

REGISTERED COMPANY NUMBER: 03604980 (England and Wales)
REGISTERED CHARITY NUMBER: 1072632

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
ADAPT (NORTH EAST)**

Ribchesters Group Limited,
Chartered Accountants
and Registered Auditors
Finchale House
Belmont Business Park
Durham
DH1 1TW

ADAPT (NORTH EAST)

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FOR THE YEAR ENDED 31 MARCH 2022**

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ADAPT (NORTH EAST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's objective is to improve the quality of life of both disabled and disadvantaged people in the North East, with a focus on Northumberland.

To provide relief to inhabitants in the North East who have need because of youth, age, sickness, mental or physical disability or poverty by the provision and maintenance of a non-profit community transport service.

Significant activities

The main activities of the charity are to provide information, advice and projects are defined by need. Currently they are information and guidance, advocacy and community transport.

Adapt provides the Healthwatch function for Northumberland, providing to the public the consumer champion role for Health and Social Care.

Adapt provides the statutory Advocacy service across Northumberland providing advocacy under the Care Act, Mental Capacity Act, Mental Health Act and NHS Complaints legislation.

Adapt provides the Social Prescribing service for West Northumberland under contract with West Northumberland Primary Care Network.

Under the Memorandum & Articles of Association the charity has the power to invest the monies of the Association not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject also as hereinafter provided.

Public benefit

From 1 April 2008, section 4 of the Charities Act 2006 requires all charities to meet the legal requirement that its aims are for the public benefit. The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit.

The Charity Commission states that there are two principles to be met in order to show that an organisation's aims are for the public benefit: firstly there must be an identifiable benefit or benefits and secondly that the benefit must be to the public, or a section of the public.

The Trustees are satisfied that the aims and objectives of the charity, and the activities reported on above, meet these principles

Volunteers

The organisation works closely with volunteers who help to provide a successful service within the community during the financial year.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Adapt (North East) continued to deliver the Healthwatch function and the NHS independent complaints advocacy service for Northumberland County Council.

Adapt (North East) continued to deliver the statutory Advocacy service for Northumberland County Council.

Adapt (North East) continued to provide the Social Prescribing Service for West Northumberland and Northumbria Primary Care Network.

ADAPT (NORTH EAST)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL REVIEW

Reserves policy

The Trustees monitor the finances of the Charity on a regular basis and feel the risk to be minimal in reducing the level of free reserves and wish to ensure the future prospects of the Charity by securing a suitable base for its operations.

The Trustees have determined that the appropriate level of free reserves (currently £238,203) should be equivalent to be not less than 45% of the core costs, which equates to £200,000. As at 31 March 2022 reserves are above this target.

Our policy is therefore to maintain the reserves (which are carried forward for future core activities) at least at these current levels by maintaining the operating surpluses and judicious investment management of our investment assets.

The trustees have ensured the restricted funds received from various sources have been used effectively and within the funders remit.

The trustees have ensured the unrestricted funds have been used to develop the sustainability of Adapt (North East).

Note 20 to the financial statements describes the various funds of the charity and summarises the year's movements on each fund.

The results for the year are set out on page 9.

During the year income increased by £79,951.

Total resources expended total £949,464 and remain in line with prior years and are as expected. Overall a surplus of £52,582 has occurred in the financial year. This is after depreciation charges of £54,894.

The trustees are satisfied with level of performance in the year. Unrestricted funds were £520,883 and the trustees are satisfied with the overall position.

FUTURE PLANS

Adapt (North East) is planning to build on current services and develop new ones to meet requirements of disabled and disadvantaged people.

Adapt wishes to develop the remainder of its site to develop a disability resource centre and community café.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Adapt (North East) is a company limited by guarantee and does not have a share capital. It is a registered charity and is governed by its Memorandum & Articles of Association.

Recruitment and appointment of new trustees

Trustees are recruited for skills to enable them to contribute to the governance of Adapt, a variety of mediums are used to recruit suitable trustees. Trustees hold office for an agreed period of time and are ratified at the Annual General Meeting.

Organisational structure

The Trustee board of honorary officers and its members are responsible for the day to day running of the charity. The Trustee board meets bi-monthly and is fully conversant with its legal obligations and has policies and procedures to review the work of the charity.

Induction and training of new trustees

Trustees have agreed to review training on an ongoing basis, with individual trustees accessing relevant training as required.

Related parties

Adapt (North East) works closely with local voluntary and statutory organisations including, Northumberland County Council.

ADAPT (NORTH EAST)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees have examined the main areas of the charity's activities, and looked at the main risks likely to arise in each of these areas. The trustees consider that the systems that have been adopted are adequate to minimise those risks to an acceptable level in the day to day operation of the charity.

It is the opinion of the trustees that for the financial year ended 31 March 2022 the charity has achieved its objectives.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03604980 (England and Wales)

Registered Charity number

1072632

Registered office

Adapt (North East)
Old Highways Depot
Burn Lane
Hexham
Northumberland
NE46 3HN

Trustees

P Maginn
R E Theobalds
L Hershon
A Stevenson
A Bishop
M Ostler
M Briggs

Company Secretary

Mrs E Prudhoe

Senior Statutory Auditor

David Holloway BA FCA DChA

Auditors

Ribchesters Group Limited,
Chartered Accountants
and Registered Auditors
Finchale House
Belmont Business Park
Durham
DH1 1TW

Bankers

Unity Trust plc
Nine Brindleyplace
Birmingham
B1 2HB

ADAPT (NORTH EAST)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of ADAPT (North East) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Ribchesters Group Limited,, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 23 November 2022 and signed on its behalf by:

L Hershon - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ADAPT (NORTH EAST)

Opinion

We have audited the financial statements of ADAPT (North East) (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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.

Other matter

The charitable company claimed exemption from audit in the year ended 31 March 2021. The comparative figures included in the financial statements were not subject to audit at that time. We have however been able to satisfy ourselves that those comparatives were properly prepared and therefore this matter does not impact our audit opinion. We have not modified our opinion, therefore, in respect of this matter.

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 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ADAPT (NORTH EAST)**

Matters on which we are required to report by exception

In the light of the 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 Report of the Trustees.

We have nothing to report in respect of the following matters where 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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ADAPT (NORTH EAST)

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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 audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- 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 charitable company through discussions with trustees and other management and from our knowledge and experience of this sector;
- we focussed on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Acts, Charities Acts, tax legislation, 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 charitable company'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 a susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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 any accounting estimates were indicative of potential bias;
- 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;
- reading minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation claims;
- reviewing correspondence with regulators, HMRC and the company's legal advisers.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ADAPT (NORTH EAST)**

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 auditors' 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.

David Holloway BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Ribchesters Group Limited,
Chartered Accountants
and Registered Auditors
Finchale House
Belmont Business Park
Durham
DH1 1TW

Date:

ADAPT (NORTH EAST)

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	18,944	2	18,946	118,857
Charitable activities					
Transport provision		-	87,653	87,653	115,107
Healthwatch		-	212,600	212,600	200,000
Advocacy service		-	337,880	337,880	245,000
Getabout car scheme		-	36,238	36,238	36,804
Living Well		9,800	171,318	181,118	97,253
Community support		-	20,000	20,000	40,000
Other trading activities	3	31,515	-	31,515	20,825
Investment income	4	<u>76,096</u>	<u>-</u>	<u>76,096</u>	<u>48,249</u>
Total		<u>136,355</u>	<u>865,691</u>	<u>1,002,046</u>	<u>922,095</u>
EXPENDITURE ON					
Charitable activities	6				
Core activities		71,235	-	71,235	106,117
Transport provision		-	101,352	101,352	122,931
Healthwatch		-	223,370	223,370	212,828
Advocacy service		-	307,880	307,880	247,089
Cafe @ Burn Lane		-	37,500	37,500	37,500
Getabout car scheme		-	36,238	36,238	36,803
Living Well		-	171,889	171,889	110,178
Community support		<u>-</u>	<u>-</u>	<u>-</u>	<u>9,772</u>
Total		<u>71,235</u>	<u>878,229</u>	<u>949,464</u>	<u>883,218</u>
NET INCOME/(EXPENDITURE)		65,120	(12,538)	52,582	38,877
RECONCILIATION OF FUNDS					
Total funds brought forward		455,763	137,396	593,159	554,282
TOTAL FUNDS CARRIED FORWARD		<u>520,883</u>	<u>124,858</u>	<u>645,741</u>	<u>593,159</u>

The notes form part of these financial statements

ADAPT (NORTH EAST) (REGISTERED NUMBER: 03604980)

**BALANCE SHEET
31 MARCH 2022**

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
FIXED ASSETS					
Tangible assets	12	8,104	-	8,104	60,672
Investments					
Investments	13	1	-	1	1
Investment property	14	<u>550,000</u>	<u>-</u>	<u>550,000</u>	<u>550,000</u>
		558,105	-	558,105	610,673
CURRENT ASSETS					
Debtors	15	117,402	75,200	192,602	55,206
Cash at bank		<u>162,151</u>	<u>49,658</u>	<u>211,809</u>	<u>246,778</u>
		279,553	124,858	404,411	301,984
CREDITORS					
Amounts falling due within one year	16	<u>(41,350)</u>	<u>-</u>	<u>(41,350)</u>	<u>(35,601)</u>
NET CURRENT ASSETS		<u>238,203</u>	<u>124,858</u>	<u>363,061</u>	<u>266,383</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		796,308	124,858	921,166	877,056
CREDITORS					
Amounts falling due after more than one year	17	<u>(275,425)</u>	<u>-</u>	<u>(275,425)</u>	<u>(283,897)</u>
NET ASSETS		<u>520,883</u>	<u>124,858</u>	<u>645,741</u>	<u>593,159</u>
FUNDS	20				
Unrestricted funds				520,883	455,763
Restricted funds				<u>124,858</u>	<u>137,396</u>
TOTAL FUNDS				<u>645,741</u>	<u>593,159</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 23 November 2022 and were signed on its behalf by:

L Hershon - Trustee

The notes form part of these financial statements

ADAPT (NORTH EAST)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	(13,519)	104,665
Interest paid		<u>(9,171)</u>	<u>(13,261)</u>
Net cash (used in)/provided by operating activities		<u>(22,690)</u>	<u>91,404</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,326)	(7,916)
Sale of tangible fixed assets		-	2,300
Dividends received		<u>37,500</u>	<u>7,950</u>
Net cash provided by investing activities		<u>35,174</u>	<u>2,334</u>
Cash flows from financing activities			
Loan repayments in year		(8,211)	(2,192)
Loan to subsidiary		<u>(39,242)</u>	<u>(4,514)</u>
Net cash used in financing activities		<u>(47,453)</u>	<u>(6,706)</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(34,969)	87,032
Cash and cash equivalents at the beginning of the reporting period		<u>246,778</u>	<u>159,746</u>
Cash and cash equivalents at the end of the reporting period		<u>211,809</u>	<u>246,778</u>

The notes form part of these financial statements

ADAPT (NORTH EAST)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net income for the reporting period (as per the Statement of Financial Activities)	52,582	38,877
Adjustments for:		
Depreciation charges	54,894	70,547
Loss on disposal of fixed assets	-	168
Interest paid	9,171	13,261
Dividends received	(37,500)	(7,950)
Increase in debtors	(98,154)	(9,900)
Increase/(decrease) in creditors	<u>5,488</u>	<u>(338)</u>
Net cash (used in)/provided by operations	<u>(13,519)</u>	<u>104,665</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.21 £	Cash flow £	At 31.3.22 £
Net cash			
Cash at bank	<u>246,778</u>	<u>(34,969)</u>	<u>211,809</u>
	<u>246,778</u>	<u>(34,969)</u>	<u>211,809</u>
Debt			
Debts falling due within 1 year	(8,298)	(261)	(8,559)
Debts falling due after 1 year	<u>(283,897)</u>	<u>8,472</u>	<u>(275,425)</u>
	<u>(292,195)</u>	<u>8,211</u>	<u>(283,984)</u>
Total	<u>(45,417)</u>	<u>(26,758)</u>	<u>(72,175)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, 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 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts are included in full in the Statement of Financial Activities when the trust becomes entitled. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Investment income is included when receivable.
- Incoming resources from charitable trading activities are accounted for when earned.
- Income from commercial trading activities is recognised as earned (as the related services are provided).

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and apportionment of costs

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on the basis of time spent.

Tangible fixed assets

Land and buildings are included at their current market value. All other tangible fixed assets are stated at cost less depreciation. Items of equipment are capitalised where the purchase price exceeds £300.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Equipment	10% to 33% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% reducing balance and 25% straight line

Investment property

Investment property is shown at most recent valuation. Any movement arising from changes in market value is recognised in the period.

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

ADAPT (NORTH EAST)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES - continued

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme and pension contributions are charged to the profit and loss account to spread the cost of the pensions over the employees working lives.

Financial instruments

The company 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 company's balance sheet when the company 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 present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, other loans, and preference shares that are classified as debt, 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 business 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.

ADAPT (NORTH EAST)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

2. DONATIONS AND LEGACIES

	2022	2021
	£	£
Donations	1,215	2,443
Grants	17,481	116,326
Membership subscriptions	250	88
	<u>18,946</u>	<u>118,857</u>

Grants received, included in the above, are as follows:

	2022	2021
	£	£
Northumberland County Council	5,917	37,668
Coronavirus Job Retention Scheme	<u>11,564</u>	<u>78,658</u>
	<u>17,481</u>	<u>116,326</u>

3. OTHER TRADING ACTIVITIES

	2022	2021
	£	£
Room hire and sundry income	<u>31,515</u>	<u>20,825</u>

4. INVESTMENT INCOME

	2022	2021
	£	£
Rents received	38,596	40,299
Distribution from subsidiary	<u>37,500</u>	<u>7,950</u>
	<u>76,096</u>	<u>48,249</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		2022	2021
	Activity	£	£
Bus hire	Transport provision	12,132	12,974
Contract income	Transport provision	55,454	49,487
Grants	Transport provision	18,537	52,646
Training	Transport provision	1,530	-
Grants	Healthwatch	212,600	200,000
Grants	Advocacy service	337,880	245,000
Grants	Getabout car scheme	36,238	36,804
Grants	Living Well	181,118	97,253
Grants	Community support	<u>20,000</u>	<u>40,000</u>
		<u>875,489</u>	<u>734,164</u>

ADAPT (NORTH EAST)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

5. INCOME FROM CHARITABLE ACTIVITIES - continued

Grants received, included in the above, are as follows:

	2022	2021
	£	£
Northumberland County Council	606,718	501,000
BSOG	1,827	3,766
West Northumberland PCN	171,318	97,253
Other	16,710	49,684
Bernicia Homes	-	20,000
Wellbeing Cafe Project	9,800	-
	<u>806,373</u>	<u>671,703</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs	Support costs (see note 7)	Totals
	£	£	£
Core activities	78	71,157	71,235
Transport provision	95,254	6,098	101,352
Healthwatch	173,088	50,282	223,370
Advocacy service	224,822	83,058	307,880
Cafe @ Burn Lane	-	37,500	37,500
Getabout car scheme	20,459	15,779	36,238
Living Well	169,227	2,662	171,889
	<u>682,928</u>	<u>266,536</u>	<u>949,464</u>

7. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Core activities	53,073	9,889	8,195	71,157
Transport provision	6,098	-	-	6,098
Healthwatch	50,282	-	-	50,282
Advocacy service	83,058	-	-	83,058
Cafe @ Burn Lane	37,500	-	-	37,500
Getabout car scheme	15,779	-	-	15,779
Living Well	2,662	-	-	2,662
	<u>248,452</u>	<u>9,889</u>	<u>8,195</u>	<u>266,536</u>

ADAPT (NORTH EAST)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	54,894	70,547
Deficit on disposal of fixed assets	-	168
Independent examination	-	3,250
Other non-independent examination services	-	3,103
Auditors' remuneration	3,000	-
Auditors' remuneration for non audit work	<u>5,195</u>	<u>-</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

No expenses were paid to trustees during the year (2021: £nil).

10. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	687,183	605,085
Social security costs	46,225	37,917
Other pension costs	<u>20,817</u>	<u>17,238</u>
	<u>754,225</u>	<u>660,240</u>

The average monthly number of employees during the year was as follows:

	2022	2021
Charitable activities	36	34
Administration & Governance	<u>3</u>	<u>3</u>
	<u>39</u>	<u>37</u>

No employees received emoluments in excess of £60,000.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	118,857	-	118,857
Charitable activities			
Transport provision	-	115,107	115,107
Healthwatch	-	200,000	200,000
Advocacy service	-	245,000	245,000
Getabout car scheme	-	36,804	36,804
Living Well	-	97,253	97,253
Community support	-	40,000	40,000

ADAPT (NORTH EAST)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
Other trading activities	18,882	1,943	20,825
Investment income	<u>48,249</u>	<u>-</u>	<u>48,249</u>
Total	<u>185,988</u>	<u>736,107</u>	<u>922,095</u>
EXPENDITURE ON			
Charitable activities			
Core activities	106,117	-	106,117
Transport provision	-	122,931	122,931
Healthwatch	-	212,828	212,828
Advocacy service	-	247,089	247,089
Cafe @ Burn Lane	-	37,500	37,500
Getabout car scheme	-	36,803	36,803
Living Well	-	110,178	110,178
Community support	<u>-</u>	<u>9,772</u>	<u>9,772</u>
Total	<u>106,117</u>	<u>777,101</u>	<u>883,218</u>
NET INCOME/(EXPENDITURE)	79,871	(40,994)	38,877

RECONCILIATION OF FUNDS

Total funds brought forward	375,892	178,390	554,282
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS CARRIED FORWARD	<u>455,763</u>	<u>137,396</u>	<u>593,159</u>

12. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2021	11,126	209,969	240,770	461,865
Additions	<u>2,326</u>	<u>-</u>	<u>-</u>	<u>2,326</u>
At 31 March 2022	<u>13,452</u>	<u>209,969</u>	<u>240,770</u>	<u>464,191</u>
DEPRECIATION				
At 1 April 2021	3,975	156,448	240,770	401,193
Charge for year	<u>2,402</u>	<u>52,492</u>	<u>-</u>	<u>54,894</u>
At 31 March 2022	<u>6,377</u>	<u>208,940</u>	<u>240,770</u>	<u>456,087</u>
NET BOOK VALUE				
At 31 March 2022	<u>7,075</u>	<u>1,029</u>	<u>-</u>	<u>8,104</u>
At 31 March 2021	<u>7,151</u>	<u>53,521</u>	<u>-</u>	<u>60,672</u>

ADAPT (NORTH EAST)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

13. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1 April 2021 and 31 March 2022	<u>1</u>
NET BOOK VALUE	
At 31 March 2022	<u>1</u>
At 31 March 2021	<u>1</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Cafe @ Burn Lane Limited

Registered office: Burn Lane, Hexham, NE46 3HN

Nature of business: Cafe

	% holding	31/3/22 £	31/3/21 £
Class of share:			
Ordinary	1		
Aggregate capital and reserves		127	55
Profit for the year		<u>38,055</u>	<u>7,974</u>

14. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2021 and 31 March 2022	<u>550,000</u>
NET BOOK VALUE	
At 31 March 2022	<u>550,000</u>
At 31 March 2021	<u>550,000</u>

Investment property was valued at open market value on 7 October 2019 by Walhouse Surveyors Limited, RICS, at £550,000.

If investment property had not been re-valued, it would have been included at the historical cost of £721,920.

ADAPT (NORTH EAST)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	136,533	30,540
Amounts owed by group undertakings	45,650	6,408
VAT	5,089	11,686
Accrued income	573	-
Prepayments	<u>4,757</u>	<u>6,572</u>
	<u>192,602</u>	<u>55,206</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 18)	8,559	8,298
Trade creditors	4,871	8,257
Social security and other taxes	14,055	13,097
Other creditors	3,826	216
Accrued expenses	<u>10,039</u>	<u>5,733</u>
	<u>41,350</u>	<u>35,601</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 18)	<u>275,425</u>	<u>283,897</u>

18. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>8,559</u>	<u>8,298</u>
Amounts falling between one and two years:		
Bank loans	<u>8,805</u>	<u>8,559</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>28,182</u>	<u>27,958</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	238,438	247,380

ADAPT (NORTH EAST)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

19. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	<u>283,984</u>	<u>292,195</u>

The bank loans are secured by way of a debenture, including both fixed and floating charges, over all land & buildings owned by the charity, and all associated plant & machinery and rental income.

20. MOVEMENT IN FUNDS

	At 1.4.21	Net movement in funds	At 31.3.22
	£	£	£
Unrestricted funds			
General fund	455,763	65,120	520,883
Restricted funds			
Healthwatch Northumberland	55,970	(10,770)	45,200
Advocacy Service	-	30,000	30,000
Transport	13,698	(13,698)	-
Cafe @ Burn Lane	37,500	(37,500)	-
Bernicia hardship fund	10,228	(570)	9,658
Northumberland Food	20,000	-	20,000
Social Isolation Fund	-	20,000	20,000
	<u>137,396</u>	<u>(12,538)</u>	<u>124,858</u>
TOTAL FUNDS	<u>593,159</u>	<u>52,582</u>	<u>645,741</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	136,355	(71,235)	65,120
Restricted funds			
Healthwatch Northumberland	212,600	(223,370)	(10,770)
Advocacy Service	337,880	(307,880)	30,000
Transport	86,124	(99,822)	(13,698)
Getabout Car Scheme	36,238	(36,238)	-
Midas Training	1,530	(1,530)	-
Cafe @ Burn Lane	-	(37,500)	(37,500)
Living Well	171,319	(171,319)	-
Bernicia hardship fund	-	(570)	(570)
Social Isolation Fund	20,000	-	20,000
	<u>865,691</u>	<u>(878,229)</u>	<u>(12,538)</u>
TOTAL FUNDS	<u>1,002,046</u>	<u>(949,464)</u>	<u>52,582</u>

ADAPT (NORTH EAST)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.20 £	Net movement in funds £	At 31.3.21 £
Unrestricted funds			
General fund	375,892	79,871	455,763
Restricted funds			
Healthwatch Northumberland	67,993	(12,023)	55,970
Advocacy Service	949	(949)	-
Transport	21,523	(7,825)	13,698
Cafe @ Burn Lane	75,000	(37,500)	37,500
Living Well	12,925	(12,925)	-
Bernicia hardship fund	-	10,228	10,228
Northumberland Food	-	20,000	20,000
	<u>178,390</u>	<u>(40,994)</u>	<u>137,396</u>
TOTAL FUNDS	<u>554,282</u>	<u>38,877</u>	<u>593,159</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	185,988	(106,117)	79,871
Restricted funds			
Healthwatch Northumberland	200,805	(212,828)	(12,023)
Advocacy Service	246,140	(247,089)	(949)
Transport	115,106	(122,931)	(7,825)
Getabout Car Scheme	36,803	(36,803)	-
Cafe @ Burn Lane	-	(37,500)	(37,500)
Living Well	97,253	(110,178)	(12,925)
Bernicia hardship fund	20,000	(9,772)	10,228
Northumberland Food	20,000	-	20,000
	<u>736,107</u>	<u>(777,101)</u>	<u>(40,994)</u>
TOTAL FUNDS	<u>922,095</u>	<u>(883,218)</u>	<u>38,877</u>

ADAPT (NORTH EAST)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

20. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.20 £	Net movement in funds £	At 31.3.22 £
Unrestricted funds			
General fund	375,892	144,991	520,883
Restricted funds			
Healthwatch Northumberland	67,993	(22,793)	45,200
Advocacy Service	949	29,051	30,000
Transport	21,523	(21,523)	-
Cafe @ Burn Lane	75,000	(75,000)	-
Living Well	12,925	(12,925)	-
Bernicia hardship fund	-	9,658	9,658
Northumberland Food	-	20,000	20,000
Social Isolation Fund	-	20,000	20,000
	<u>178,390</u>	<u>(53,532)</u>	<u>124,858</u>
TOTAL FUNDS	<u>554,282</u>	<u>91,459</u>	<u>645,741</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	322,343	(177,352)	144,991
Restricted funds			
Healthwatch Northumberland	413,405	(436,198)	(22,793)
Advocacy Service	584,020	(554,969)	29,051
Transport	201,230	(222,753)	(21,523)
Getabout Car Scheme	73,041	(73,041)	-
Midas Training	1,530	(1,530)	-
Cafe @ Burn Lane	-	(75,000)	(75,000)
Living Well	268,572	(281,497)	(12,925)
Bernicia hardship fund	20,000	(10,342)	9,658
Northumberland Food	20,000	-	20,000
Social Isolation Fund	20,000	-	20,000
	<u>1,601,798</u>	<u>(1,655,330)</u>	<u>(53,532)</u>
TOTAL FUNDS	<u>1,924,141</u>	<u>(1,832,682)</u>	<u>91,459</u>

Healthwatch Northumberland

Adapt (North East) provide the host role for Healthwatch Northumberland, which was launched on 1st April 2013. There are Healthwatch organisations in all council areas in England, and together they provide users of health and social care services a powerful voice both locally and nationally.

Transport

To provide transport for young people in Northumberland, enabling them to access services and facilities.

ADAPT (NORTH EAST)

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

20. MOVEMENT IN FUNDS - continued

Advocacy Service

Adapt (North East) secured the contract in July 2014 to provide the statutory and non statutory advocacy services for Northumberland including Independent Mental Capacity Advocacy, Independent Mental Health Advocacy and General Advocacy provision under the banner Northumberland Independent Advocacy Service.

Getabout Car Scheme

Getabout is a scheme for people who have difficulty getting around Northumberland. Getabout will seek to find the most appropriate way of solving the transport problems for individuals across Northumberland.

Cafe @ Burn Lane

To provide a space for meetings and social activities for the charity's users and provide an income stream to the charity.

Living Well

Living Well Service provides Social Prescribing Services across West Northumberland area working in partnership with West Northumberland Primary Care Network - Social prescribing is a means of enabling GPs, nurses and other health and care professionals to refer people to a range of local, non-clinical services.

Bernicia hardship fund

The COVID-19 Bernicia Hardship fund has been facilitated by Adapt in partnership with Northumberland County Council for the benefit of people across West Northumberland who have been negatively impacted by COVID-19.

Northumberland Nourish Food food

Northumberland Nourish Food Fund for West Northumberland is being managed by Adapt in partnership with Northumberland County Council to provide funds for the food related activities.

21. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

ADAPT (North East)

Audit Findings Report

Year ended 31 March 2022

oribchesters
chartered accountants

ADAPT (North East)
Audit Findings Report for the Year Ended 31 March 2022

1. Introduction

We are pleased to report our Audit Findings and other matters to the Trustees of ADAPT (North East) (the charitable company) for the year ended 31 March 2022.

Our responsibilities as auditors are set out in the International Standards on Auditing (UK and Ireland) ("ISAs"). We are responsible for forming and expressing an opinion on the financial statements which have been prepared by management.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the financial statements.

We have carried out our audit in accordance with the terms of our letter of engagement - which is dated 3 August 2015 - in order to express an audit opinion for UK statutory purposes on the financial statements of the charitable company for the year ended 31 March 2022.

In this report, we present the key findings from our audit, together with a commentary on the significant matters arising. The matters that have been reported are limited to those deficiencies identified during the audit which we have concluded are of sufficient importance to bring to the attention of the Board of Trustees who are charged with the governance of the charitable company.

This report has been prepared for the sole use of the Trustees of ADAPT (North East). This report may not be provided to third parties without our prior consent. Consent is, and will only be, granted on the basis that such reports are not prepared with the interests of anyone other than the charitable company in mind and that we accept no duty or responsibility to any other party. No responsibilities are accepted by Ribchesters towards any party acting or refraining from action as a result of this report.

We would like to express our thanks to all members of the charitable company's staff who assisted us in carrying out our work.

ADAPT (North East)
Audit Findings Report for the Year Ended 31 March 2022

2. Statutory audit communication
2.1 Objectivity and independence

We conducted our audit in accordance with the Code of Ethics of the Institute of Chartered Accountants in England & Wales and the Ethical Standards published by the United Kingdom Auditing Practices Board.

We have considered our independence and objectivity with respect to the audit for the year ended 31 March 2022. In addition to auditing the financial statements we also provided, through other individuals, the following services to the charitable company for the year ended 31 March 2022:

- Preparation of the Financial Statements from trial the balance provided by the company.
- Preparation of payroll

We have outlined below the safeguards that we have put in place to ensure that the services provided in 2021/22 do not cause any breaches in our independence and objectivity in relation to the audit.

Non-audit service provided	Safeguards put in place to reduce the threat to our integrity, independence and objectivity
Preparation of the Financial Statements from the trial balance provided by the charitable company.	The financial statements are prepared from the records provided. All adjustments are presented to the Finance Sub-Committee for approval before the financial statements have been approved. The financial statements were reviewed by staff who are independent of the audit team.
Preparation of payroll.	This service is provided by a separate department from those who have audited the financial statements.

Ribchesters charged £1,220 plus VAT for the preparation of payroll.

Ribchesters charged £3,400 plus VAT for the preparation of the Financial Statements.

Ribchesters charged £3,000 plus VAT for the audit of the company's financial statements.

ADAPT (North East)

Audit Findings Report for the Year Ended 31 March 2022

To maintain our independence as auditors we can also confirm that:

- Ribchesters, its partners and the audit team have no family, financial, employment, investment or business relationship with the charitable company; and
- Audit and non-audit fees paid by the company do not represent a significant proportion of total fee income for either the firm or the engagement partner.

We confirm that, in our professional judgement, the firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired. Legal and regulatory requirements in undertaking our audit work we considered compliance with the following legal and regulatory requirements, where relevant:

- Companies Acts.
- Charities Acts.
- Applicable accounting standards, FRS102 and the Charities SORP.

2.2 Audit approach and materiality

Our audit planning has taken account of our knowledge and understanding of the charitable company.

We confirm that there were no restrictions on the scope of our audit procedures and we have been able to undertake our audit work without issue.

In our planning we have taken account of the results of our risk assessments made in accordance with the guidance set by the ISAs. Our consideration of high-risk areas is documented in full within section 3 of this report.

Based on this rigorous process we have used our professional judgement and formed a materiality level. A matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements and the value at which if errors, on their own or in aggregate, were uncorrected would result in a potential qualified audit opinion. The audit materiality of the financial statements as a whole has been set at an average of approximately 1% of gross assets and 2% of income. We have considered this level of materiality based on the draft financial statements for the year ended 31 March 2022 and are satisfied that it continues to be appropriate.

ADAPT (North East)

Audit Findings Report for the Year Ended 31 March 2022

Underpinning materiality is a level of triviality, £500, at which any error or omission in excess of this value is recorded and reported to management. Transactions with Trustees and other connected parties which are undisclosed are not considered to be trivial.

In planning and carrying out our work, we applied a materiality level to the company of £11,000 based on the average of 1% of gross assets and 2% of income.

2.3 Accounting policies

In preparing the financial statements of the charitable company, the Trustees are required under FRS 102 to review the charity's accounting policies on an annual basis to ensure they remain appropriate to the circumstances and are properly applied.

We have reviewed the accounting policies selected and operated by the charitable company, and are we satisfied that they are acceptable.

2.4 Significant findings

There were no matters that we feel need bringing to the attention of the Trustees.

2.5 Accounting estimates and judgements

Depreciation is provided on a straight-line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives.

The principal annual rates used were as follows:

- Equipment - 10% to 33% on cost
- Fixtures and fittings – 25% on cost
- Motor vehicles – 25% reducing balance and 25% straight line.

The charitable company owns a property which is held for investment. Accounting standards requires that this property is carried at open market value in the financial statements. The most recent independent valuation which is available is dated 7 October 2019. This valuation has been used to determine the value for accounting purposes. We have not seen any evidence to suggest that this value is no longer appropriate. We would however advise that the trustees obtain an independent valuation to support future years accounting estimates.

ADAPT (North East)

Audit Findings Report for the Year Ended 31 March 2022

2.6 Funding position at 31 March 2022

Fund balances are the accumulated surpluses that have been retained by the charitable company and carried forward to meet future years activities, such funds are available to the charitable company to enable it to fund future activities. At the balance sheet date, total funds were £645,741 with unrestricted funds amounting to £520,181 and restricted funds being £125,560.

2.7 Reconciliation of audited profit / loss

There are no uncorrected material errors or omissions in isolation or aggregate.

A schedule of errors identified which were identified during the course of our audit work and which have been agreed to be adjusted is attached to this report.

2.8 Significant difficulties encountered during the audit

We did not encounter any significant difficulties during the audit.

2.9 Accounting and financial control systems

During our audit we examined the design and implementation of the internal controls relevant to the accounting systems and procedures.

The review of internal controls was carried out with a view to expressing an opinion on the financial statements for the year and was not directed primarily towards discovering weaknesses or towards the detection of fraud. Therefore, our comments on these systems include only those matters that have come to our attention as a result of our normal audit procedures, and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made. Please refer to section 4 of this report.

2.10 Management representations

We include a copy of the management representation letter. There are certain specific representations which we are required by auditing standards to obtain from management as part of our audit procedures. In addition, we are required to obtain other representations on matters material to the financial statements where other sufficient appropriate audit evidence cannot be reasonably expected to exist.

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2.11 Audit opinion

Based upon the findings and conclusions of our work, we expect to issue an unmodified audit opinion on the financial statements.

3. High risk audit areas

Issue	Audit Risk	Audit Procedures undertaken	Conclusion
Completeness of income	There is a risk that income which the Charity is entitled to is not recognised completely and accurately in the financial statements.	We performed detailed testing over all sources of income. This included tests of detail on the customer ledger and non-customer ledger receipts. We also performed analytical review procedures in this area.	Our audit work did not identify any material errors.
Income recognition	There is a risk that income is recognised in an incorrect accounting period.	The accounting policies adopted by the charitable company were reviewed and compared to the requirements of FRS102 and the Charities SORP. Detailed testing of entitlement, certainty and measurement were undertaken across the range of income generative activities. This was supported by analytical review techniques.	We obtained a reasonable level of assurance that income has been appropriately recognised by the charitable company. Revenue recognition policies are in line with FRS102 and The Charities SORP.
Going concern	The Trustees have a responsibility to assess the ability of the charity to continue as a going concern for a period of not less than 12 months following the anticipated date of approval of these financial statements. This is a key risk given	We reviewed current year management information and forward forecasts and tested for reasonableness and consistency of preparation.	We concluded that the adoption of the going concern principle was appropriate.

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	the current economic climate and the continuing losses.		
Management override of the system of internal control.	Any system of internal control includes a risk that it may be bypassed by a member or members of the management team. This may lead to transactions being entered into and accounting entries made without the need to follow the documented systems and procedures.	An appropriate level of professional scepticism was applied throughout all areas of our audit testing which included tests of documented controls. We also examined the significant accounting estimates, judgements and journal entries applied to the accounts for evidence of any management bias or material misstatement due to fraud.	We did not discover any evidence of management override of controls during the course of our audit work.
Identification and use of restricted funds.	There is a risk that income with donor restrictions placed on it are not identified as such and those funds are used for purposes other than those requested by the donor.	Our work on testing income and expenditure in the year included checks over the allocation of such income and expenditure to the funds.	We did not identify any material errors in the allocation of income and expenditure to restricted funds.
Transactions with related / connected parties being entered into and / or not being properly disclosed.	That payments are made to related parties and that such transactions – if entered into – are not appropriately disclosed in the financial statements.	Our detailed testing of revenue and expenditure as well as all balance sheet accounts included procedures which sought to identify any related or connected party transactions. We also reviewed governance papers and certificates with the aim of identifying any undisclosed transactions.	There is no register of connected or related parties. We would recommend that such a document is created and reviewed / updated periodically.
The charitable company was exempt from audit at	There is a risk that the opening balances are inaccurate.	This firm prepared the prior period financial statements and undertook an Independent	We gained sufficient assurance as to the completeness and accuracy of the opening balances, but a note of

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the prior balance sheet date.		Examination on those financial statements. Whilst the work done fell short of that required should an audit have been undertaken, we did receive a certain level of assurance. We also undertook additional checks during the course of this years audit, on those opening balances.	clarification is included in the report of the auditor on this matter.
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4. Report of significant weaknesses in systems and internal controls

4.1 Introduction

We set out below the significant matters which we became aware of during our audit, which relate to the effectiveness of the charitable company's accounting and financial control systems. We have used the following grading system to indicate the significance of the issues we have raised and the priority that we believe should be given to our recommendations.

Rating	Description
High	Should be urgently attended to by the trustees and management. These are significant issues that may result in a qualification in the audit report in future periods if not satisfactorily addressed.
Moderate	Issues requiring the attention of the trustees and management. Issues ranked as moderate require close monitoring by the board and senior management to ensure timely resolution.
Low	Issues requiring management attention and correction. Issues ranked as low are generally routine in nature and should be resolved by general management. The board and senior management should be aware of these issues to enable monitoring of progress with their resolution. These issues may be reported to management in less detail than more highly rated issues.

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Audit finding	Potential effect	Priority	Recommendation	Responsible Owner	Implementation Date
A register of connected and related parties is not maintained.	Related party transactions may not be completely and accurately disclosed in the financial statements.	Moderate	Management undertake a review of related party transactions and keep a register.	Chief Executive	As soon as possible
Approval of invoices	There is a risk that expenditure is committed to without appropriate levels of approval documented.	Moderate	Multiple stage authorisation process implemented	Chief Executive	As soon as possible
There was a difference between gross pay and employer national insurance contributions per the payroll to that recorded in the financial statements. That difference was £7,845. That is not material to the financial statements.	There is a risk that expenditure incurred has been incorrectly classified or a risk that net pay paid is different to that processed through the payroll system.	Low	Whilst we consider that the risk of error or mis statement to be of low impact and low risk, we would advise that the payroll charge per the income and expenditure account is reconciled to the payroll each month. This will reduce the risk of error in the future.	Chief Executive	
We identified certain accounting errors which were not material in isolation or in aggregate. We have provided a schedule of these to management and they have agreed to adjust the accounts.	All adjustments have been accounted for in the final accounts. Therefore, no impact. A schedule of these matters is included in this report.	Low	The schedule of agreed adjustments should be reviewed and any future remedial action considered to reduce the risk of such matters re-occurring in the future.	Chief Executive	

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Investment property valuation	Valuation of the property being misstated	Low	To get a professional valuation within the next two years	Chief Executive	Within the next two years
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