

Charity No. 1190094

Company Registration No. 12107517

THE BERNICIA FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MARCH 2023

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Company Information

Board of Trustees

Claire-Jane Rewcastle (Chair) appointed Chair 15 September 2022

Carol Meredith

Beth Hazon

Avril Gibson, resigned as Chair 15 September 2022

Bernicia Group Executive Team

John Johnston, Group Chief Executive

Janette Longstaff, Executive Director, Finance

Michael Farr, Executive Director, Asset & Growth

Andrea Malcolm, Executive Director, People, Homes & Communities

Jenny Allinson, Company Secretary

Registered Office

Oakwood Way
Ashwood Business Park
Ashington
Northumberland
NE63 0XF

Independent Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Principal Solicitors

Trowers & Hamblins LLP
3 Bunhill Row
London
EC1Y 8YZ

Principal Bankers

Barclays Bank plc
Barclays House
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 3DX

Registered Charity Number 1190094

Company Number 12107517

Trustees Report

The Trustees are pleased to present their annual report and financial statements for the year ended 31 March 2023. This report also serves as the Directors' report.

Legal and administrative details

The Foundation is registered with the Charity Commission as a registered Charity (No.1190094) and is incorporated under the Companies Act 2006 (No. 12107517).

Details of the Trustees currently holding office, registered office, auditor and principal bankers are shown on page 2. The Trustees' report has been prepared in accordance with the Statement of Recommended Practice for charitable organisations (Charity SORP FRS102). The Trustees are also the Directors of the company for the purposes of Company Law.

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to a sum not exceeding £10.

Structure, governance and management

Governance

The Foundation is managed by the Trustees for the purposes of meeting the aims and objectives of the Charity which are set out below. The Foundation has adopted the Small Charities Code of Governance and has four Trustees including the chair (2022:4) who meet at regular intervals throughout the period. The Trustees are noted on page 1.

Appointment and Training

The Board of Trustees of the Foundation consists of four members and the statutory power of appointing new Trustees is vested in Bernicia Group (the Group). The Trustees who held office during the financial period are shown on page 1. Trustee training is made available to all new members on appointment and at regular intervals.

Organisation

The Foundation is controlled by its Board of Trustees. The Foundation is a member of the Bernicia Group of companies.

Related parties

Bernicia Group provides company secretarial, administration and accounting services to the Foundation. The Group does not make a surplus on these transactions with the Foundation. See note 10.

Risk Management

A key element in the care and diligence expected of the Foundation, and therefore one of the main responsibilities of the Trustees, is to assess the risks affecting the Foundation as carefully and comprehensively as possible. This obligation includes careful consideration and assessment of risks affecting the Foundation's assets, its financial position, and its results. The Trustees have in place a risk management system to identify significant risks in order to ensure that they are taken into account in the context of all relevant decisions affecting the Foundation's activities.

Trustees' Report (continued)

The Bernicia Foundation engages with the Community Foundation Tyne & Wear and Northumberland to provide due diligence on applicant organisations and assess applications prior to their consideration by the Board of Trustees.

Reserves

Reserves held are expended for charitable purposes; a number of schemes have been identified that will benefit and the Foundation welcomes applications from worthwhile causes which can also benefit from the funding which is available. The reserve policy is reviewed annually, and the restricted reserves balances are reported at the quarterly Committee meetings. It is envisaged that these balances will be spent over the next period on suitable projects as identified. As at the period end the available reserves within the Trust amounted to £13,610 (2022: £72,551).

Objectives and activities for the public benefit

The Foundation was registered as a charity on 24 June 2020. It aims to improve the quality of life for people living in our communities. It allocates non-repayable grants to worthwhile causes that make a difference to people and communities where Bernicia Group operates.

The objects of the Foundation are to provide for the relief of those in need by reason of poverty, homelessness, old age, mental or physical disability or ill health by the provision of grants, items and services to individuals in need and/or individuals, charities or other organisations working to relieve such needs, and the provision of education, training, advice and assistance to those involved or engaged in or benefitting from the provision of such grants, items and services.

Achievements and performance

The Board of Trustees considers that substantial progress has been made in terms of supporting charitable objectives during the period and achieving its business planning targets for the period.

During the period the Foundation was donated £200,000 (2022: £300,000) and allocated grants totaling £226,979 (2022: £192,534).

Funding was from the Bernicia Group (£200,000). The Bernicia Group has set out an expectation to provide funding of a further £600,000 for the period from April 2023 to March 2026 within its 2022/26 Corporate Strategy.

Applications are invited from individuals, community groups and organisations, which address the annual funding themes. In the period, these were:

- Reducing isolation and loneliness
- Promoting independence
- Building citizenship, confidence and aspiration
- Removing barriers to employment, training and volunteering
- Tackling poverty (including fuel poverty)
- Improving financial wellbeing

The Foundation makes two types of grant to organisations and people across Tyne and Wear, County Durham, Teesside and Northumberland:

- **Inspiration Grants** valued at up to £1,000 target inspirational young people aged 24 and under or organisations helping young people.
- **Inclusion Grants** of between £5,000 and £10,000 are made to voluntary or community groups, registered charities, social enterprises and co-operatives with an annual income under £750,000 per period.

Trustees' Report (continued)

Projects funded during the period were as follows:

Inspiration Grants

PGA Professional – Cocken Lodge Golf Club	£480
Individual c/o NE Youth	£940
National Rink Hockey Assoc	£1,000
Two individuals c/o Blyth Michi Judo Club	£2,000
Other grants to individuals	£3,000

Inclusion Grants

Beyond Limits	£8,000
Pennywell Neighbourhood Centre	£7,494
Parker Trust	£10,000
Wheels2Work County Durham	£10,000
Chopwell Regeneration	£10,000
Triangular	£5,000
Gateshead Older People's Assembly	£10,000
Three13 Training and Enterprise Ltd	£9,489
Gateshead Council (Covid projects)	£7,500
Compact for Race Equality in South Tyneside	£10,000
West End Refugee Service	£10,000
Pallion Action Group	£5,000
Jewish Community Council of Gateshead	£9,675
FFG Foundation	£10,000
Berwick Youth Project	£10,000
Let's Get Growing	£8,900
Patchwork Project	£10,000
WAVES Additional Needs Support Group	£10,000
Key (the)	£7,937
ESCAPE Family Support Ltd	£10,000
HTH Teamwork CIO	£5,914
Mortal Foods	£10,000
St Chads Community Project	£5,550
Trinity Youth Association	£9,100
Choysez	£10,000

Trustees' Report (continued)

Going concern

The Foundation generated a deficit of £58,941 (2022: £78,414 surplus) for the period and at the balance sheet date had total net assets of £13,610 (2022: £72,551), including cash of £105,532 (2022: £79,751). The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The Trustees have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the company will have sufficient funds, through its cash resources and funding from its immediate parent company, Bernicia Group, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Bernicia Group providing additional financial support during that period. Bernicia has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Trustees acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Trustees are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

Trustees' Report (continued)

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Statement on internal controls

Certain central functions including finance and accounting, together with company secretarial services are provided to the Foundation by its Parent Company (Bernicia Group). The Parent Company includes statements in its own Annual Report relating to its procedures in relation to governance and internal control. The last Annual Report of Bernicia Group confirmed that it had adopted a Code of Governance and had complied with the Code's principal recommendations.



Claire-Jane Rewcastle
Chair

7th September 23

KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of The Bernicia Foundation

Opinion

We have audited the financial statements of The Bernicia Foundation ("the charitable company") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, and related notes, including the accounting policies in note 1.

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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related 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 the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result

Independent Auditor's Report (continued)

in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of trustees and management as to the charitable company's high-level policies and procedures to prevent and detect fraud, and the charitable company's channel for whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud and,
- Reading Board meeting minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the lack of opportunities due to the nature of the income streams.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to cash accounts with corresponding entries into unexpected accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the trustees and other management (as required by auditing standards), and discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation and the charity SORP), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of charitable company legislation. Auditing standards limit the

Independent Auditor's Report (continued)

required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report, which constitutes the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records 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.

We have nothing to report in these respects.

Independent Auditor's Report (continued)

Trustees' responsibilities

As explained more fully in their statement set out on page 3, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



*Tara Stonehouse (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor*

Chartered Accountants

Quayside House

110 Quayside

Newcastle upon Tyne

NE1 3DX

22/09/2023

STATEMENT OF COMPREHENSIVE INCOME

For year ended 31 March 2023

				2023	2022
	Note	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000	Total Funds £000
Income:					
Donations and gifts	3	-	200	200	300
Income from charitable activities: Fundraising	3	-	-	-	-
Income from other trading activities: Commercial trading operations	3	-	-	-	-
Total income		-	200	200	300
Expenditure					
Costs of raising funds: Commercial trading operations	3	-	32	32	29
Expenditure on charitable activities:	3	-	227	227	192
Total expenditure		-	259	259	221
Net (expenditure)/ income/ and net movement in funds		-	(59)	(59)	79
Reconciliation of funds:					
Total Funds brought forward			73	73	(6)
Total Funds carried forward	8		14	14	73

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

The notes at pages 15 to 18 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	2023 £000	2022 £000
Current assets			
Cash	-	106	80
Creditors: amounts falling due within one year	7	(92)	(7)
Net current assets		14	73
Total assets less current liabilities		14	73
The funds of the charity:			
Unrestricted income funds	8	-	-
Restricted income funds	8	14	73
Total charity funds		14	73

The trustees have prepared accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 15 to 18 form part of these financial statements.

These financial statements were approved by the Board of Trustees on 7th September 2023 and signed on its behalf by:



Claire-Jane Rewcastle, Chair of trustees

Company number: 12107517.

STATEMENT OF CHANGES IN RESERVES

For year ended 31 March 2023

	Unrestricted income funds £000	Restricted income funds £000	Total £000
Balance at 31 March 2021			
Total comprehensive income for the period	-	(6) 79	(6) 79
Balance at 31 March 2022	<u>-</u>	<u>73</u>	<u>73</u>
Year ended 31 March 2023			
Total comprehensive income for the period	-	(59)	(59)
Reserve transfer	-	-	-
Balance at 31 March 2023	<u>-</u>	<u>14</u>	<u>14</u>

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2023

1. Accounting policies

The principal accounting policies of the Foundation are set out in the following paragraphs:

1.1. Introduction and accounting basis

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 (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Foundation meets the definition of a Public Benefit Entity under FRS102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102. The Bernicia Foundation was formed, and is registered, in the UK. Assets and Liabilities are originally recognised at historical cost or transactional value unless otherwise stated.

FRS 102 allows a qualifying entity certain disclosure exemptions subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's trustees. The Company is included in the consolidated financial statements of its parent undertaking, Bernicia Group Limited.

In preparing the financial statements, the Company has taken advantage of the following disclosure exemptions:

- Cash Flow Statement and related notes; and
- key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures

On the basis that equivalent disclosures are given in the consolidated accounts of the parent company the Company has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues.

1.2. Going concern

The Foundation generated a deficit of £58,941 (2022: £78,414 surplus) for the period and at the balance sheet date had total net assets of £13,610 (2022: £72,551), including cash of £105,532 (2022: £79,751). The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The Trustees have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, the company will have sufficient funds, through its cash resources and funding from its immediate parent company, Bernicia Group, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Bernicia Group providing additional financial support during that period. Bernicia Group has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Trustees acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Trustees are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.3. Income

Donations and gifts are credited to income on a receivable basis. Monies received relating to the next financial year are carried forward in the balance sheet.

1.4. Operating costs

Expenditure is accounted for on an accruals basis. Operating costs comprise of:

Costs of Generating fund raising income - These include costs incurred as part of fundraising activities.

Governance costs - Governance costs comprise of all costs incurred in the governance of the Trust, including costs relating to statutory audit, professional fees and management charges payable to the parent.

Charitable Activities - Costs of charitable activities flow from the Foundation's vision and purpose. These costs include donations and expenditure in line with grant funding.

1.5. Unrestricted funds

Unrestricted funds, comprising general funds, are those which are expendable at the discretion of the Trustees in furtherance of the objectives of the Foundation.

1.6. Restricted funds

Restricted funds are those which are only expendable with the wishes of the funders. These include funds raised in response to specific appeals.

1.7. Financial instruments

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise trade and other receivables and cash and cash equivalents. Financial assets are initially recognized at transaction value plus directly attributable transaction costs. After initial recognition, they are measured at amortised costs using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and rewards are transferred.

If the arrangement constitutes a financial transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables. A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the period.

During the period there were no judgements or estimates which had a significant effect on amounts recognised in the financial statements.

3. Income, operating costs and operating deficit

3.1 Charitable activities

	Unrestricted funds	Restricted funds	2023 Total £000	2022 Total £000
Fundraising	-	-	-	-
Donations and gifts	-	200	200	300
Total income	-	200	200	300

3.2 Operating costs

	2023 Total £000	2022 Total £000
Donations	227	192
Governance costs comprise:		
Legal and professional fees	22	22
Audit and accountancy	10	7
	32	29

The grants in the year were in relation to Inspiration Grants and Inclusion Grants as outlined on pages 4 and 5.

4. Employee information

There were no employees of the Foundation during the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Trustees' remuneration

The Foundation is administered by a Board of Trustees who received no remuneration during the year (2022: £nil).

6. Taxation

As a charity, The Bernicia Foundation is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

7. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Accruals and deferred income	92	7
	<u>92</u>	<u>7</u>

8.a Restricted income funds

	2023 £000	2022 £000
Balance at beginning of period	73	(6)
Donations and gifts	200	300
Charitable activities	(227)	(192)
Governance costs	(32)	(29)
Surplus at period end	<u>14</u>	<u>73</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8.b Unrestricted income funds

	2023 £000	2022 £000
Balance at beginning and end of period	-	-

9. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total 2023 £000	Total 2022 £000
Current assets	-	106	106	80
Current liabilities	-	(92)	(92)	(7)
	-	14	14	73

10. Related party transactions

The Trustees who acted during the financial period are shown on page 2.

As The Bernicia Foundation is a member of Bernicia Group, which prepares consolidated financial statements, the Foundation has taken advantage of the exemption in Section 33 of FRS 102 not to disclose transactions with entities which are wholly owned within the Group.

There are no other related party transactions to report.

11. Group information

The Board considers that the immediate and ultimate parent undertaking and controlling party is Bernicia Group, a housing association and a registered society under the Co-operative and Community Benefit Societies Act 2014 with registration number 7711 and registered with the Regulator pursuant to sections 111 and 112 of the Housing and Regeneration Act 2008 (Registration No. 4868). Details of the companies that form the Bernicia Group are contained in the accounts of Bernicia Group.

Copies of Group accounts can be obtained from the registered office at Bernicia, Oakwood Way, Ashwood Business Park, Northumberland, NE63 0XF.