	(Resigned 9 March 2024)
Mr UJ Revelins	(Resigned 9 March 2024)
Mr M Vizbulis	
Ms KI Zobens East	
Mrs B Freimane	
Mr G Lerhs	
E Osa	
Mr J Voitkevics	
Mrs E Beet	(Appointed 9 March 2024)
Mrs E Browell	(Appointed 9 March 2024)
Mrs L Liepina	(Appointed 9 March 2024)

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 2023 the Trust was represented by:

- Mrs B Freimane
- Mr J Voitkevics

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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 had one trading subsidiary: LWT Trading UK Limited in the UK, which on 12 October 2023 went into liquidation. It subsequently formed two new subsidiaries, namely, DVF London Ltd and DVF Estate Ltd.

Mr 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 was leased to LWT Trading UK Ltd. He pays a commercial rent and receives no privileges. Under a new lease to be signed before the end of November 2023, this property will be leased to DVF Estate Ltd. As the Trust owns and rents out several properties on the estate, occasionally using a letting agency, guidance on rents has been made available.

Mr Girts Lehrs was appointed a trustee on 20 March 2022 and is also a member of the team organising the Midsummer Festival at Catthorpe Manor. He receives no payment from the fees charged to attendees and he has not been involved in any financial negotiations concerning the use of the land rented for the festival.

g. Risk Management

The Trustees have a risk management strategy which comprises of:

- 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.

The 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.

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 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:

THE LATVIAN WELFARE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

- 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.

Auditor

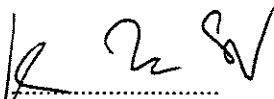
In accordance with the company's articles, a resolution proposing that Cottons Accountants LLP be appointed as auditor of the company will be put at a General Meeting.

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 the 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.

The trustees' report was approved by the Board of Trustees.



Ms KI Zobens East
Trustee

Date: 26th September 2024

THE LATVIAN WELFARE TRUST

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 'trust') for the year ended 31 December 2023 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2023 and of its 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 trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 trust'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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE LATVIAN WELFARE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE LATVIAN WELFARE TRUST

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the trust for the purpose 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 trust'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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our commercial knowledge and experience of the industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of factual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- maintaining professional skepticism throughout the audit.

THE LATVIAN WELFARE TRUST

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

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Palmer BSc BFP FCA (Senior Statutory Auditor)
for and on behalf of Cottons Accountants LLP

27 September 2024

Chartered Accountants
Statutory Auditor

Chestnut Field House
Chestnut Field
Rugby
Warwickshire
United Kingdom
CV21 2PD

THE LATVIAN WELFARE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Income and endowments from:			
Grants and donations	3	54,250	12,667
Other trading activities	4	1,159,714	1,175,636
Investments	5	227,929	213,977
Other income	6	86,876	16,261
Total income		<u>1,528,769</u>	<u>1,418,541</u>
Expenditure on:			
Raising funds	7	1,648,884	1,493,123
Charitable activities	8	218,556	299,855
Total expenditure		<u>1,867,440</u>	<u>1,792,978</u>
Net gains/(losses) on investments	13	-	(5,977)
Net expenditure and movement in funds		(338,671)	(380,414)
Reconciliation of funds:			
Fund balances at 1 January 2023		<u>11,428,362</u>	<u>11,808,776</u>
Fund balances at 31 December 2023		<u>11,089,691</u>	<u>11,428,362</u>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 21 to 42 form part of these financial statements.

THE LATVIAN WELFARE TRUST

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	£
Income and endowments from:		
Grants and donations	54,250	-
Other trading activities	39,464	15,926
Investments	75,000	100,000
Other income	309,603	152,799
	<u>478,317</u>	<u>268,725</u>
Total income in the reporting period		
	478,317	268,725
Total expenditure from income funds	706,716	828,417
	<u>706,716</u>	<u>828,417</u>
Net expenditure for the year	<u>(228,399)</u>	<u>(559,692)</u>

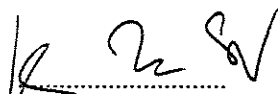
THE LATVIAN WELFARE TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	15	10,450,000		10,458,731	
Investment property	16	882,956		882,956	
		<u>11,332,956</u>		<u>11,341,687</u>	
Current assets					
Stocks	19	1,462		4,000	
Debtors	20	22,777		53,821	
Cash at bank and in hand		56,090		385,519	
		<u>80,329</u>		<u>443,340</u>	
Creditors: amounts falling due within one year	21	(323,594)		(356,665)	
Net current (liabilities)/assets		<u>(243,265)</u>		<u>86,675</u>	
Total assets less current liabilities		<u>11,089,691</u>		<u>11,428,362</u>	
Income funds					
<u>Unrestricted funds - general</u>					
General unrestricted funds	23	10,339,691		10,678,362	
Revaluation reserve		750,000		750,000	
		<u>11,089,691</u>		<u>11,428,362</u>	
		<u>11,089,691</u>		<u>11,428,362</u>	

The financial statements were approved by the Trustees on 26th September 2024


.....
Ms Kl Zobens East
Trustee

Company registration number 05853180

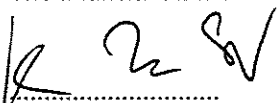
THE LATVIAN WELFARE TRUST

CHARITY BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	15		-		484
Investment property	16		11,332,956		11,332,956
Investments	17		2		100
			<u>11,332,958</u>		<u>11,333,540</u>
Current assets					
Debtors	20	12,975		-	
Cash at bank and in hand		20,974		337,263	
		<u>33,949</u>		<u>337,263</u>	
Creditors: amounts falling due within one year	21	<u>(265,818)</u>		<u>(341,315)</u>	
Net current liabilities			<u>(231,869)</u>		<u>(4,052)</u>
Total assets less current liabilities			<u>11,101,089</u>		<u>11,329,488</u>
Total net assets			<u>11,101,089</u>		<u>11,329,488</u>
Charity funds					
Unrestricted funds			11,101,089		11,329,488
Total funds			<u>11,101,089</u>		<u>11,329,488</u>

The financial statements were approved by the trustees on 26th September 2024


.....
Ms Kl Zobens East
Trustee

Company registration number 05853180 (England and Wales)

THE LATVIAN WELFARE TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash absorbed by operations	25		(645,600)		(616,419)
Investing activities					
Proceeds from disposal of subsidiaries		86,876		-	
Purchase of tangible fixed assets		(3,851)		(7,527)	
Proceeds from disposal of tangible fixed assets		5,217		-	
Investment income received		227,929		213,977	
		<u> </u>		<u> </u>	
Net cash generated from investing activities			316,171		206,450
Financing activities					
Proceeds from borrowings		-		57,058	
		<u> </u>		<u> </u>	
Net cash (used in)/generated from financing activities			-		57,058
			<u> </u>		<u> </u>
Net decrease in cash and cash equivalents			(329,429)		(352,911)
Cash and cash equivalents at beginning of year			385,519		738,430
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>56,090</u>		<u>385,519</u>

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Charity 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 principle 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.

1.1 Accounting convention

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 undertakings. The results of the subsidiaries 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.

1.2 Going concern

The Charity and its subsidiary LWT Trading UK Limited continued to make losses in the year. As a result, on 20 September 2023 followed the closure of the Catthorpe Manor business and subsequent Creditors Voluntary Liquidation of LWT Trading UK Limited.

The Trustees completed a restructuring of the operations which resulted in two new subsidiaries being formed, one to manage the London business and the other to manage the Catthorpe estate. This has proved to be the right decision as both subsidiaries are currently operating with small profit.

At the time of approving the financial statements, the trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

1.4 Income

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

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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

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.

Included within the incoming resources are the trading income from its trading subsidiaries, LWT Trading UK Limited, DVF Estate Ltd, DVF London Ltd.

1.5 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 are 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.

1.6 Tangible fixed assets

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

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

Freehold land and buildings	Not depreciated
Plant and equipment	25% on cost
Fixtures and fittings	20% on cost
Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

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 DVF London Ltd 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.

The Trust owns various historical works of art and sculptures. These assets were gifted to the Trust and are fully depreciated. They have therefore not been split out as Heritage Assets in the financial statements.

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Impairment of fixed assets

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

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the trust's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

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

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

1.13 Retirement benefits

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

2 Critical accounting estimates and judgements

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

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

3 Income from grants and donations

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Grants	54,250	12,667

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4 Income from other trading activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Hotel, events and conference income	1,159,714	1,175,636

5 Income from investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Rental income	227,929	213,977

6 Other income

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Net gain on disposal of subsidiary	86,876	-
Other income	-	15,926
CJRS income	-	335
	<u>86,876</u>	<u>16,261</u>

LWT Trading UK Limited went into liquidation on 23rd October 2023. A profit on disposal of the subsidiary of £86,876 has been recognised at this date.

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Expenditure on raising funds

LWT Trading activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Trading costs		
Cost of sales	169,049	107,236
Administration expenses	778,679	574,124
Interest payable	-	267
Staff costs	678,209	783,080
Depreciation and impairment	22,947	28,416
	<u>1,648,884</u>	<u>1,493,123</u>

8 Expenditure on charitable activities

	Activities undertaken directly 2023 £	Activities undertaken directly 2022 £
Direct costs		
Catthorpe Manor charitable activities	198,979	204,910
Share of support and governance costs (see note 9)		
Support	19,577	94,945
	<u>218,556</u>	<u>299,855</u>
Analysis by fund		
Unrestricted funds	<u>218,556</u>	<u>299,855</u>

9 Support costs allocated to activities

	2023 £	2022 £
Finance	423	336
Other	(6,811)	63,834
Governance costs	25,965	30,775
	<u>19,577</u>	<u>94,945</u>
Analysed between:		
Catthorpe Manor charitable activities	<u>19,577</u>	<u>94,945</u>

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Auditor's remuneration

Fees payable to the charity's auditor and associates:	2023	2022
	£	£
For audit services		
Audit of the financial statements of the charity	23,700	25,350
	<u> </u>	<u> </u>

11 Trustees

During the year, no Trustees received any remuneration or other benefits (2022 - £Nil)

During the year ended 31 December 2023, expenses totalling £100 were reimbursed or paid directly to 1 Trustee (2022 - £698, 1 Trustee). The expenses reimbursed in the year related to fuel costs.

12 Employees

The average monthly number of employees during the year was:

	Group 2023 Number	Group 2022 Number	Company 2023 Number	Company 2022 Number
Management	2	1	2	1
Hotel, events and conference	22	46	-	-
	<u>24</u>	<u>47</u>	<u>2</u>	<u>1</u>

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Employment costs				
Wages and salaries	620,122	772,811	86,014	60,241
Social security costs	45,780	54,557	8,098	2,441
Other pension costs	12,307	15,125	2,305	3,931
	<u>678,209</u>	<u>842,493</u>	<u>96,416</u>	<u>66,613</u>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	Group 2023 Number	Group 2022 Number
In the band £60,001 - £70,000	<u> </u>	<u> </u>
	-	1

The employee benefits of Key Management Personnel amounted to £100,660 (2022 - £81,052).

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Gains and losses on investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Gains/(losses) arising on:		
Revaluation of investment properties	-	(5,977)

14 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

15 Tangible fixed assets

Group

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 January 2023	10,450,000	12,276	248,830	8,192	10,719,298
Additions	-	3,160	-	691	3,851
Disposals	-	(15,436)	(186,068)	(8,883)	(210,387)
At 31 December 2023	10,450,000	-	62,762	-	10,512,762
Depreciation and impairment					
At 1 January 2023	-	10,712	242,131	7,724	260,567
Depreciation charged in the year	-	551	6,465	349	7,365
Eliminated in respect of disposals	-	(11,263)	(185,834)	(8,073)	(205,170)
At 31 December 2023	-	-	62,762	-	62,762
Carrying amount					
At 31 December 2023	10,450,000	-	-	-	10,450,000
At 31 December 2022	10,450,000	1,564	6,699	468	10,458,731

15 Tangible fixed assets

Charity

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2023	325,127	1,600	326,727
At 31 December 2023	325,127	1,600	326,727

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15 Tangible fixed assets (Continued)

Depreciation and impairment			
At 1 January 2023	324,643	1,600	326,243
Depreciation charged in the year	484	-	484
At 31 December 2023	325,127	-	326,727
Carrying amount			
At 31 December 2023	-	-	-
At 31 December 2022	484	-	484

16 Investment property

Group

2023
£

Fair value

At 1 January 2023 and 31 December 2023

882,956

Charity

2023
£

Fair value

At 31 January 2022 and 31 December 2022

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.

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:

	Group 2023 £	Group 2022 £	Company 2023 £	Group 2022 £
Historic cost	4,700,000	4,700,000	4,700,000	4,700,000

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

17 Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2023	100
Additions	2
Disposals	(100)
	<hr/>
At 31 December 2023	2
	<hr/>
Carrying amount	
At 31 December 2023	2
	<hr/> <hr/>
At 31 December 2022	100
	<hr/> <hr/>

18 Subsidiaries

Details of the trust's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
DVF Estate LTD	England and Wales	Operation of a hotel and weddings venue	Ordinary	100.00	
DVF London LTD	England and Wales	Operation of a hotel and weddings venue	Ordinary	100.00	

LWT Trading UK Ltd was a subsidiary of the Charity until 23rd October 2023 when it entered liquidation.

DVF London Ltd & DVF Estate Ltd are new subsidiaries of the Charity that were incorporated on 26th September 2023 and 27th September 2023 respectively.

19 Stocks

	2023 £	2022 £
Stocks	1,462	4,000
	<hr/> <hr/>	<hr/> <hr/>

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

20 Debtors	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	5,340	14,267	1,520	-
Amounts owed by subsidiary undertakings	-	-	11,317	-
Other debtors	11,609	21,613	-	-
Prepayments and accrued income	5,828	17,941	138	-
	<u>22,777</u>	<u>53,821</u>	<u>12,975</u>	<u>-</u>
21 Creditors: amounts falling due within one year	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Other loans	175,000	175,000	175,000	175,000
Other taxation and social security	23,726	28,314	2,668	402
Trade creditors	53,218	68,934	29,410	1,800
Amounts owed to fellow group undertakings	-	-	10,880	149,635
Other creditors	41,295	62,694	37,980	178
Accruals and deferred income	30,355	21,723	9,880	14,300
	<u>323,594</u>	<u>356,665</u>	<u>265,818</u>	<u>341,315</u>

Included in other loans are the following balances outstanding with The Latvian Welfare Fund:
Leeds branch £175,000 (2022: £175,000)

22 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	<u>12,307</u>	<u>11,194</u>

The trust operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the trust in an independently administered fund.

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

23 Unrestricted funds

	At 1 January 2023	Incoming resources	Resources expended	Gains and losses	At 31 December 2023
	£	£	£	£	£
General fund	9,508,492	86,876	(218,556)	-	9,376,812
Revaluation reserve	3,846,807	-	-	-	3,846,807
Funds retained with non- charitable subsidiaries	(1,926,937)	1,441,893	(1,648,884)	-	(2,133,928)
	<u>11,428,362</u>	<u>1,528,769</u>	<u>(1,867,440)</u>	<u>-</u>	<u>11,089,691</u>
Previous year:	At 1 January 2022	Incoming resources	Resources expended	Gains and losses	At 31 December 2022
	£	£	£	£	£
General fund	9,758,884	49,463	(299,855)	-	9,508,492
Revaluation reserve	3,852,784	-	-	(5,977)	3,846,807
Funds retained with non- charitable subsidiaries	(1,802,892)	1,369,078	(1,493,123)	-	(1,926,937)
	<u>11,808,776</u>	<u>1,418,541</u>	<u>(1,792,978)</u>	<u>(5,977)</u>	<u>11,428,362</u>

24 Related party transactions

Transactions with related parties

Transactions with the subsidiary companies are set out below.

The loan balance outstanding at the year end owed from LWT Trading UK Limited was £4,645,742 (2022: £4,384,330). An additional provision of £395,476 has been recognised against this balance at the year end in the Charity (2022: £562,099).

The trading balance outstanding at the year end owed to LWT Trading UK Limited was £Nil (2022: £149,636).

	2023 £	2022 £
Rents receivable from LWT Trading UK Limited	75,000	100,000
Interest receivable from LWT Trading UK Limited	309,603	152,799
	<u>384,603</u>	<u>252,799</u>

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

24 Related party transactions

(Continued)

The Trust was owed £11,317 from DVF Estate Ltd at the year end.

The Trust owed £10,880 to DVF London at the year end.

During the year, M Vizbulis, who is a Trustee, resided in one of the properties owned by the Trust and paid rent totalling £14,720 (2022: £13,920). There were no outstanding balances as at the year end (2022: £Nil).

During the year, the Trust made purchases totalling £Nil (2022: £1,403) from Amber Food and Catering Ltd, a company of which M Vizbulis is also a director. There were no outstanding balances as at the year end (2022: £Nil).

During the year, the Trust received £Nil (2022: £13,690) from Berzes Strazdi, an entity of which G Lerhs is also a director, in relation to the Midsummer Festival. At the year end, a balance of £Nil (2022: £13,050) was owed from Berzes Strazdi to the Trust.

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.

	Amounts owed to related parties	
	2023 £	2022 £
Leeds branch loan outstanding creditor balance	175,000	175,000
Leeds branch loan interest paid	5,658	5,658
	<u>180,658</u>	<u>180,658</u>

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 £Nil (2022: £19,500). There were no outstanding balances as at the year end (2022: £Nil).

A provision of £Nil (2022: £42,058) has been made against amounts due from The Latvian Welfare Fund.

During the year, £37,500 was transferred into the Latvian Welfare Trust from 2 Trustees that both resigned on 9th March 2024. This balance was still outstanding at the year end.

THE LATVIAN WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

25	Cash generated from operations	2023	2022
		£	£
	Deficit for the year	(338,671)	(380,414)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(227,929)	(213,977)
	Gain on disposal of intangible assets	(86,876)	-
	Fair value gains and losses on investment properties	-	5,977
	Depreciation and impairment of tangible fixed assets	7,365	10,578
	Movements in working capital:		
	Decrease in stocks	2,538	3,500
	Decrease/(increase) in debtors	31,044	(10,511)
	(Decrease) in creditors	(33,071)	(31,572)
	Cash absorbed by operations	<u>(645,600)</u>	<u>(616,419)</u>

26	Analysis of changes in net debt	At 1 January	Cash flows	At 31 December
		2023		2023
		£	£	£
	Cash at bank and in hand	385,519	(329,429)	56,090
	Loans falling due within one year	(175,000)	-	(175,000)
		<u>210,519</u>	<u>(329,429)</u>	<u>(118,910)</u>

27 Auditor's liability limitation agreement

Upon appointment of Cottons Accountants LLP as auditors, the company entered into a liability limitation agreement with the auditors and this was approved by resolution of the members on 23rd May 2024. Liability is limited to the lesser of 20 times the audit fee or £395,000. In accordance with section 537 of Companies Act 2006, if the effect of the liability limitation agreement is to limit the auditor's liability to less than such amount as is fair and reasonable as determined by that section, the agreement shall have effect as if it limited the liability to such amount as is fair and reasonable, as so determined.

The agreement limits the liability owed to the company by the auditors in respect of any negligence, default, breach of duty or breach of trust occurring in respect of the audit of the financial statements for the year ended 31st December 2023.

The agreement does not limit liability for any instance of fraud or dishonesty on behalf of the auditor or any other liability that cannot be excluded or restricted by applicable laws and restrictions.