

Registered number: 00702712
Charity number: 201653

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

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NORTH EAST HOUSING ASSOCIATION LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 MARCH 2023

Governors	Ms C Mortlock, Chair Mr D M Gibson Ms V Gray Ms J Smith Ms L Hitman Mr D Smith Mr M Armstrong Mr G Reed (appointed 31 March 2023)
Company registered number	00702712
Charity registered number	201653
Registered office	Jesmond House Clayton Road Jesmond Newcastle upon Tyne NE2 1UJ
Company secretary	Mr P Nielsen
Independent auditor	Kinnair Associates Ltd Chartered Accountants Aston House Redburn Road Newcastle upon Tyne NE5 1NB
Bankers	National Westminster Bank Northumberland Street Newcastle upon Tyne NE1 7EL
Solicitors	DWF LLP Great North House Sandyford Road Newcastle upon Tyne NE1 8ND
Investment Managers	Cazenove Capital 1 London Wall Place London EC2Y 5AU

NORTH EAST HOUSING ASSOCIATION LIMITED
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GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2023

The Governors present their annual report together with the audited financial statements of the Charity for the year 1 April 2022 to 31 March 2023. The Annual Report serves the purposes of both a Governors' report and a directors' report under company law. The Governors confirm that the Annual Report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The Charity is also a registered social housing provider. Where applicable additional information is provided in accordance with the Housing SORP 2018: Statement of Recommended Practice (SORP) for Registered Social Housing Providers, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. So far as the additional disclosures are concerned the financial statements have been prepared in accordance with the Accounting Direction 2022.

Since the Charity qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

The Financial Statements do not present a Statement of Comprehensive Income or a Statement of Changes in Reserves as the Governors believe that the information that would be shown in these statements is already adequately disclosed in the Statement of Financial Activities and the Statement of Funds note to the Financial Statements.

Objectives and activities

● **Policies and objectives**

The objectives of the company are the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex.

The company is a registered social housing provider in the management and administration of Clapham House, John Dobson Street, Newcastle upon Tyne, NE1 8YW and Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

● **Main activities undertaken to further the Charity's purposes for the public benefit**

The Governors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their objectives and activities and in planning future activities. The Governors are satisfied that the principles of public benefit have been and will continue to be addressed in past and future activities of the company.

NORTH EAST HOUSING ASSOCIATION LIMITED
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GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Achievements and performance

• **Main achievements of the Charity**

The provision of affordable social housing took place throughout the year in both houses in accordance with the Charity's objectives. This included assisting North East local authorities in placing individuals with housing needs.

• **Value for money**

In accordance with the Value for Money Standard introduced by the Regulator of Social Housing in 2018 we set out below the charitable company's performance against our value for money targets by reference to a series of seven metrics set by the Regulator which seek to measure economy, efficiency and effectiveness:

	Target 2024	Actual 2023	Target 2023	Actual 2022
1 - Reinvestment %	0%	0%	0%	0%
Commentary - the reinvestment percentage is calculated by reference to works to the existing properties, divided by the net book value of housing properties at deemed cost. No new properties were developed or acquired and there is no capitalised interest.				
2 - New supply %	0%	0%	0%	0%
Commentary - The Governors have no plans to increase the number of social or non-social housing units.				
3 - Gearing %	-16.3%	-14.6%	-11.9%	-14.1%
Commentary - The charitable company has no debt and therefore has negative gearing. This is derived from its liquid resources divided by the net book value of housing properties at deemed cost. The Governors have no intention to borrow.				
4 - EBITDA MRI Interest cover %	0%	0%	0%	0%
Commentary - The charitable company has no borrowing and the Governors have no intention to borrow.				
5 - Headline social housing cost	£6,047	£6,049	£5,729	£4,734
Commentary - the headline social housing cost has increased and is forecast to remain static. Now that revenue has increased following the reversal of the voids experienced during the Covid pandemic, the Governors are content to budget for higher expenditure, and have decided to put all staff onto a living wage, which has resulted in a significant increase on payroll costs.				
6 - Operating margin %	20.7%	19.2%	19.2%	25.7%
Commentary - Operating margin is forecast to increase following completion of the latest cycle of refurbishment works in both properties.				
7 - Return on capital employed %	4.2%	3.9%	3.2%	4.2%
Commentary - expenditure is forecast to decrease resulting in the increase in operating margin with the consequential effect on return on capital employed.				

The Governors consider that the facilities offered by the charitable company to be atypical in the North East and there are no meaningful comparisons by way of benchmarking available.

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GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Achievements and performance (continued)

● **Review of activities**

The Charity operates from two properties with the purpose of providing safe, modern, affordable accommodation to those in need.

Jesmond House is a purpose-built facility that provides modern furnished single occupancy bedrooms with breakfast, laundry services and evening meals. Predominantly used for individuals who have previously been homeless, it is located in the leafy suburbs 2 miles from the city centre, with spacious grounds, with a large communal dining area and living room.

Clapham House is a purpose-built facility that provides single and multiple occupancy self catering flats in the heart of the city. It is used predominantly for individuals, single-parent families or couples as social housing. The facilities include its own modern kitchen, furnished living room and bathroom.

Jesmond House provided a surplus in the year of £11,928 (2022 - surplus £134,360) before allocation of central overheads.

Clapham House provided a surplus in the year of £4,267 (2022 - deficit £69,371) before allocation of central overheads.

Net central overhead costs after miscellaneous income amounted to £60,304 (2022 - £103,359).

There was therefore an overall operating deficit in the year amounting to £44,109 (2022 deficit - £38,370).

The above results reflect the considerable expenditure in the ongoing refurbishment programme to keep the properties and accommodation to the highest possible standards, and the decision by the Governors to pay all staff at least a living wage.

The financial position of the Charity at 31 March 2023 shows considerable liquid resources available to the Governors to allow them to continue to invest in the provision of affordable social housing.

● **Investment policy and performance**

The Governors continue to place surplus funds in an investment portfolio managed by Cazenove Capital to improve on the returns generated for the benefit of the charitable purpose. The portfolio shows an unrealised valuation deficit as at 31 March 2023 of £48,935 (2022 - surplus £44,990) which reflects the performance of stockmarkets over the year. The Governors are pleased to note that the portfolio shows a surplus on valuations since then.

Financial review

● **Going concern**

After making appropriate enquiries the Governors have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

● **Reserves policy**

The Governors consider the needs of its residents as requiring a long-term commitment from the Charity. The reserve policy is to hold funds to allow the Charity to continue for a period of at least 12 months even if its income decreases. At 31 March 2023, the Charity had total funds of £6,898,096, of which £1,814,446 was unrestricted and £5,083,650 is restricted (relating to the freehold properties held for the charitable purpose). At the year end, the Charity had a defined benefit pension deficit liability of £108,000. The free reserves (which currently equates to around 15 months of planned expenditure) will continue to accumulate expected surpluses in future years for the benefit of the charitable purpose.

● **Principal risks and uncertainties**

The Governors have assessed the major risks to which the Charity is exposed, in particular those related to the operational aspects of providing social accommodation that is safe and clean. They are satisfied that systems and procedures are in place to mitigate exposure to all significant risks. Considerable effort and expenditure is incurred to ensure that the properties are properly maintained appropriate to the proper provision of social housing.

● **Financial risk management objectives and policies**

All activities are subjected to budgetary control and monitored regularly by the Governors. Anticipated variances are authorised in advance of expenditure being committed.

Structure, governance and management

● **Constitution**

North East Housing Association Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

The principal object of the charitable company is to provide the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex.

● **Methods of appointment or election of Governors**

The management of the Charity is the responsibility of the Governors who are elected and co-opted under the terms of the Memorandum of Association.

The management of the charitable company is the responsibility of the Board of Governors (The Board). Any current Governor is entitled to nominate a prospective Governor, appointments being made by a simple majority of current Governors at a Governors' meeting.

NORTH EAST HOUSING ASSOCIATION LIMITED
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GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Structure, governance and management (continued)

● **Organisational structure and decision-making policies**

The Board has an established governance framework, which encourages all members to bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

The Board is supplied with timely and relevant information to enable it to discharge its duties. Board papers are normally distributed at least a week in advance of the relevant meeting, and the papers are sufficiently detailed to enable the members to obtain a thorough grasp of the company's management and financial performance. The Board's terms of reference make provision for it to receive independent professional advice to enable it to carry out its duties.

The Board met 7 times during 2022/23.

● **Policies adopted for the induction and training of Governors**

Governors' attention is brought to support material and guidance provided by Charity Commission, to which they are continuously encouraged to refer.

● **The Board of Governors**

At 31 March 2023, the Board consisted of 8 members, led by the Chair, Caroline Mortlock. The Board controls the Charity's strategic direction and continuously reviews its operational and financial position.

The Board recognises that good governance is integral to the delivery of quality services and considers that the Charity complies with the National Housing Federation Code of Governance 2020 in all material aspects.

● **Risk management**

The Governors have reviewed the major risks to which the Charity is exposed and continue to monitor the arrangements and systems in place to mitigate those risks.

The termination of contractual relationships with the universities in Newcastle has meant that the charity now has to manage lettings directly with occupants. The market place is very competitive as additional space has become available, which has had an impact on pricing. The Governors manage this by ensuring that their offering is attractive and cost effective to maximise takeup.

The Charity is exposed to regulatory risks non-compliance of which may affect its ability to operate. These are mitigated by constant monitoring by the Governors through their regular meetings and reports by the Senior Management Team.

The Charity is also exposed to investment risk. This is mitigated by the employment of Cazenove Capital as investment manager on a full discretionary management basis.

● **Internal controls**

The Governors have established internal controls designed to safeguard assets, manage the risk of fraud or misstatement and generally to assist with proper governance. They review these controls on an annual basis to satisfy that they are complete and effective.

NORTH EAST HOUSING ASSOCIATION LIMITED
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GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Structure, governance and management (continued)

• **Compliance with the governance and financial viability standard**

The Governors undertake an annual assessment of their compliance with the Governance and Financial Viability Standard and confirm the Charity's compliance with the Standard during the course of the year and up to the signing of the financial statements.

The Governors have adopted the National Housing Federation Code of Governance 2020.

Plans for future periods

The Governors continue to monitor the provision of social accommodation at both houses, and in particular Clapham House. At present there are no plans to change any of the services provided for the charitable purpose.

Members' liability

The Members of the Charity (who are the Governors) guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up while he/she is a member or within one year after he/she ceases to be a member for the debts and liabilities contracted before he/she ceases to be a member.

Statement of Governors' responsibilities

The Governors (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial . Under company law, the Governors 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 Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

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GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Auditor

The auditor, Kinnair Associates Ltd, has indicated his willingness to continue in office. The designated Governors will propose a motion reappointing the auditor at a meeting of the Governors.

Approved by order of the members of the board of Governors on 26 September 2023 and signed on their behalf by:

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Miss C Mortlock
(Chair of Trustees)

NORTH EAST HOUSING ASSOCIATION LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED

Opinion

have audited the financial statements of North East Housing Association Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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).

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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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. are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' 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 Governors with respect to going concern are described in the relevant sections of this report.

NORTH EAST HOUSING ASSOCIATION LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED (CONTINUED)

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 Governors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

have nothing to report in this regard.

Matters on which we are required to report by exception

have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Governors' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Governors' Responsibilities Statement, the Governors (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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors 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 Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

NORTH EAST HOUSING ASSOCIATION LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

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: -

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Charity through discussions with governors and other management, and from our commercial knowledge and experience of the registered social housing sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including the Companies Act 2006, Charities Act 2011 et seq., the Charities (Protection and Social Investment) Act 2016, the Trustees Acts 1925 and 2000, Charity Commission regulation, the Statement of Recommended Practice for Social Housing Providers 2018, and the Accounting Direction for Private Registered Providers of Social Housing 2022;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured that the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes to the financial statements were indicative of potential bias.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, Regulator of Social Housing and the Charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and

NORTH EAST HOUSING ASSOCIATION LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED (CONTINUED)

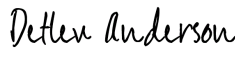
regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the governors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

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Detlev Anderson (Senior Statutory Auditor)

for and on behalf of
Kinnair Associates Ltd
Chartered Accountants
Statutory Auditor
Aston House
Redburn Road
Newcastle upon Tyne
NE5 1NB

26 September 2023

Kinnair Associates Ltd are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

NORTH EAST HOUSING ASSOCIATION LIMITED
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STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD ENDED 31 MARCH 2023

	Note	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:					
Charitable activities	4	-	1,417,858	1,417,858	1,156,313
Investments	5	-	15,326	15,326	14,906
Other income	6	-	11,088	11,088	10,912
Total income		-	1,444,272	1,444,272	1,182,131
Expenditure on:					
Raising funds	7	-	11,817	11,817	11,056
Charitable activities	8	-	1,476,564	1,476,564	1,209,445
Total expenditure		-	1,488,381	1,488,381	1,220,501
Net expenditure before net (losses)/gains on investments		-	(44,109)	(44,109)	(38,370)
Net (losses)/gains on investments		-	(48,935)	(48,935)	44,990
Net (expenditure)/income		-	(93,044)	(93,044)	6,620
Transfers between funds	18	(112,970)	112,970	-	-
Net movement in funds before other recognised gains/(losses)		(112,970)	19,926	(93,044)	6,620
Other recognised gains/(losses):					
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(20,000)	(20,000)	33,000
Net movement in funds		(112,970)	(74)	(113,044)	39,620
Reconciliation of funds:					
Total funds brought forward		5,196,620	1,814,520	7,011,140	6,971,520
Net movement in funds		(112,970)	(74)	(113,044)	39,620
Total funds carried forward		5,083,650	1,814,446	6,898,096	7,011,140

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

The notes on pages 17 to 40 form part of these financial statements.

NORTH EAST HOUSING ASSOCIATION LIMITED

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REGISTERED NUMBER: 00702712

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	5,220,536	5,353,816
Investments	14	1,121,744	1,168,497
		<u>6,342,280</u>	<u>6,522,313</u>
Current assets			
Debtors	15	28,434	28,565
Cash at bank and in hand		756,324	744,332
		<u>784,758</u>	<u>772,897</u>
Creditors: amounts falling due within one year	16	(120,942)	(168,070)
Net current assets		<u>663,816</u>	<u>604,827</u>
Total assets less current liabilities		<u>7,006,096</u>	<u>7,127,140</u>
Net assets excluding pension liability		<u>7,006,096</u>	<u>7,127,140</u>
Defined benefit pension scheme liability	25	(108,000)	(116,000)
Total net assets		<u><u>6,898,096</u></u>	<u><u>7,011,140</u></u>
Charity funds			
Restricted funds	18	5,083,650	5,196,620
Unrestricted funds	18	1,814,446	1,814,520
Total funds		<u><u>6,898,096</u></u>	<u><u>7,011,140</u></u>

NORTH EAST HOUSING ASSOCIATION LIMITED
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BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Governors on 26 September 2023 and signed on their behalf by:

DocuSigned by:

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Miss C Mortlock

The notes on pages 17 to 40 form part of these financial statements.

NORTH EAST HOUSING ASSOCIATION LIMITED
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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	2,960	133,447
Cash flows from investing activities			
Dividends, interests and rents from investments		15,326	14,906
Purchase of tangible fixed assets		(4,112)	(31,913)
Proceeds from sale of investments		425,553	475,075
Purchase of investments		(427,735)	(476,536)
Net cash provided by/(used in) investing activities		9,032	(18,468)
Change in cash and cash equivalents in the year		11,992	114,979
Cash and cash equivalents at the beginning of the year		744,332	629,353
Cash and cash equivalents at the end of the year	22	756,324	744,332

The notes on pages 17 to 40 form part of these financial statements

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

1. General information

The company is a company limited by guarantee. The company is registered in England & Wales and its company registration number is 00702712. The charity is registered with the Charity Commission and its registered number is 201653.

It is also registered under the Housing and Regeneration Act 2008 and its registered number is H2168.

Its registered office address is Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

North East Housing Association Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The charitable company is also a registered social housing provider. Where applicable additional information is provided in accordance with the Housing SORP 2018: Statement of Recommended Practice (SORP) for Registered Social Housing Providers, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. So far as the additional disclosures are concerned the financial statements have been prepared in accordance with the Accounting Direction 2022.

2.2 Going concern

The Governors have considered the resources available to the Charity and have satisfied themselves that it has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to prepare these financial statements on the basis that the Charitable Company is a going concern.

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

2.6 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 institution with whom the funds are deposited.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

As permitted by the Housing Association SORP 2014 the Charity elected to measure properties at their value on the date of transition to the SORP and use that fair value as "Deemed cost" at that date.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Plant and machinery	- 20% straight line
Office equipment	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

2.9 Debtors

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

2.10 Cash at bank and in hand

Cash at bank and 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.

2.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

2.12 Financial instruments

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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.14 Pensions

The Charity operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 September 2017.

2.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

2.16 Works to properties and housing furniture replacement

Costs of works to properties and replacing housing furniture are charged to the statement of financial activities in the year of expenditure unless the expenditure results in an enhancement of the economic benefit in excess of that of the assets improved or replaced.

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as maintenance programmes are taken into account. Residual values consider matters such as future market conditions, the remaining estimated life of the asset and the discount required to apply to cash flows on estimated disposal values to calculate their net present values.

Defined Benefit Pension Scheme

The company has obligations to pay pension benefits to certain employees. The cost of those benefits and the present value of the obligations depend on a number of factors, including life expectancy, salary increases, asset valuations, and the discount rate used on certain investments. Estimates are required in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

4. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £
Rental income and service charges	1,417,858	1,417,858

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Rental income and service charges	1,156,313	1,156,313

Income as reported includes

	2023 £	2022 £
Maximum rent receivable	1,512,088	1,437,560
Less: Voids	(94,230)	(281,247)
	1,417,858	1,156,313

The units of general needs housing provided at affordable rent levels are:

	2023 Number	2022 Number
Studios	18	18
Cluster flats	124	124
Single rooms	84	84
	226	226

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

5. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £
Income from local listed investments	15,164	15,164
Investment income - interest received	162	162
	<hr/> 15,326 <hr/>	<hr/> 15,326 <hr/>
	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Income from local listed investments	14,902	14,902
Investment income - interest received	4	4
	<hr/> 14,906 <hr/>	<hr/> 14,906 <hr/>

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

6. Other incoming resources

	Unrestricted funds 2023 £	Total funds 2023 £
Rent received from third parties	11,088	11,088

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Rent received from third parties	10,912	10,912

7. Investment management costs

	Unrestricted funds 2023 £	Total funds 2023 £
Investment management fees	11,817	11,817

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Investment management fees	11,056	11,056

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Total 2023 £
Charitable activities	1,476,564	1,476,564

	<i>Unrestricted funds 2022 £</i>	<i>Total 2022 £</i>
Charitable activities	1,209,445	1,209,445

9. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Charitable activities	1,134,348	342,216	1,476,564

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Charitable activities	859,066	350,379	1,209,445

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Activities 2023 £	Total funds 2023 £
Pension finance costs	3,000	3,000
Staff costs	380,657	380,657
Depreciation	115,000	115,000
Catering	65,948	65,948
Water rates	28,973	28,973
Utilities	189,659	189,659
Repairs and maintenance	156,759	156,759
Insurance	36,585	36,585
Cleaning and security	35,143	35,143
Refurbishment and furniture replacement	79,441	79,441
Other estate costs	8,040	8,040
Bad debts	6,913	6,913
Managed internet	28,230	28,230
	<u>1,134,348</u>	<u>1,134,348</u>

	<i>Activities 2022 £</i>	<i>Total funds 2022 £</i>
Pension finance costs	3,000	3,000
Staff costs	285,961	285,961
Depreciation	115,000	115,000
Catering	56,135	56,135
Water rates	20,876	20,876
Utilities	144,303	144,303
Repairs and maintenance	120,498	120,498
Insurance	36,366	36,366
Cleaning and security	33,002	33,002
Refurbishment and furniture replacement	25,672	25,672
Other estate costs	7,578	7,578
Bad debts	4,255	4,255
Managed internet	6,420	6,420
	<u>859,066</u>	<u>859,066</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2023 £	Total funds 2023 £
Staff costs	251,668	251,668
Depreciation	22,392	22,392
Equipment leasing	2,907	2,907
Telephone and postage	2,670	2,670
Publicity, printing and stationery	13,082	13,082
Travel expenses	956	956
Office expenses	23,483	23,483
Auditors remuneration	11,435	11,435
Legal and professional fees	13,623	13,623
	<hr/> 342,216 <hr/>	<hr/> 342,216 <hr/>

	<i>Activities 2022 £</i>	<i>Total funds 2022 £</i>
Staff costs	243,126	243,126
Depreciation	24,617	24,617
Equipment leasing	1,226	1,226
Telephone and postage	2,746	2,746
Publicity, printing and stationery	12,683	12,683
Travel expenses	763	763
Office expenses	36,080	36,080
Auditors remuneration	10,395	10,395
Legal and professional fees	18,743	18,743
	<hr/> 350,379 <hr/>	<hr/> 350,379 <hr/>

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

10. Auditor's remuneration

	2023	2022
	£	£
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	10,335	9,395
Fees payable to the Charity's auditor in respect of:		
All non-audit services not included above	1,100	1,000
	11,435	10,395

11. Staff costs

	2023	2022
	£	£
Wages and salaries	566,627	473,267
Social security costs	46,112	33,188
Contribution to defined contribution pension schemes	19,586	22,632
	632,325	529,087

The average number of persons employed by the Charity during the year was as follows:

	2023	2022
	No.	No.
Maintenance and domestic	8	8
Management	20	20
	28	28

The average headcount expressed as full-time equivalents was:

	2023	2022
	No.	No.
Maintenance and domestic	4	4
Management	19	19
	23	23

No employee received remuneration amounting to more than £60,000 in either year.

The total employee benefits of key management personnel of the Charity was £94,726 (2022: £80,009).

12. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2022 - £NIL).

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

12. Governors' remuneration and expenses (continued)

During the year ended 31 March 2023, expenses totalling £77 were reimbursed to 1 Governor (2022 - £ NIL).

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 April 2022	5,750,000	7,348	243,942	6,001,290
Additions	-	-	4,112	4,112
At 31 March 2023	<u>5,750,000</u>	<u>7,348</u>	<u>248,054</u>	<u>6,005,402</u>
Depreciation				
At 1 April 2022	460,000	5,279	182,195	647,474
Charge for the year	115,000	605	21,787	137,392
At 31 March 2023	<u>575,000</u>	<u>5,884</u>	<u>203,982</u>	<u>784,866</u>
Net book value				
At 31 March 2023	<u><u>5,175,000</u></u>	<u><u>1,464</u></u>	<u><u>44,072</u></u>	<u><u>5,220,536</u></u>
At 31 March 2022	<u><u>5,290,000</u></u>	<u><u>2,069</u></u>	<u><u>61,747</u></u>	<u><u>5,353,816</u></u>

The freehold properties were valued in March 2015 to establish a deemed cost on transition to FRS102 and the Statement of Recommended Practice for Social Housing Providers 2014, as follows: Clapham House was valued at £3,750,000 and Jesmond House at £2,000,000. The valuations were performed by Johnson Tucker, Chartered Surveyors on an existing use open market basis.

Had the properties been accounted for at cost and depreciated, the net book value at 31 March 2023 would have been £2,312,364 (2022: £2,382,491).

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

14. Fixed asset investments

	Listed investments £	Cash held for reinvestment £	Total £
Cost or valuation			
At 1 April 2022	1,124,937	43,560	1,168,497
Additions	440,544	(12,809)	427,735
Disposals	(425,553)	-	(425,553)
Revaluations	(48,935)	-	(48,935)
	<u>1,090,993</u>	<u>30,751</u>	<u>1,121,744</u>
At 31 March 2023	<u>1,090,993</u>	<u>30,751</u>	<u>1,121,744</u>
Net book value			
At 31 March 2023	1,090,993	30,751	1,121,744
At 31 March 2022	<u>1,124,937</u>	<u>43,560</u>	<u>1,168,497</u>

Material investments are those of a value greater than 5% of the total investment portfolio.

	2023 £	2022 £
Schroder Diversified Alternative assets -S- Distribution	-	62,580
Vanguard S&P 500 UCITS	56,241	59,591
JP Morgan America Equity Fund C USD	62,211	66,634
Robeco BP Global Premium Equities	59,560	-
	<u>178,012</u>	<u>188,805</u>

15. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	19,320	19,665
Other debtors	-	800
Prepayments and accrued income	9,114	8,100
	<u>28,434</u>	<u>28,565</u>

Trade debtors include housing rent arrears of £4,088.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	12,087	70,003
Other taxation and social security	20,052	17,185
Other creditors	48,817	53,441
Accruals and deferred income	39,986	27,441
	120,942	168,070

17. Financial instruments

	2023	2022
	£	£
Financial assets		
Financial assets measured at fair value through income and expenditure	1,121,744	1,168,497

Financial assets measured at fair value through income and expenditure comprise listed investments.

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

18. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
Unrestricted funds						
General Funds	1,619,604	1,444,272	(1,349,301)	67,970	(48,935)	1,733,610
Extraordinary repairs	310,916	-	(122,080)	-	-	188,836
Pension reserve	(116,000)	-	(17,000)	45,000	(20,000)	(108,000)
	<u>1,814,520</u>	<u>1,444,272</u>	<u>(1,488,381)</u>	<u>112,970</u>	<u>(68,935)</u>	<u>1,814,446</u>
Restricted funds						
Revaluation reserve	2,390,965	-	-	(51,977)	-	2,338,988
Housing association grant	2,805,655	-	-	(60,993)	-	2,744,662
	<u>5,196,620</u>	<u>-</u>	<u>-</u>	<u>(112,970)</u>	<u>-</u>	<u>5,083,650</u>
Total of funds	<u>7,011,140</u>	<u>1,444,272</u>	<u>(1,488,381)</u>	<u>-</u>	<u>(68,935)</u>	<u>6,898,096</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2022 £</i>
Unrestricted funds						
General Funds	1,566,375	1,182,131	(1,132,862)	(41,030)	44,990	1,619,604
Extraordinary repairs	256,555	-	(65,639)	120,000	-	310,916
Pension reserve	(161,000)	-	(22,000)	34,000	33,000	(116,000)
	<u>1,661,930</u>	<u>1,182,131</u>	<u>(1,220,501)</u>	<u>112,970</u>	<u>77,990</u>	<u>1,814,520</u>
Restricted funds						
Revaluation reserve	2,442,942	-	-	(51,977)	-	2,390,965
Housing association grant	2,866,648	-	-	(60,993)	-	2,805,655
	<u>5,309,590</u>	<u>-</u>	<u>-</u>	<u>(112,970)</u>	<u>-</u>	<u>5,196,620</u>
Total of funds	<u>6,971,520</u>	<u>1,182,131</u>	<u>(1,220,501)</u>	<u>-</u>	<u>77,990</u>	<u>7,011,140</u>

Unrestricted funds:

Extraordinary repair fund:

These are funds set aside for expenditure on the properties. The Governors have agreed that the reserve may be used for either or both of the properties in relation to future major repairs.

General funds:

These are 'free reserves' after allowing for the extraordinary repair fund and pension reserve.

Restricted funds:

(a) Revaluation reserve - representing the surplus on revaluation of the two properties owned by the Charity as reduced by the revaluation element of the accumulated depreciation charge on the properties.

(b) Housing association grant - this represents monies received in relation to the build and development of Clapham House. Under the revised Housing SORP, such grants under the performance model are recognised as income.

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

19. Summary of funds

Summary of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
General funds	1,814,520	1,444,272	(1,488,381)	112,970	(68,935)	1,814,446
Restricted funds	5,196,620	-	-	(112,970)	-	5,083,650
	<u>7,011,140</u>	<u>1,444,272</u>	<u>(1,488,381)</u>	<u>-</u>	<u>(68,935)</u>	<u>6,898,096</u>

Summary of funds - prior year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
General funds	1,661,930	1,182,131	(1,220,501)	112,970	77,990	1,814,520
Restricted funds	5,309,590	-	-	(112,970)	-	5,196,620
	<u>6,971,520</u>	<u>1,182,131</u>	<u>(1,220,501)</u>	<u>-</u>	<u>77,990</u>	<u>7,011,140</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	5,083,650	136,886	5,220,536
Fixed asset investments	-	1,121,744	1,121,744
Current assets	-	784,758	784,758
Creditors due within one year	-	(120,942)	(120,942)
Provisions for liabilities and charges	-	(108,000)	(108,000)
Total	<u>5,083,650</u>	<u>1,814,446</u>	<u>6,898,096</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	5,196,620	157,196	5,353,816
Fixed asset investments	-	1,168,497	1,168,497
Current assets	-	772,897	772,897
Creditors due within one year	-	(168,070)	(168,070)
Provisions for liabilities and charges	-	(116,000)	(116,000)
Total	<u><u>5,196,620</u></u>	<u><u>1,814,520</u></u>	<u><u>7,011,140</u></u>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net income/expenditure for the year (as per Statement of Financial Activities)	<u>(93,044)</u>	<u>6,620</u>
Adjustments for:		
Depreciation charges	137,392	139,617
Losses/(gains) on investments	48,935	(44,990)
Dividends, interests and rents from investments	(15,326)	(14,906)
Decrease in debtors	131	15,702
(Decrease)/increase in creditors	(47,128)	43,404
Defined benefit pension scheme finance cost	(3,000)	3,000
Defined benefit pension scheme cost less contributions payable	(25,000)	(15,000)
Net cash provided by operating activities	<u><u>2,960</u></u>	<u><u>133,447</u></u>

22. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	<u>756,324</u>	<u>744,332</u>
Total cash and cash equivalents	<u><u>756,324</u></u>	<u><u>744,332</u></u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

23. Analysis of changes in net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£	£	£
Cash at bank and in hand	744,332	11,992	756,324
	<u>744,332</u>	<u>11,992</u>	<u>756,324</u>

24. Contingent liabilities

There is a contingent liability to repay the Housing Association Grant of £3,049,627 in certain circumstances including the disposal of the properties in respect of which the grant was received.

There were no other material contingent liabilities at 31 March 2023 (2022: £nil).

25. Pension commitments

The Charity operates a defined benefit pension scheme.

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pension Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1.522 million. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme's website indicates that the 2020 triennial valuation would have been released in spring 2021, but this has not yet been released.

The Scheme is classified as a "last man standing arrangement". Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme; therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

25. Pension commitments (continued)

The following information is provided for a comprehensive understanding of the position of the company with regard to its defined benefit obligations.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	At 31 March 2023	<i>At 31 March 2022</i>
	%	%
Discount rate	4.89	2.79
Inflation (RPI)	3.2	3.62
Inflation (CPI)	2.72	3.21
Salary Growth	3.72	4.21
	<hr/> <hr/>	<hr/> <hr/>
	At 31 March 2023	<i>At 31 March 2022</i>
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	21.0	21.1
- at 65 for a male aged 45 now	22.2	22.4
- for a female aged 65 now	23.4	23.7
- at 65 for a female aged 45 now	24.9	25.2
	<hr/> <hr/>	<hr/> <hr/>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

25. Pension commitments (continued)

The Charity's share of the assets in the scheme was:

	At 31 March 2023 £	<i>At 31 March 2022 £</i>
Global equity	9,000	133,000
Absolute return	5,000	28,000
Distressed opportunities	14,000	25,000
Credit Relative Value	17,000	23,000
Alternative Risk Premia	1,000	23,000
Emerging Markets Debt	2,000	20,000
Risk Sharing	34,000	23,000
Insurance-Linked Securities	12,000	16,000
Property	20,000	19,000
Infrastructure	52,000	49,000
Private debt	20,000	18,000
Opportunistic Illiquid Credit	20,000	23,000
High Yield	2,000	6,000
Opportunistic Credit	-	2,000
Cash	3,000	2,000
Corporate Bond Fund	-	46,000
Long Lease Property	14,000	18,000
Secured Income	21,000	26,000
Liability Driven Investment	211,000	193,000
Currency Hedging	1,000	(3,000)
Net Current Assets	1,000	2,000
Total fair value of assets	459,000	692,000

The actual return on scheme assets was £-268,000 (2022 - £-13,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2023 £	<i>2022 £</i>
Current service cost	12,000	17,000
Interest income	(20,000)	(15,000)
Interest cost	23,000	18,000
Expenses	2,000	2,000
Total amount recognised in the Statement of Financial Activities	17,000	22,000

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

25. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2023 £
Opening defined benefit obligation	808,000
Interest cost	23,000
Member contributions	6,000
Actuarial loss	(268,000)
Benefits paid	(16,000)
Expenses	2,000
Current service costs	12,000
Closing defined benefit obligation	567,000

Movements in the fair value of the Charity's share of scheme assets were as follows:

	2023 £
Opening fair value of scheme assets	692,000
Expected return on assets	20,000
Experience on plan assets (excluding interest income) - loss	(288,000)
Contributions by employer	45,000
Contributions by scheme participants	6,000
Benefits paid and expenses	(16,000)
Closing fair value of scheme assets	459,000

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

26. Operating lease commitments

At 31 March 2023 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	791	791
Later than 1 year and not later than 5 years	-	791
	<u>791</u>	<u>1,582</u>

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	2023 £	2022 £
Operating lease rentals	<u>791</u>	<u>791</u>

27. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

28. Related party transactions

The Charity has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the Charity at 31 March 2023.

Registered number: 00702712
Charity number: 201653

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

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NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 MARCH 2023

Governors	Ms C Mortlock, Chair Mr D M Gibson Ms V Gray Ms J Smith Ms L Hitman Mr D Smith Mr M Armstrong Mr G Reed (appointed 31 March 2023)
Company registered number	00702712
Charity registered number	201653
Registered office	Jesmond House Clayton Road Jesmond Newcastle upon Tyne NE2 1UJ
Company secretary	Mr P Nielsen
Independent auditor	Kinnair Associates Ltd Chartered Accountants Aston House Redburn Road Newcastle upon Tyne NE5 1NB
Bankers	National Westminster Bank Northumberland Street Newcastle upon Tyne NE1 7EL
Solicitors	DWF LLP Great North House Sandyford Road Newcastle upon Tyne NE1 8ND
Investment Managers	Cazenove Capital 1 London Wall Place London EC2Y 5AU

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2023

The Governors present their annual report together with the audited financial statements of the Charity for the year 1 April 2022 to 31 March 2023. The Annual Report serves the purposes of both a Governors' report and a directors' report under company law. The Governors confirm that the Annual Report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The Charity is also a registered social housing provider. Where applicable additional information is provided in accordance with the Housing SORP 2018: Statement of Recommended Practice (SORP) for Registered Social Housing Providers, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. So far as the additional disclosures are concerned the financial statements have been prepared in accordance with the Accounting Direction 2022.

Since the Charity qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

The Financial Statements do not present a Statement of Comprehensive Income or a Statement of Changes in Reserves as the Governors believe that the information that would be shown in these statements is already adequately disclosed in the Statement of Financial Activities and the Statement of Funds note to the Financial Statements.

Objectives and activities

● **Policies and objectives**

The objectives of the company are the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex.

The company is a registered social housing provider in the management and administration of Clapham House, John Dobson Street, Newcastle upon Tyne, NE1 8YW and Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

● **Main activities undertaken to further the Charity's purposes for the public benefit**

The Governors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their objectives and activities and in planning future activities. The Governors are satisfied that the principles of public benefit have been and will continue to be addressed in past and future activities of the company.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Achievements and performance

• **Main achievements of the Charity**

The provision of affordable social housing took place throughout the year in both houses in accordance with the Charity's objectives. This included assisting North East local authorities in placing individuals with housing needs.

• **Value for money**

In accordance with the Value for Money Standard introduced by the Regulator of Social Housing in 2018 we set out below the charitable company's performance against our value for money targets by reference to a series of seven metrics set by the Regulator which seek to measure economy, efficiency and effectiveness:

	Target 2024	Actual 2023	Target 2023	Actual 2022
1 - Reinvestment %	0%	0%	0%	0%
Commentary - the reinvestment percentage is calculated by reference to works to the existing properties, divided by the net book value of housing properties at deemed cost. No new properties were developed or acquired and there is no capitalised interest.				
2 - New supply %	0%	0%	0%	0%
Commentary - The Governors have no plans to increase the number of social or non-social housing units.				
3 - Gearing %	-16.3%	-14.6%	-11.9%	-14.1%
Commentary - The charitable company has no debt and therefore has negative gearing. This is derived from its liquid resources divided by the net book value of housing properties at deemed cost. The Governors have no intention to borrow.				
4 - EBITDA MRI Interest cover %	0%	0%	0%	0%
Commentary - The charitable company has no borrowing and the Governors have no intention to borrow.				
5 - Headline social housing cost	£6,047	£6,049	£5,729	£4,734
Commentary - the headline social housing cost has increased and is forecast to remain static. Now that revenue has increased following the reversal of the voids experienced during the Covid pandemic, the Governors are content to budget for higher expenditure, and have decided to put all staff onto a living wage, which has resulted in a significant increase on payroll costs.				
6 - Operating margin %	20.7%	19.2%	19.2%	25.7%
Commentary - Operating margin is forecast to increase following completion of the latest cycle of refurbishment works in both properties.				
7 - Return on capital employed %	4.2%	3.9%	3.2%	4.2%
Commentary - expenditure is forecast to decrease resulting in the increase in operating margin with the consequential effect on return on capital employed.				

The Governors consider that the facilities offered by the charitable company to be atypical in the North East and there are no meaningful comparisons by way of benchmarking available.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Achievements and performance (continued)

● **Review of activities**

The Charity operates from two properties with the purpose of providing safe, modern, affordable accommodation to those in need.

Jesmond House is a purpose-built facility that provides modern furnished single occupancy bedrooms with breakfast, laundry services and evening meals. Predominantly used for individuals who have previously been homeless, it is located in the leafy suburbs 2 miles from the city centre, with spacious grounds, with a large communal dining area and living room.

Clapham House is a purpose-built facility that provides single and multiple occupancy self catering flats in the heart of the city. It is used predominantly for individuals, single-parent families or couples as social housing. The facilities include its own modern kitchen, furnished living room and bathroom.

Jesmond House provided a surplus in the year of £11,928 (2022 - surplus £134,360) before allocation of central overheads.

Clapham House provided a surplus in the year of £4,267 (2022 - deficit £69,371) before allocation of central overheads.

Net central overhead costs after miscellaneous income amounted to £60,304 (2022 - £103,359).

There was therefore an overall operating deficit in the year amounting to £44,109 (2022 deficit - £38,370).

The above results reflect the considerable expenditure in the ongoing refurbishment programme to keep the properties and accommodation to the highest possible standards, and the decision by the Governors to pay all staff at least a living wage.

The financial position of the Charity at 31 March 2023 shows considerable liquid resources available to the Governors to allow them to continue to invest in the provision of affordable social housing.

● **Investment policy and performance**

The Governors continue to place surplus funds in an investment portfolio managed by Cazenove Capital to improve on the returns generated for the benefit of the charitable purpose. The portfolio shows an unrealised valuation deficit as at 31 March 2023 of £48,935 (2022 - surplus £44,990) which reflects the performance of stockmarkets over the year. The Governors are pleased to note that the portfolio shows a surplus on valuations since then.

Financial review

● **Going concern**

After making appropriate enquiries the Governors have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

● **Reserves policy**

The Governors consider the needs of its residents as requiring a long-term commitment from the Charity. The reserve policy is to hold funds to allow the Charity to continue for a period of at least 12 months even if its income decreases. At 31 March 2023, the Charity had total funds of £6,898,096, of which £1,814,446 was unrestricted and £5,083,650 is restricted (relating to the freehold properties held for the charitable purpose). At the year end, the Charity had a defined benefit pension deficit liability of £108,000. The free reserves (which currently equates to around 15 months of planned expenditure) will continue to accumulate expected surpluses in future years for the benefit of the charitable purpose.

● **Principal risks and uncertainties**

The Governors have assessed the major risks to which the Charity is exposed, in particular those related to the operational aspects of providing social accommodation that is safe and clean. They are satisfied that systems and procedures are in place to mitigate exposure to all significant risks. Considerable effort and expenditure is incurred to ensure that the properties are properly maintained appropriate to the proper provision of social housing.

● **Financial risk management objectives and policies**

All activities are subjected to budgetary control and monitored regularly by the Governors. Anticipated variances are authorised in advance of expenditure being committed.

Structure, governance and management

● **Constitution**

North East Housing Association Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

The principal object of the charitable company is to provide the relief of need, hardship and distress by the provision of good, clean, safe and affordable accommodation and other facilities for young people of either sex.

● **Methods of appointment or election of Governors**

The management of the Charity is the responsibility of the Governors who are elected and co-opted under the terms of the Memorandum of Association.

The management of the charitable company is the responsibility of the Board of Governors (The Board). Any current Governor is entitled to nominate a prospective Governor, appointments being made by a simple majority of current Governors at a Governors' meeting.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Structure, governance and management (continued)

● **Organisational structure and decision-making policies**

The Board has an established governance framework, which encourages all members to bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

The Board is supplied with timely and relevant information to enable it to discharge its duties. Board papers are normally distributed at least a week in advance of the relevant meeting, and the papers are sufficiently detailed to enable the members to obtain a thorough grasp of the company's management and financial performance. The Board's terms of reference make provision for it to receive independent professional advice to enable it to carry out its duties.

The Board met 7 times during 2022/23.

● **Policies adopted for the induction and training of Governors**

Governors' attention is brought to support material and guidance provided by Charity Commission, to which they are continuously encouraged to refer.

● **The Board of Governors**

At 31 March 2023, the Board consisted of 8 members, led by the Chair, Caroline Mortlock. The Board controls the Charity's strategic direction and continuously reviews its operational and financial position.

The Board recognises that good governance is integral to the delivery of quality services and considers that the Charity complies with the National Housing Federation Code of Governance 2020 in all material aspects.

● **Risk management**

The Governors have reviewed the major risks to which the Charity is exposed and continue to monitor the arrangements and systems in place to mitigate those risks.

The termination of contractual relationships with the universities in Newcastle has meant that the charity now has to manage lettings directly with occupants. The market place is very competitive as additional space has become available, which has had an impact on pricing. The Governors manage this by ensuring that their offering is attractive and cost effective to maximise takeup.

The Charity is exposed to regulatory risks non-compliance of which may affect its ability to operate. These are mitigated by constant monitoring by the Governors through their regular meetings and reports by the Senior Management Team.

The Charity is also exposed to investment risk. This is mitigated by the employment of Cazenove Capital as investment manager on a full discretionary management basis.

● **Internal controls**

The Governors have established internal controls designed to safeguard assets, manage the risk of fraud or misstatement and generally to assist with proper governance. They review these controls on an annual basis to satisfy that they are complete and effective.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Structure, governance and management (continued)

• **Compliance with the governance and financial viability standard**

The Governors undertake an annual assessment of their compliance with the Governance and Financial Viability Standard and confirm the Charity's compliance with the Standard during the course of the year and up to the signing of the financial statements.

The Governors have adopted the National Housing Federation Code of Governance 2020.

Plans for future periods

The Governors continue to monitor the provision of social accommodation at both houses, and in particular Clapham House. At present there are no plans to change any of the services provided for the charitable purpose.

Members' liability

The Members of the Charity (who are the Governors) guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up while he/she is a member or within one year after he/she ceases to be a member for the debts and liabilities contracted before he/she ceases to be a member.

Statement of Governors' responsibilities

The Governors (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial . Under company law, the Governors 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 Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Auditor

The auditor, Kinnair Associates Ltd, has indicated his willingness to continue in office. The designated Governors will propose a motion reappointing the auditor at a meeting of the Governors.

Approved by order of the members of the board of Governors on 26 September 2023 and signed on their behalf by:

DocuSigned by:

EB2815776BA8445...

Miss C Mortlock
(Chair of Trustees)

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED

Opinion

have audited the financial statements of North East Housing Association Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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).

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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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. are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' 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 Governors with respect to going concern are described in the relevant sections of this report.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED (CONTINUED)

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 Governors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

have nothing to report in this regard.

Matters on which we are required to report by exception

have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Governors' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Governors' Responsibilities Statement, the Governors (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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors 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 Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

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: -

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Charity through discussions with governors and other management, and from our commercial knowledge and experience of the registered social housing sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including the Companies Act 2006, Charities Act 2011 et seq., the Charities (Protection and Social Investment) Act 2016, the Trustees Acts 1925 and 2000, Charity Commission regulation, the Statement of Recommended Practice for Social Housing Providers 2018, and the Accounting Direction for Private Registered Providers of Social Housing 2022;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured that the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes to the financial statements were indicative of potential bias.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, Regulator of Social Housing and the Charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST HOUSING ASSOCIATION LIMITED (CONTINUED)

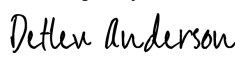
regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the governors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

DocuSigned by:

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Detlev Anderson (Senior Statutory Auditor)

for and on behalf of
Kinnair Associates Ltd
Chartered Accountants
Statutory Auditor
Aston House
Redburn Road
Newcastle upon Tyne
NE5 1NB

26 September 2023

Kinnair Associates Ltd are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD ENDED 31 MARCH 2023

	Note	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:					
Charitable activities	4	-	1,417,858	1,417,858	1,156,313
Investments	5	-	15,326	15,326	14,906
Other income	6	-	11,088	11,088	10,912
Total income		-	1,444,272	1,444,272	1,182,131
Expenditure on:					
Raising funds	7	-	11,817	11,817	11,056
Charitable activities	8	-	1,476,564	1,476,564	1,209,445
Total expenditure		-	1,488,381	1,488,381	1,220,501
Net expenditure before net (losses)/gains on investments		-	(44,109)	(44,109)	(38,370)
Net (losses)/gains on investments		-	(48,935)	(48,935)	44,990
Net (expenditure)/income		-	(93,044)	(93,044)	6,620
Transfers between funds	18	(112,970)	112,970	-	-
Net movement in funds before other recognised gains/(losses)		(112,970)	19,926	(93,044)	6,620
Other recognised gains/(losses):					
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(20,000)	(20,000)	33,000
Net movement in funds		(112,970)	(74)	(113,044)	39,620
Reconciliation of funds:					
Total funds brought forward		5,196,620	1,814,520	7,011,140	6,971,520
Net movement in funds		(112,970)	(74)	(113,044)	39,620
Total funds carried forward		5,083,650	1,814,446	6,898,096	7,011,140

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

The notes on pages 17 to 40 form part of these financial statements.

NORTH EAST HOUSING ASSOCIATION LIMITED

(A Company Limited by Guarantee)

REGISTERED NUMBER: 00702712

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	5,220,536	5,353,816
Investments	14	1,121,744	1,168,497
		<u>6,342,280</u>	<u>6,522,313</u>
Current assets			
Debtors	15	28,434	28,565
Cash at bank and in hand		756,324	744,332
		<u>784,758</u>	<u>772,897</u>
Creditors: amounts falling due within one year	16	(120,942)	(168,070)
Net current assets		<u>663,816</u>	<u>604,827</u>
Total assets less current liabilities		<u>7,006,096</u>	<u>7,127,140</u>
Net assets excluding pension liability		<u>7,006,096</u>	<u>7,127,140</u>
Defined benefit pension scheme liability	25	(108,000)	(116,000)
Total net assets		<u><u>6,898,096</u></u>	<u><u>7,011,140</u></u>
Charity funds			
Restricted funds	18	5,083,650	5,196,620
Unrestricted funds	18	1,814,446	1,814,520
Total funds		<u><u>6,898,096</u></u>	<u><u>7,011,140</u></u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 00702712

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Governors on 26 September 2023 and signed on their behalf by:

DocuSigned by:

EB2815776BA8445...

Miss C Mortlock

The notes on pages 17 to 40 form part of these financial statements.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	2,960	133,447
Cash flows from investing activities			
Dividends, interests and rents from investments		15,326	14,906
Purchase of tangible fixed assets		(4,112)	(31,913)
Proceeds from sale of investments		425,553	475,075
Purchase of investments		(427,735)	(476,536)
Net cash provided by/(used in) investing activities		9,032	(18,468)
Change in cash and cash equivalents in the year		11,992	114,979
Cash and cash equivalents at the beginning of the year		744,332	629,353
Cash and cash equivalents at the end of the year	22	756,324	744,332

The notes on pages 17 to 40 form part of these financial statements

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

1. General information

The company is a company limited by guarantee. The company is registered in England & Wales and its company registration number is 00702712. The charity is registered with the Charity Commission and its registered number is 201653.

It is also registered under the Housing and Regeneration Act 2008 and its registered number is H2168.

Its registered office address is Jesmond House, Clayton Road, Newcastle upon Tyne, NE2 1UJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

North East Housing Association Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The charitable company is also a registered social housing provider. Where applicable additional information is provided in accordance with the Housing SORP 2018: Statement of Recommended Practice (SORP) for Registered Social Housing Providers, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. So far as the additional disclosures are concerned the financial statements have been prepared in accordance with the Accounting Direction 2022.

2.2 Going concern

The Governors have considered the resources available to the Charity and have satisfied themselves that it has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to prepare these financial statements on the basis that the Charitable Company is a going concern.

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

2.6 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 institution with whom the funds are deposited.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

As permitted by the Housing Association SORP 2014 the Charity elected to measure properties at their value on the date of transition to the SORP and use that fair value as "Deemed cost" at that date.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Plant and machinery	- 20% straight line
Office equipment	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

2.9 Debtors

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

2.10 Cash at bank and in hand

Cash at bank and 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.

2.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

2.12 Financial instruments

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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.14 Pensions

The Charity operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 September 2017.

2.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

2.16 Works to properties and housing furniture replacement

Costs of works to properties and replacing housing furniture are charged to the statement of financial activities in the year of expenditure unless the expenditure results in an enhancement of the economic benefit in excess of that of the assets improved or replaced.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as maintenance programmes are taken into account. Residual values consider matters such as future market conditions, the remaining estimated life of the asset and the discount required to apply to cash flows on estimated disposal values to calculate their net present values.

Defined Benefit Pension Scheme

The company has obligations to pay pension benefits to certain employees. The cost of those benefits and the present value of the obligations depend on a number of factors, including life expectancy, salary increases, asset valuations, and the discount rate used on certain investments. Estimates are required in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

4. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £
Rental income and service charges	1,417,858	1,417,858

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Rental income and service charges	1,156,313	1,156,313

Income as reported includes

	2023 £	2022 £
Maximum rent receivable	1,512,088	1,437,560
Less: Voids	(94,230)	(281,247)
	1,417,858	1,156,313

The units of general needs housing provided at affordable rent levels are:

	2023 Number	2022 Number
Studios	18	18
Cluster flats	124	124
Single rooms	84	84
	226	226

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

5. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £
Income from local listed investments	15,164	15,164
Investment income - interest received	162	162
	<hr/> 15,326 <hr/>	<hr/> 15,326 <hr/>
	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Income from local listed investments	14,902	14,902
Investment income - interest received	4	4
	<hr/> 14,906 <hr/>	<hr/> 14,906 <hr/>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

6. Other incoming resources

	Unrestricted funds 2023 £	Total funds 2023 £
Rent received from third parties	11,088	11,088

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Rent received from third parties	10,912	10,912

7. Investment management costs

	Unrestricted funds 2023 £	Total funds 2023 £
Investment management fees	11,817	11,817

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Investment management fees	11,056	11,056

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Total 2023 £
Charitable activities	1,476,564	1,476,564

	<i>Unrestricted funds 2022 £</i>	<i>Total 2022 £</i>
Charitable activities	1,209,445	1,209,445

9. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Charitable activities	1,134,348	342,216	1,476,564

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Charitable activities	859,066	350,379	1,209,445

NORTH EAST HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Activities 2023 £	Total funds 2023 £
Pension finance costs	3,000	3,000
Staff costs	380,657	380,657
Depreciation	115,000	115,000
Catering	65,948	65,948
Water rates	28,973	28,973
Utilities	189,659	189,659
Repairs and maintenance	156,759	156,759
Insurance	36,585	36,585
Cleaning and security	35,143	35,143
Refurbishment and furniture replacement	79,441	79,441
Other estate costs	8,040	8,040
Bad debts	6,913	6,913
Managed internet	28,230	28,230
	<u>1,134,348</u>	<u>1,134,348</u>

	<i>Activities 2022 £</i>	<i>Total funds 2022 £</i>
Pension finance costs	3,000	3,000
Staff costs	285,961	285,961
Depreciation	115,000	115,000
Catering	56,135	56,135
Water rates	20,876	20,876
Utilities	144,303	144,303
Repairs and maintenance	120,498	120,498
Insurance	36,366	36,366
Cleaning and security	33,002	33,002
Refurbishment and furniture replacement	25,672	25,672
Other estate costs	7,578	7,578
Bad debts	4,255	4,255
Managed internet	6,420	6,420
	<u>859,066</u>	<u>859,066</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2023 £	Total funds 2023 £
Staff costs	251,668	251,668
Depreciation	22,392	22,392
Equipment leasing	2,907	2,907
Telephone and postage	2,670	2,670
Publicity, printing and stationery	13,082	13,082
Travel expenses	956	956
Office expenses	23,483	23,483
Auditors remuneration	11,435	11,435
Legal and professional fees	13,623	13,623
	<hr/> 342,216 <hr/>	<hr/> 342,216 <hr/>

	<i>Activities 2022 £</i>	<i>Total funds 2022 £</i>
Staff costs	243,126	243,126
Depreciation	24,617	24,617
Equipment leasing	1,226	1,226
Telephone and postage	2,746	2,746
Publicity, printing and stationery	12,683	12,683
Travel expenses	763	763
Office expenses	36,080	36,080
Auditors remuneration	10,395	10,395
Legal and professional fees	18,743	18,743
	<hr/> 350,379 <hr/>	<hr/> 350,379 <hr/>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

10. Auditor's remuneration

	2023 £	2022 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	10,335	9,395
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	1,100	1,000
	<u>11,435</u>	<u>10,395</u>

11. Staff costs

	2023 £	2022 £
Wages and salaries	566,627	473,267
Social security costs	46,112	33,188
Contribution to defined contribution pension schemes	19,586	22,632
	<u>632,325</u>	<u>529,087</u>

The average number of persons employed by the Charity during the year was as follows:

	2023 No.	2022 No.
Maintenance and domestic	8	8
Management	20	20
	<u>28</u>	<u>28</u>

The average headcount expressed as full-time equivalents was:

	2023 No.	2022 No.
Maintenance and domestic	4	4
Management	19	19
	<u>23</u>	<u>23</u>

No employee received remuneration amounting to more than £60,000 in either year.

The total employee benefits of key management personnel of the Charity was £94,726 (2022: £80,009).

12. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2022 - £NIL).

NORTH EAST HOUSING ASSOCIATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

12. Governors' remuneration and expenses (continued)

During the year ended 31 March 2023, expenses totalling £77 were reimbursed to 1 Governor (2022 - £ NIL).

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 April 2022	5,750,000	7,348	243,942	6,001,290
Additions	-	-	4,112	4,112
At 31 March 2023	<u>5,750,000</u>	<u>7,348</u>	<u>248,054</u>	<u>6,005,402</u>
Depreciation				
At 1 April 2022	460,000	5,279	182,195	647,474
Charge for the year	115,000	605	21,787	137,392
At 31 March 2023	<u>575,000</u>	<u>5,884</u>	<u>203,982</u>	<u>784,866</u>
Net book value				
At 31 March 2023	<u><u>5,175,000</u></u>	<u><u>1,464</u></u>	<u><u>44,072</u></u>	<u><u>5,220,536</u></u>
At 31 March 2022	<u><u>5,290,000</u></u>	<u><u>2,069</u></u>	<u><u>61,747</u></u>	<u><u>5,353,816</u></u>

The freehold properties were valued in March 2015 to establish a deemed cost on transition to FRS102 and the Statement of Recommended Practice for Social Housing Providers 2014, as follows: Clapham House was valued at £3,750,000 and Jesmond House at £2,000,000. The valuations were performed by Johnson Tucker, Chartered Surveyors on an existing use open market basis.

Had the properties been accounted for at cost and depreciated, the net book value at 31 March 2023 would have been £2,312,364 (2022: £2,382,491).

NORTH EAST HOUSING ASSOCIATION LIMITED
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14. Fixed asset investments

	Listed investments £	Cash held for reinvestment £	Total £
Cost or valuation			
At 1 April 2022	1,124,937	43,560	1,168,497
Additions	440,544	(12,809)	427,735
Disposals	(425,553)	-	(425,553)
Revaluations	(48,935)	-	(48,935)
	<u>1,090,993</u>	<u>30,751</u>	<u>1,121,744</u>
At 31 March 2023	<u>1,090,993</u>	<u>30,751</u>	<u>1,121,744</u>
Net book value			
At 31 March 2023	1,090,993	30,751	1,121,744
At 31 March 2022	<u>1,124,937</u>	<u>43,560</u>	<u>1,168,497</u>

Material investments are those of a value greater than 5% of the total investment portfolio.

	2023 £	2022 £
Schroder Diversified Alternative assets -S- Distribution	-	62,580
Vanguard S&P 500 UCITS	56,241	59,591
JP Morgan America Equity Fund C USD	62,211	66,634
Robeco BP Global Premium Equities	59,560	-
	<u>178,012</u>	<u>188,805</u>

15. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	19,320	19,665
Other debtors	-	800
Prepayments and accrued income	9,114	8,100
	<u>28,434</u>	<u>28,565</u>

Trade debtors include housing rent arrears of £4,088.

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16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	12,087	70,003
Other taxation and social security	20,052	17,185
Other creditors	48,817	53,441
Accruals and deferred income	39,986	27,441
	120,942	168,070

17. Financial instruments

	2023	2022
	£	£
Financial assets		
Financial assets measured at fair value through income and expenditure	1,121,744	1,168,497

Financial assets measured at fair value through income and expenditure comprise listed investments.

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18. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
Unrestricted funds						
General Funds	1,619,604	1,444,272	(1,349,301)	67,970	(48,935)	1,733,610
Extraordinary repairs	310,916	-	(122,080)	-	-	188,836
Pension reserve	(116,000)	-	(17,000)	45,000	(20,000)	(108,000)
	<u>1,814,520</u>	<u>1,444,272</u>	<u>(1,488,381)</u>	<u>112,970</u>	<u>(68,935)</u>	<u>1,814,446</u>
Restricted funds						
Revaluation reserve	2,390,965	-	-	(51,977)	-	2,338,988
Housing association grant	2,805,655	-	-	(60,993)	-	2,744,662
	<u>5,196,620</u>	<u>-</u>	<u>-</u>	<u>(112,970)</u>	<u>-</u>	<u>5,083,650</u>
Total of funds	<u>7,011,140</u>	<u>1,444,272</u>	<u>(1,488,381)</u>	<u>-</u>	<u>(68,935)</u>	<u>6,898,096</u>

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18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2022 £</i>
Unrestricted funds						
General Funds	1,566,375	1,182,131	(1,132,862)	(41,030)	44,990	1,619,604
Extraordinary repairs	256,555	-	(65,639)	120,000	-	310,916
Pension reserve	(161,000)	-	(22,000)	34,000	33,000	(116,000)
	<u>1,661,930</u>	<u>1,182,131</u>	<u>(1,220,501)</u>	<u>112,970</u>	<u>77,990</u>	<u>1,814,520</u>
Restricted funds						
Revaluation reserve	2,442,942	-	-	(51,977)	-	2,390,965
Housing association grant	2,866,648	-	-	(60,993)	-	2,805,655
	<u>5,309,590</u>	<u>-</u>	<u>-</u>	<u>(112,970)</u>	<u>-</u>	<u>5,196,620</u>
Total of funds	<u>6,971,520</u>	<u>1,182,131</u>	<u>(1,220,501)</u>	<u>-</u>	<u>77,990</u>	<u>7,011,140</u>

Unrestricted funds:

Extraordinary repair fund:

These are funds set aside for expenditure on the properties. The Governors have agreed that the reserve may be used for either or both of the properties in relation to future major repairs.

General funds:

These are 'free reserves' after allowing for the extraordinary repair fund and pension reserve.

Restricted funds:

(a) Revaluation reserve - representing the surplus on revaluation of the two properties owned by the Charity as reduced by the revaluation element of the accumulated depreciation charge on the properties.

(b) Housing association grant - this represents monies received in relation to the build and development of Clapham House. Under the revised Housing SORP, such grants under the performance model are recognised as income.

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19. Summary of funds

Summary of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
General funds	1,814,520	1,444,272	(1,488,381)	112,970	(68,935)	1,814,446
Restricted funds	5,196,620	-	-	(112,970)	-	5,083,650
	<u>7,011,140</u>	<u>1,444,272</u>	<u>(1,488,381)</u>	<u>-</u>	<u>(68,935)</u>	<u>6,898,096</u>

Summary of funds - prior year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
General funds	1,661,930	1,182,131	(1,220,501)	112,970	77,990	1,814,520
Restricted funds	5,309,590	-	-	(112,970)	-	5,196,620
	<u>6,971,520</u>	<u>1,182,131</u>	<u>(1,220,501)</u>	<u>-</u>	<u>77,990</u>	<u>7,011,140</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	5,083,650	136,886	5,220,536
Fixed asset investments	-	1,121,744	1,121,744
Current assets	-	784,758	784,758
Creditors due within one year	-	(120,942)	(120,942)
Provisions for liabilities and charges	-	(108,000)	(108,000)
Total	<u>5,083,650</u>	<u>1,814,446</u>	<u>6,898,096</u>

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20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	5,196,620	157,196	5,353,816
Fixed asset investments	-	1,168,497	1,168,497
Current assets	-	772,897	772,897
Creditors due within one year	-	(168,070)	(168,070)
Provisions for liabilities and charges	-	(116,000)	(116,000)
Total	5,196,620	1,814,520	7,011,140

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(93,044)	6,620
Adjustments for:		
Depreciation charges	137,392	139,617
Losses/(gains) on investments	48,935	(44,990)
Dividends, interests and rents from investments	(15,326)	(14,906)
Decrease in debtors	131	15,702
(Decrease)/increase in creditors	(47,128)	43,404
Defined benefit pension scheme finance cost	(3,000)	3,000
Defined benefit pension scheme cost less contributions payable	(25,000)	(15,000)
Net cash provided by operating activities	2,960	133,447

22. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	756,324	744,332
Total cash and cash equivalents	756,324	744,332

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23. Analysis of changes in net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£	£	£
Cash at bank and in hand	744,332	11,992	756,324
	<u>744,332</u>	<u>11,992</u>	<u>756,324</u>

24. Contingent liabilities

There is a contingent liability to repay the Housing Association Grant of £3,049,627 in certain circumstances including the disposal of the properties in respect of which the grant was received.

There were no other material contingent liabilities at 31 March 2023 (2022: £nil).

25. Pension commitments

The Charity operates a defined benefit pension scheme.

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pension Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1.522 million. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme's website indicates that the 2020 triennial valuation would have been released in spring 2021, but this has not yet been released.

The Scheme is classified as a "last man standing arrangement". Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme; therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

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25. Pension commitments (continued)

The following information is provided for a comprehensive understanding of the position of the company with regard to its defined benefit obligations.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	At 31 March 2023	<i>At 31 March 2022</i>
	%	%
Discount rate	4.89	2.79
Inflation (RPI)	3.2	3.62
Inflation (CPI)	2.72	3.21
Salary Growth	3.72	4.21
	<hr/> <hr/>	<hr/> <hr/>
	At 31 March 2023	<i>At 31 March 2022</i>
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	21.0	21.1
- at 65 for a male aged 45 now	22.2	22.4
- for a female aged 65 now	23.4	23.7
- at 65 for a female aged 45 now	24.9	25.2
	<hr/> <hr/>	<hr/> <hr/>

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25. Pension commitments (continued)

The Charity's share of the assets in the scheme was:

	At 31 March 2023 £	<i>At 31 March 2022 £</i>
Global equity	9,000	133,000
Absolute return	5,000	28,000
Distressed opportunities	14,000	25,000
Credit Relative Value	17,000	23,000
Alternative Risk Premia	1,000	23,000
Emerging Markets Debt	2,000	20,000
Risk Sharing	34,000	23,000
Insurance-Linked Securities	12,000	16,000
Property	20,000	19,000
Infrastructure	52,000	49,000
Private debt	20,000	18,000
Opportunistic Illiquid Credit	20,000	23,000
High Yield	2,000	6,000
Opportunistic Credit	-	2,000
Cash	3,000	2,000
Corporate Bond Fund	-	46,000
Long Lease Property	14,000	18,000
Secured Income	21,000	26,000
Liability Driven Investment	211,000	193,000
Currency Hedging	1,000	(3,000)
Net Current Assets	1,000	2,000
Total fair value of assets	459,000	692,000

The actual return on scheme assets was £-268,000 (2022 - £-13,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2023 £	<i>2022 £</i>
Current service cost	12,000	17,000
Interest income	(20,000)	(15,000)
Interest cost	23,000	18,000
Expenses	2,000	2,000
Total amount recognised in the Statement of Financial Activities	17,000	22,000

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25. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2023 £
Opening defined benefit obligation	808,000
Interest cost	23,000
Member contributions	6,000
Actuarial loss	(268,000)
Benefits paid	(16,000)
Expenses	2,000
Current service costs	12,000
Closing defined benefit obligation	567,000

Movements in the fair value of the Charity's share of scheme assets were as follows:

	2023 £
Opening fair value of scheme assets	692,000
Expected return on assets	20,000
Experience on plan assets (excluding interest income) - loss	(288,000)
Contributions by employer	45,000
Contributions by scheme participants	6,000
Benefits paid and expenses	(16,000)
Closing fair value of scheme assets	459,000

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26. Operating lease commitments

At 31 March 2023 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	791	791
Later than 1 year and not later than 5 years	-	791
	<u>791</u>	<u>1,582</u>

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	2023 £	2022 £
Operating lease rentals	791	791
	<u>791</u>	<u>791</u>

27. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

28. Related party transactions

The Charity has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the Charity at 31 March 2023.



Audit Findings Report to the Board of North East Housing Association Limited

In respect of the audit of the financial statements for the year ended 31 March 2023.

Presented to the Trustees on 6 September 2023.

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Our work for the audit of the financial statements for the year ended 31 March 2023 is approaching completion and we anticipate being able to provide an unmodified audit opinion on the financial statements subject to receipt of the following:

-

- Notification of the Board's approval of the final statutory financial statements and trustees' report and their signing on behalf of the Board; and
- Receipt of the signed letter of representation.

The primary purpose of this Audit Findings Report ("the report") is to summarise our principal audit findings relating to judgements and estimates made by management in preparing the financial statements and to highlight the impact of accounting areas on the results of the Charity.

We are required by ISA (UK) 260 "Communication of audit matters with those charged with governance" to make some specific communications to the Board. Where necessary these are included within this report and a summary of the requirements can be seen in the Appendix 1.

Auditing Standards require us to discuss with the Board known misstatements and to consider qualitative and quantitative factors when assessing materiality for each of these items.

Adjustments that have been already processed were approved by Peter Neilson and are set out in this document.

Unadjusted misstatements, other than those that are clearly trivial, are set out in this document. You are asked to review these and inform us whether there are any further adjustments to be made to the financial statements and provide us with the reasons why you wish the remaining unadjusted misstatements to remain unadjusted.

We would like to take this opportunity of thanking the governors and staff for their assistance during our audit.

This report is strictly confidential and although it has been made available to you to facilitate discussions it may not be taken as altering our responsibilities to you arising from our audit engagement letter. The contents of this report should not be disclosed to third parties without our prior written consent.



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▶ Audit objectives

The audit of the financial statements has been carried out in accordance with International Standards on Auditing (UK) (“ISAs”) and as set out in our Audit Planning Report. Any changes to our planned audit approach are explained in the following sections. The aims of the audit were to provide an audit report covering a number of matters by: -

- ▶ obtaining sufficient audit evidence to enable us to report whether the financial statements give a true and fair view of the financial performance of the Charity, that they are free from material misstatements and that they comply with the requirements of relevant statutes and accounting standards;
- ▶ reading the other information that will be included within the annual report and considering whether that information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated;
- ▶ concluding whether the governors’ use of the going concern basis of accounting is or is not appropriate and any identified material uncertainties that may cast significant doubt about the Charity’s ability to continue to adopt the going concern basis of accounting for at least 12 months from the date of the approval of the financial statements; and
- ▶ explaining to what extent the audit was considered capable of detecting irregularities, including fraud. This explanation shall be specific to the circumstances of your entity and take account of how we planned and performed procedures to address the identification and assessment of the risks of material misstatement; and
- ▶ reporting on a number of other matters required by the Companies Act 2006/Charities (Accounts and Reports) Regulations 2008.

Key audit matters



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Audit area and key risks	Potential implication for audit approach	How we addressed the key audit matter
1. Revenue recognition In accordance with International Standards on Auditing (ISAs), there is a presumption that a significant risk exists in respect of errors arising on the recognition of revenues due to the Charity, in particular that income may be over or understated.	The financial statements may contain material errors arising from inappropriate recognition of income or where income has been understated because it has not been recorded. This often arises because of the lack of controls over invoicing for goods and services delivered, or an error in accounting for work done not being recognised, or errors in cut-off or fraud.	We have satisfied ourselves that rental income for both Jesmond House and Clapham House is complete and not materially misstated and that voids have been correctly accounted for.
2. Management override In accordance with ISAs there is a presumed specific risk relating to the possibility of management override through intervention at prime entry or subsequent journal entry.	Accounts comprise entries from books of prime entry including the cash book, nominal, sales and purchase ledgers. Management is in a position to override entries arising from the books of prime entry and/or by processing journals to mask the transactions taking place or the state of affairs of the Charity.	<p>As a result of our tests on transactions arising from prime entry and our review of a sample of journals posted during the year, for the preparation of the financial statements and in the post balance sheet period, we have satisfied ourselves that there is no significant misstatement of the financial statements arising from management override.</p> <p>Our review of journal entries also included those posted by Ryecroft Glenton whilst preparing the year-end financial statements which we understand have been discussed and agreed with Peter Nielsen.</p>
3. Going concern risk The term going concern assumption is the defining assumption about the condition of an entity for which adoption of the going concern basis of accounting is appropriate: that the Charity is, and will be able to continue as, a going concern. Accordingly the term "going concern" applies to any entity unless its management intends to liquidate the entity or to cease activities or has no realistic alternative to liquidation or cessation of	The Board is required to assess whether the going concern basis of accounting is appropriate when causing the financial statements to be prepared. The assessment should cover a period at least twelve months beyond the date upon which you expect to approve the financial statements. If you are unable to apply the going concern basis, the financial statements should be prepared on a different basis to that normally adopted. Where there is some concern, if financial statements have been prepared on the going concern basis, disclosure should be made	We have examined the financial position at the balance sheet date, results since then as well as the budgets for 2023/24 and have satisfied ourselves that these financial statements have been properly prepared using the going concern concept. We have also satisfied ourselves that there are no plans that would have an adverse effect on the Charitable Company's cash resources in the twelve months

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Audit area and key risks	Potential implication for audit approach	How we addressed the key audit matter
operations; and the term "ability to continue as a going concern" is equivalent to the term "ability to continue to adopt the going concern basis of accounting" in the future.	explaining your reasons why this basis has been adopted and we will require evidence from you to support this going concern assertion. For further details, please see the Financial Reporting Council's Guidance on the Going Concern Basis of Accounting and Reporting on solvency and Liquidity Risks here	from the date of the approval of the financial statements.
4. Related Party Transactions The suppression of information relating to any related parties, whether it be the existence or disclosure of transactions with them, may lead to significant misstatement in the financial statements or failures in the governance of your entity.	Auditors cannot perform their work on information that is not known to them. It is therefore incumbent upon management to bring to the attention of the auditors the details of all related parties and of the transactions taking place with those parties. There is a statutory duty to do so and a statement to that effect in the annual report encompassing all those who have a duty of governance.	We are satisfied that we have been informed of the identify of all related parties and the transactions taking place with them and there is no significant misstatement in the financial statements.
5. Accounting Estimates Accounting estimates are by their nature imprecise and subjective but may have a significant effect on the results disclosed in the financial statements. As such there is the potential for a high degree of uncertainty concerning accounting estimates and therefore a risk that significant misstatement exists in the financial statements.	You have to provide us with the details of accounting estimates contained in the financial statements, including how these have been calculated and detail the relevant controls, use of experts, the underlying assumptions, any changes from previous periods and your assessment of the reasonability and level of uncertainty. You are also required to consider alternative assumptions or outcomes and why these have been rejected in favour of those used.	We have examined the significant accounting estimates including: - <ul style="list-style-type: none"> • Depreciation provision (residual value and estimated life of the asset); and • Pension provisions on multi-employer defined benefit scheme. Accounting policies in respect of these accounting estimates are reasonable, consistently applied and in accordance with appropriate accounting standards.

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The extent to which the audit was considered capable of detecting irregularities including fraud

From years ending 31 December 2020 onwards we are required to explain the extent to which the audit was considered 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: -

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Charity through discussions with governors and other management, and from our commercial knowledge and experience of the [describe appropriate] sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including the Companies Act 2006 Charities Act 2011 et seq., the Charities (Protection and Social Investment) Act 2016, the Trustees Acts 1925 and 2000 and Charity Commission regulation and the Statement of Recommended Practice for Social Housing Providers 2018.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured that the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes to the financial statements were indicative of potential bias.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators [Register of Social Housing] and the Charity's legal advisors.

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

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.



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Accounting and Internal Control Systems

During our audit work we considered the Charity's systems and internal controls and have identified the following matters where we believe that improvements could be made.

We classify these matters according to importance as follows: -

Fundamental	Matters which require the consideration of those charged with governance.
Significant	Issues which should be addressed by management.
Advisory	Findings which require attention within an agreed timescale.

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Control weakness and implication(s)	Classification of issue	Recommendation(s)	Year-end first identified	Management response and indication of timescale
VAT annual adjustment We note that the VAT annual adjustment has not been carried out. Businesses that are partially exempt are required to perform annual adjustment calculations to 'average' their recovery over each 12 month period. This can result in additional repayments or payments of VAT from or to HMRC.	Advisory	We recommend that the annual adjustment be carried out in the next VAT return and thereafter annually.	2022	
Bank reconciliation review We are pleased to note that monthly bank reconciliations are reviewed and signed by one of the Trustees. We did however note that this is sometimes done in bulk, e.g.,	Advisory	We recommend that monthly reconciliations are signed off on a timely basis, i.e. in the following month, wherever feasible to do so,	2023	

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June, July and August reconciliations were all signed off in September.				
Allocation of customer receipts During the course of our audit testing of the rent system and debtors, it was noted that in most cases, no attempt has been made to match up receipts from tenants to specific rental invoices and cash is allocated to oldest invoices first irrespective of which invoices are actually being paid. As a result, debtors post year end cash testing proved very difficult and time consuming. More importantly, this does make it difficult (if not impossible) to see which tenants are actually in arrears and which specific weeks are unpaid at any point in time. The same issue has been raised in prior years. Note that Housing Benefit receipts generally do appear to be accurately allocated.	Significant	Although our work suggests that there is no current issue with bad debts, we would stress the importance of receipts being correctly allocated against specific invoices.	2019	
Payment authorisation In last year's audit findings report we recommended that the Trustees consider a level above which invoices should	Advisory		2022	

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show evidence of approval even when considered to be routine or contracted expenditure. We understand that this has been discussed by the Board and it was decided that it would not be practical to introduce such a control.

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Significant Difficulties Encountered during the Audit

We are pleased to report that there were no significant difficulties encountered during our audit.

Reliance on a service organisation

The Trust's investments are managed by Cazenove Capital ("Cazenove"). We have relied on a Type II ISAE 3402 report by Ernst & Young ("EY") regarding the systems and controls, who have provided an unqualified opinion in the report. EY reported three exceptions in their report, none of which affect the reporting of income arising on NEHA's investments, or the valuations provided for inclusion in the financial statements. We have also independently assessed on a test basis the outcome of investment income and the valuations provided by Cazenove for inclusion in the financial statements and agreed that these are reasonably stated.

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Our final planning materiality for the year to 31 March 2023 was £100,000 for our work on properties, £22,000 for our work on investments and £14,000 for all other areas. The materiality figure(s) identified at the planning stage did not require amendment prior to completion of the audit.

Set out below are those adjustments and reallocations that we consider necessary to protect or enhance the integrity of the financial statements. These have been processed in consultation and as approved by Peter Neilson, even though these adjustments may individually or collectively fall below the level of materiality.

Adjusted items	Statement of Financial Activities	Balance Sheet
	£	£
Net movement in funds at start of audit	-121,044	
Total funds at start of audit		6,890,096
RG accounting adjustment re pension provision	8,000	8,000
Net movement in funds after adjustments	-113,044	
Total funds after adjustments		6,898,096

We have reviewed all adjustments and have satisfied ourselves that none of them should be considered an indicator of fraud.

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Unadjusted items – current year	Statement of Financial Activities	Balance Sheet
	£	£
Net movement in funds after adjustments	-113,044	
Total funds after adjustments		6,898,096
Unadjusted difference on PAYE/NI creditor	-1,452	-1,452
Potential effect on Net movement in funds	-1,452	
Potential effect on Total funds		-1,452

In our proposed letter of representation we ask you to confirm that you do not wish to adjust the financial statements for the unadjusted items set out above and explain why not.

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Unadjusted items – previous year	Statement of Financial Activities	Balance Sheet
	£	£
Net movement in funds after adjustments	39,620	
Total funds after adjustments		7,011,140
Unadjusted difference on PAYE/NI creditor	-1,452	-1,452
Potential bad debts identified – Vazir and Puttock	-1,418	-1,418
Potential effect on Net movement in funds	-2,870	
Potential effect on Total funds		-2,870

While not material to the audit of the financial statements the comparative unadjusted items are presented in order to identify any build-up of differences or other trends worthy of internal investigation.



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In this section we set out the representations being requested from you.

We provide this letter in connection with your audit of the financial statements of North East Housing Association Limited for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the charity as at 31 March 2023 and of the results of its operations for the year then ended in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

We confirm that the following representations are made on the basis of sufficient enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation and that, to the best of our knowledge and belief, we can properly make each of these representations to you.

1. We acknowledge our responsibility for the financial statements of the charity and for their fair presentation in accordance with UK GAAP.
2. We acknowledge as trustees our responsibility for making accurate representations to you.
3. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and errors.
4. We confirm that we have received confirmation from each director who was a director at the time of the approval of the financial statements that:
 - (a) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information and
 - (b) that so far as they are aware there is no relevant audit information of which you are unaware.
5. We have provided you with all accounting records and relevant information and granted you unrestricted access to persons within the entity, for the purposes of your audit.
6. All the transactions undertaken by the charity have been properly reflected and recorded in the accounting records or other information provided to you.
7. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.
8. We have considered the adjustments set out in the Audit Findings Report proposed by you. We confirm that, in our judgement, these adjustments are appropriate given the information available to us. We further confirm that we have now made these adjustments to the financial statements.

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9. We confirm that we do not wish to adjust the financial statements for the actual errors set out in the Audit Findings Report as we believe that the errors are immaterial, both individually and in aggregate, to the financial statements as a whole.

10. We reaffirm that the written representations previously made with respect to the prior period remain appropriate and in particular they remain appropriate in connection with the restatement made to correct a material misstatement in prior period financial statements that affect the comparative information, and in connection with misstatements arising from the previous year's audit as set out in Appendix three to the audit management report that may materially affect current year's results.

11. We are not aware of any actual or possible litigation or claims against the charity whose effects should be considered when preparing the financial statements.

12. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.

13. We are not aware of any breaches of our charitable trusts and that we have advised you of the existence of all endowments and funds maintained by us.

14. There have been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements. Should any material events occur which may necessitate revision of the figures in the financial statements, or inclusion in a note thereto, we will advise you accordingly.

15. We have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.

16. We are not aware of any fraud or suspected fraud affecting the charity involving those charged with governance, management or other employees who have a significant role in internal control or who could have a material effect on the financial statements.

17. We are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, which would have an impact on the charity's financial statements.

18. We are not aware of any known or suspected instances of non-compliance with those laws and regulations which provide a legal framework within which the charity conducts its business.

19. We confirm that complete information has been provided to you regarding the identification of related parties and that we are not aware of any significant transactions with related parties.

20. We confirm we have appropriately accounted for and disclosed related party relationships and transactions in accordance with applicable accounting standards and with the recommendations of the applicable charity SORP.

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21. We believe that the charity's financial statements have been correctly prepared on a going concern basis of accounting on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. We confirm that our plans for future actions required to enable the charity to continue as a going concern are feasible. We also confirm that, having considered our expectations and intentions for at least the next twelve months and the availability of working capital, the charity will continue to be a going concern throughout that period. We are not aware of any events, conditions, or business risks beyond the period of assessment that might cast significant doubt on the charity's ability to continue as a going concern.

22. There are no liabilities or contingent liabilities or guarantees that we have given to third parties other than those disclosed in the financial statements.

23. We have no plans or intentions that might materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

24. We confirm that the value of voids is correctly stated in the financial statements and amounted to £94,230 for the year.



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Independence

We are bound by our internal procedures and the ethical guidelines laid down by the Financial Reporting Council (FRC) to impose safeguards to ensure our objectivity and independence.

In our Audit Planning Report we set out our assessment of our objectivity and independence and brought the perceived and actual threats to our auditor independence to your attention. We also identified the specific safeguards adopted by us to enable us to complete the audit of the Charity and for completeness these are set out below.

Details of the Kinnair Independence policies, safeguards and procedures which we have developed to safeguard against potential threats to our objectivity or independence that may, or be perceived to, exist can be found in the Appendix 1.

With the exception of our assistance in the preparation of the Value for Money Statement no threats to our independence have been identified during the course of our audit work.

We do not anticipate there being any difficulties in being able to comply with FRC Revised Ethical Standards and ISA (UK) 260 "Communication of audit matters with those charged with governance" for the period commencing 1 April 2023.

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ISA 260 requirement	Audit Planning Report	Audit Findings Report
Agreement to the terms of engagement, including your undertaking to provide unfettered access to all information required for the purpose of our audit	✓	
Communication of auditors' responsibility to consider material misstatements in the financial statements.	✓	✓
Communication of management's collective responsibility to report any fraudulent activities to the auditors.	✓	✓
Confirmation of the independence of the firm and audit team members.	✓	✓
Communication of audit scope and approach.	✓	
Confirmation by written representations to the auditor by those charged with governance.		✓
Consideration of significant accounting policies.	✓	✓
Consideration of significant financial estimates.	✓	✓
Consideration of any material risks and exposures.	✓	✓
Consideration of audit materiality.	✓	✓
Consideration of adjusted and unadjusted misstatements, whether factual, judgemental or projected.	✓	✓
Consideration of uncertainties casting doubt on the ability of the entity to continue as a going concern.	✓	✓
Consideration of disagreements with management.		✓
Consideration of related parties and associated transactions.	✓	✓
Consideration of post balance sheet events.		✓
Consideration of significant weaknesses in accounting and internal control system.	✓	✓

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Kinnair independence policies, safeguards and procedures

Safeguards and Procedures

- Every audit opinion issued by Kinnair Associates Limited ("the Firm") is subject to technical review by a partner who is registered with the Institute of Chartered Accountants in England and Wales (ICAEW) as a responsible individual (RI).
- Within our Audit Planning Report we report at the beginning of each audit to you on our assessment of our objectivity and independence. This report includes a summary of non-audit services provided over the past year together with fees received in absolute terms and as a proportion of the audit fee. Where these may be perceived to compromise our independence because of the magnitude of fees arising from non-audit services, whether in absolute terms or as a proportion of the audit fee, we bring this to your attention and agree appropriate safeguards to address the perception that our independence and objectivity may be compromised. Where the non-audit fees exceed the audit fee agreed between us, we also must agree appropriate safeguards with our ethics partner.
- We are not permitted to charge fees for the audit which are calculated on a contingent basis. Nor are we permitted to undertake non-audit services on a contingent fee basis (whether the fee is material to the firm or not), where the outcome of the non-audit service is dependent on a future or contemporary audit judgement relating to a material matter in the financial statements.
- There is formal consideration and review of the appropriateness of continuing the audit before accepting reappointment.
- Where the audit engagement partner has acted for more than 10 years, we subject the audit performed to an Engagement Quality Control Review carried out by an Independent Review Partner.
- In accordance with the Ethical Standard issued by the Financial Reporting Council, there is an assessment of the level of threat to objectivity and independence together with potential safeguards to mitigate these threats prior to acceptance of any non-audit engagement. This would include particular focus on threats arising from self-interest, self-review, management, advocacy, and over-familiarity. Where such threats are identified, if possible, safeguards are put in place such as an Engagement Quality Control Review performed by an Independent Review Partner. Alternatively we do not accept the non-audit engagement.

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- The Firm's policies and procedures are subject to external monitoring by the ICAEW's Quality Assurance Directorate (QAD). The QAD is charged with monitoring statutory compliance of audits for all entities that are not "economically significant" e.g. listed companies. QAD reports to the ICAEW's Audit Registration Committee who is charged with the registration of audit firms and RIs operating within them. Please note, the QAD does not publish individual inspection reports and we are not permitted to disclose details of their findings.

- Where the audited entity qualifies as a small entity, we adopt the Provisions Available for Audits of Small Entities (PAASE) if that entity has a person who is considered to be informed management and it has been agreed that we may rely on that person and their knowledge and expertise that allows them to be treated as suitably informed.

Ethical and Independence Policies

- no partner or immediate family member is allowed to hold a direct or indirect financial interest in any of our audit clients;

- professional staff or any immediate family member may not work on assignments if they have a financial interest in the client or are a party to a transaction or if they have a beneficial interest in a trust holding a financial position in the audit client;

- no person in a position to influence the conduct and outcome of the audit or any immediate family member should enter into business relationships with any of our audit clients or their affiliates;

- partners and professional employees or their immediate family members are prohibited from obtaining gifts or hospitality from an audit client unless the value is clearly insignificant in terms of their frequency, nature and cost; and

- we are required to create safeguards against potential conflicts of interest.

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Key Aspects of potential fraud risk

The following indicates those areas where fraud risk most often occurs.

Fraudulent financial reporting including the provision of misleading information and manipulation or massaging of figures through journal entries and adjustments, accounting estimates, revenue and profit recognition, suspense accounts and reconciliations of balances.

Misappropriation or misuse of assets.

Incurring of expenditure or committing the entity to liabilities for any improper use.

Obtaining revenue or assets by fraud.

Avoiding costs or expenses by fraud.

Financial misconduct by members of staff or management.

Undisclosed related parties leading to misstatement in the financial statements.

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Conclusion



We hope that you find the information within this report to be informative and helpful. If you have any comments on how we can improve it to help you, please let me know.

With kind regards,

Detlev Anderson

M 07740 823 679 T 0191 281 1292 E detlev-anderson@kinnair.co.uk

Aston House, Redburn Road, Newcastle upon Tyne, NE5 1NB

Aston House, Redburn Road
Newcastle upon Tyne
NE5 1NB

email@kinnair.co.uk
www.kinnair.co.uk