

# Financial Statements

for the year ended 31 March 2021

## Newlon Fusion

Company number: 04000022

Charity number: 1119673

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## The Board and professional advisors

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**Company number:** 04000022

**Charity number:** 1119673

### Registered office and operational address

Newlon House  
4 Daneland Walk  
Hale Village  
London  
N17 9FE

### Trustees

Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Lloyd Gale-Ward	Chair
Sarah Ebanja	Director (Resigned 17 December 2020)
Matt Champion	Director
Nicola Bastin	Director (Appointed 24 March 2021)

### Person with significant control

Newlon Housing Trust

### Company Secretary

Glenn Dhurowa

### Key personnel

Bill Henderson

### Bankers

Barclays Bank PLC  
Business Service Team  
Level 28  
1 Churchill Place  
London  
E14 5HP

### Solicitors

Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

### Auditors

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 OPA

The Trustees present their report and the audited financial statements for the year ended 31 March 2021.

Reference and administrative information set out on page 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities. SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and activities

### Purposes and aims

The Charity's objectives in the context of urban regeneration and socio economic deprivation are:

- To relieve poverty, reduce unemployment, advance education, skills development, work experience.
- To provide advice, assistance or consultancy in order to provide support to existing and new businesses.
- To provide appropriate community buildings.
- To protect or conserve the environment including 'green' initiatives.
- To promote public safety.

The Trustees review the aims, objectives and activities of the Charity each year. This report looks at what the Charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the Charity has brought to those groups of people that it is set up to help. The review also helps the Trustees to ensure the Charity's aims, objectives and activities remain focused on its stated purposes.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning its future activities in particular. The Trustees consider how planned activities will contribute to the aims and objectives that have been set.

Newlon Fusion operates in a strategic landscape shaped by an increasingly prominent employability and skills agenda, concerns for rising poverty and the wider impact of Welfare Reform. Our vision to address individual hardship and nurture communities translates into two clear objectives which provided focus and direction for activities undertaken in 2020-21:

- To grow the impact of our work, reaching more people, helping them out of hardship, out of debt and into employment.
- To strengthen the London communities in which Newlon works, in particular through effective and financially viable community hubs and activities that reduces poverty, isolation and digital exclusion.

The following strategies were adopted over the course of the year to drive activity and help us achieve these primary objectives:

### 1. Supporting residents in hardship

Secure and deliver the resident hardship fund, achieving longer term impact and benefit, including reduced rent arrears, incidence of possession proceedings and tenancy sustainment.

### 2. Community facilities

The goals are to enhance and expand service delivery in Tower Hamlets in response to changing local need through a range of wellbeing, welfare and inclusion initiatives, and improve longer-term sustainability of Newlon Fusion community venues through cost-effective partnership delivery and external income generation.

#### Achievements

Newlon residents receive support to help sustain their tenancies and to help them avoid the risk of becoming over-indebted through furnishing their homes.

The funding supports residents in need, whether they are moving into Newlon properties, or facing emergency situations, including extreme poverty and debt.

The goal of the Hardship Fund is to distribute funding (up to £600 per household) to Newlon residents in hardship.

The need for support has increased nearly fivefold as a result of the pandemic. This past year we distributed over £12,000 in Tenant Emergency Fund 'small grants' to over 160 households and over £60,000 in Hardship Fund support to another 160 households.

Our community venue in Tower Hamlets (Lascar Wharf) continued to promote social inclusion, bringing local people together through activities that provide opportunity for personal and social development.

#### Beneficiaries of our services

Newlon Fusion works with residents of Newlon Housing Trust and community members across our target boroughs of Hackney, Tower Hamlets, Haringey, Islington, Camden, Enfield, Waltham Forest and Redbridge. Recipients of Newlon Fusion services include young people and adults who require support with finances, health and well-being, training, employment and other community engagement opportunities.

Our work helps hundreds of Newlon residents and community members to improve their skills and their lives and to create vibrant communities.

#### Financial review

A balanced budget was set for 2020-21, due to the challenges of securing external funding and the use of reserves in supporting Newlon Fusion's objectives. The net movement in funds was a deficit of £12,522. (2019-20: £1,275 Surplus) on income of £46,613 (2019-20: £42,149). All target objectives for the financial year were successfully achieved, however the new financial year will see service delivery and funding distribution levels increase, with additional reserves funding accessed and match funding approved, alongside new external funding secured.

#### Reserves policy

The Trustees acknowledge their ability to designate all or some of the unrestricted accumulated surpluses. Should sufficient accumulated surpluses arise in the future, designations will be considered for contingent risk areas and/or key development areas. In particular the Trustees' policy is to consider six months expenditure to be a prudent amount to hold in reserves. Based on current levels of spend, this would target reserves to be in the range of £30,000. With the unrestricted general reserve standing at £158,973 at the Balance Sheet date, this target has been met.

### Principal risks and uncertainties

Newlon Fusion's income for charitable activities has traditionally derived from various sources, primarily grants from Trusts, Foundations, and Lottery and local/central government. Initiatives for public benefit comprise hardship and community activities and facilities with a focus on Newlon Housing Trust residents, delivering resident support services in order to meet the Trust's corporate and Group objectives. We work in partnership with beneficiaries, funders, local agencies and community groups to create supportive local networks and neighbourhoods where people can thrive.

The major risks to which the Charity is exposed are subject to regular review by the Trustees and systems are in place to ensure that identified risks are managed and mitigated appropriately.

### Plans for the future

Newlon Fusion projects are expected to continue, with renewed focus on the needs of Trust residents and communities. Future business planning and activity will continue to reflect our core charitable objectives through tackling individual hardship and need and nurturing local communities in Newlon's operational area.

### Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 18 May 2000 and registered as a charity.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All Trustees give their time voluntarily and receive no benefits from the Charity. Any expenses reclaimed from the Charity are set out in the accounts.

The Charity is a company limited by guarantee and is a subsidiary of Newlon Housing Trust, part of the Newlon Group.

Intra-Group transactions and activity are governed by a formal agreement with Newlon Housing Trust. The Charity operates under a memorandum and articles of association drafted widely to give the Charity flexibility in delivering its principal objective of supporting and regenerating communities in areas of deprivation.

During the year the Board agreed that staff from Newlon Housing Trust would not deliver services and activities on behalf of Newlon Fusion and no management fee would be paid to the Group. Financial services (if provided) are provided by the Group finance function.

### Appointment of Trustees

We seek to ensure that Trustees, as far as possible, represent the diversity of the communities we serve and collectively provide the range of experience, technical and professional skills required by Newlon Fusion.

Trustees are appointed by the parent Board and they do not receive remuneration.

### Policy for employment of disabled persons

Newlon Fusion is committed to a positive policy of equal opportunities and diversity. We uphold our belief in a society in which every person has a fair and equal place, by seeking to ensure that there is total equality in all of the functions of the organisation and in the delivery of its services, integrating equality of opportunity into all of our activities and actively opposing discrimination and prejudice in all forms. We work to ensure that all members of the community have access to and equal treatment in the provision of our services.

### Statement of responsibilities of the Trustees

The Trustees (who are also directors of Newlon Fusion for the purposes of company law) are responsible for preparing the Trustees' annual 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 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 these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

The financial statements are prepared on the basis that Newlon Fusion will continue for the forthcoming 12 months from the date of signing of these financial statements. The annual budget for 2021-22 and the business plans have also been issued and approved by the Trustees.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 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;
- 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;
- the Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions; and
- members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 2020-21 was 4 (2019-20 was 4). The Trustees are members of the Charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the Charity.

### Going concern

The financial statements are prepared on the basis that Newlon Fusion will continue for the forthcoming 12 months from the date of signing of these financial statements. The annual budget for 2021-22 issued and approved by the Trustees. The Budget was done under the Covid-19 conditions and subjected to various adverse scenarios. This work, along with the consideration of the mitigation plans and good level of liquidity, provides evidence in support of the going concern. For this reason Newlon Fusion continues to adopt the going concern basis in preparation of the financial statements.

### Auditors

BDO LLP were reappointed as the Charitable Company's auditors during the year and have expressed their willingness to continue in that capacity.

Advantage has been taken of the small company's exemption.

The Trustees' annual report has been approved by the Trustees on 14 July 2021 and signed on their behalf by



**Lloyd Gale-Ward, Chair**



### Opinion on the financial statements

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 2021 and of its incoming resources and application of resources 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.

We have audited the financial statements of Newlon Fusion ("the Charitable Company") for the year ended 31 March 2021 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, including Financial Reporting Standard 102 **The Financial Reporting Standard applicable in the UK and Republic of Ireland** (United Kingdom Generally Accepted Accounting Practice).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1a to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions related 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 auditor's report thereon. The other information comprises: The Trustees' 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 audit.

We are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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

- the information given in the Trustees' annual report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

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 Strategic report or the Trustee's 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 Directors' 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 directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

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

Based on our understanding of the Charitable Company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and the Charities SORP (FRS 102), and we considered the extent to which non-compliance might have a material effect on the Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Companies Act 2006 and relevant tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to income recognition and debtor recoverability.
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted and journals posted after the year end.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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 deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

DocuSigned by:  
  
D1FB52C82A114D7...

### Philip Cliftlands, Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor

Gatwick

United Kingdom

Date: **20 August 2021**

BDO LLP is a limited liability partnership registered in England and Wales  
(with registered number OC305127)

**Statement of financial activities** (incorporating an income and expenditure account)  
for the year ended 31 March 2021

				2021			2020
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
<b>Income from:</b>							
Donations and legacies	2	2,000	-	<b>2,000</b>	2,000	-	2,000
Charitable activities							
Resident empowerment	3	-	32,175	<b>32,175</b>	-	21,348	21,348
Community hubs	3	14,427	-	<b>14,427</b>	18,134	-	18,134
Group employability	3	-	-	-	-	-	-
Core services	3	-	-	-	-	-	-
Investments	4	11	-	<b>11</b>	667	-	667
<b>Total income</b>		<b>16,438</b>	<b>32,175</b>	<b>48,613</b>	<b>20,801</b>	<b>21,348</b>	<b>42,149</b>
<b>Expenditure on:</b>							
Charitable activities	5	-	-	-	-	-	-
Resident empowerment	5	-	56,165	<b>56,165</b>	-	38,196	38,196
Community hubs		-	-	-	2,678	-	2,678
Other		4,970	-	<b>4,970</b>	-	-	-
<b>Total expenditure</b>		<b>4,970</b>	<b>56,165</b>	<b>61,135</b>	<b>2,678</b>	<b>38,196</b>	<b>40,874</b>
<b>Net income/(expenditure) for the year</b>	6	<b>11,468</b>	<b>(23,990)</b>	<b>(12,522)</b>	<b>18,123</b>	<b>(16,848)</b>	<b>1,275</b>
<b>Net movement in funds</b>		<b>11,468</b>	<b>(23,990)</b>	<b>(12,522)</b>	<b>18,123</b>	<b>(16,848)</b>	<b>1,275</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		238,343	(16,848)	<b>221,495</b>	220,220	-	220,220
<b>Total funds carried forward</b>		<b>249,811</b>	<b>(40,838)</b>	<b>208,973</b>	<b>238,343</b>	<b>(16,848)</b>	<b>221,495</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 13 to the financial statements.

The notes on pages 15 to 22 form part of these financial statements.

# Balance sheet

as at 31 March 2021

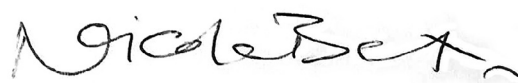
Company no. 04000022

	Note	£	2021 £	£	2020 £
<b>Current assets:</b>					
Debtors	9	5,093		2,606	
Cash at bank and in hand		<u>251,914</u>		<u>234,707</u>	
		<b>257,007</b>		<b>237,313</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	10	<u>48,034</u>		<u>15,818</u>	
<b>Net current assets</b>			<u><b>208,973</b></u>		<u>221,495</u>
<b>Total assets less current liabilities</b>			<u><b>208,973</b></u>		<u>221,495</u>
<b>Total net assets</b>			<u><b>208,973</b></u>		<u>221,495</u>
<b>The funds of the Charity:</b>					
Unrestricted income funds:	13				
General funds		158,973		171,495	
Designated funds		50,000		50,000	
Total unrestricted funds			<u><b>208,973</b></u>		<u>221,495</u>
<b>Total Charity funds</b>			<u><b>208,973</b></u>		<u>221,495</u>

Approved by the Trustees on 14 July 2021 and signed on their behalf by



**Lloyd Gale-Ward, Chair**



**Nicola Bastin, Director**

The notes on pages 15 to 22 form part of these financial statements.

## Statement of cash flows

for the year ended 31 March 2021

	Note	2021	2020
		£	£
<b>Cash flows from operating activities:</b>			
Net cash provided by/(used in) operating activities	14	17,196	9,717
<b>Cash flows from investing activities:</b>			
Interest received		11	667
<b>Net cash from investing activities</b>		<b>11</b>	<b>667</b>
<b>Change in cash and cash equivalents in the year</b>		<b>17,207</b>	<b>10,384</b>
Cash at the beginning of the year		234,707	224,323
<b>Cash and cash equivalents at the end of the year</b>	15	<b>251,914</b>	<b>234,707</b>

The notes on pages 15 to 22 form part of these financial statements.

### 1. Accounting policies

#### a) Basis of preparation

Newlon Fusion, limited by guarantee is a company incorporated in England & Wales under the Companies Act 2006. The registered office address is Newlon House, 4 Daneland Walk, Hale Village, London, N17 9FE.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

#### b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2014, and this is the first set of financial statements prepared under FRS102.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability in 2015 was for £2,838. No other restatements were required.”

#### c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

#### d) Going concern

The Trustees consider that there are no material uncertainties about the Charitable Company's ability to continue as a going concern.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### e) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

#### f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity: this is normally upon notification of the interest paid or payable by the bank.

### g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

### h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services and other educational activities undertaken to further the purposes of the Charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

### i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the Charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the Charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

- Community hubs 100%

Support and governance costs are reallocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

- Community hubs 100%

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.

### j) Debtors

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

### k) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.



### **l) Creditors and provisions**

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### **m) Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, key judgements have been made in respect of the following:

Income is generated from a range of sources, in particular, from grants and within the Newlon Group. Judgement is applied as to income recognition and recoverability on a source by source and/or contract by contract basis.

### **n) Disclosure exemptions**

Disclosures in respect of the Charity's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Newlon Group as a whole in the consolidated accounts of the Newlon Group.

## 2. Income from donations and legacies

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Donations	2,000	-	2,000	2,000
	2,000	-	2,000	2,000

## 3. Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Friends of St Pancras Hospice	-	-	-	30,000
Other donors		32,175	32,175	-
<b>Sub-total for resident empowerment</b>	-	32,175	32,175	30,000
Groundwork	-	-	-	6,500
Other funders	14,427	-	14,427	17,584
<b>Sub-total for community hubs</b>	14,427	-	14,427	54,084
<b>Sub-total for Group employability</b>	-	-	-	-
<b>Total income from charitable activities</b>	14,427	32,175	46,602	54,084

## 4. Income from investments

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Interest	11	-	11	667
	11	-	11	667

## 5. Analysis of expenditure

	Cost of raising funds	Charitable activities					Governance costs	Support costs	2021 Total	2020 Total
		Resident empowerment	Community hubs	Growth and efficiency	Group employability					
	£	£	£	£	£		£	£	£	£
Materials	-	56,165	-	-	-		-	-	<b>56,165</b>	38,196
Professional services	-	-	-	-	-		-	4,910	<b>4,910</b>	2,569
Other costs	-	-	-	-	-		-	220	<b>220</b>	150
Provision for bad debt	-	-	-	-	-		-	(160)	<b>(160)</b>	(41)
	-	56,165	-	-	-		-	4,970	<b>61,135</b>	40,874
Support costs	-	4,970	-	-	-		-	(4,970)	-	-
<b>Total expenditure</b>	-	<b>61,135</b>	-	-	-		-	-	<b>61,135</b>	40,874

Of the total expenditure, £4,970 was unrestricted (2020: £2,678) and £56,165 was restricted (2020: £38,196).

## 6. Net incoming resources for the year

This is stated after charging:

	2021 £	2020 £
Donated Services	<b>2,000</b>	2,000
Auditors' remuneration (excluding VAT):		
Audit	<b>2,600</b>	2,520

## 7. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

There were no employees during the year.

Trustees consider those staff with material delegations of authority available to them to conduct operational activities as key management personnel. The total employee benefits including pension contributions of the key management personnel, comprising the Chief Executive and the executive team, were Nil (2020: Nil). Within employee benefits, employers pension contributions of Nil was paid on behalf of key management personnel (2020: Nil) into defined contribution schemes including the 'auto enrolment' scheme.

The total employee benefits including pension contributions of the key management personnel were nil (2020: Nil).

The Charity Trustees were not paid or received any other benefits from employment with the Charity in the year (2020: £Nil). No Charity Trustee received payment for professional or other services supplied to the Charity (2020: £Nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling Nil (2020: Nil) incurred by 0 (2020: 0) members relating to attendance at meetings of the Trustees.

## 8. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

## 9. Debtors

	2021 £	2020 £
Trade debtors	8,234	5,945
Provision for bad debts	(3,234)	(3,339)
Amount owed by Group undertakings	93	-
	<b>5,093</b>	<b>2,606</b>

## 10. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,449	1,160
Accruals	2,633	2,520
Deferred income	43,952	12,083
Other creditors	-	55
	<b>48,034</b>	<b>15,818</b>

## 11. Deferred income

Deferred income includes grants received in advance of project delivery.

	2021 £	2020 £
Balance at the beginning of the year	-	-
Amount released to income in the year	-	-
Amount deferred in the year	43,952	12,083
Balance at the end of the year	<b>43,952</b>	<b>12,083</b>

## 12. Analysis of net assets between funds

	General unrestricted £	Restricted £	Total funds £
Net current assets	208,973	-	208,973
Net assets at the end of the year	208,973	-	208,973

## 13. Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At the end of the year £
General funds	171,495	16,438	(4,970)	(23,990)	158,973
Designated funds	50,000	-	-	-	50,000
<b>Total unrestricted funds</b>	<b>221,495</b>	<b>16,438</b>	<b>(4,970)</b>	<b>(23,990)</b>	<b>208,973</b>
Restricted funds	-	32,175	(56,165)	23,990	-
<b>Total funds</b>	<b>221,495</b>	<b>48,613</b>	<b>(61,135)</b>	<b>-</b>	<b>208,973</b>

## 14. Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income for the reporting period (as per the statement of financial activities)	(12,522)	1,275
Dividends, interest and rent from investments	(11)	(667)
Decrease in debtors	(2,487)	(2,169)
Decrease in creditors	32,216	11,278
<b>Net cash flow from operating activities</b>	<b>17,196</b>	<b>9,717</b>

## 15. Analysis of cash and cash equivalents

	At 1 April 2020	Cash flows	Other changes	At 31 March 2021
	£	£	£	£
Cash at bank and in hand	234,707	17,207	-	251,914
Total cash and cash equivalents	234,707	17,207	-	251,914

## 16. Related party transactions

	2021 £	2020 £
Donations from Newlon Housing Trust	2,000	2,000
Donations from Access Homes	-	-
	2,000	2,000

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties. Newton Housing Trust is a parent company of Newlon Fusion and Access Homes.

## 17. Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

## 18. Parent entity

The Immediate parent undertaking is Newlon Housing Trust.

The ultimate parent undertaking and controlling party is Newlon Housing Trust, a registered provider of social housing in England and Wales. Newlon Housing Trust is the parent undertaking of the smallest and largest group to consolidate these financial statements. Consolidated financial statements for Newlon Housing Trust are available from its registered office at 4 Daneland Walk, Hale Village, London, N17 9FE. Control is exercised by virtue of a 51% golden voting share available as part of reciprocal representation on the Boards of the two entities. Newlon Housing Trust authorises the proposed appointment and removal of Trustees from the Board of Newlon Fusion.