

Certificate Of Completion

Envelope Id: FC2615E4-B1C0-4C80-9B5B-9CDC6BD3F195

Status: Completed

Subject: Complete with Docusign: NE-HA Final 31-3-2025.pdf, NEHA - 2025 LOR-1.pdf, Audit findings report...

Source Envelope:

Document Pages: 79

Signatures: 5

Envelope Originator:

Certificate Pages: 5

Initials: 0

Detlev Anderson

AutoNav: Enabled

detlev-anderson@kinnair.co.uk

Envelopeld Stamping: Enabled

IP Address: 185.16.152.169

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Record Tracking

Status: Original

Holder: Detlev Anderson

Location: DocuSign

9/12/2025 10:14:13 AM

detlev-anderson@kinnair.co.uk

Signer Events

Caroline Mortlock

caroline.mortlock@thermofisher.com

NEHA

Security Level: Email, Account Authentication
(None)

Signature

DocuSigned by:


958622EE03C44E1...

Signature Adoption: Pre-selected Style
Using IP Address: 46.226.217.64

Timestamp

Sent: 9/12/2025 10:36:35 AM

Viewed: 9/14/2025 2:29:32 AM

Signed: 9/14/2025 2:29:44 AM

Electronic Record and Signature Disclosure:

Accepted: 9/30/2022 2:02:38 AM

ID: 0a4ca12f-c7ec-42a7-b8fb-58a47459c933

Victoria Gray

vgray_1@yahoo.co.uk

Security Level: Email, Account Authentication
(None)

Signed by:


31FE9F28D8F34B0...

Signature Adoption: Drawn on Device
Using IP Address: 82.132.184.255
Signed using mobile

Sent: 9/14/2025 2:29:45 AM

Viewed: 9/14/2025 7:12:27 AM

Signed: 9/14/2025 7:13:14 AM

Electronic Record and Signature Disclosure:

Accepted: 9/14/2025 7:12:27 AM

ID: a15b9429-d570-43ea-8748-3535c08be3de

Detlev Anderson

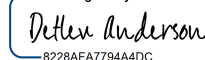
detlev-anderson@kinnair.co.uk

Director

Kinnair Associates Limited

Security Level: Email, Account Authentication
(None)

DocuSigned by:


8228AFA7794A4DC...

Signature Adoption: Pre-selected Style
Using IP Address: 185.16.152.169

Sent: 9/14/2025 7:13:16 AM

Viewed: 9/14/2025 10:44:48 AM

Signed: 9/14/2025 10:45:38 AM

Electronic Record and Signature Disclosure:

Not Offered via Docusign

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Carbon Copy Events	Status	Timestamp
Peter Nielsen pnielsen@ne-ha.co.uk MR Security Level: Email, Account Authentication (None)	<div>COPIED</div>	Sent: 9/14/2025 10:45:40 AM
Electronic Record and Signature Disclosure: Accepted: 8/10/2022 5:45:46 AM ID: f19acb9d-d0ed-4814-b996-399978be6249		

Witness Events	Signature	Timestamp
----------------	-----------	-----------

Notary Events	Signature	Timestamp
---------------	-----------	-----------

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	9/12/2025 10:36:35 AM
Certified Delivered	Security Checked	9/14/2025 10:44:48 AM
Signing Complete	Security Checked	9/14/2025 10:45:38 AM
Completed	Security Checked	9/14/2025 10:45:40 AM

Payment Events	Status	Timestamps
----------------	--------	------------

Electronic Record and Signature Disclosure
--

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Kinnair Associates (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Kinnair Associates:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: graham-murray@kinnair.co.uk

To advise Kinnair Associates of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at graham-murray@kinnair.co.uk and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Kinnair Associates

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to graham-murray@kinnair.co.uk and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Kinnair Associates

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to graham-murray@kinnair.co.uk and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Kinnair Associates as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Kinnair Associates during the course of your relationship with Kinnair Associates.

Registered number: 00702712
Charity number: 201653

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the Charity, its Governors and advisers	1 - 2
Governors' report	3 - 9
Independent auditors' report on the financial statements	10 - 13
Statement of financial activities	14
Income and expenditure account	15
Balance sheet	16 - 17
Statement of cash flows	18
Notes to the financial statements	19 - 43

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2025**

Governors

Miss C Mortlock, Chair
Mr D M Gibson (resigned 27 September 2024)
Mrs J Smith
Miss V Gray
Ms L Hitman
Mr D Smith
Mr M Armstrong (resigned 25 May 2024)
Mr M Armstrong (appointed 28 June 2024, resigned 3 December 2024)
Ms N Dewey (appointed 28 March 2025)
Mr G Reed

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 auditors

Kinnair Associates Limited
Chartered Accountants
Aston House
Redburn Road
Newcastle upon Tyne
NE5 1NB

Bankers

National Westminster Bank
Northumberland Street
Newcastle upon Tyne
NE2 1QP

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS GOVERNORS AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Solicitors

DWF LLP
Great North House
Sandyford Road
Newcastle upon Tyne
NE1 8ND

Investment Managers

Cazenove
1 London Wall Place
London
EC2Y 5AU

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Governors present their annual report together with the audited financial statements of the Charity for the 1 April 2024 to 31 March 2025. 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 charitable company comply with the current statutory requirements, the requirements of the charitable company'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 object of the company is the prevention or relief of poverty in the North East of England through the provision of affordable accommodation and other essential facilities to individuals in need.

The company is a registered social landlord 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 YEAR ENDED 31 MARCH 2025

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 2026	Actual 2025	Target 2025	Actual 2024
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 %	-10.1%	-10.5%	-9.7%	-8.5%
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	£6,393	£6,521	£6,742	£6,206
Commentary - the headline social housing cost has increased and is forecast to reduce slightly. 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 %	6.1%	25.8%	19.4%	25.5%
Commentary - Operating margin is forecast to decrease due to the latest cycle of refurbishment works in both properties.				
7 - Return on capital employed %	1.3%	5.9%	4.3%	5.6%
Commentary - expenditure is forecast to increase resulting in the decrease 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 unique 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 YEAR ENDED 31 MARCH 2025

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 £154,422 (2024 - surplus £118,072) before allocation of central overheads.

Clapham House provided a surplus in the year of £61,614 (2024 - surplus £32,132) before allocation of central overheads.

Net central overhead costs after miscellaneous income amounted to £131,819 (2024 - £102,319).

There was therefore an overall operating deficit in the year amounting to £84,217 (2024 deficit - £47,885).

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 2025 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 surplus as at 31 March 2025 of £19,624 (2024 - surplus of £87,213) which reflects the performance of stockmarkets over the year. The Governors are pleased to note that the portfolio shows a continuing surplus on valuations since then.

Financial review

• **Going concern**

After making appropriate enquiries, and considering the funds invested and liquid funds in hand, 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 YEAR ENDED 31 MARCH 2025

● **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 2025, the Charity had total funds of £7,057,139, of which £2,199,429 was unrestricted and £4,857,710 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 £100,000. The free reserves of £2,094,558 which currently equates to around 15 months of planned expenditure) will continue to accumulate due to expected surpluses in future years for the benefit of the charitable purpose.

● **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 Governors. Any current Governor is entitled to nominate a prospective Governor, appointments being made by a simple majority of current Governors at a Governors' meeting.

● **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 2025, the Board comprised eight members, led by the Chair, Caroline Mortlock. The Board controls the charitable company's strategic direction and continuously review its operating 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.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

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 seven times during 2024/25.

• **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.

• **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.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

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 auditors

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 auditors are 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 auditors are aware of that information.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Auditors

The auditors, Kinnair Associates Limited, have indicated their willingness to continue in office. The designated Governors will propose a motion reappointing the auditors at a meeting of the Governors.

Approved by order of the members of the board of Governors on 12 September 2025 and signed on their behalf by:

DocuSigned by:

958622EE03C44E1...

Miss C Mortlock
(Chair of Trustees)

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of North East Housing Association Limited (the 'charity') for the year ended 31 March 2025 which comprise the Statement of financial activities, the Income and expenditure account, 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 2025 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 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 AUDITORS' 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 Auditors' 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.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Governors' report and from the requirement to prepare a Strategic report.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

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

Responsibilities of governors

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.

Auditors' 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 Auditors' 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:

- the engagement director 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 Group through discussions with governors and other management, and from our commercial knowledge and experience of the registered social housing providers' 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 Group, 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 Charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by: -

- making enquiries of management as to where they considered there was 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.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

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

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; and
- reviewing correspondence with HMRC, relevant regulators and the charitable company'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 trustees 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 Auditors' 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



8228AFA7794A4DC...

Detlev Anderson (Senior statutory auditor)

for and on behalf of

Kinnair Associates Limited

Chartered Accountants

Statutory Auditor

Aston House

Redburn Road

Newcastle upon Tyne

NE5 1NB

12 September 2025

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2025**

	Note	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income from:					
Charitable activities	4	-	1,622,698	1,622,698	1,557,911
Investments	5	-	44,055	44,055	24,499
Other income	6	-	10,891	10,891	10,859
Total income		-	1,677,644	1,677,644	1,593,269
Expenditure on:					
Raising funds	7	-	13,578	13,578	11,847
Charitable activities	8	-	1,600,745	1,600,745	1,533,537
Total expenditure		-	1,614,323	1,614,323	1,545,384
Net income before net gains on investments		-	63,321	63,321	47,885
Net gains on investments		-	19,624	19,624	87,213
Net income		-	82,945	82,945	135,098
Transfers between funds	18	(112,970)	112,970	-	-
Net movement in funds before other recognised gains/(losses)		(112,970)	195,915	82,945	135,098
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	25	-	(17,000)	(17,000)	(42,000)
Net movement in funds		(112,970)	178,915	65,945	93,098
Reconciliation of funds:					
Total funds brought forward		4,970,680	2,020,514	6,991,194	6,898,096
Net movement in funds		(112,970)	178,915	65,945	93,098
Total funds carried forward		4,857,710	2,199,429	7,057,139	6,991,194

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 19 to 43 form part of these financial statements.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Total funds 2025 £	Total funds 2024 £
Income		1,677,644	1,593,269
Gains on investments		19,624	87,213
Gross income in the reporting period		1,697,268	1,680,482
Less: Total expenditure		(1,614,323)	(1,545,384)
Net income for the reporting period		82,945	135,098

The notes on pages 19 to 43 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 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	13	4,962,581	5,089,524
Investments	14	1,765,966	1,720,009
		<u>6,728,547</u>	<u>6,809,533</u>
Current assets			
Debtors	15	37,080	30,923
Cash at bank and in hand		519,706	431,774
		<u>556,786</u>	<u>462,697</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(128,194)	(163,036)
		<u>428,592</u>	<u>299,661</u>
Net current assets			
		<u>7,157,139</u>	<u>7,109,194</u>
Total assets less current liabilities			
		<u>7,157,139</u>	<u>7,109,194</u>
Net assets excluding pension liability			
Defined benefit pension scheme liability	25	(100,000)	(118,000)
Total net assets		<u><u>7,057,139</u></u>	<u><u>6,991,194</u></u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 00702712

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2025

	Note	2025 £	2024 £
Charity funds			
Restricted funds	18	4,857,710	4,970,680
Unrestricted funds	18	2,199,429	2,020,514
Total funds		7,057,139	6,991,194

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 12 September 2025 and signed on their behalf by:

DocuSigned by:

958622EE03C44E1...

Miss C Mortlock
(Trustee)

Signed by:

31FE9F28D8F34B0...

Miss V Gray

The notes on pages 19 to 43 form part of these financial statements.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Net cash used in operating activities	21	70,210	162,003
Cash flows from investing activities			
Dividends, interests and rents from investments		44,055	24,499
Proceeds from sale of investments		(767,096)	352,171
Purchase of investments		740,763	(863,223)
Net cash provided by/(used in) investing activities		17,722	(486,553)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		87,932	(324,550)
Cash and cash equivalents at the beginning of the year		431,774	756,324
Cash and cash equivalents at the end of the year	22	519,706	431,774

The notes on pages 19 to 43 form part of these financial statements

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

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 financial statements are presented in pounds Sterling and rounded to the nearest pound.

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.

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.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.4 Expenditure (continued)

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 upon the completion of the relevant performance-related conditions. Other grants that are not subject to performance-related conditions are credited to the Statement of financial activities as the grant proceeds are received. Grants received prior to the revenue recognition criteria being satisfied are recognised as a liability.

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 YEAR ENDED 31 MARCH 2025**

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.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

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.

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 YEAR ENDED 31 MARCH 2025

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.

4. Income from charitable activities

	Unrestricted funds 2025 £	Total funds 2025 £
Social Housing Lettings and service charges	<u>1,622,698</u>	<u>1,622,698</u>
	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Social Housing Lettings and service charges	<u>1,557,911</u>	<u>1,557,911</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Income as reported includes:

	2025 £	<i>2024</i> £
Maximum rent receivable	1,720,681	1,630,625
Less: Voids	(97,983)	(72,714)
	<u>1,622,698</u>	<u>1,557,911</u>

The units of accommodation are:

	2025 Number	<i>2024</i> Number
Studios	18	18
Cluster flats	124	124
Single rooms	84	84
	<u>226</u>	<u>226</u>

5. Investment income

	Unrestricted funds 2025 £	Total funds 2025 £
Income from listed investments	13,670	13,670
Investment income - interest received	2,900	2,900
Investment income	27,485	27,485
	<u>44,055</u>	<u>44,055</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

5. Investment income (continued)

	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Income from local listed investments	23,952	23,952
Investment income - interest received	547	547
	<u>24,499</u>	<u>24,499</u>

6. Other incoming resources

	Unrestricted funds 2025 £	Total funds 2025 £
Rent received from third parties	<u>10,891</u>	<u>10,891</u>

	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Rent received from third parties	<u>10,859</u>	<u>10,859</u>

7. Investment management costs

	Unrestricted funds 2025 £	Total funds 2025 £
Investment management fees	<u>13,578</u>	<u>13,578</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

7. Investment management costs (continued)

	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Investment management fees	11,847	11,847

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2025 £	Total 2025 £
Charitable activities	1,600,745	1,600,745

	<i>Unrestricted funds 2024 £</i>	<i>Total 2024 £</i>
Charitable activities	1,533,537	1,533,537

9. Analysis of expenditure by activities

	Activities undertaken directly 2025 £	Support costs 2025 £	Total funds 2025 £
Charitable activities	1,203,637	397,108	1,600,745

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

9. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2024 £</i>	<i>Support costs 2024 £</i>	<i>Total funds 2024 £</i>
Charitable activities	1,161,064	372,473	1,533,537

Analysis of direct costs

	Charitable activities 2025 £	Total funds 2025 £
Pension finance costs	5,000	5,000
Staff costs	425,004	425,004
Depreciation	115,000	115,000
Catering	60,073	60,073
Water rates	44,373	44,373
Utilities	241,448	241,448
Repairs and maintenance	148,698	148,698
Insurance	50,830	50,830
Cleaning and security	39,902	39,902
Refurbishment and furniture replacement	45,989	45,989
Other estate costs	9,105	9,105
Bad debts	1,580	1,580
Managed Internet	16,635	16,635
	<u>1,203,637</u>	<u>1,203,637</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

9. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	<i>Charitable activities 2024 £</i>	<i>Total funds 2024 £</i>
Pension finance costs	5,000	5,000
Staff costs	393,830	393,830
Depreciation	115,000	115,000
Catering	60,760	60,760
Water rates	35,734	35,734
Utilities	230,094	230,094
Repairs and maintenance	149,509	149,509
Insurance	40,022	40,022
Cleaning and security	33,479	33,479
Refurbishment and furniture replacement	72,284	72,284
Other estate costs	9,637	9,637
Bad debts	7,700	7,700
Managed Internet	8,015	8,015
	<u>1,161,064</u>	<u>1,161,064</u>

Analysis of support costs

	<i>Charitable activities 2025 £</i>	<i>Total funds 2025 £</i>
Staff costs	288,143	288,143
Depreciation	11,943	11,943
Equipment leasing	4,076	4,076
Telephone and postage	2,772	2,772
Publicity, printing and stationery	16,566	16,566
Travel expenses	764	764
Office expenses	33,503	33,503
Bank charges	2,141	2,141
Auditors remuneration	12,950	12,950
Legal and professional fees	24,250	24,250
	<u>397,108</u>	<u>397,108</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

9. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	Charitable activities 2024 £	Total funds 2024 £
Staff costs	265,106	265,106
Depreciation	16,012	16,012
Equipment leasing	1,459	1,459
Telephone and postage	3,013	3,013
Publicity, printing and stationery	16,888	16,888
Travel expenses	839	839
Office expenses	35,188	35,188
Bank charges	1,983	1,983
Auditors remuneration	12,540	12,540
Legal and professional fees	19,445	19,445
	<u>372,473</u>	<u>372,473</u>

10. Auditors' remuneration

	2025 £	2024 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	12,950	11,330
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	<u>7,500</u>	<u>1,210</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

11. Staff costs

	2025 £	2024 £
Wages and salaries	639,496	593,752
Social security costs	54,578	47,740
Contribution to defined contribution pension schemes	19,073	17,444
	<u>713,147</u>	<u>658,936</u>

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

	2025 No.	2024 No.
Management	16	14
Maintenance and domestic	16	14
	<u>32</u>	<u>28</u>

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

The total employee benefits of the key management personnel of the Charity was £112,064 (2024 - £101,784).

12. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2024 - £NIL).

During the year ended 31 March 2025, expenses totalling £305 were reimbursed or paid directly to 3 Governors (2024 - £55 to 2 Governors). The expenses reimbursed related to travel expenses incurred.

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 April 2024	5,750,000	7,348	248,054	6,005,402
At 31 March 2025	5,750,000	7,348	248,054	6,005,402
Depreciation				
At 1 April 2024	690,000	6,490	219,388	915,878
Charge for the year	115,000	606	11,337	126,943
At 31 March 2025	805,000	7,096	230,725	1,042,821
Net book value				
At 31 March 2025	4,945,000	252	17,329	4,962,581
At 31 March 2024	5,060,000	858	28,666	5,089,524

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 2025 would have been £2,172,109 (2024 - £2,242,236).

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

14. Fixed asset investments

	Listed investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 April 2024	1,162,830	557,179	1,720,009
Additions	701,910	65,186	767,096
Disposals	(740,763)	-	(740,763)
Revaluations	19,624	-	19,624
At 31 March 2025	<u>1,143,601</u>	<u>622,365</u>	<u>1,765,966</u>
Net book value			
At 31 March 2025	<u>1,143,601</u>	<u>622,365</u>	<u>1,765,966</u>
At 31 March 2024	<u>1,162,830</u>	<u>557,179</u>	<u>1,720,009</u>
		2025	2024
		£	£
SPDR S&P 500 UCITS ETF		77,162	55,968
Vanguard S&P 500 UCITS		-	90,963
JP Morgan America Equity Fund C USD		97,554	95,238
iShares S&P 500 Swap UCITS ETF, GBP-Distribution		77,069	-
0.375 % UK, 2021-22.10.26 Treasury Gilt		68,794	-
1.125 % UK Gilt 31.01.2029		66,450	-
HSBC Global Government Bond Index		89,607	-
		<u>251,785</u>	<u>242,169</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

15. Debtors

	2025 £	2024 £
Due within one year		
Trade debtors	26,015	21,193
Prepayments and accrued income	11,065	9,730
	<u>37,080</u>	<u>30,923</u>

16. Creditors: Amounts falling due within one year

	2025 £	2024 £
Trade creditors	18,102	44,815
Other taxation and social security	21,200	19,374
Other creditors	45,493	50,846
Accruals and deferred income	43,399	48,001
	<u>128,194</u>	<u>163,036</u>

17. Financial instruments

	2025 £	2024 £
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>519,706</u>	<u>1,720,009</u>

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

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

18. Statement of funds

Statement of funds - current year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
Unrestricted funds						
General funds - all funds	2,012,371	1,677,644	(1,649,323)	112,970	19,624	2,173,286
Extraordinary repairs	126,143	-	-	-	-	126,143
Pension reserve	(118,000)	-	35,000	-	(17,000)	(100,000)
	<u>2,020,514</u>	<u>1,677,644</u>	<u>(1,614,323)</u>	<u>112,970</u>	<u>2,624</u>	<u>2,199,429</u>
Restricted funds						
Revaluation reserve	2,287,011	-	-	(51,977)	-	2,235,034
Housing Association Grant	2,683,669	-	-	(60,993)	-	2,622,676
	<u>4,970,680</u>	<u>-</u>	<u>-</u>	<u>(112,970)</u>	<u>-</u>	<u>4,857,710</u>
Total of funds	<u><u>6,991,194</u></u>	<u><u>1,677,644</u></u>	<u><u>(1,614,323)</u></u>	<u><u>-</u></u>	<u><u>2,624</u></u>	<u><u>7,057,139</u></u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2024 £</i>
Unrestricted funds						
General funds - all funds	1,733,610	1,593,269	(1,466,691)	64,970	87,213	2,012,371
Extraordinary repairs	188,836	-	(62,693)	-	-	126,143
Pension reserve	(108,000)	-	(16,000)	48,000	(42,000)	(118,000)
	<u>1,814,446</u>	<u>1,593,269</u>	<u>(1,545,384)</u>	<u>112,970</u>	<u>45,213</u>	<u>2,020,514</u>
Restricted funds						
Revaluation reserve	2,338,988	-	-	(51,977)	-	2,287,011
Housing Association Grant	2,744,662	-	-	(60,993)	-	2,683,669
	<u>5,083,650</u>	<u>-</u>	<u>-</u>	<u>(112,970)</u>	<u>-</u>	<u>4,970,680</u>
Total of funds	<u>6,898,096</u>	<u>1,593,269</u>	<u>(1,545,384)</u>	<u>-</u>	<u>45,213</u>	<u>6,991,194</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

18. Statement of funds (continued)

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.

19. Summary of funds

Summary of funds - current year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
General funds	2,020,514	1,677,644	(1,614,323)	112,970	2,624	2,199,429
Restricted funds	4,970,680	-	-	(112,970)	-	4,857,710
	<u>6,991,194</u>	<u>1,677,644</u>	<u>(1,614,323)</u>	<u>-</u>	<u>2,624</u>	<u>7,057,139</u>

Summary of funds - prior year

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2024 £
General funds	1,814,446	1,593,269	(1,545,384)	112,970	45,213	2,020,514
Restricted funds	5,083,650	-	-	(112,970)	-	4,970,680
	<u>6,898,096</u>	<u>1,593,269</u>	<u>(1,545,384)</u>	<u>-</u>	<u>45,213</u>	<u>6,991,194</u>

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £
Tangible fixed assets	4,857,710	104,871	4,962,581
Fixed asset investments	-	1,765,966	1,765,966
Current assets	-	556,786	556,786
Creditors due within one year	-	(128,194)	(128,194)
Provisions for liabilities and charges	-	(100,000)	(100,000)
Total	4,857,710	2,199,429	7,057,139

Analysis of net assets between funds - prior year

	<i>Restricted funds 2024 £</i>	<i>Unrestricted funds 2024 £</i>	<i>Total funds 2024 £</i>
Tangible fixed assets	4,970,680	118,844	5,089,524
Fixed asset investments	-	1,720,009	1,720,009
Current assets	-	462,697	462,697
Creditors due within one year	-	(163,036)	(163,036)
Provisions for liabilities and charges	-	(118,000)	(118,000)
Total	4,970,680	2,020,514	6,991,194

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

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

	2025 £	2024 £
Net income for the year (as per Statement of Financial Activities)	82,945	135,098
Adjustments for:		
Depreciation charges	126,943	131,012
(Gains)/losses on investments	(19,624)	(87,213)
Dividends, interests and rents from investments	(44,055)	(24,499)
Increase in debtors	(6,157)	(2,489)
Increase/(decrease) in creditors	(52,842)	42,094
Defined benefit pension scheme finance cost	(17,000)	8,000
Defined benefit pension scheme cost less contributions payable	-	(40,000)
Net cash provided by operating activities	70,210	162,003

22. Analysis of cash and cash equivalents

	2025 £	2024 £
Cash in hand	519,706	431,774
Total cash and cash equivalents	519,706	431,774

23. Analysis of changes in net debt

	At 1 April 2024 £	Cash flows £	At 31 March 2025 £
Cash at bank and in hand	431,774	87,932	519,706
	431,774	87,932	519,706

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

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 2025 (2024 - £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.

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

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

25. Pension commitments (continued)

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

	At 31 March 2025 %	At 31 March 2024 %
Discount rate	5.73	4.87
Inflation (RPI)	3.13	3.19
Inflation (CPI)	2.76	2.76
Salary growth	3.76	3.76
	At 31 March 2025 Years	At 31 March 2024 Years
Mortality rates (in years)		
- for a male aged 65 now	20.5	20.5
- at 65 for a male aged 45 now	23	23
- for a female aged 65 now	21.7	21.8
- at 65 for a female aged 45 now	24.5	24.4

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

25. Pension commitments (continued)

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

	At 31 March 2025 £	<i>At 31 March 2024 £</i>
Global equity	60,000	<i>50,000</i>
Absolute return	-	<i>19,000</i>
Distressed opportunities	-	<i>18,000</i>
Credit Relative Value	-	<i>16,000</i>
Alternative Risk Premia	-	<i>16,000</i>
Liquid Alternatives	100,000	<i>-</i>
Emerging Markets Debt	-	<i>6,000</i>
Risk Sharing	-	<i>29,000</i>
Insurance-Linked Securities	2,000	<i>3,000</i>
Property	27,000	<i>20,000</i>
Infrastructure	-	<i>50,000</i>
Private Equity	-	<i>20,000</i>
Real Assets	64,000	<i>-</i>
Opportunistic Illiquid Credit	-	<i>20,000</i>
Private Credit	66,000	<i>-</i>
Credit	21,000	<i>-</i>
Investment Grade Credit	17,000	<i>-</i>
Cash	7,000	<i>10,000</i>
Long Lease Property	-	<i>3,000</i>
Secured Income	9,000	<i>15,000</i>
Liability Driven Investment	163,000	<i>203,000</i>
Currency Hedging	1,000	<i>-</i>
Net Current Assets	1,000	<i>1,000</i>
Total fair value of assets	538,000	<i>499,000</i>

The actual return on scheme assets was £(24,000) (2024 - £(21,000)).

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

25. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2025 £	2024 £
Current service cost	9,000	8,000
Interest income	(25,000)	(23,000)
Interest cost	30,000	28,000
Expenses	3,000	3,000
Total amount recognised in the Statement of financial activities	17,000	16,000

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

	2025 £
Opening defined benefit obligation	617,000
Interest cost	30,000
Member contributions	7,000
Actuarial (gains)/losses	(7,000)
Benefits paid	(21,000)
Expenses	3,000
Current service costs	9,000
Closing defined benefit obligation	638,000

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

	2025 £
Opening fair value of scheme assets	499,000
Expected return on assets	25,000
Actuarial losses	(24,000)
Contributions by employer	52,000
Contributions by scheme participants	7,000
Benefits paid	(21,000)
Closing fair value of scheme assets	538,000

NORTH EAST HOUSING ASSOCIATION LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

26. Operating lease commitments

The Charity had no commitments under non-cancellable operating leases at 31 March 2025.

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 (2024 - £nil) , nor are there any outstanding balances owing between related parties and the Charity at the year end (2024 - £nil).

Audit Planning 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 2025.

Presented to the Governors on 15 August 2025.

Contents

Introduction

- Introduction

The audit process

Key audit matters

Audit timetable

Client service team & contact details

Auditor independence

Developments in financial reporting and other matters

Appendix one: Communications, Independence and Fraud

Our work for the audit of the financial statements for the year ended 31 March 2025 is currently being planned.

The purpose of this report is to follow up on our recent conversations, to outline our proposed strategy for the audit of your financial statements and to give you the opportunity to comment on our proposed audit approach. This report is designed to meet the threats to auditor independence from the perspective of an Objective Reasonable and Informed Third Party and to ensure that such a person is informed about the respective roles and responsibilities of an auditor, those charged with governance and management of an entity.

Please note that our audit planning process is updated as necessary to reflect any changes in responsibilities arising from developments in your procedures and systems and to take account of new audit and accounting issues as they arise.

Your senior statutory auditor and the person named as signing your audit report is Detlev Anderson.

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.

Please do let us have any comments you may have on the contents of this report. In particular, please note that, unless we hear from you to the contrary, we assume that you: -

- confirm that, to the best of your knowledge, your Charity has not been subjected to fraud during the year;
- accept our proposed audit fee;
- confirm that you consider the auditor independence safeguards described herein are effective and reasonable; and
- agree that the fees we earn from the non-audit services we provide to the Charity do not affect our independence as auditor.

We look forward to working with you and are grateful for your help with our work.

A close-up, shallow depth-of-field photograph of a desk. In the foreground, an open notebook with lined pages is visible, with a black pen resting on it. The notebook's right page shows a table with several rows of numbers, including 08,00, 09,00, 10,00, 11,00, 12,00, and 13,00. In the background, a stack of papers or a folder is slightly out of focus, and a pair of glasses lies on the desk surface. A portion of a smartphone is visible on the right edge. The overall scene suggests a professional or academic workspace.

The audit process

Contents

Introduction

• The audit process

Key audit matters

Audit timetable

Client service team & contact details

Auditor independence

Developments in financial reporting and other matters

Appendix one: Communications, Independence and Fraud

The audit process

Audit objectives

The audit of the financial statements will be carried out in accordance with International Standards on Auditing (UK) ("ISAs"). The aims of the audit are 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;
- 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.

Contents

Introduction

• The audit process

Key audit matters

Audit timetable

Client service team
& contact details

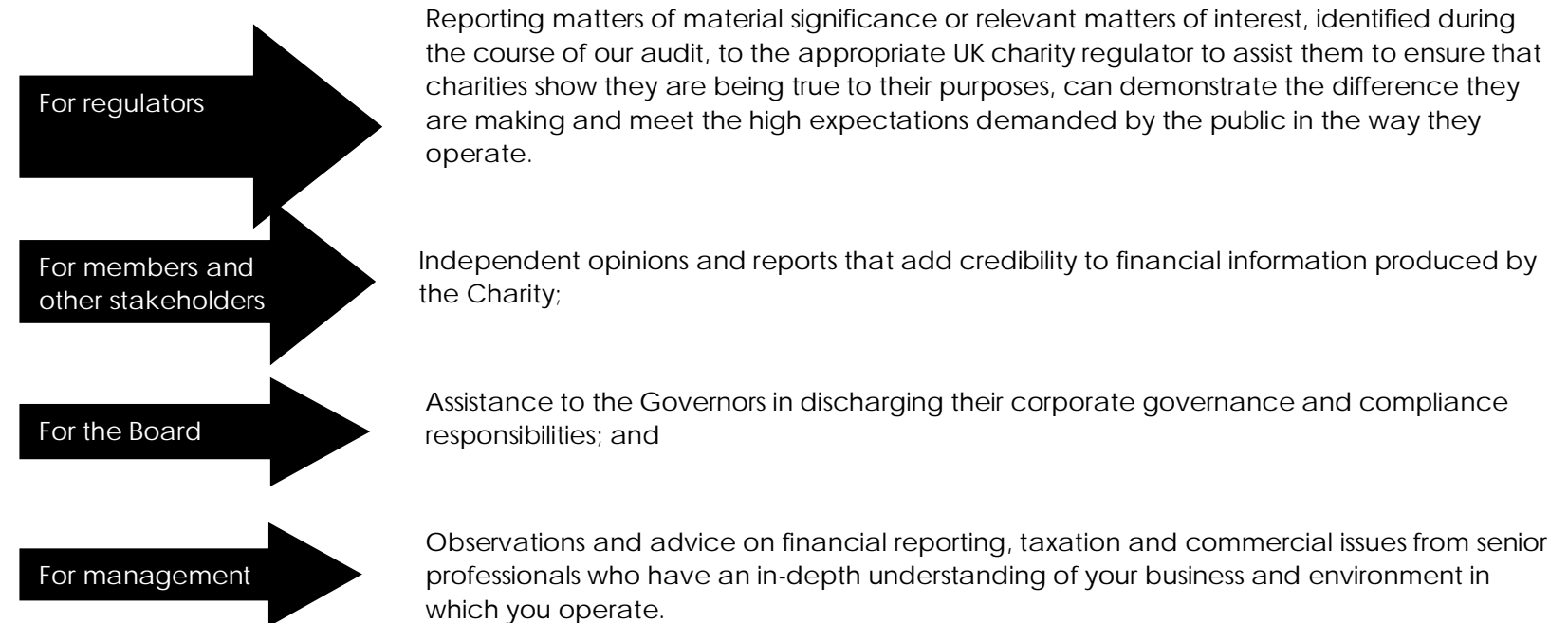
Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

▶ The audit process

To meet these objectives it is necessary for us to deliver assurance at four levels: -



Contents

Introduction

• The audit process

Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

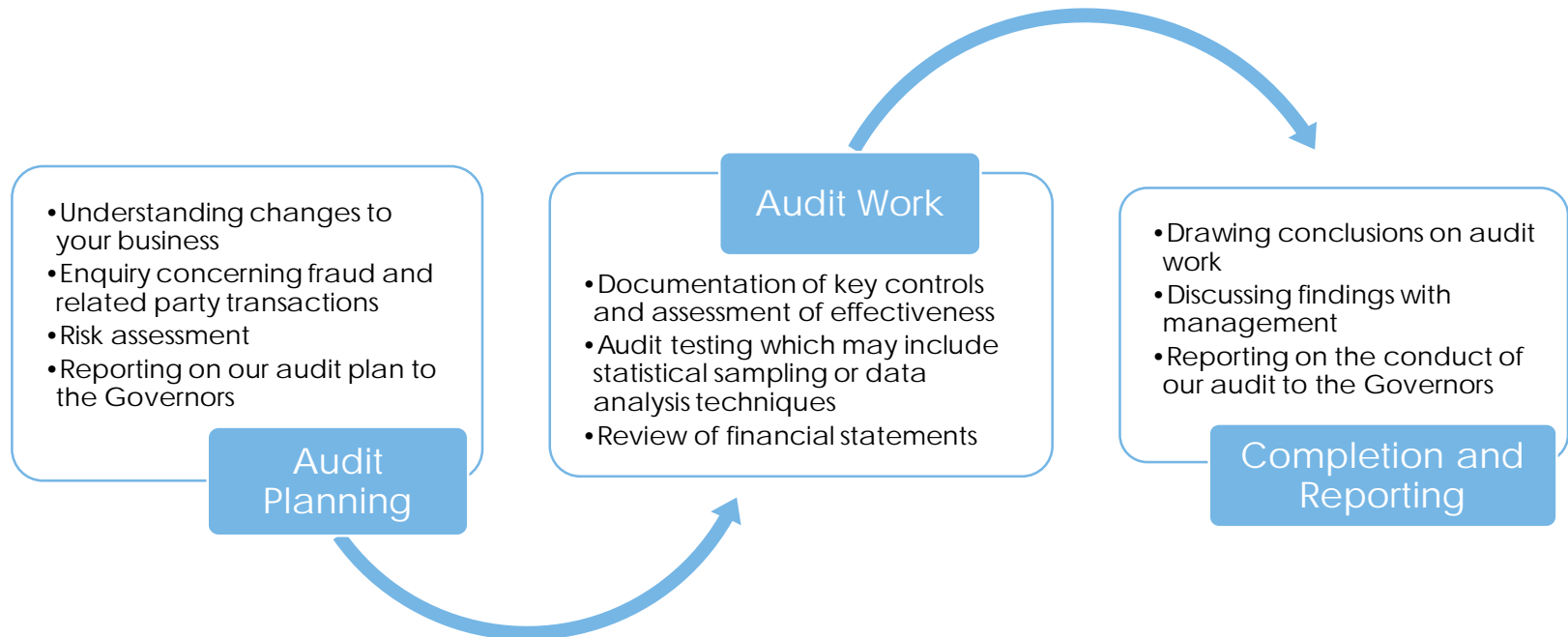
Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

▶ The audit process

Our Audit Approach

May be summarised as follows: -



We will adopt a risk-based audit approach arising from our assessment of your controls in place. We focus on those risks that will have a potential impact on the financial accounting systems and subsequent financial reporting. This enables us to identify and review key risks and assess the controls in place to eliminate or mitigate them. This then allows us to place reliance on controls where appropriate.

Contents

Introduction

• The audit process

Key audit matters

Audit timetable

Client service team & contact details

Auditor independence

Developments in financial reporting and other matters

Appendix one: Communications, Independence and Fraud

The audit process

We will carry out more detailed testing supported by substantive work where we perceive these controls to be weak or substantive work is more efficient for our audit. Our assessment of risk is based on specific controls and audit objectives that consider: -

- Our knowledge of the Charity and the environment in which it operates;
- Our assessment of the financial systems and controls in place and the extent to which the systems and controls can be affected by manual or management intervention;
- The extent to which we can rely on the controls in place;
- The effective operation of the controls in place; and
- The relative materiality of individual financial statement balances and their impact on the financial statements.

We are required to plan and perform our audit using professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated.

Significant risks will be identified on many audits and can be derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgemental matters where measurement is uncertain. In areas where we identify the potential for significant risk, we will extend our audit testing to include more detailed substantive work. Our work in other areas may be proportionally less.

Reliance on Informed Management

As the Charity is a small entity we may adopt the provisions available for audits of small entities (PAASE) provided by the Financial Reporting Council. This means that we can both prepare the financial statements on your behalf from your accounting records and information you provide us as well as audit them because you have someone in your organisation who understands and is able to approve any accounting adjustments proposed by us as auditor. With your agreement we will liaise with Peter Nielson who will be acting as your informed management unless you inform us to the contrary.

Please be aware that where the PAASE provisions require additional reporting requirements (e.g. where management, self-interest, familiarity or advocacy threats exist), we have not adopted them but have instead relied upon alternative safeguards.

Materiality

In assessing materiality we have to consider the perception of the normal information needs of users of the Financial Statements as a group, not one category of users, such as the members. We regard a misstatement as material if it would, on

Contents

Introduction

• The audit process

Key audit matters

Audit timetable

Client service team & contact details

Auditor independence

Developments in financial reporting and other matters

Appendix one: Communications, Independence and Fraud

The audit process

its own, or collectively with other misstatements, affect the actions of the users of the financial statements. In establishing planning and overall materiality levels, which will be reconsidered as the audit progresses, we consider quantitative measures as well as qualitative factors, including: -

- Impact on income;
- Whether accounting standards, laws and regulations or other matters affect users' expectations regarding the measurement or disclosure of certain items; and
- Whether attention is focused on the financial performance of a particular business area.

We have adopted a split materiality for our audit of the financial statements due to the disproportionate value of investments and properties compared to the other transactions and balances in the Charity. We have set our planning materiality at £99,000 for our work on properties, £23,000 for our work in investments and £16,000 for all other areas.

Potential audit adjustments

We will consider potential adjustments individually and collectively and will report any errors, factual or judgemental, over a de-minimis level, to the Board. In respect of any misstatements that remain unadjusted our letter of representation will include confirmation from the Board that they consider those misstatements are not material and do not require adjustment.

We suggest that you agree that we do not report to you those misstatements identified during the course of our audit that are clearly insignificant or trivial. We suggest that the level below which we will not report misstatements to you will be those of £800 and less. If you require a lower value to be used or details of any identified misstatements in a particular area of the financial statements to be reported to you then please let us know before we commence our audit work.

Communications

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 Appendix one.

Risk of fraud and associated misstatement of the financial statements

We request that the Board confirm to us their views on the risks of fraud to the Charity and whether they are aware of any fraud or suspected fraud having occurred during the year or since.

Contents

Introduction

• The audit process

Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

The audit process

We summarise in Appendix one some of the key aspects of potential fraud risk.

We are required to explain the extent to which the audit is considered capable of detecting irregularities, including fraud. However, auditing standards do not require our work on the audit of the financial statements to seek to prevent fraud or misstatement. That said, the fact that an audit is carried out may act as a deterrent.

We plan, perform and evaluate our audit work in order that we may have a reasonable expectation of detecting material misstatements in the financial statements arising from fraud or error. Please note that it is the responsibility of the Board to take such steps as are reasonable to prevent and detect fraud. The Board is also required to acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and to confirm that the Board believes they have appropriately fulfilled those responsibilities.

Please do not hesitate to discuss any aspects of your accounting systems and procedures that you believe may be worthy of further investigation as any review may be most efficiently performed at the same time as our audit of the financial statements.

Our anticipated fees

The anticipated fee for our audit and accounts preparation work will be £20,450. This anticipated fee excludes normal disbursements such as travel, printing, bank letter requests, etc. and it also excludes VAT. It is an estimate only (whether stated to be an estimate or quotation) but we will endeavour to ensure that estimates of our fees are as accurate as possible. We will inform you if the estimate requires significant revision particularly should there be a failure on your part to meet your agreed deadlines.

A part of our audit procedures is to seek bank confirmation of year end balances and other information. Historically this was done by way of a "bank letter". Most banks are now insisting on the use of a computerised bank confirmation system. Unfortunately this means that we are now charged additional software charges which we have to pass on, usually, as a disbursement of £89.00 plus VAT.

Any fee estimate will only apply to the work covered by your initial instructions and we reserve the right to vary the fees if the scope or nature of those instructions change. Any verbal estimate will be confirmed in writing. Any estimate provided is given in good faith as a guideline but cannot always be adhered to. You will be advised in writing if the nature or circumstance of the work being undertaken on your behalf changes in such a way as to render the estimate given inappropriate and if possible, a revised estimate will be given.

Key audit matters



Contents

Introduction

The audit process

• Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

Key audit matters

Audit area and key risks	Potential implication for audit approach	Planned audit approach
<p>1. Revenue recognition</p> <p>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.</p>	<p>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 can arise because of the lack of controls over rentals and voids, errors in accounting for rentals or fraud.</p>	<p>As auditors we are required to consider all the risks of errors arising from fraud or inappropriate revenue recognition and design tests to satisfy ourselves that the risks have been mitigated or eliminated. Where we consider that there are no such risks; we are required to state that fact and our reasons why. We will review the rent income process and test via walkthrough tests and an 'expectation test' which will incorporate voids in the year.</p>
<p>2. Management override</p> <p>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.</p>	<p>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>	<p>We will undertake tests on transactions arising from prime entry and review a sample of journals posted during the year, in the process of preparing the financial statements for audit and in the post balance sheet period to satisfy ourselves that transactions are processed for bona-fide reasons.</p>
<p>3. Going concern risk</p> <p>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</p>	<p>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</p>	<p>The auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on:</p> <ul style="list-style-type: none"> • Whether a material uncertainty related to going concern exists; and • The appropriateness of management's use of the going concern basis of accounting in

Contents

▶ Key audit matters

Introduction

The audit process

• Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

Audit area and key risks	Potential implication for audit approach	Planned audit approach
unless its management intends to liquidate the entity or to cease activities or has no realistic alternative to liquidation or cessation of 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.	normally adopted. Where there is some concern, if financial statements have been prepared on the going concern basis, disclosure should be made 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 at https://www.frc.org.uk/Our-Work/Publications/Accounting-and-Reporting-Policy/Guidance-on-the-Going-Concern-Basis-of-Accounting.pdf	the preparation of the financial statements. These responsibilities exist even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the Charity's ability to continue as a going concern. We will enquire as to the systems and controls that the Board has in place to ensure that they are able to properly ascertain the going concern of the business.
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 required to assess the risk that we have not been informed of the identity of all related parties and the transactions taking place with them; the absence of which may lead to significant misstatement in the financial statements. We are also required to assess the controls associated with the identification of related parties and the transactions taking place with them and to establish whether these transactions are fully and correctly disclosed in the financial statements. Where sufficient controls do not exist; we are required to assess the risk of significant misstatements arising and

Contents

Introduction

The audit process

• Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

Key audit matters

Audit area and key risks	Potential implication for audit approach	Planned audit approach
		<p>to report these risks to management. Where appropriate our audit report will be suitably qualified.</p> <p>So far as we have ascertained the related parties we need to be aware of are as follows:</p> <ul style="list-style-type: none"> • Governors • Peter Neilsen (key management) <p>Please inform us immediately if there are any additional related parties that we have not identified above.</p>
<p>5. Accounting Estimates</p> <p>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.</p>	<p>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.</p>	<p>In response to the assessed risks to our audit opinion, we are required to undertake one or more of several evaluation techniques taking account of the nature and significance of the accounting estimates used.</p> <p>We will enquire as to the systems and controls that the Board has in place to ensure that significant accounting estimates are identified and appropriately calculated and compare with prior years' results. Significant accounting estimates would comprise:</p> <p>Depreciation provisions (including residual value and estimated useful life of the asset; and</p> <p>Pension provisions on the multi-employer defined benefit scheme.</p>

Contents

Introduction

The audit process

• Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

▶ Key audit matters

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 will design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our planned procedures are capable of detecting irregularities, including fraud is detailed below: -

- the engagement director will ensure that the engagement team collectively have the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we will identify 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 provider's sector;
- by focusing on specific laws and regulations which we consider may have a direct material effect on the financial statements or the operations of the Charity, 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 plan to assess the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we will ensure that the identified laws and regulations are communicated within the audit team regularly and the team remain alert to instances of non-compliance throughout the audit.

We will assess 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 will: -

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

Contents

Introduction

The audit process

• Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

▶ Key audit matters

In response to the risk of irregularities and non-compliance with laws and regulations, we will design procedures which include, but are 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
- requesting non-routine correspondence with HMRC, relevant regulators [Register of Social Housing] and the Charity's legal advisors.

There are inherent limitations in our anticipated 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.

Contents

Introduction

The audit process

- Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud



Audit timetable

Contents

Introduction

The audit process

Key audit matters

• Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

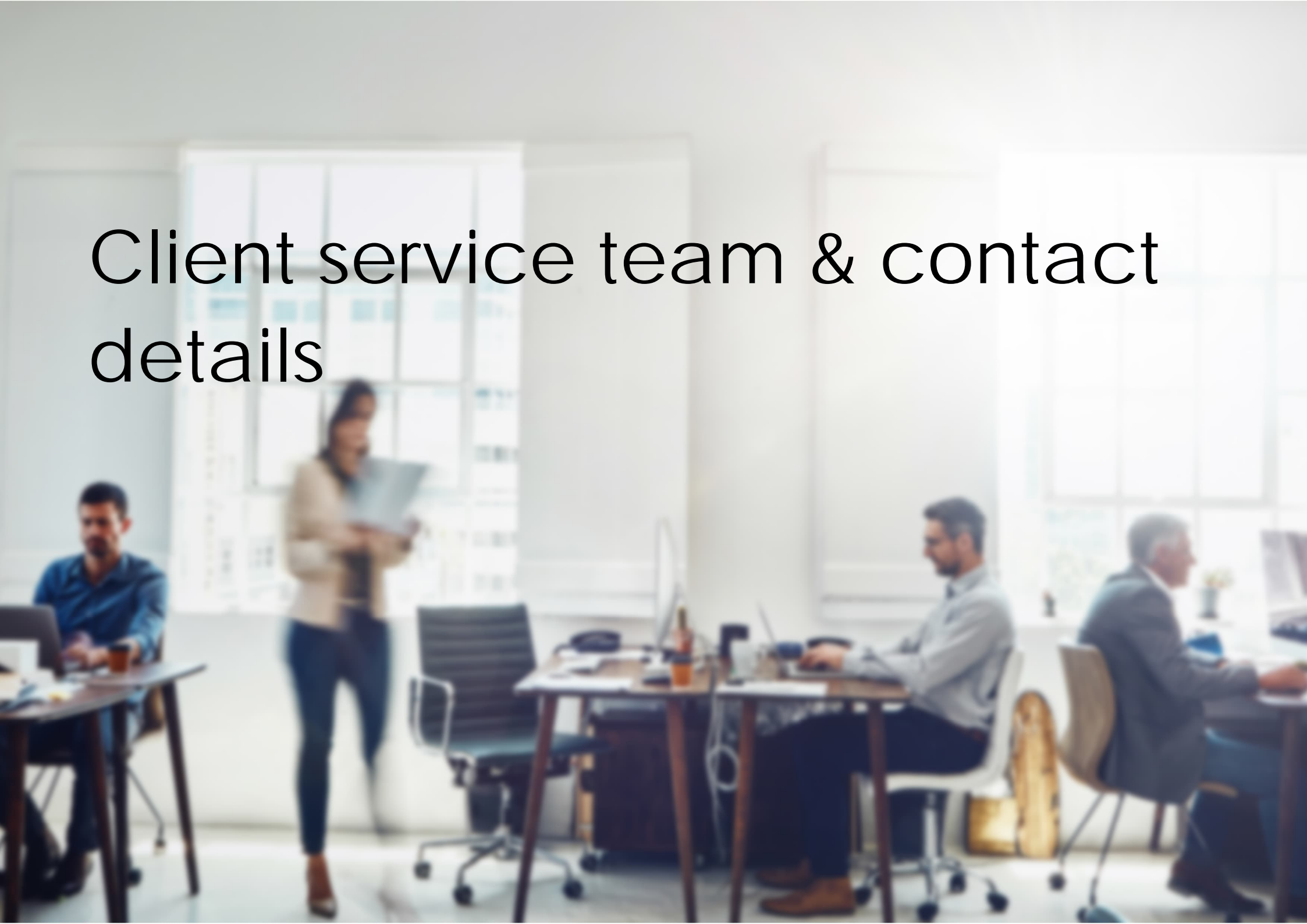
Audit timetable

We have discussed the anticipated audit timetable and we should be grateful if you would now confirm that the audit timetable set out below will meet your requirements and that you will be able to meet your deadlines as follows: -

Audit timetable	Responsibility	Due by
Pre audit planning meeting	All	Performed 1 July 2025
Your records made available to the accounts and audit teams.	NEHA	Received 04/07/2025
Audit Planning Report issued to the Board.	Kinnair	15/08/2025
Audit fieldwork commences.	Kinnair	11/08/2025
Draft Audit Findings Report, and financial statements issued to the Board.	Kinnair	04/09/2025
Audit close out meeting.	All	04/09/2025
Board approval of the financial statements and letter of representation.	NEHA Governors	12/09/2025
Kinnair signing of the audit report.	Kinnair	12/09/2025

We confirm that we are able to accommodate the deadlines set out above. Please note that adherence to the timetable is linked to our proposed audit fee. Should there be a failure on your part to meet your agreed deadlines we may incur additional time costs in order to meet the Board approval deadlines which we would seek to recover from you.

Client service team & contact details



Contents

Introduction

The audit process

Key audit matters

Audit timetable

- Client service team & contact details

Auditor independence

Developments in financial reporting and other matters

Appendix one: Communications, Independence and Fraud

▶ Client service team & contact details

The principal members of the Audit Team are:

Director & Senior Statutory Auditor

Detlev Anderson

M 07740 823 679 D 0191 286 7777
detlev-anderson@kinnair.co.uk

Manager

Chris Black

M 07771 582569 D 0191 286 7777
chris-black@kinnair.co.uk

Using our audit information portal

We recommend that documents be uploaded to our secure portal at <http://uk.casewarecloud.com/Kinnair>.

Auditor independence



Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team
& contact details

• Auditor
independence

Developments in
financial reporting
and other matters

Appendix one:
Communications,
Independence and
Fraud

Auditor independence

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 accordance with ISA 260 and the FRC Revised Ethical Standard 2024 we are required to summarise for your attention any matters that we consider may have a bearing on our integrity, objectivity or independence in connection with the audit of your statutory financial statements. We summarise below those specific matters that we consider may have a bearing on our independence in connection with the audit of your statutory financial statements.

We will formally confirm our independence in our Audit Findings Report at the end of the audit, but for audit planning purposes, we advise that we are not aware of any matters that will prevent us from performing the audit of the financial statements for the accounting period ended 31 March 2025. Subject to the presence of the safeguards set out below, we believe that none of the non-audit services provided on your behalf affect our independence as auditor.

If you have any concerns in connection with our independence please let us know as soon as possible so that we may address these before we commence our audit.

Factor affecting independence	Threats to our independence	Safeguards imposed to eliminate the threat
We prepare on behalf of management the entity's statutory financial statements from such information as is available to us.	This presents a management and self-review threat to our independence and objectivity as auditor.	You have "informed management" on whom we are entitled to rely; all adjustments will be approved by "informed management" before the statutory financial statements are finalised. Also, these adjustments and any potential adjustments are disclosed in our Audit Findings Report presented to the Board at the end of the audit.

Developments in financial reporting and other matters



Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

- Developments in financial reporting and other matters

Appendix one:
Communications,
Independence and
Fraud

▶ Developments in financial reporting and other matters

There are no major changes to UK GAAP financial statements and no other regulatory changes affecting financial reporting this year. The amendments to FRS 102 below, whilst significant, will not affect your financial statements for two years.

Title	Description	Effective date
Amendments to FRS 102 <i>The Financial Reporting Standard applicable in the UK and Republic of Ireland</i> March 2024	<p>Revisions have been made to the UK Accounting Standard FRS 102, which will have significant effects on how entities account for their revenue and on accounting for leases.</p> <p>Significant changes to profit/net income and to the disclosure of leased assets in the balance sheet will result.</p> <p>The Charities SORP will be amended accordingly to reflect these changes.</p> <p>Those small entities utilising Section 1A of FRS102 should also note that some disclosures that were previously only recommended have now been made mandatory. These include: -</p> <ul style="list-style-type: none"> - Dividends declared, paid or payable during the period; - Going concern material uncertainties. 	Effective for accounting periods beginning on or after 1 January 2026.
Company Size threshold changes	<p>The limits defining the definition of small and medium size companies have changed.</p> <p>For small companies, the turnover limit increased from £10.2m to £15m.</p> <p>For medium size companies, the turnover limit increased from £36m to £54m.</p> <p>The gross asset totals increased to 50% of the new turnover totals.</p>	Accounting periods commencing on or after 6 April 2025.

Whilst not directly affecting financial reporting, an impending change to Companies House is also of interest.

Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team
& contact detailsAuditor
independence

- Developments in financial reporting and other matters

Appendix one:
Communications,
Independence and
Fraud

▶ Developments in financial reporting and other matters

Title	Description	Effective date
Changes to Companies' House requirements	<p>The <i>Economic Crime and Corporate Transparency Bill</i> received royal assent in Autumn 2023 and will have the following impacts (amongst others): -</p> <ul style="list-style-type: none"> - The exemption for small companies not to file their profit and loss accounts will be removed. <i>This could have a significant impact on those small companies whose profit and loss accounts are commercially sensitive.</i> - New verification procedures will be required for all registered company directors and People with Significant Control. - Charitable companies will be required to file digital accounts. The requirement will be for iXBRL accounts, rather than merely an electronic filing of a PDF of the accounts. <i>This increases the cost and administrative burden on those small charities which historically have been allowed to file paper copies of their financial statements. Our charity accounts software has the capacity to prepare iXBRL accounts for our charitable company clients so we hope to be able to limit the administrative burden that will be caused by this change. The Charity Commission is also expected to suggest that charities file iXBRL accounts with themselves but it does not have the authority to demand them.</i> <p><i>These impending regulations are causing some charitable companies to look more closely at converting to a Charitable Incorporated Organisation. CIOs are not companies and do not have to comply with the Companies Act or with other regulations specific to Companies.</i></p> <p>Most changes will require additional supporting legislation which is still to be confirmed.</p>	In stages from 2025 onwards.

Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

- Appendix one:
Communications,
Independence and
Fraud

Appendix one.

Communications, Independence and Fraud



Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team
& contact detailsAuditor
independenceDevelopments in
financial reporting
and other matters

- Appendix one:
Communications,
Independence and
Fraud

Appendix one: Communications, Independence and Fraud

Audit communications

We are required by ISA (UK) 260 "Communication of audit matters with those charged with governance" to make some specific communications to the Board. These are summarised as follows: -

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.	✓	✓

Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team & contact details

Auditor independence

Developments in financial reporting and other matters

• Appendix one: Communications, Independence and Fraud

► Appendix one: Communications, Independence and Fraud

Kinnair Associates Limited 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 director 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 director.
- 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 director has acted for more than 10 years, we subject the audit performed to an Engagement Quality Control Review carried out by an Independent Review Director.
- 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 Director. Alternatively we do not accept the non-audit engagement.

Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team & contact details

Auditor independence

Developments in financial reporting and other matters

- Appendix one:
Communications,
Independence and
Fraud

▶ Appendix one: Communications, Independence and Fraud

- 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 or Public Interest Entities. 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 director 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;
- directors 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.

Contents

Introduction

The audit process

Key audit matters

Audit timetable

Client service team
& contact details

Auditor
independence

Developments in
financial reporting
and other matters

- Appendix one:
Communications,
Independence and
Fraud

Appendix one: Communications, Independence and Fraud

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.

Conclusion



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

If you have any questions concerning our planned work please do contact either me or Chris Black.

We look forward to working with you during this year's audit.

With kind regards,

Detlev Anderson

M 07740 823 679 T 0191 286 7777 E detlev-anderson@kinnair.co.uk

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

Kinnair Associates Limited
Aston House, Redburn Road
Newcastle upon Tyne
NE5 1NB

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