

**Northern Heartlands**  
**Unaudited Financial Statements**  
**For the period ended**  
**31 March 2021**

**ALLEN SYKES LTD**  
Chartered Accountants  
5 Henson Close  
South Church Enterprise Park  
Bishop Auckland  
County Durham  
DL14 6WA

# **Northern Heartlands**

## **Financial Statements**

**Period from 13 November 2019 to 31 March 2021**

---

	<b>Page</b>
Trustees' annual report	<b>1</b>
Independent examiner's report to the trustees	<b>4</b>
Statement of financial activities	<b>5</b>
Statement of financial position	<b>6</b>
Notes to the financial statements	<b>7</b>

---

# Northern Heartlands

## Trustees' Annual Report

### Period from 13 November 2019 to 31 March 2021

---

The trustees present their report and the unaudited financial statements of the charity for the period ended 31 March 2021.

#### Reference and administrative details

<b>Registered charity name</b>	Northern Heartlands
<b>Charity registration number</b>	1186306
<b>Principal office</b>	3 Witham Studios Hall Street Barnard Castle DL12 8JB

#### The trustees

Mr A M J Harrington	(Appointed 13 November 2019)
Mrs J Irving	(Appointed 13 November 2019)
Mr G D Young	(Appointed 13 November 2019)

<b>Independent examiner</b>	Mrs Jillian Hindmarsh FCA 5 Henson Close South Church Enterprise Park Bishop Auckland County Durham DL14 6WA
-----------------------------	---

#### Structure, governance and management

The charity was registered as with Charity Commission and incorporated as a Charitable Incorporated Organisation (CIO) on 13 November 2019. The CIO currently has three trustees but we aim to recruit more. 'Board recruitment' remains a standing agenda item and we are alert to possibilities of recruiting, in particular, a trustee with financial expertise and a trustee with 'lived experience'; someone from one (or more) of the communities we serve. To this end the Chair has undertaken some training about working with those with 'lived experience' at board level.

#### Objectives and activities

The principal object of the charity is "To advance the education of the public in the subject of the arts through the provision of seminars and workshops".

In relation to the purposes above, the charity has undertaken the following activity in the period:

- Artists' Training (The Art of Invitation with Encounters Arts)
- Creative workshops with community participants in Dene Valley
- Programme of workshops in response to Covid (Creativity in Crisis)
- Programme management and marketing

Throughout the period the Trustees have had regard to the Charity Commission's guidance on public benefit.

# Northern Heartlands

## Trustees' Annual Report *(continued)*

**Period from 13 November 2019 to 31 March 2021**

---

### **Achievements and performance**

The charity was established in late 2019 following a successful 3-year publicly funded programme called 'Great Place Scheme'. The Great Place Scheme was a National Lottery-funded programme which responded to the government's 2016 Culture White Paper. The Scheme aimed to ensure that local investment in arts and culture had the greatest impact on local ecologies (the economy, jobs, education, community cohesion and health and wellbeing). Northern Heartlands developed a brand, identity, partnerships and a loyal following through its delivery of the Great Place Scheme in County Durham (one of 37 Schemes nationally) between 2017-20, during which time the accountable body for the programme was Visit County Durham. The decision to establish Northern Heartlands as a CIO in its own right was in recognition of the fact that relationships both with grassroots communities (individuals and organisations) and with strategic partners in that 3-year period had really only just started. It was strongly felt that there would be much to be gained by building on the learning of Great Place Scheme activity, honing methodologies that were explored and expanding our reach and influence.

The first year of our role as a CIO was always intended as a development year, with a focus on securing funds from a variety of sources (primarily Arts Council England and the National Lottery Heritage Fund - the main joint funders of the Great Place Scheme programme) to enable the organisation to survive and thrive. With infrastructure in place (a working office space), a team of committed staff keen to remain with us, and a strong profile through our brand and contacts, overheads for the organisation were always going to be disproportionately high for a 'new' organisation, but in principle support from our funders provided us with the encouragement and impetus to proceed.

In March 2020 we were then faced with the challenge of the Covid crisis. One outcome was an extension of our Great Place Scheme funding until September 2020. However, the immediate and devastating impact on our plans was that both Arts Council and NLHF withdrew their major funding streams; an application that had been submitted was cancelled and we were unable to submit an Arts Council application that had been fully developed and was ready for submission.

Funding from Arts Council's Covid Emergency Fund enabled us to develop a programme of work in direct response to Covid ('Creativity in Crisis') - a programme of 8 different creative workshop-style activities delivered (mainly) on-line which benefited a total of 226 participants and 13 artists. This programme formed the main thrust of our charitable activity throughout the year, with participants taking part in activities as varied as animation, singing for well-being, a creative 'Twine', online dance and movement and creative writing for new mums. Two projects of particular note were a film recording 5 personal experiences of lockdown ("Letters From Lockdown" - [https://www.youtube.com/watch?v=i\\_XSVudDgF4](https://www.youtube.com/watch?v=i_XSVudDgF4)) and "Showstoppers", a photography project aimed at audiences who would usually attend the local agricultural shows (all cancelled) which attracted an international as well as a local audience, developed skills and addressed the mental wellbeing of the rural and isolated communities we aim to serve (<https://northernheartlands.org/project/showstoppers/>)

Throughout Covid and lockdown staff worked from home. With no face-to-face delivery permissible potential activity was very much curtailed and this is reflected in the proportion of funds in these accounts allocated to Education in Arts vs Support Costs itemised within the accounts. Staff time was spent primarily in raising further funds and setting up systems and mechanisms for the organisation to be in a sustainable position. Towards the end of the year we were successful in securing funds from the National Academy of Social Prescribing/Arts Council's Thriving Communities Fund and going forward the work of the charity will include a focus on mental health and wellbeing outcomes for participants, with strong partnerships being developed with local authority Public Health and other health partners. We continue to have at our core a focus on a 'place-based' approach, to work with the communities of the rural Durham Dales and some of the more economically and socially deprived communities of the former Durham coalfield area.

# Northern Heartlands

## Trustees' Annual Report *(continued)*

### Period from 13 November 2019 to 31 March 2021

---

We have developed the strapline "We believe in the creative power of communities to bring about real change" and at this point in time now look forward to developing our vision of:

*Flourishing places, where people use creativity to gain confidence, explore what matters, express their views and contribute to society.*

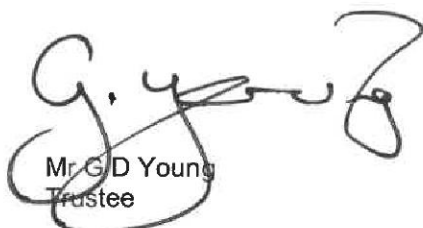
#### Financial review

At the end of our first accounting period and our first 17 months of operating, Northern Heartlands' financial position is reasonably healthy, especially in light of the Covid pandemic and its impact on our operation during 2020. We have funds carried forward totalling £27,433 with further funding applications in the pipeline and anticipated income from the local authority, Durham County Council, who have offered revenue support to the value of £50k for the coming year. There is still a way to go to ensure sustainability in the longer term but our approach to partnership working, particularly in the health sector, our open approach to exploring opportunities to deliver a programme of creative activity based in our particular place (SW Durham) and the positive indication we have had from the Heritage Fund, who are expecting a significant application from us in the near future, all mean that there are many potential revenue streams open to us.

#### RESERVES POLICY

Trustees have agreed that we should aim to hold sufficient funds in reserve to enable the organisation to survive for 3 months. This in effect means retaining a reserve of £30k. The charity currently has free reserves of £5,069. Funds made available through Durham County Council's Business Recovery Grant of £20k will be transferred to a deposit account with the aim of retaining this amount and building over time to £30k. As we begin our second year, and with funding and economic uncertainty ahead, the reserve will be used to support cashflow throughout the coming months.

The trustees' annual report was approved on 14 May 2021 and signed on behalf of the board of trustees by:



Mr G D Young  
Trustee

# Northern Heartlands

## Independent Examiner's Report to the Trustees of Northern Heartlands

Period from 13 November 2019 to 31 March 2021

---

I report to the trustees on my examination of the financial statements of Northern Heartlands ('the charity') for the period ended 31 March 2021.

### Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

### Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

*J Hindmarsh*

Mrs Jillian Hindmarsh FCA  
Independent Examiner

5 Henson Close  
South Church Enterprise Park  
Bishop Auckland  
County Durham  
DL14 6WA

*28th July 2021*

# Northern Heartlands

## Statement of Financial Activities

Period from 13 November 2019 to 31 March 2021

		Period from 13 Nov 19 to 31 Mar 21		
	Note	Unrestricted funds £	Restricted funds £	Total funds £
<b>Income and endowments</b>				
Donations and legacies	4	23,936	68,279	92,215
Charitable activities	5	3,688	2,500	6,188
<b>Total income</b>		<u>27,624</u>	<u>70,779</u>	<u>98,403</u>
<b>Expenditure</b>				
Expenditure on charitable activities	6,7	25,147	45,823	70,970
<b>Total expenditure</b>		<u>25,147</u>	<u>45,823</u>	<u>70,970</u>
<b>Net income</b>		<u>2,477</u>	<u>24,956</u>	<u>27,433</u>
Transfers between funds		4,034	(4,034)	—
<b>Net movement in funds</b>		<u>6,511</u>	<u>20,922</u>	<u>27,433</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		—	—	—
<b>Total funds carried forward</b>		<u>6,511</u>	<u>20,922</u>	<u>27,433</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 7 to 14 form part of these financial statements.

# Northern Heartlands

## Statement of Financial Position

31 March 2021

	Note	31 Mar 21 £
<b>Fixed assets</b>		
Tangible fixed assets	14	1,442
<b>Current assets</b>		
Debtors	15	1,706
Cash at bank and in hand		27,072
		<u>28,778</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>2,787</u>
<b>Net current assets</b>		25,991
<b>Total assets less current liabilities</b>		<u>27,433</u>
<b>Net assets</b>		<u>27,433</u>
<b>Funds of the charity</b>		
Restricted funds		20,922
Unrestricted funds		<u>6,511</u>
<b>Total charity funds</b>	18	<u>27,433</u>

These financial statements were approved by the board of trustees and authorised for issue on 14 May 2021 and are signed on behalf of the board by:

  
Mr G D Young  
Trustee

The notes on pages 7 to 14 form part of these financial statements.



# Northern Heartlands

## Notes to the Financial Statements

Period from 13 November 2019 to 31 March 2021

---

### 1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is 3 Witham Studios, Hall Street, Barnard Castle, DL12 8JB.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Going concern

There are no material uncertainties about the charity's ability to continue.

#### Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

# Northern Heartlands

## Notes to the Financial Statements *(continued)*

Period from 13 November 2019 to 31 March 2021

---

### 3. Accounting policies *(continued)*

#### Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

#### Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

# Northern Heartlands

## Notes to the Financial Statements *(continued)*

Period from 13 November 2019 to 31 March 2021

---

### 3. Accounting policies *(continued)*

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- 20% straight line
Equipment	- 20% straight line

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

#### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

# Northern Heartlands

## Notes to the Financial Statements *(continued)*

Period from 13 November 2019 to 31 March 2021

### 4. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
<b>Donations</b>			
Donations	2,801	—	2,801
Donated Assets	1,823	—	1,823
DCC Contribution towards CIO costs	2,000	—	2,000
<b>Grants</b>			
Job Retention Scheme	5,074	—	5,074
AAP Shildon Model Railway Club	—	500	500
DCC Covid 19 Business Support	12,238	—	12,238
ACE under £15k	—	14,705	14,705
ACE Covid Emergency Response Fund	—	34,240	34,240
CDCF Thriving Communities	—	5,000	5,000
AAP Three Towns	—	8,186	8,186
CDCF Dragons Teeth & Waterfalls	—	5,648	5,648
	<u>23,936</u>	<u>68,279</u>	<u>92,215</u>

### 5. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Irish Tourist Board Fee	700	—	700
Artists Network	2,988	—	2,988
Love & Soil	—	2,500	2,500
	<u>3,688</u>	<u>2,500</u>	<u>6,188</u>

### 6. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Education in Arts	4,142	34,090	38,232
Support costs	21,005	11,733	32,738
	<u>25,147</u>	<u>45,823</u>	<u>70,970</u>

### 7. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £
Education in Arts	38,232	31,106	69,338
Governance costs	—	1,632	1,632
	<u>38,232</u>	<u>32,738</u>	<u>70,970</u>

# Northern Heartlands

## Notes to the Financial Statements *(continued)*

Period from 13 November 2019 to 31 March 2021

### 8. Analysis of support costs

	Education in Arts £	Total 2021 £
Staff costs	25,718	25,718
Premises	3,306	3,306
Communications and IT	907	907
General office	331	331
Governance costs	1,632	1,632
Depreciation	521	521
Other costs	323	323
	<u>32,738</u>	<u>32,738</u>

### 9. Net income

Net income is stated after charging/(crediting):

	31 Mar 21 £
Depreciation of tangible fixed assets	<u>521</u>

### 10. Independent examination fees

	Period from 13 Nov 19 to 31 Mar 21 £
Fees payable to the independent examiner for:	
Independent examination of the financial statements	1,200
Other financial services	432
	<u>1,632</u>

### 11. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	Period from 13 Nov 19 to 31 Mar 21 £
Wages and salaries	25,151
Employer contributions to pension plans	567
	<u>25,718</u>

The average head count of employees during the period was 2.

No employee received employee benefits of more than £60,000 during the year.

# Northern Heartlands

## Notes to the Financial Statements *(continued)*

Period from 13 November 2019 to 31 March 2021

### 11. Staff costs *(continued)*

#### Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £25,718.

### 12. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity were received by the trustees.

No trustee expenses have been incurred.

### 13. Transfers between funds

The transfers from restricted funds into unrestricted funds relate to the element of funding which provides for a contribution towards the core running costs of the charity.

### 14. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>			
At 13 November 2019	—	—	—
Additions	600	1,363	1,963
<b>At 31 March 2021</b>	<u>600</u>	<u>1,363</u>	<u>1,963</u>
<b>Depreciation</b>			
At 13 November 2019	—	—	—
Charge for the period	170	351	521
<b>At 31 March 2021</b>	<u>170</u>	<u>351</u>	<u>521</u>
<b>Carrying amount</b>			
<b>At 31 March 2021</b>	<u>430</u>	<u>1,012</u>	<u>1,442</u>

### 15. Debtors

	31 Mar 21 £
Prepayments and accrued income	14
Other debtors	1,692
	<u>1,706</u>

# Northern Heartlands

## Notes to the Financial Statements *(continued)*

Period from 13 November 2019 to 31 March 2021

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

	31 Mar 21
	£
Trade creditors	414
Accruals and deferred income	1,488
Social security and other taxes	885
	<u>2,787</u>

### 17. Pensions and other post retirement benefits

#### Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £567.

### 18. Analysis of charitable funds

#### Unrestricted funds

	At 13 Nov 2019 £	Income £	Expenditure £	Transfers £	At 31 Mar 2021 £
General funds	—	<u>27,624</u>	<u>(25,147)</u>	<u>4,034</u>	<u>6,511</u>

#### Restricted funds

	At 13 Nov 2019 £	Income £	Expenditure £	Transfers £	At 31 Mar 2021 £
AAP Shildon Model	—	500	(500)	—	—
Railway Club	—	14,705	(12,080)	(2,625)	—
ACE Under £15k	—	34,240	(32,831)	(1,409)	—
ACE Covid Emergency Response	—	5,000	—	—	5,000
CDCF Thriving Communities	—	8,186	—	—	8,186
AAP Three Towns	—	5,648	—	—	5,648
CDCF Dragons Teeth & Waterfalls	—	2,500	(412)	—	2,088
Love & Soil	—	<u>70,779</u>	<u>(45,823)</u>	<u>(4,034)</u>	<u>20,922</u>

# Northern Heartlands

## Notes to the Financial Statements *(continued)*

Period from 13 November 2019 to 31 March 2021

### 18. Analysis of charitable funds *(continued)*

Purpose of restricted funds

AAP Shildon Model Railway Club	To fund the delivery of an arts project in Eldon Lane;
ACE Under £15k	To fund organisational development and research;
ACE Covid Emergency Response	To support the charity during the pandemic and fund the 'Creativity in Crisis' programme;
CDCF Thriving Communities	To support the 'Thriving Communities' project work;
AAP Three Towns	To fund the 'Creativity in Crisis' programme;
CDCF Dragons Teeth & Waterfalls	To fund the creation of a music video;
Love & Soil	To fund the conception, development and management of a series of 'slow conversations' through digital means.

### 19. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Tangible fixed assets	1,442	—	1,442
Current assets	7,856	20,922	28,778
Creditors less than 1 year	(2,787)	—	(2,787)
<b>Net assets</b>	<b>6,511</b>	<b>20,922</b>	<b>27,433</b>

### 20. Related parties

During the period there were no related party transactions requiring disclosure.