

**REGISTERED COMPANY NUMBER: 00090288 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 222041**



**REPORT OF THE TRUSTEES AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022  
FOR**

**CHILDREN NORTH EAST  
(A COMPANY LIMITED BY GUARANTEE)**

Read, Milburn & Co  
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NE30 1AF

## **CHILDREN NORTH EAST**

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## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of 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).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing documents**

Children North East is a registered charity in the United Kingdom and a company limited by guarantee registered in England. The governing instruments are the memorandum and articles of association as adopted by special resolution passed in 2007.

### **Recruitment and appointment of trustees**

Trustees of Children North East are also directors of the company. They are appointed at the annual general meeting for three years. A third of Trustees (selected by those longest in office) retire in rotation at each annual general meeting but may be re-elected for a further 3-year period. The Board also appoints during the year as necessary.

Since the last annual report four trustees have retired, with two of these being subsequent to the financial year end. The Board reviews expertise among the existing trustees and recruits people with expertise that the Board lacks. The Board is currently undergoing a recruitment process to appoint additional Trustees to ensure there is the right mix of skills and experience among the trustees.

### **Trustee induction, training and appraisal**

New trustees are provided with information about the charity, the role of the Board and the responsibilities of trustees.

Induction training is tailored to the experience, skills and interests of each trustee but includes meetings with the chief executive and key staff. Induction may include: visiting projects and meeting staff and volunteers. All trustees have an annual conversation with the chair to review their contribution.

### **Organisational structure**

The governing body is the Board, which normally comprises twelve trustees. The Board is responsible for the strategic direction, policy and finances of the charity. The Board exercises its responsibilities through full board meetings and operational board meetings. The Chief Executive manages the charity on behalf of the trustees. There is a clear structure and reporting accountabilities that runs through the whole organisation.

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### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

#### **Risk management**

Trustees maintain a register of the main strategic, business and operational risks to the charity and ensure that systems and procedures have been established to reduce the risks. Risks are reviewed, actions recommended and monitored in board and sub-committee meetings.

The key controls used by the charity to mitigate risks include:

- Strategic planning, budgeting and regular financial management reports;
- Established organisational and governance structure and lines of reporting, with declarations and register of interests for trustees and senior staff;
- Procedures to ensure the health and safety of staff, volunteers, service users and visitors; and procedures to safeguard children and vulnerable adults;
- Formal written policies, which are reviewed regularly;
- Hierarchical authorisation and approval levels;
- Annual consideration of the level of reserves and the reserves and investment policies;
- Formal agenda for Board activity and minutes of decisions.

Trustees are satisfied that the major risks identified have been adequately mitigated.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives**

The charity's objects are:

- a) to promote the general health, education and development of children, young people and their families and carers living in the north east of England, the rest of the United Kingdom and such other locations as the trustees of the charity determine from time to time. This is achieved through the provision of a range of services, training and development opportunities for babies, children, young people, their mothers, fathers, carers and the professionals who work with them; and
- b) to educate the public and professionals in child welfare issues.

Children North East exists 'because growing up can be hard' for children, young people and their parents. The charity pays particular attention to transition stages during growing up when things can go wrong but can be put right relatively easily by effective early intervention. The five stages and the outcomes that the charity aims to achieve are:

1. Pregnancy and Babyhood – we want babies to feel safe and loved
2. Starting School – we want children to feel ready and looking forward to starting school
3. Changing School – we want children and young people to feel confident in school
4. Adolescence – we want young people to feel valued and confident
5. Becoming independent – we want young people to feel they are given a chance

Put together these outcomes add up to Children North East's mission that 'children and young people grow up healthy and happy'.

The United Kingdom is a signatory to the United Nations Convention on the Rights of the Child, which gives all children the right to health, education, safety, play, family life, protection from harm and

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### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

support when things go wrong at each stage of growing up. Children North East targets services to those children and young people who do not enjoy all these rights.

Children North East was established in 1891, making 2021 our 130<sup>th</sup> anniversary. Throughout that time, the overall objective of the charity has been to make a positive difference to the lives of babies, children and young people.

Children North East has worked tirelessly over the last year to ensure that we could continue to deliver our services to the people we work with. Because of the ongoing impact of the COVID-19 pandemic, this has invariably meant that we have delivered less of what we would normally do and continued different ways of working.

### **Our Strategy and Theory of Change**

#### **Strategy**

Children North East have a 5-year Strategy covering 2021 to 2026, which sets out how the charity will achieve its objectives, and how it will create and make the most of opportunities over the coming years, in line with Our Vision that babies, children and young people grow up to be healthy and happy.

In 2021 we reviewed our outcomes against our purpose and strategy, and we have made some refinements to this. Now our ambitions are to ensure that all babies, children and young people are given the opportunities to be happy and healthy and to grow up feeling:

- Safe and loved
- Resilient to challenges they may face
- Valued and confident

We continue to work against our strategic objectives and have developed a theory of change that reflects the intention of our work to meet its purpose and the strategic objective agreed for the next 5 years. Our objectives are:

#### **Sustainability and growth**

- Increase and diversify our income
- Diversify our workforce
- Build our networks
- Accountability across our organisation

#### **Reach**

- Raise our profile
- Increase our presence
- Widen our reach

#### **Impact**

- Measure our impact
- Address inequalities
- Build a strong workforce

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

#### Theory of Change

Our strategy supported us with a 5-year vision of where we want to take the charity. It provided us with a solid foundation, and, as outlined in our review of the year, achievements have been made and we are continuing to progress well. During 2021 we also reviewed our theory of change and decided to adapt and renew a version of this. Our purpose remains the same; we want to ensure all babies, children and young people are given the chance to grow up happy and healthy. Our work supports this purpose and we deliver against this through the following support services:

- Therapeutic Services
- Mental Health Support
- Youth Work
- Domestic abuse support
- Community based initiatives
- Family Support
- Poverty Proofing©
- Participation and consultation

We recognise the importance of directly delivering services to the people we work with, in many of our services we offer a bespoke approach, ensuring that babies, children, young people and families are supported in the way that they want. However, what we recognised through developing the theory of change is that we don't always put equal weight into trying to change the ways things work that stops babies, children and young people from being happy and healthy, and so in 2022 we want to:

- **Campaign** on issues affecting babies, children and young people
- **Challenge** those in positions of influence at all levels who make decisions affecting the lives of babies, children and young people
- **Influence** social policy and system change to address obstacles preventing babies, children and young people growing up happy and healthy
- **Collaborate** with others to ensure that our purpose and outcomes are achieved

Whilst this is a key ambition of our leadership and management team, in the long term it is our ambition that everyone who works for Children North East are supporting us to reach these wider goals.

We will be training, developing and monitoring the impact of this work by growing our presence across a number of platforms and will be able to report in next year's annual report about achievements made.

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **COVID Impact**

As we moved back into working in the office in September 2021, we had learnt so much from our time during COVID-19 that we now have some new ways of working. This has included hybrid working options for staff, and we have worked to ensure that all staff have the technology to enable them to work from home when needed. We have incorporated some online work into the projects that we have been delivering, this includes continuing to use (when appropriate) online counselling sessions to young people.

During the pandemic, we have been conducting a consultation in partnership with Newcastle University, seeking out and listening to the experiences of children and young people during COVID-19, although the findings will not be available till late 2022, it will provide us as a charity with further evidence of what our focus should be in the coming years.

##### **Sustainability and Growth**

###### **Operational**

In the 2021/22 financial year, we embarked on a restructure of our operational teams. This was long overdue and put on hold because of COVID-19. We reviewed all of our work and put in place a more robust management structure to support the growth and sustainability of the work that we do. Our Service Managers were replaced with two Heads of Service who take on a more overarching role both internally and externally, freeing them up from day-to-day management and taking opportunities to grow our work in other areas. We also appointed two Deputy Heads who provide a more dedicated day to day management to our ever-expanding work. Lastly, we appointed seven team managers who hold a portfolio against the delivery work outlined above within our new theory of change. We continue to deliver our sexual health work and our youth work offer is developing, alongside our participation and consultation work which is acting as a gateway into other provision that we offer.

We are also collaborating with more organisations, we continue our UK Cost of the School Day project with the Child Poverty Action Group and next year we are in the process of starting new projects with Streetwise and YMCA in Northumberland, Mortal Fools and N.E.S.T (North East Solidarity and Teaching).

We have been successful in sustaining funding for much of what we have traditionally done over the last five years. We still have a thriving Peer Mentoring Programme, we continue to run our therapeutic infant mental health programme (renamed Little Minds in Mind in early 2022), we have developed our allotment space and our counselling services for children and young people continues to grow momentum and provide a much-needed service. Our Poverty Proofing© the School Day work continues to grow nationally. Our early help work in Newcastle and our growing specialist intensive family intervention service are all working incredibly hard to support families through difficult times. We also work with parent volunteers, many of whom have gained confidence since using our services and we have ambition to grow this area as we truly believe that lasting social change is achieved when led by those with lived experience.

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### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

We have also grown in many new areas, gaining confidence in delivering new programmes that are having a profound and positive effect on babies, children and young people. Here is a short summary of some of that growth:

#### **Poverty Proofing© Health Settings**

Children North East, in partnership with the Child Health and Wellbeing Network (CHWN) are combining expertise in addressing both health inequalities and poverty in the North East and North Cumbria, in the delivery of the holistic programme 'Tackling Inequalities for Children' (TIC). We are Poverty Proofing© eight settings across our four Integrated Care Partnerships in the North East with a focus on reducing health inequalities in both rural and urban areas across the following health areas: sexual health, general practice, paediatric speech and language therapy, CAMHS (Child and Adolescent Mental Health Services) service pathway, paediatric outpatients, and social prescribing.

Patient feedback following consultation during the Poverty Proofing© process:

'It's been cathartic! It's been safe. It's been a 1:1 conversation with you and a chance to talk about the community, and I feel like I've been given a chance to talk about my community.'

Feedback from Health Professional:

*'I really enjoyed the training, it made me think of a lot of things you just don't think of, or you make these assumptions, you always see a phone number and you don't think about those without one. The whole conversation is making us think about what we're doing and reaching a whole layer of the population we might not already be reaching.'*

#### **Poverty Proofing© in Warwickshire**

Our partnership with Warwickshire Council has combined expertise in health and social inequalities in Warwickshire as part of the wider Tackling Social Inequalities in Warwickshire Strategy 2021 which is being carried out across the county, including maternity services, leisure services, palliative care, and upcoming work in housing. The production of our Poverty Proofing® e-module has provided opportunity for a number of healthcare staff to be trained in poverty awareness across Warwickshire County.

Tweet from Sharon Hudson, Strategic Nurse Consultant in Palliative Care and Clinical Lead EoL Warwickshire ICS Equity-Education Research:

*'We are starting some work with @povertyproofcne looking at the impact of financial hardship on end-of-life care. Already hearing of oxygen concentrators switched off and mobility scooters which can't be charged, it is unforgiveable.'*

#### **Domestic Abuse Recovery Programme (DARE)**

DARE is a community-based programme for children aged between 5 – 16 years who have been exposed to domestic violence and abuse. This is a recovery programme which seeks to give children an opportunity, in a safe and therapeutic way, to move beyond the violence and abuse that has happened in their family. During the group, the children are given an opportunity to process and understand what they have experienced. During 2021/22 we supported 130 victims of domestic abuse.



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### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

Feedback from parent:

*I have found the whole thing fascinating and enjoyable. It's been great for my kids to have a safe place. I have done a lot of courses through Social Services but my kids have never had a place to ever be able to come to terms with everything and feel like they're not being questioned or feel like they were going to get me into trouble. I have found Queenie fascinating and passionate which has made this even more interesting. There have been some things which I believe that kids need to be aware of, abuse, especially emotional abuse, and I feel this course should be there for every family as it's something that has brought me and my kids a lot closer about accepting and moving on from problems or arguing that we all have been through.*

#### ROSES

ROSES (Recovery of Survivors Emotional Support) is a peer support group that runs weekly for parent victims to join. Parents have engaged in Yoga sessions to promote good physical and mental health, participating in food hygiene classes, gaining a certificate in Food Hygiene which could support volunteer or employment opportunities. This group is open to victims of domestic abuse that may have attended domestic abuse programmes with other agencies or for those not yet ready for the DARE programme. We have supported 10 women on this programme

#### SEND (Special Educational Needs and Disability) work

Within our Youth Service, there has been exciting developments to meet the needs of young people aged 11-25 with special educational needs and disabilities, this includes:

- The Briardale Group developed initially from an identified need for a youth-based group in the Blyth area of Northumberland. This group supports young people with neurodiversity needs. The group runs weekly, with fortnightly sessions for Under 14 and Over 14s to meet demand and to enable workers to fully support the individual needs of the young people attending. Sessions are young person led and have supported young people with their emotional health and coping strategies e.g., the group requesting to make feelings diaries and presenting the idea to workers who facilitated this. The young people have opportunities to try new experiences within the community and activities to help with confidence, social skills and independence. Referrals into the group are received from professionals and parents in addition to internal referrals as part of our short breaks offer.
- We expanded our offer of Short Break provision following a successful pilot within North East and North Cumbria (NENC). Young people with SEND needs living in Northumberland, Newcastle and across NENC area can be referred into Short Breaks which offers 1:1 based community support with a volunteer mentor or paid worker (depending on complexity of need). Feedback received has indicated the young people enjoy having time out of their home situation, with someone who is not a family member. This is in addition to the option of accessing external local groups and internal CNE groups including FAB and Briardale. As part of this process, the young person completes an Initial Assessment to include family members, which helps workers understand the specific situation and requirements for support. Work has also developed within certain schools who have requested group-based support for small groups of students with SEND needs, which in the holidays has also expanded to include community-based support to improve independence skills and the continuation of peer relationships during a time which for some young people can be more isolating.

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#### CAN (Confident Adults North East)

The CAN project helps 16–25-year-olds from Newcastle and Gateshead who may require support to transition into adulthood or make steps towards improving their confidence and reducing isolation. CAN aims to support young adults to overcome any barriers affecting them to move forward in their lives. This project is being fully funded by a major donor.

#### Case Study

*Josef is a 21-year-old who was referred to CAN because he was socially isolated and experiencing low self-esteem. Josef didn't have any positive activities in his life. Josef took on a lot of caring responsibility with younger siblings at home after his father passed away 2 years ago. Josef was very keen to work but he was struggling to apply for and find work. English is not Josef's first language and he lacks confidence in his ability to communicate with others. He has a passion for dance but this is only ever something he has done at home.*

*Josef was paired with a mentor called David and a shared passion for dancing was an instant ice breaker. They used a local dance studio, Dance City, as a base to meet and get to know each other and David was able to get Josef enrolled onto an Afro dance class, every Wednesday evening with the financial support from CAN. This was an amazing opportunity for Josef as this is something Josef has only dreamt about but could never afford.*

*David then supported Josef with other elements in his life. As Josef dreams of opening his own Dance studio, David set up a meeting with a producer at Dance City, this gave Josef an opportunity to find out all about career options and academic courses available to him.*

*These discussions were beneficial because although he is not ready for this yet it gave him hope for the future. David worked with Josef on his CV and supported Josef to get relevant qualification documents that he was missing from school. David also supported Josef to get his right to work documents.*

*Josef attended two workshops with Hays recruitment around building CV's and Interview skills. David and Josef explored work options and looked into temporary career options to get Josef into the job market. They secured an interview with a hotel in Newcastle and CAN were able to make links with a community interest company called 'Suitability CIC' to get Josef some interview clothes donated as this was something he did not own.*

*David was able to meet Josef before the interview to prep him and make sure he was feeling confident, Josef did amazingly well in his interview and he got the job!*

*Josef has now started his employment and he is absolutely loving it. He feels ecstatic, proud and so very grateful to CAN and his mentor for all the support. David has a few more sessions left with Josef where he will make sure he is supported in the first crucial weeks of employment. David will work on some budgeting skills with Josef so he is able to manage his first ever wage at the end of the month. Thanks to CAN and the dedicated time from a committed volunteer, this young person's life has been completely transformed in just 7 weeks.*

*This is just one example of the incredible and unique support CAN is able to offer young adults in what can be a difficult time in their lives and how this support, thanks to you is life-changing.*

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#### Neurodiversity work

Masquer-Aid is a unique project for neurodivergent young people which has developed and adapted over the last year to meet the needs and demand of young people who are pre or post Neuro diagnostic assessment. Young people receive bespoke support from our highly skilled team through short-term 1:1 support, small group work or counselling. We aim to build young people's confidence and self-awareness, get help with their mental health and come to terms with their diagnosis. Our work has been developed with a focus group of people who are neurodivergent to ensure that what we offer is shaped by people with lived experience.

Feedback by a parent whose child has been supported by Masquer-Aid:

*'His communication has definitely improved; he's actually spoke to his psychiatrist & people at college. Admittedly not much but a big step for him! His enthusiasm for coming to the group is massive for his social development, he actually sets his own alarms etc. & reminds us about it rather than the other way round! Considering how averse he was to coming to the group in the first place & we could barely get him to leave the house for school he's come a long way, especially deciding to go to two groups a week. I know these are small differences that other people would barely notice & there's still huge amounts of work to be done but for himself it's really big steps'*

#### Fundraising

Our approach to fundraising is to encourage supporters and local businesses to fundraise for Children North East, and to engage in our events. Businesses also provide pro bono support and their sponsorship of fundraising events organised by Children North East helps reduce costs and increases net income.

Due to the impact of COVID-19, the majority of the usual fundraising events organised by Children North East have been unable to go ahead during the past two financial years. However, a number of events are currently being planned for the 2022/23 financial year and an Events and Community Officer has been appointed to help grow this area post COVID.

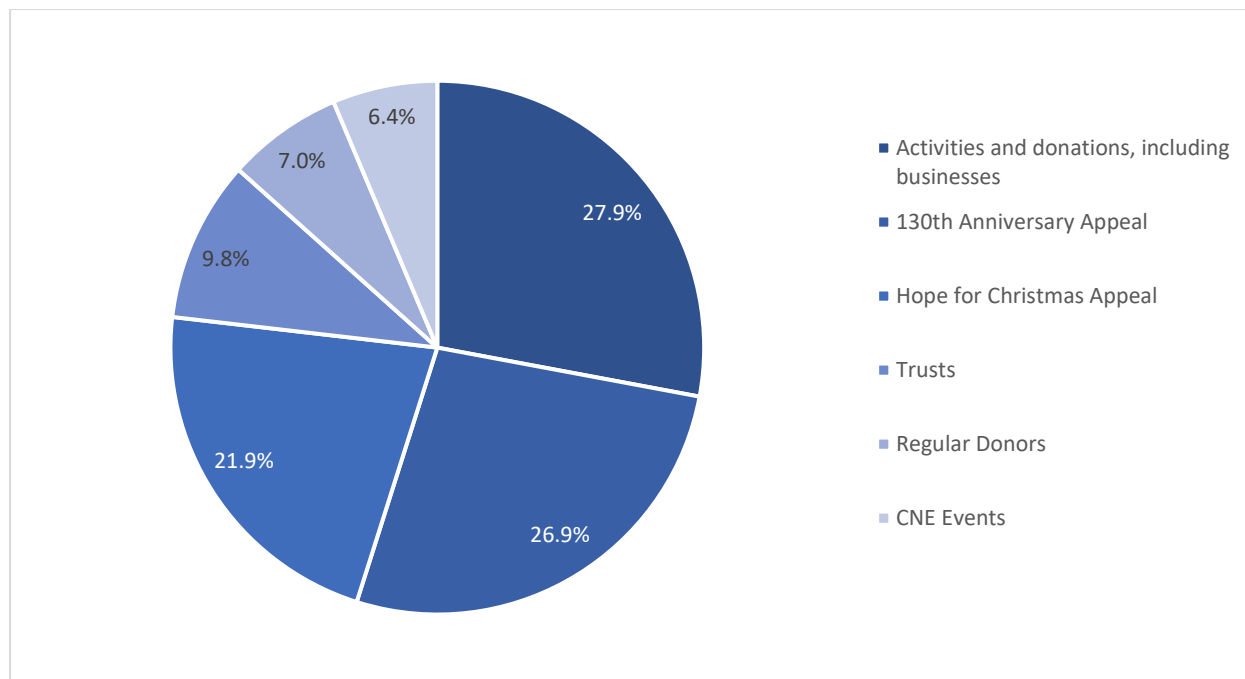
The Hope for Christmas appeal took place again and raised a record amount of just over £40,000, including £6,000 raised as part of The Big Give Appeal. The focus of the Appeal was to "Give a Child a Hand Up not a Hand Out".

Children North East fundraising conforms to the requirements of the Fundraising Regulator. The Board of Trustees monitors fundraising activities carried out by Children North East. There were no complaints made to Children North East about our fundraising during the year.

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### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

This chart shows the sources of fundraising income during the financial year, other than the People's Postcode Lottery:



### Reach

Children North East have a footprint in every local authority in the North East, whether that is through direct delivery provision or delivering our unique and ground breaking Poverty Proofing© the School Day. Whilst direct delivery mainly takes place in Newcastle, Gateshead, North Tyneside and Northumberland, we reach out to South Tyneside and Sunderland through our work with the Police and Crime Commissioner, and we have plans in 2022/23 to expand this reach and will be setting up hubs in Northumberland and Gateshead.

We worked with 377 organisations, through our referrals system, including schools, colleges, local authorities, the police, the health sector and the voluntary sector. We work in schools in every part of the North East region and in other parts of the United Kingdom.

Children North East provides opportunities for adults and young people to volunteer their time as mentors and offers practice placements for social work students. During the financial year, we worked with 57 (2021: 44) volunteers and 4 (2021: 15) students. We are looking to expand these opportunities in 2022/23.

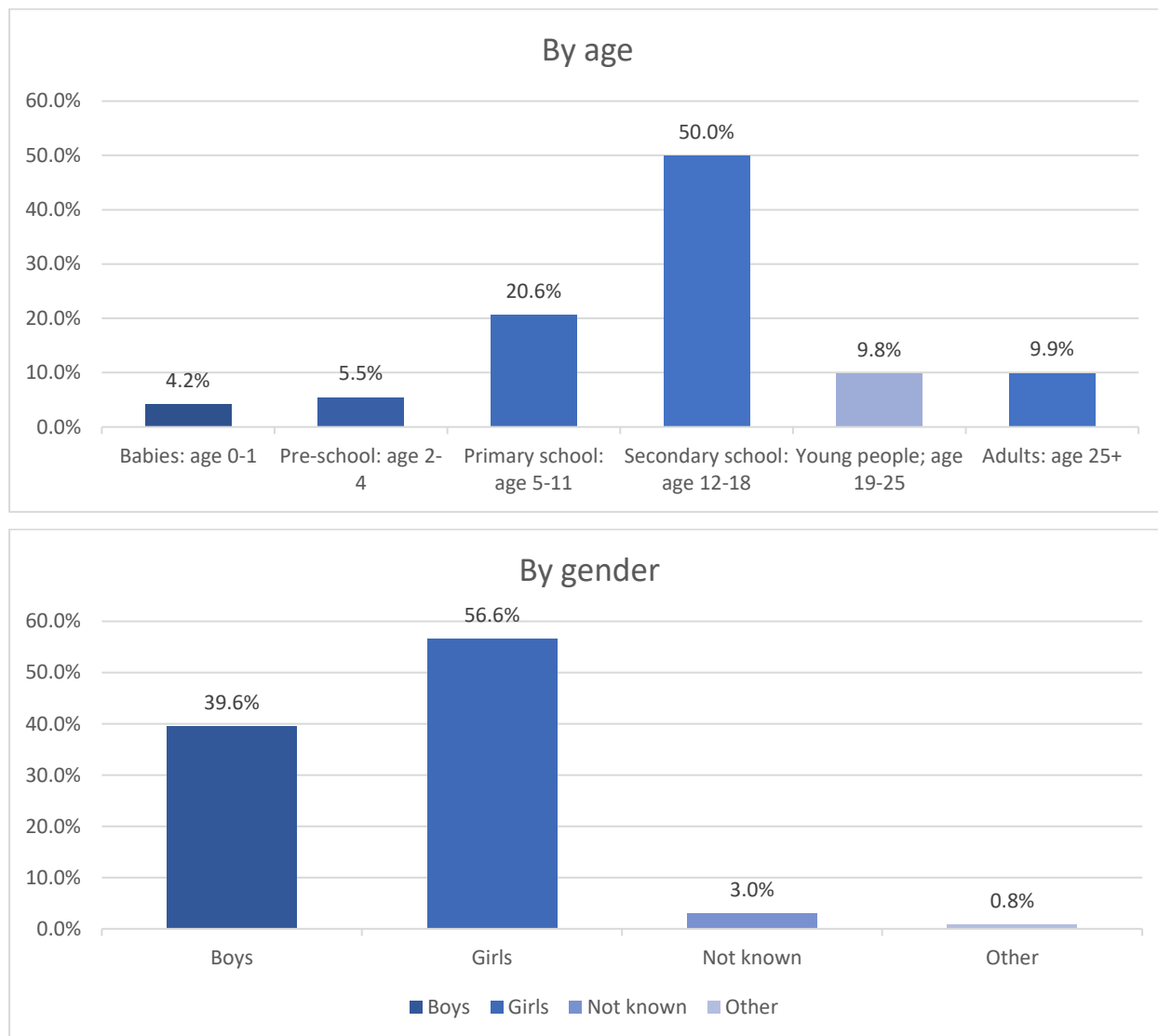
During the 2022 financial year, Children North East provided services directly to a total of 4,132 individuals (2021: 2,949). The impact of COVID-19 continued to be reflected in these figures and so they are not comparable with previous years. We also had impact on children at 595 schools where we delivered our Poverty Proofing© programme.

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### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

#### Demographics

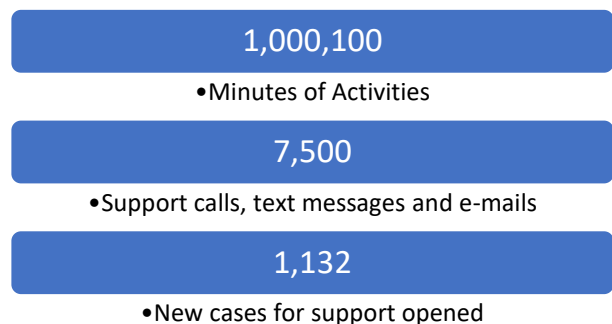
Direct services were provided to the following demographics:



Overall, we worked with 708 (2021: 554) families.

#### Activities

During the financial year, our staff delivered the following amount of activities to help babies, children and young people:



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We have delivered the following to those who need it most, including:

- 2,285 counselling sessions for young people
- 2,348 attendances at young people drop in sessions
- 711 Little Minds In Mind therapy sessions
- 578 family invention sessions
- 426 peer mentoring sessions

These services were provided by:

- 30 full-time staff
- 24 part-time staff
- 14 sessional workers
- 4 students on placement
- 57 volunteers
- 30 Youth Link peer mentors

If the volunteers were paid at the Living Wage (Children North East is a Living Wage Foundation employer) their contribution would have been worth approximately £47,652 (2021: £22,943).

### **Impact**

Children North East want all babies, children and young people to be happy and healthy and to grow up feeling; safe and loved, resilient to challenges they may face and feel valued and confident.

To enable us to be able to understand the impact we will have, we have invested in systems this year to make sure we know the impact that we are having, this includes continuing to invest in our CiviCRM system, and upgrading our Outcome Star™ so that staff can put this information online, providing us with much more efficient feedback against our core outcomes.

We also continue to assess our work through evaluations, feedback and case studies that bring the impact of our work to life, and we will be growing this aspect of our work over the next year.

Our service users are asked to complete an end of service questionnaire. Of those completed:

- 86% percent of service users who took the survey rated us a 5, being excellent;
- 100% of children and young people who attended counselling stated their mental health has improved as a result
- 67% of those supported by Little Minds in Mind showed improvements related to Anxiety, Stress and Depression

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### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

#### **FINANCIAL REVIEW**

##### **Financial Position**

At the balance sheet date, the group held funds of £582,890 (2021: £276,085) of which £422,500 (2021: £422,500) was designated in accordance with the reserves policy and an additional £29,777 (2021: £40,650) was represented by tangible fixed assets; there were no restricted funds. Excluding provisions, the group's free reserves amounted to £180,030 (2021: a deficit of £79,955).

##### **Principal Sources of Income**

The main sources of income are contracts and grants from the public sector and grant making bodies. These are a mixture of both restricted and unrestricted funds. In addition, we generate sales income through offering our services, in particular in regard to our Poverty Proofing© service.

We are very grateful to People's Postcode Lottery for £400,000 unrestricted income, plus a one-off extra award of £400,000. Previously, this funding has been utilised in advance of the financial year it related to, but thanks to this extra award, the funding is now back on track and is being spent in the period it is granted for. £150,000 of the extra award was used to fund our Parent Infant Partnership work from July 2021 until 30 June 2022 in order to keep this service running.

Other unrestricted income is generated through fundraising, donations and events.

Total income was higher than the previous year and is reflected in the reported surplus for the year.

It is the policy of the Board to wind down and close activities where there is no prospect of securing adequate funding.

##### **Grants**

Our thanks and appreciation go to the following for their grants during the financial year:

#iwill	Newcastle Fund
Action for Children	Newcastle University
Appletree	NHS Charities Together
Blyth Offshore Wind Farm Fund	NHS North Cumbria CCG-Grassroots Small Grants Fund
Buckland Charitable Trust	NIHR Applied Research Collaboration North East & Cumbria
Cafcass	North of Tyne Combined Authority
Carnegie Trust	North Tyneside Council
Carr Ellison Charitable Trust	North Tyneside Learning Trust
Child Health and Wellbeing Network	Northumberland Children's Trust
Child Poverty Action Group	Northumberland Village Homes Trust
Children in Need	Northumberland Youth Link
Comic Relief	Northumbria Police and Crime Commissioner
Community Foundation - Durham & Darlington	People's Postcode Lottery
Community Foundation - Tyne & Wear	Pilgrim trust
Community Health Fund	Screwfix Foundation
Coop Foundation	Sir James Knott Trust
Craft Council	Street Games

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Department for Digital, Culture, Media & Sport	Tesco
Department for Education	TIN ARTS
Hadrian Trust	Tyne and Wear High Sheriff
High Sheriff of Northumberland	W A Handley Charitable Trust
Joseph Strong Frazer Trust	Warburtons
Leslie and Lilian Manning Trust	West Midlands Police and Crime Commissioner
Linden Family and Prime Funds - CF	Yorkshire Building Society
Ncle CC Arts Council England Culture Bridge	Your Homes Newcastle
Newcastle City Council	Youth Focus : North East

#### ***Restricted income***

We received income through contracts with the following commissioners:

Ashington Learning Partnership  
Cumbria, Northumberland, Tyne & Wear NHS  
Newcastle and Gateshead Clinical Commissioning Group  
Newcastle City Council  
NHS Newcastle and Gateshead  
North Tyneside Council  
Northumberland County Council  
Warwickshire County Council

Children North East competes for contracts that are consistent with our mission, skills and experience, sometimes in partnership with other organisations.

#### ***Donations***

We are very grateful to all the businesses and individuals who support Children North East, there are too many to list. A special thank you goes to the following, who are some of the individuals and companies who have made donations over £1,000 during the financial year, as well as a number of other donors who wish to remain anonymous:

Andie Stokoe	John Lewis
Bellway Homes	Mrs Helen McArdle
Callum Underwood	Phillip Lee
Drummond Central	Robertsons Construction Ltd

#### ***Fundraising and events***

Thank you to all of the groups and individuals who have fundraised for us over the year, taking part in everything from quiz nights to walking challenges to raise funds and awareness for Children North East.



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### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

#### **Reserves Policy and Going Concern**

The Board reviewed the reserves policy during the year as follows:

The Board designates unrestricted reserves as:

- a) Premises (£422,500) comprising those reserves locked into land and buildings on a long-term basis (the Head Office building at 89 Denhill Park, Newcastle upon Tyne and the premises at 4 Graingerville North, Newcastle upon Tyne).
- b) The balance remaining after deduction of the foregoing designated reserves and provision for pension liabilities comprises those General Funds (£215,807, excluding the provision for pension deficit payments as detailed in notes 19 and 22) which are available as working capital to develop the charity and contingency to meet unforeseen shortfalls.

The Board has decided that fluctuations in restricted income are always known in advance and that plans will always be made to manage expenditure against this income without calling on reserves. The majority of expenditure is always staff salaries.

The Board considers that sufficient reserves should be maintained to manage the charity in the event of sudden withdrawal of significant unrestricted income. The Board has examined the pattern of income and expenditure over recent years and decided that a realistic 'comfortable' level of General Funds (free reserves) should be between £250,000 and £300,000.

#### **Investment Policy**

When investments are made the investment objective is to provide a balanced return between income and capital growth with a low to medium level of risk. Investments are made within an ethical framework set by the Board:

- No investments that would be against the interests of children (i.e., armaments, gambling, tobacco or alcohol).
- No equity investment to exceed 5% of the total value of the portfolio at the time of purchase.
- Total amount of fixed interest investments not to exceed 33% of the total portfolio.

There are currently no investments in place.

#### **Funds in deficit**

In accordance with FRS 102, the charity has recognised a provision in its financial statements for the present value of future additional contributions to its defined benefit pension scheme (as detailed in notes 19 and 22), amounting to £55,417 (2021: £267,020). As a result, in the prior financial year, there was a net deficiency in general, unrestricted funds of £146,415.

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

#### **FUTURE PLANS**

As part of our 5-year Strategy, and following the growth sustained in the past year, we have reviewed our central support services and a restructure of the finance, HR and fundraising, marketing & comms teams has taken place during 2022 to allow the teams to grow in line with the organisation. We have appointed a new Income Generation Director to lead to on growing our income, both unrestricted and restricted. As part of diversifying and growing our income, we are looking at a sales strategy within all areas of our support services, to allow our services to be accessed as required.

Operationally, we are ensuring that we have the right resource to work efficiently in the areas where we have secured funding, including setting up an office base. This commenced with a base in Ashington in the summer of 2022.

We continue to reflect on the work that we do against our strategic objectives and our aim is to grow the presence of Children North East in more areas of the North East over the coming years. We are also looking at how we can maximise opportunities to work in other areas of the UK, including Wales, Scotland and Northern Ireland, specifically in relation to our Poverty Proofing work.

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Trustees</b>	Mr David W Bavaird, Chair Mrs Debbie McCordall Mr Ian Railton Mrs Lucy Kendall Mr Stephen Robinson Prof Eileen Kaner Mr Mark Stoddart Mr Alex Coburn Ms Philippa Hughes Reverend Sarah Lunn Mrs Lisa Alcorn Mrs Lynn Charlton Mr Liam Clark-Brown Mrs Louise Hall	resigned 15 December 2021 resigned 11 July 2021 resigned 5 July 2021 resigned 14 September 2022 resigned 15 December 2021       appointed 15 June 2022 appointed 15 June 2022 appointed 15 June 2022 appointed 15 June 2022
<b>Chief Executive Officer</b>	Mrs Leigh Elliott	
<b>Operations Director</b>	Ms Michele Deans	
<b>Head Office &amp; Registered Office</b>	89 Denhill Park Newcastle upon Tyne, NE15 6QE	
<b>Auditors</b>	Read, Milburn and Co 71 Howard Street North Shields NE30 1AF	
<b>Bankers</b>	Unity Trust Bank plc Nine Brindley Place Birmingham B1 2HB	
<b>Investment Managers</b>	Speirs & Jeffrey Limited - currently no investments 36 Renfield Street Glasgow G21 NA	

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022**

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Children North East for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **AUDITORS**

The auditors, Read, Milburn & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the Board of trustees on 14 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'David W Bavaird', written over a horizontal line.

Mr David W Bavaird, Chair

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHILDREN NORTH EAST**

### **Opinion**

We have audited the financial statements of Children North East (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's 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.

### **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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit 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 consolidated 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.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHILDREN NORTH EAST**

### **Opinions 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 Report of the Trustees for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the parent company for the purposes of company law) are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHILDREN NORTH EAST**

### **Our responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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 consolidated financial statements.

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

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. In this regard, our procedures include the following:

- enquiry of management around actual and potential litigation and claims;
- reviewing minutes of meetings of those charged with governance;
- reviewing consolidated financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Liley FCA (Senior Statutory Auditor)  
for and on behalf of Read, Milburn & Co  
71 Howard Street  
North Shields  
Tyne and Wear  
NE30 1AF

15 December 2022

## CHILDREN NORTH EAST

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted Funds £	Restricted Funds £	2022 Total funds £	2021 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	585,288	-	585,288	611,198
<b>Charitable activities</b>	4				
General operations		18,499	-	18,499	38,872
Children and young people		782,423	358,751	1,141,174	690,536
Families and parenting		410,124	42,820	452,944	440,781
Parent infant partnership		165,586	-	165,586	293,731
Other trading activities	3	201,781	-	201,781	109,743
Other income		10,239	5,725	15,964	117,491
<b>Total</b>		<b>2,173,940</b>	<b>407,296</b>	<b>2,581,236</b>	<b>2,302,352</b>
<b>EXPENDITURE ON</b>					
Raising funds	5	41,491	-	41,491	47,836
<b>Charitable activities</b>	6				
General operations		293,537	5,725	299,262	725,189
Children and young people		832,679	336,629	1,169,308	568,216
Families and parenting		464,316	42,612	506,928	398,263
Parent infant partnership		257,442	-	257,442	258,693
<b>Total</b>		<b>1,889,465</b>	<b>384,966</b>	<b>2,274,431</b>	<b>1,998,197</b>
<b>NET INCOME</b>		<b>284,475</b>	<b>22,330</b>	<b>306,805</b>	<b>304,155</b>
<b>Transfers between funds</b>		<b>22,330</b>	<b>(22,330)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>306,805</b>	<b>-</b>	<b>306,805</b>	<b>304,155</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>276,085</b>	<b>-</b>	<b>276,085</b>	<b>(28,070)</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>582,890</b>	<b>-</b>	<b>582,890</b>	<b>276,085</b>

### CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.



**CHILDREN NORTH EAST (REGISTERED NUMBER: 00090288)****CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2022**

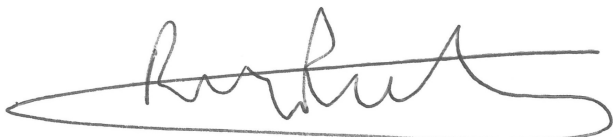
	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
<b>FIXED ASSETS</b>					
Tangible assets	13	452,277	463,150	452,277	463,150
Investments	14	-	-	1	1
		<u>452,277</u>	<u>463,150</u>	<u>452,278</u>	<u>463,151</u>
<b>CURRENT ASSETS</b>					
Debtors	15	616,353	354,061	616,353	449,779
Cash at bank and in hand	25	800,836	368,364	800,836	362,889
		<u>1,417,189</u>	<u>722,425</u>	<u>1,417,189</u>	<u>812,668</u>
<b>CREDITORS</b>					
Amounts falling due within one year	16	(1,231,159)	(642,470)	(1,231,160)	(639,264)
		<u>186,030</u>	<u>79,955</u>	<u>186,029</u>	<u>173,404</u>
<b>NET CURRENT ASSETS</b>					
		<u>638,307</u>	<u>543,105</u>	<u>638,307</u>	<u>636,555</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>638,307</u>	<u>543,105</u>	<u>638,307</u>	<u>636,555</u>
<b>PROVISIONS FOR LIABILITIES</b>	18	(55,417)	(267,020)	(55,417)	(267,020)
		<u>582,890</u>	<u>276,085</u>	<u>582,890</u>	<u>369,535</u>
<b>NET ASSETS</b>					
		<u>582,890</u>	<u>276,085</u>	<u>582,890</u>	<u>369,535</u>
<b>FUNDS</b>	20				
Unrestricted funds:					
General fund		160,390	(146,415)	160,390	(52,965)
Designated fund		422,500	422,500	422,500	422,500
		<u>582,890</u>	<u>276,085</u>	<u>582,890</u>	<u>369,535</u>
Restricted funds		-	-	-	-
		<u>582,890</u>	<u>276,085</u>	<u>582,890</u>	<u>369,535</u>
<b>TOTAL FUNDS</b>					
		<u>582,890</u>	<u>276,085</u>	<u>582,890</u>	<u>369,535</u>

continued...

**CONSOLIDATED BALANCE SHEET - CONTINUED  
AS AT 31 MARCH 2022**

The trustees have prepared group financial statements in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 14 December 2022 and were signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'David W Bavaird', with a long horizontal flourish extending to the right.

Mr David W Bavaird, Chair

# CHILDREN NORTH EAST

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
<b>Cash flows from operating activities:</b>					
Cash generated from/(used in) operations	24	433,611	360,109	439,086	363,304
Interest paid		(1,139)	(2,113)	(1,139)	(1,858)
<b>Net cash provided by/(used in) operating activities</b>		<u>432,472</u>	<u>357,996</u>	<u>437,947</u>	<u>361,446</u>
<b>Cash flows from investing activities:</b>					
Purchase of tangible fixed assets		-	(12,366)	-	(12,366)
<b>Net cash (used in)/provided by investing activities</b>		<u>-</u>	<u>(12,366)</u>	<u>-</u>	<u>(12,366)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		432,472	345,630	437,947	349,080
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>368,364</u>	<u>22,734</u>	<u>362,889</u>	<u>13,809</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>800,836</u>	<u>368,364</u>	<u>800,836</u>	<u>362,889</u>

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the group and charitable company, which is a public benefit entity under FRS 102, 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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets. The presentation currency of the financial statements is the Pound Sterling (£).

##### **Going concern**

The trustees are of the view that there are no material uncertainties regarding the charitable company's ability to continue and as such the charitable company is a going concern.

##### **Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiary CNE Trading Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

##### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- not provided
Motor vehicles	- at 20% on cost
Fixtures and fittings	- at 20% on cost and 25% on cost

No depreciation is provided in respect of the freehold properties held, which is a departure from the Companies Act 2006 which requires all properties to be depreciated. The directors however consider that the adopted policy of non depreciation of freehold properties results in the accounts giving a true and fair view.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022**

**1. ACCOUNTING POLICIES - continued**

**Related party exemption**

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Taxation**

The charity is exempt from corporation tax on its charitable activities.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial

**Pension costs and other post-retirement benefits**

The company contributes to a defined contribution pension scheme for its employees. Pension costs are charged to the income and expenditure account when paid which results in spreading the cost of pensions over the employees working lives with the charity.

**Investments**

Investments are stated at mid market value at the balance sheet date. Purchases and sales include transaction fees charged by investment managers. All other fees are charged to expenditure.

**Debtors**

Debtors and prepayments are recognised at the settlement amount due or amount prepaid.

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments.

**Creditors**

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

**Financial instruments**

Other than those mentioned above, the company 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.

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 2. DONATIONS AND LEGACIES

	2022	2021
	£	£
Post Code Children Trust	362,500	400,000
Other donations and legacies	222,788	211,198
	<u>585,288</u>	<u>611,198</u>

#### 3. OTHER TRADING ACTIVITIES

	2022	2021
	£	£
Fundraising events	24,731	7,966
Charges for goods & services	177,050	101,777
	<u>201,781</u>	<u>109,743</u>

#### 4. INCOME FROM CHARITABLE ACTIVITIES

	General Operations £	Children and young people £	Families and parenting £
Grants	2,877	624,662	104,931
Contract income	-	513,749	230,308
Spot purchase of services	15,622	2,763	117,705
	<u>18,499</u>	<u>1,141,174</u>	<u>452,944</u>

	2022	2021
	Total	Total
	activities £	activities £
Grants	-	577,346
Contract income	165,006	846,081
Spot purchase of services	580	40,493
	<u>165,586</u>	<u>1,463,920</u>

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 4. INCOME FROM CHARITABLE ACTIVITIES - continued

Grants received, included in the above, are as follows:

	2022	2021
	£	£
Health	5,877	-
Trusts	58,639	32,243
Other	667,954	545,103
	<u>732,470</u>	<u>577,346</u>

#### 5. RAISING FUNDS

##### Raising donations and legacies

	2022	2021
	£	£
Staff costs	33,135	39,330
Other fundraising costs	8,356	8,506
	<u>41,491</u>	<u>47,836</u>

#### 6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 8)	Support Costs (See note 9)	Totals
	£	£	£
General operations	149,668	149,594	299,262
Children and young people	1,075,242	94,066	1,169,308
Families and parenting	438,308	68,620	506,928
Parent infant partnership	239,933	17,509	257,442
	<u>1,903,151</u>	<u>329,789</u>	<u>2,232,940</u>

#### 7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2022	2021
	£	£
Staff costs	1,775,941	1,626,706
Motor & travel expenses	40,573	20,809
Staff training & recruitment	26,117	6,567
Volunteer costs	3,897	4,102
Other client costs	56,622	51,761
	<u>1,903,150</u>	<u>1,709,945</u>

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 8. SUPPORT COSTS

	Management & administration £	Governance costs £	Totals £
General operations	144,794	4,800	149,594
Children and young people	94,066	-	94,066
Families and parenting	68,620	-	68,620
Parent infant partnership	17,509	-	17,509
	<u>324,989</u>	<u>4,800</u>	<u>329,789</u>

Support costs, included in the above, are as follows:

#### Management & administration

	General Operations £	Children and young people £	Families and parenting £
Rent & rates	(6,539)	8,472	12,000
Insurance	12,580	-	-
Light & heat	3,421	6,086	-
Telephone	5,881	8,578	6,099
Printing, postage, stationery & advertising	6,969	7,561	2,084
Sundries	6,447	1,610	964
Repairs & maintenance	14,260	7,285	25,447
IT costs	43,487	38,870	6,340
Other costs	46,468	14,572	15,386
Depreciation of tangible fixed assets	9,186	1,032	218
Interest payable and similar charges	2,634	-	82
	<u>144,794</u>	<u>94,066</u>	<u>68,620</u>

	Parent infant partnership £	2022 Total activities £	2021 Total activities £
Rent & rates	6,000	19,933	27,499
Insurance	-	12,580	7,916
Light & heat	-	9,507	6,285
Telephone	3,081	23,639	24,884
Printing, postage, stationery & advertising	2,315	18,929	20,992
Sundries	-	9,021	739
Repairs & maintenance	-	46,992	18,326
IT costs	4,668	93,365	80,502
Other costs	1,227	77,653	35,876
Depreciation of tangible fixed assets	218	10,654	8,747
Interest payable and similar charges	-	2,716	3,245
	<u>17,509</u>	<u>324,989</u>	<u>235,011</u>



## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 8. SUPPORT COSTS - continued

##### Governance costs

	2022 General Operations £	2021 Total activities £
Auditors' remuneration	4,800	5,405

#### 9. NET INCOME/(EXPENDITURE)

Net income is stated after charging:

	2022 £	2021 £
Auditors' remuneration	4,800	5,405
Depreciation - owned assets	10,873	9,401

#### 10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

##### Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2022 nor for the year ended 31 March 2021.

#### 11. STAFF COSTS

	2022 £	2021 £
Wages and salaries	1,708,602	1,449,575
Social security costs	144,451	118,930
Other pension costs	(43,977)	97,531
	<u>1,809,076</u>	<u>1,666,036</u>

The key management personnel, including the trustees, are listed under Reference and Administrative Details. The total employee benefits of the key management personnel were £132,101 (2021 - £129,961).

The average monthly number of employees during the year was as follows:

	2022	2021
All staff	<u>79</u>	<u>66</u>

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 11. STAFF COSTS - continued

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
£60,000 - £70,000	1	-

#### 12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	611,198	-	611,198
<b>Charitable activities</b>			
General operations	38,872	-	38,872
Children and young people	453,443	237,093	690,536
Families and parenting	229,590	211,191	440,781
Parent infant partnership	233,584	60,147	293,731
Other trading activities	109,743	-	109,743
Other income	18,516	98,975	117,491
<b>Total</b>	<b>1,694,946</b>	<b>607,406</b>	<b>2,302,352</b>
<b>EXPENDITURE ON</b>			
Raising funds	47,836	-	47,836
<b>Charitable activities</b>			
General operations	626,214	98,975	725,189
Children and young people	374,624	193,592	568,216
Families and parenting	228,853	169,410	398,263
Parent infant partnership	206,640	52,053	258,693
<b>Total</b>	<b>1,484,167</b>	<b>514,030</b>	<b>1,998,197</b>
<b>NET INCOME</b>	<b>210,779</b>	<b>93,376</b>	<b>304,155</b>
<b>Transfers between funds</b>	<b>93,376</b>	<b>(93,376)</b>	<b>-</b>
<b>Net movement in funds</b>	<b>304,155</b>	<b>-</b>	<b>304,155</b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<b>(28,070)</b>	<b>-</b>	<b>(28,070)</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>276,085</b>	<b>-</b>	<b>276,085</b>

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 13. TANGIBLE FIXED ASSETS - GROUP AND CHARITY

	Freehold Property £	Motor Vehicles £	Fixtures and Fittings £	Totals £
<b>COST</b>				
At 1 April 2021	422,500	39,650	12,366	474,516
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	422,500	39,650	12,366	474,516
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 1 April 2021	-	9,895	1,471	11,366
Charge for year	-	7,930	2,943	10,873
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	-	17,825	4,414	22,239
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
At 31 March 2022	422,500	21,825	7,952	452,277
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	422,500	29,755	10,895	463,150
	<hr/>	<hr/>	<hr/>	<hr/>

The property at 89 Denhill Park was revalued in 2019 by R.A. Jackson & Son at £247,500. The property at 4 Graingerville North was revalued in 2015 by Dunlop Haywood at £175,000 and the directors believe this remains appropriate. The historic cost of these properties is £407,734 and £593,382 respectively.

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 14. FIXED ASSET INVESTMENTS

##### Charity

	Shares in group undertakings £	Totals £
<b>MARKET VALUE</b>		
At 1 April 2021 and 31 March 2022	1	1
	<hr/>	<hr/>
<b>NET BOOK VALUE</b>		
At 1 April 2021 and 31 March 2022	1	1
	<hr/>	<hr/>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

##### **CNE Trading Ltd**

Registered office: 89 Denhill Park, Newcastle upon Tyne, NE15 6QE

Nature of business: Delivery of services on behalf of the charity.

	%		
Class of share:	holding		
Ordinary	100		
		2022	2021
		£	£
Aggregate capital and reserves		1	(93,449)
Profit for the year		93,450	1,115
		<hr/>	<hr/>

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 15. DEBTORS

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade debtors	502,412	268,882	502,412	255,548
Amounts owed by group undertakings	-	-	-	109,052
Other debtors	41,908	7,521	41,908	7,521
Prepayments and accrued income	72,033	77,658	72,033	77,658
	<u>616,353</u>	<u>354,061</u>	<u>616,353</u>	<u>449,779</u>

#### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade creditors	35,597	18,189	35,597	18,117
Amounts owed to group undertakings	-	-	1	-
Social security and other taxes	137,177	75,028	137,177	74,387
Other creditors	23,206	22,414	23,206	21,976
Accruals and deferred income	1,035,179	526,839	1,035,179	524,784
	<u>1,231,159</u>	<u>642,470</u>	<u>1,231,160</u>	<u>639,264</u>

#### Deferred income

Included within Accruals and Deferred Income are the following amounts comprising income received in advance of delivery of the related services or expenditure incurred.

	Group £	Charity £
Balance at 1 April 2021	497,441	497,441
Released to income from charitable activities	(497,441)	(497,441)
Amount deferred in year	<u>1,002,043</u>	<u>1,002,043</u>
Balance at 31 March 2022	<u>1,002,043</u>	<u>1,002,043</u>

#### 17. SECURED DEBTS

The charity's pension liabilities are secured by a fixed charge on the freehold property at 4 Graingerville North.

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 18. PROVISIONS FOR LIABILITIES - GROUP AND CHARITY

	2022	2021
	£	£
Pension deficit provision	55,417	267,020

#### Present Values of Provision

	2022	2021	2020
	£	£	£
Present value of provision	55,417	267,020	316,383

#### Reconciliation of Opening and Closing Provisions

	2022	2021
	£	£
Provision at start of period	267,020	316,383
Unwinding of the discount factor (interest expense)	1,521	7,109
Deficit contribution paid	(67,572)	(65,604)
Remeasurements - impact of any change in assumptions	(1,274)	9,132
Remeasurements - amendments to the contribution schedule	(144,278)	-
Provision at end of period	55,417	267,020

#### Income and expenditure impact

	2022	2021
	£	£
Interest expense	1,521	7,109
Remeasurements - impact of any change in assumptions	(1,274)	9,132
Remeasurements - amendments to the contribution schedule	(144,278)	-
	(144,031)	16,241

#### Assumptions

	2022	2021	2020
	% per annum	% per annum	% per annum
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	2022 Total funds £	2021 Total funds £
Fixed assets	452,277	-	452,277	463,150
Current assets	1,417,189	-	1,417,189	722,425
Current liabilities	(1,231,159)	-	(1,231,159)	(642,470)
Provision for liabilities	(55,417)	-	(55,417)	(267,020)
	<u>582,890</u>	<u>-</u>	<u>582,890</u>	<u>276,085</u>

#### 20. MOVEMENT IN GROUP FUNDS

	At 1/4/21 £	Net movement in funds £	Transfers between funds £	At 31/3/22 £
<b>Unrestricted funds</b>				
General fund	(146,415)	480,779	(173,974)	160,390
Designated fund	422,500	-	-	422,500
Families and Parenting	-	(54,192)	54,192	-
Young People	-	(50,256)	50,256	-
Parent Infant Partnership	-	(91,856)	91,856	-
	<u>276,085</u>	<u>284,475</u>	<u>22,330</u>	<u>582,890</u>
<b>Restricted funds</b>				
Families and Parenting	-	208	(208)	-
Children and Young People	-	22,122	(22,122)	-
	<u>-</u>	<u>22,330</u>	<u>(22,330)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>276,085</u>	<u>306,805</u>	<u>-</u>	<u>582,890</u>

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 20. MOVEMENT IN GROUP FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	815,807	(335,028)	480,779
Families and Parenting	410,124	(464,316)	(54,192)
Young People	782,423	(832,679)	(50,256)
Parent Infant Partnership	165,586	(257,442)	(91,856)
	<u>2,173,940</u>	<u>(1,889,465)</u>	<u>284,475</u>
<b>Restricted funds</b>			
Families and Parenting	42,820	(42,612)	208
Children and Young People	358,751	(336,629)	22,122
Other restricted funds	5,725	(5,725)	-
	<u>407,296</u>	<u>(384,966)</u>	<u>22,330</u>
<b>TOTAL FUNDS</b>	<u>2,581,236</u>	<u>(2,274,431)</u>	<u>306,805</u>

#### Comparatives for movement in funds

	At 1/4/20 £	Net movement in funds £	Transfers between funds £	At 31/3/21 £
<b>Unrestricted funds</b>				
General fund	(450,570)	104,279	199,876	(146,415)
Designated fund	422,500	-	-	422,500
Families and Parenting	-	737	(737)	-
Young People	-	78,819	(78,819)	-
Parent Infant Partnership	-	26,944	(26,944)	-
	<u>(28,070)</u>	<u>210,779</u>	<u>93,376</u>	<u>276,085</u>
<b>Restricted funds</b>				
Families and Parenting	-	41,781	(41,781)	-
Children and Young People	-	43,501	(43,501)	-
Parent Infant Partnership	-	8,094	(8,094)	-
	<u>-</u>	<u>93,376</u>	<u>(93,376)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>(28,070)</u>	<u>304,155</u>	<u>-</u>	<u>276,085</u>



## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 20. MOVEMENT IN GROUP FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	778,329	(674,050)	104,279
Families and Parenting	229,590	(228,853)	737
Young People	453,443	(374,624)	78,819
Parent Infant Partnership	233,584	(206,640)	26,944
	<hr/>	<hr/>	<hr/>
	1,694,946	(1,484,167)	210,779
 <b>Restricted funds</b>			
Families and Parenting	211,191	(169,410)	41,781
Children and Young People	237,093	(193,592)	43,501
Parent Infant Partnership	60,147	(52,053)	8,094
Coronavirus Job Retention Scheme	98,975	(98,975)	-
	<hr/>	<hr/>	<hr/>
	607,406	(514,030)	93,376
 <b>TOTAL FUNDS</b>	<hr/>	<hr/>	<hr/>
	2,302,352	(1,998,197)	304,155

#### **Designated fund**

The designated fund represents the net book value of the properties at Denhill Park and Graingerville North.

#### **Restricted funds**

##### **Families & Parenting**

The Families & Parenting fund was set up to support children, young people and parents in challenging circumstances such as living in temporary homeless accommodation, parent mental health, parental substance misuse, domestic violence and non school attendance. It also provides training in parenting with particular emphasis on fathers.

##### **Children & Young People**

The Children & Young People fund provides services in a drop in advice centre for young people including outreach sexual health advice and also provides training in schools for young people about health, wellbeing and mental health. Five Youth Link projects train and support young people as volunteers to support young people in need. The service also supports Newcastle Youth Council.

#### 21. PENSION COMMITMENTS

##### **TPT Retirement Solutions - The Growth Plan**

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022**

**22. PENSION COMMITMENTS - continued**

The scheme is subject to the funding legislation outlined in the Pensions 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 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.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2022 to 31 January 2025: £20,190 per annum (payable monthly and increasing by 3% each on 1 April).

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2019 to 31 January 2025: £54,560 per annum (payable monthly and increasing by 3% each on 1 April).

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the Company has agreed to a deficit funding arrangement the Company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rates detailed in note 18 to the financial statements. The unwinding of the discount rate is recognised as a finance cost.

**Pension Trust Flexible Pension Plan**

From December 2006 the group has also offered the Flexible Pension Plan (the new scheme) to all staff. The new scheme is a money purchase plan and is not contracted out of the state scheme. The Charity paid contributions at the rate of 7.25% during the accounting period and members paid minimum contributions at the rate of 5% but could make additional voluntary contributions if they wished. The employer's contribution payable during the year was £100,054 (2021: £81,291) and the outstanding contributions (employer plus employee) owed at the balance sheet date was £16,536 (2021: £14,749).

The group continues to offer membership of the new scheme to all of its employees.

## CHILDREN NORTH EAST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 23. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

There were no related party transactions requiring disclosure for the year ended 31 March 2022.

#### 24. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
<b>Net income for the reporting period (as per the statement of financial activities)</b>	306,805	304,155	213,355	303,040
<b>Adjustments for:</b>				
Depreciation charges	10,873	9,401	10,873	9,401
Interest paid	1,139	2,113	1,139	1,858
Increase in debtors	(262,292)	(181,845)	(166,574)	(256,767)
Increase in creditors	588,689	275,648	591,896	355,135
Difference between pension charge and cash contributions	(211,603)	(49,363)	(211,603)	(49,363)
<b>Net cash provided by operating activities</b>	<u>433,611</u>	<u>360,109</u>	<u>439,086</u>	<u>363,304</u>

#### 25. ANALYSIS OF CHANGES IN NET FUNDS

##### Group

	At 1/4/21 £	Cash flow £	At 31/3/22 £
Cash at bank and in hand	<u>368,364</u>	<u>432,472</u>	<u>800,836</u>

##### Charity

	At 1/4/21 £	Cash flow £	At 31/3/22 £
Cash at bank and in hand	<u>362,889</u>	<u>437,947</u>	<u>800,836</u>

## **CHILDREN NORTH EAST**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022**

#### **26. LEGAL STATUS**

The charity is incorporated under the Companies Act as a company limited by guarantee, with the liability of each member not exceeding 50p on winding up, and is registered in England and Wales. The company's registered number and registered office address can be found within Reference and Administrative Details.