

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

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017  
FOR**

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

Read, Milburn & Co  
71 Howard Street  
North Shields  
Tyne and Wear  
NE30 1AF

**CHILDREN NORTH EAST**

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FOR THE YEAR ENDED 31 MARCH 2017**

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## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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<sup>st</sup> March 2017. The financial statements comply with the Companies Act and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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

##### **Trustees**

Dr Hazel Jones-Lee  
Mrs Debbie McCordall  
Mrs Gemma Lockyer-Turnbull  
Mr Ian Railton (chair)  
Mr Martin Glaholm  
Mrs Lucy Kendall  
Mr Stephen Robinson  
Mrs Judy Stone  
Mr Anthony Josephs  
Ms Glenda Devlin

##### **Senior Management Team**

Mr Jeremy Cripps (chief executive and company secretary)  
Mrs Leigh Elliott (deputy chief executive)

##### **Head Office & Registered Office**

89 Denhill Park  
Newcastle upon Tyne  
NE15 6QE

##### **Auditors**

Read, Milburn and Co  
71 Howard Street  
North Shields  
NE30 1AF

##### **Bankers**

Unity Trust Bank plc  
Nine Brindley Place  
Birmingham  
B1 2HB

##### **Investment Managers**

Speirs & Jeffrey Limited  
36 Renfield Street  
Glasgow G21 NA

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

#### **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 report one new trustee has been appointed. The board reviews expertise among the existing trustees and recruits people with expertise that the board lacks. The board is satisfied it has 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 chairs of the board and sub-committees, the chief executive and key staff. Induction may include: attending sub-committee meetings, visiting projects and meeting staff and volunteers.

Trustees are linked to particular activities within the charity according to their interests. All trustees have an annual conversation with the chair to review their contribution.

Management personnel remuneration is reviewed annually and generally increased in line with inflation; remuneration is benchmarked against comparable organisations.

##### **Organisational structure**

The governing body is the board which comprises up to 12 trustees. The board is responsible for the strategic direction, policy and finances of the charity. The board exercises its responsibilities through five sub-committees for finance, operations, HR & training, business support (fundraising, marketing and communications) and remuneration.

The chief executive manages the charity on behalf of the trustees with the deputy chief executive. There is a clear structure and reporting accountabilities that runs through the whole organisation.

##### **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 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;

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

- 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**

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 through the provision of a range of services, training and development opportunities for 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.

This year trustees and managers reviewed how the charity presents its aims and concluded Children North East is concerned with 'Growing Up' but 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 we aim to achieve are:

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

Put together these outcomes add up to Children North East's mission that 'North East 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 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.

### **PUBLIC BENEFIT**

The scope of Children North East services expands as children grow up – working with pregnant women and their partners; then with families; schools; in communities; with potential employers and influencing policy.

- NEWPIP, parent and infant psychotherapy service in Newcastle, part of the PIP UK network
- Whoops! safety in the home especially for families with very young children
- Family and group work with disadvantaged families
- Engaging isolated families in children's centre and other services
- Intensive direct work in families where parents have substance misuse, mental health problems, there is domestic violence and children are at risk
- Engaging fathers with their children through parenting programmes and family work
- Parenting training
- Contact centre for separated parents to have contact with their children

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

- ‘Youth Link’ – mentoring for vulnerable young people by trained volunteer young people
- Peer mentor support for young people who have disabilities
- Young people’s drop-in advice, support and guidance centre
- Holiday projects for young people
- Counselling for children and young people
- Training courses for children and young people about mental health and wellbeing
- Sexual health outreach to and drop-in for young people
- Opportunities for adults and young people to volunteer their time as mentors
- Practice placements for social work students
- ‘Poverty Proofing the School Day’, a tool for schools to address inequality
- Supporting the North East young people’s Poverty Ends Now (PEN) group who campaign on issues affecting poor children
- Christmas appeal for gifts and experiences for disadvantaged children and young people and financial support for poorer families

CNE provides direct services in Newcastle, Gateshead and Northumberland with smaller presences in County Durham, North and South Tyneside and Sunderland. We work in schools in every part of the North East region and in other parts of England.

#### **AWARDS AND ACHIEVEMENTS**

Children North East was named Charity of the Year 2016 in the North East Charity Awards.

Children North East was named North East Employer Champion by the Living Wage Foundation.

Children North East was re-awarded the Approved Provider Standard of the National Mentoring and Befriending Foundation.

For the first time Children North East was accredited within the Contractors Health and Safety Assessment Scheme (CHAS).

Once again Children North East was certified as a Disability Confident Employer for the year 2017.

The charity marked the 125<sup>th</sup> anniversary since its foundation in 1891 with a summer family day and a Christmas brunch for families and children; an exhibition about the history of the charity in Newcastle Central Library and press articles about the early days of the charity. Children North East also raised £22,250 from a direct appeal to charitable trusts to support our work concerning the emotional health and wellbeing of children and young people.

The charity set up a new company ‘CNE Trading Ltd.’ to manage the financial risk of some services (such as Poverty Proofing the School Day and the Contact Centre) being solely funded from sales income.

A significant new trend has been the start of small scale initiatives by staff and service users in response to new needs. For example, adapting parenting training programmes to be run intensively over a half term holiday; introduction of the Caring Dads programme; heuristic play sessions; groups for young people focussing on difficulties such as managing stress, social isolation and therapy through creative writing; a girls group at WEYES; and a group for unsupported young people struggling to live independently. New ideas are also emerging from the creative collaboration of staff working in different service areas.

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

#### **PERFORMANCE**

Children North East provided services directly to 3,259 (3,292<sup>1</sup>) children and young people; we had impact for another 17,626 (3,387) children and young people in schools where we delivered Poverty Proofing the School Day.

Of the children and young people we provided direct services to 175 (403) were pre-school age (0-4 years); 203 (477) primary school age (5-11); 1,778 (1,520) secondary school age (12-18) and 1,048 (892) were aged 18-25. Compared to the last year, the age of beneficiaries has shifted towards the 12-25 age group. This is due to the ending of former and the start of new contracts with the public sector.

Approximately 9.3% (17.1%) of the children and young people we worked with were of black or minority ethnic origin. (12% of the population of Newcastle and 3.7% of the population of Gateshead are of black or minority ethnic origin).

We worked with 245 (546) families in which there were 381 (702) parents of whom 37% (36%) were men. 122 were single parent families. This was fewer families compared to the previous year, but the nature of their more complex difficulties requires more time-consuming work.

These services were provided by:

- 27.5 full-time staff
- 28.5 part-time staff
- 8 sessional workers
- 91 volunteers (mostly Youth Link peer mentors)

Volunteers gave approximately 7,264 (9,789) hours to the charity, if these were paid at the Living Wage (Children North East is a Living Wage Foundation employer) they were worth £61,380.

14 social work students completed placements in Children North East as part of their professional training. Students bring new insights as well as additional capacity to the charity.

104 (114) volunteers completed one of several Children North East training courses which are accredited by ONE Awards.

#### **IMPACT**

Children North East uses 'Outcome Stars' as a standard way to demonstrate impact. Outcome Stars are paper forms completed by service users at the start and end of our work with them, they provide a visual representation of the progress made during the work. Outcome Star data can also be aggregated to indicate the progress made by all service users.

#### **Families and Parenting Service**

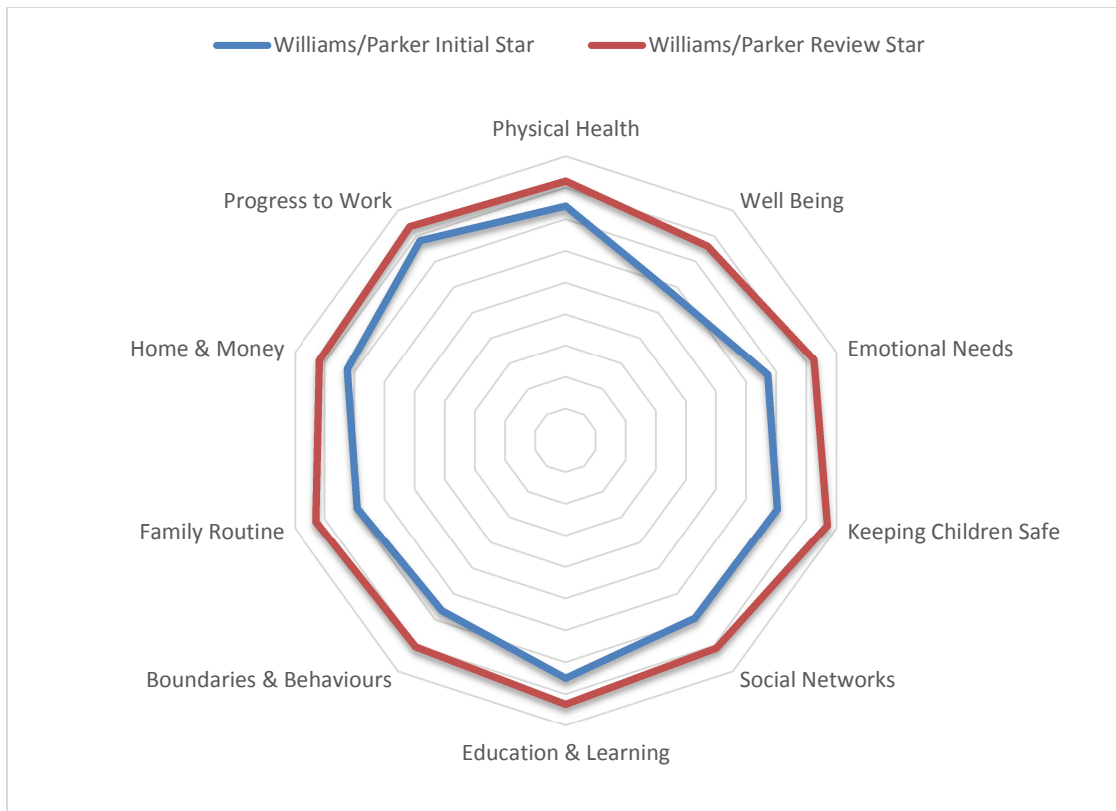
The chart below shows the average Outcome Star data reported by all the families who received a Children North East service in 2016-2017.

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<sup>1</sup> Figures in brackets are for the previous year 2015-2016

**CHILDREN NORTH EAST**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2017**



The chart shows an average 1 or 2 point improvement on each of the 10 Outcome Star measures for families. The highest average score for families at the end of their involvement with CNE is ‘Keeping Children Safe’ which scored 10 out of a maximum of 10, having moved from an average of point 8.

This table shows the percentage of families reporting positive change on each of the measures on the Families Outcome Star:

<b>Measure</b>	<b>Percentage families reporting positive change</b>
Physical health	73%
Wellbeing	77%
Emotional needs	76%
Keeping children safe	70%
Social networks	79%
Education & learning	78%
Boundaries & behaviour	80%
Family routine	69%
Home & money	69%
Progress to work	66%



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**Young People’s Service**

The chart below shows the average Outcome Star data reported by all young people who received a Children North East service in 2016-2017.



The chart shows an average 1 or 2 point improvement on each of the 6 Outcome Star measures for young people.

This table shows the percentage of young people reporting positive change on each of the measures on the Young People’s Outcome Star:

<b>Measure</b>	<b>Percentage young people reporting positive change</b>
Making a difference	57%
Hopes and dreams	46%
Wellbeing	58%
Education and work	53%
Communicating	56%
Choice and behaviours	44%

All staff are trained in the use of Outcome Stars. Funders and commissioners require some services to measure outcomes in other ways.

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### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

There is a long term upward trend in the percentage of children and young people we work with subject to child protection plans (4.5% compared to 1.5% in 2015-2016) and those subject to the 'common assessment framework' (7.5% compared to 3.2% in 2015-2016). These are indications of more complex, time consuming and bureaucratic work.

The average cost per child of our direct services was £369 slightly up on the previous year (£354). However the Counselling, Sexual Health and Youth Link services were all better value for money this year than last (savings of 17%, 15% and 29% per head respectively). The average cost of our services per family was £2,213.

#### **IMPACT ON POLICY**

The Children North East 'Poverty Proofing the School Day' project audited 26 schools in the North East region and a further 12 in North Lincolnshire through a partnership with North Lincolnshire Council. A total reach of 17,626 pupils of whom 5,575 had additional Pupil Premium funds (an indication of poverty). The project also trained 734 teachers and governors about the impact of poverty on school performance.

Children North East continues to facilitate the young people's PEN (Poverty Ends Now) group in the North East. This year the composition of the group has changed as older members have left for college and younger ones have joined. The new group has been deciding its agenda focussing on opportunities in school and a 'Curriculum for Life'.

Children North East in partnership with the North East Child Poverty Trust and Northumbria University has secured a major Big Lottery grant to pilot 17 holiday schemes across the region during the summer of 2017 and for the first time conduct academic research into their effectiveness addressing holiday hunger and boredom.

#### **FINANCIAL REVIEW**

##### **Main sources of income**

The main sources of income are contracts and grants from the public sector and grant making bodies. We are very grateful to Postcode Children Trust for £350,000 unrestricted income. This represents 18% of all income i.e. for every £1 received from players of People's Postcode Lottery we raised a further £4.48 for our work from all other sources.

Our thanks and appreciation to the following for their grants:

Newcastle Fund	W A Handley
PIP UK	Reece Foundation
Big Lottery, Big Potential	David Dockray
Northumberland Children's Trust	Ridley Family Trust
Netherton Park Trust	Joseph Strong Frazer Trust
Big Lottery, Awards for All	Northumberland Village Homes
DFW Foundation	High Sheriff of Tyne and Wear
Ironmongers Foundation	

Our thanks and appreciation to the following for their grants towards the 125<sup>th</sup> anniversary Mental Health appeal:

Barbour Foundation	Ruth and Lionel Jacobson Trust
E C Graham Belford Church Settlement	Leslie and Lilian Manning Trust
Sir John Priestman Charity	Kelly Charitable Trust
The Hadrian Trust	J H Burn Charity Trust
William Leech Charity	

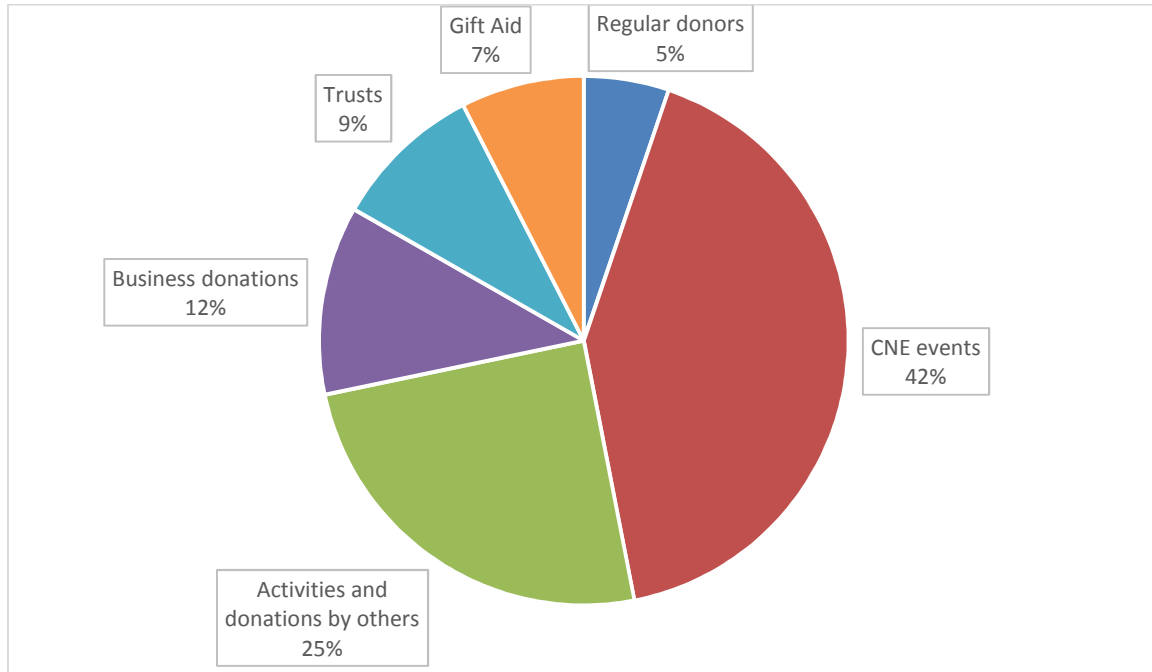
We are very grateful to all the businesses who support Children North East. Special thanks to Robertson Construction England; Galliford Try Partnerships North; and Barclays Skybranch Sunderland for their generous support.

## CHILDREN NORTH EAST

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017

#### Unrestricted income

This chart shows the sources of unrestricted income other than the Postcode Children's Trust:



Our approach to fundraising is through relationships with local businesses. Businesses provide pro bono support and their sponsorship of fundraising events reduces costs and increases income from them. The main events every year are:

- Sandcastle challenge
- Sandcastle summer party
- Golf Day
- Ladies lunch
- Great North Run

Business relationships have also resulted in secure jobs for some young people supported by Children North East who were 'furthest from the job market'. Newcastle entrepreneur Jules Quinn has given her time to encourage young women supported by the charity to consider setting up their own businesses.

Children North East has a new partnership with the Biscuit Factory who host the 125 Ladies Business Network. We receive 20% of income from this thriving new network.

Our beneficiaries are in greater need of clothing and food. We receive unsolicited gifts of food, clothes and other goods throughout the year which are distributed to individuals and families in need. The annual Christmas Giving Tree gifts had an estimated value of £26,000.

Children North East employ our own fundraising staff. This year we engaged an independent fundraising consultant who worked solely on the 125<sup>th</sup> anniversary mental health appeal.

Children North East fundraising conforms to the former Fundraising Standards Board. We are working towards conforming to the requirements of the new Fundraising Regulator. The board of trustees Business Support committee monitors fundraising activities carried out by Children North East. There were no complaints made to Children North East about our fundraising during the year.

Children North East does not make 'cold' phone calls or send unsolicited mail by post or email to the public. During the course of the year we changed our fundraising database and contacted everyone named on it to ascertain whether

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

they wished Children North East to retain their contact details and whether they wished to continue to receive information from the charity.

#### **Restricted income**

We received income through contracts with the following commissioners:

Newcastle City Council  
Gateshead Metropolitan Borough Council  
Northumbria Police and Crime Commissioner  
Northumberland County Council  
City of Sunderland Council  
Newcastle and Gateshead Clinical Commissioning Group

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

Total income was greater than the previous year and this is reflected in the reported surplus.

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

#### **Reserves Policy**

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

The Board designates unrestricted reserves as:

- a) Premises (£375,000) comprising those reserves locked into land and buildings on a long term basis (the Head Office building at 89 Denhill Park and the premises for the WEYES project at 4 Graingerville).
- b) The balance remaining after deduction of the foregoing designated reserves comprises those General Funds (£272,997<sup>2</sup>) 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 the last 3 years and decided that a realistic 'comfortable' level of General Funds (free reserves) should be between £250,000 and £300,000.

The Board strategy is to avoid drawing on reserves by carefully monitoring income and managing expenditure, to reinvest interest earned on investments and to return surplus funds to reserves.

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<sup>2</sup> stated prior to a provision of £701,605, being the present value of future additional contributions to a multi-employer defined benefit pension scheme which is in deficit.

## **CHILDREN NORTH EAST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

#### **Investment Policy**

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.

#### **FUTURE PLANS**

It is the opinion of the Board that Children North East is a going concern for the foreseeable future.

Our objectives for the coming year are:

1. Use our Theory of Change to identify gaps and listen to children, young people and parents to better evidence need and approach.
2. Increase the reach and impact of the charity, the number of supporters and donations by improving communications with potential supporters, donors, customers and service users.
3. Continue to improve financial sustainability by increasing income from a growing range of sold services that meet our charitable objectives; and grants from charitable trusts.
4. Continue to refine reporting of the impact that Children North East has for service users and the impact made on the policies and practice of other organisations.
5. Provide a range of services in a new geographical location to address the total needs of children growing up in that place.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The trustees who were members of the board at the time of approving the trustees' report are listed on page 1. Having made enquiries of fellow trustees and of the company's auditors, each of these trustees confirm in their capacity as directors that:

- a) to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- b) each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

#### **RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The trustees, in their capacity as directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 profit or loss for the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

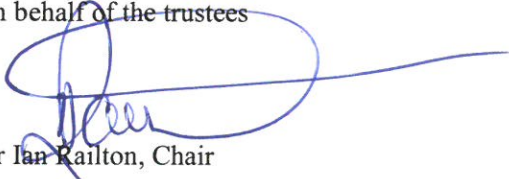
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any

**CHILDREN NORTH EAST**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2017**

time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the trustees



Mr Ian Railton, Chair

20 September 2017

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

We have audited the financial statements of Children North East for the year ended 31 March 2017 on pages fifteen to thirty five. 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).

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

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees Responsibilities set out on page eleven, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

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 2017 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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 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.



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

Date: 20th September 2017



## CHILDREN NORTH EAST

### STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	428,765	-	428,765	349,375
<b>Charitable activities</b>	5				
Grant income		363,982	141,990	505,972	455,668
Contract & services income		773,408	139,854	913,262	816,679
Other trading activities	3	57,815	-	57,815	52,017
Investment income	4	5,615	-	5,615	7,262
Other income		6,363	100	6,463	15,466
<b>Total</b>		<u>1,635,948</u>	<u>281,944</u>	<u>1,917,892</u>	<u>1,696,467</u>
<b>EXPENDITURE ON</b>					
Raising funds	6	41,604	-	41,604	68,460
<b>Charitable activities</b>	7				
Staff & volunteer costs		1,174,421	199,702	1,374,123	1,670,787
Administrative & running costs		186,278	26,241	212,519	179,211
Premises costs		106,386	17,219	123,605	93,076
Management recharges		(38,782)	38,782	-	-
<b>Total</b>		<u>1,469,907</u>	<u>281,944</u>	<u>1,751,851</u>	<u>2,011,534</u>
Net gains/(losses) on investments		7,452	-	7,452	(14,720)
<b>NET INCOME/(EXPENDITURE)</b>		<u>173,493</u>	<u>-</u>	<u>173,493</u>	<u>(329,787)</u>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		(227,101)	-	(227,101)	102,686
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>(53,608)</u>	<u>-</u>	<u>(53,608)</u>	<u>(227,101)</u>

#### CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**CHILDREN NORTH EAST****BALANCE SHEET  
AT 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	14	375,000	375,000
Investments	15	146,975	166,650
		<u>521,975</u>	<u>541,650</u>
<b>CURRENT ASSETS</b>			
Debtors	16	201,032	83,269
Cash at bank and in hand		201,718	24,317
		<u>402,750</u>	<u>107,586</u>
<b>CREDITORS</b>			
Amounts falling due within one year	17	(276,728)	(163,927)
		<u>126,022</u>	<u>(56,341)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			
		647,997	485,309
<b>PROVISIONS FOR LIABILITIES</b>	18	(701,605)	(712,410)
		<u>(53,608)</u>	<u>(227,101)</u>
<b>NET ASSETS/(LIABILITIES)</b>			
		<u>(53,608)</u>	<u>(227,101)</u>
<b>FUNDS</b>	20		
Unrestricted funds:			
General fund		(428,608)	(602,101)
Designated fund		375,000	375,000
		<u>(53,608)</u>	<u>(227,101)</u>
Restricted funds		-	-
		<u>-</u>	<u>-</u>
<b>TOTAL FUNDS</b>		<u>(53,608)</u>	<u>(227,101)</u>

The notes form part of these financial statements

**CHILDREN NORTH EAST**

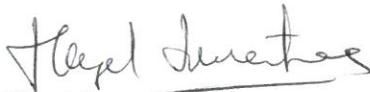
**BALANCE SHEET - CONTINUED  
AT 31 MARCH 2017**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 20 September 2017 and were signed on its behalf by:



Mr Ian Railton (Chair) -Trustee



Dr Hazel Jones-Lee -Trustee

The notes form part of these financial statements

**CHILDREN NORTH EAST****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	25	145,935	(62,989)
Interest paid		(1,276)	(2,326)
		<hr/>	<hr/>
<b>Net cash provided by (used in) operating activities</b>		144,659	(65,315)
		<hr/>	<hr/>
<b>Cash flows from investing activities:</b>			
Purchase of fixed asset investments		(93,814)	(64,334)
Sale of fixed asset investments		120,941	66,258
Interest received		5,615	7,262
		<hr/>	<hr/>
<b>Net cash provided by (used in) investing activities</b>		32,742	9,186
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		177,401	(56,129)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		24,317	80,446
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the reporting period</b>		201,718	24,317
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

The financial statements of the 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 2015)', 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.

**Going concern**

As explained more fully in note 21 to the financial statements the charity participates in a multi-employer defined benefit pension scheme which is in deficit and as such is required to pay additional contributions to the scheme in order to eliminate the funding shortfall.

In accordance with the FRS102, the charity has recognised a provision in its financial statements for the present value of future additional contributions to the scheme, amounting to £701,605 (2016 - £712,410). The charity's funds are, as a result, in deficit in the amount of £53,608 (2016 £227,101).

Additional contributions to the scheme have been made under a fixed term agreement, expiring in September 2028, for a number of years and, prior to the application of FRS102, such contributions were charged directly to expenditure. As a result the trustees are of the opinion that the charity will be able to generate sufficient funds to cover future additional contributions as they fall due and therefore, irrespective of the reported deficit, continue as a going concern; the financial statements have therefore been drawn up on that basis..

**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 varying rates on cost
Computer equipment	- at varying rates 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.

**Taxation**

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**1. ACCOUNTING POLICIES - continued**

**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 statements.

**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.

**2. DONATIONS AND LEGACIES**

	2017	2016
	£	£
Post Code Children Trust	350,000	250,000
Donations & voluntary income	78,765	99,375
	<u>428,765</u>	<u>349,375</u>

**3. OTHER TRADING ACTIVITIES**

	2017	2016
	£	£
Fundraising events	57,242	51,541
Charges for goods & services	573	476
	<u>57,815</u>	<u>52,017</u>

**4. INVESTMENT INCOME**

	2017	2016
	£	£
Deposit account interest	11	41
Investment income	5,604	7,221
	<u>5,615</u>	<u>7,262</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 5. INCOME FROM CHARITABLE ACTIVITIES

			2017	2016
	Grant income	Contract & services income	Total activities	Total activities
	£	£	£	£
Grants - Local Authority	51,623	-	51,623	45,015
Grants - Health	120,008	-	120,008	142,212
Grants - Trusts	64,833	-	64,833	31,856
Big Lottery Fund	124,956	-	124,956	125,357
Other grants	144,552	-	144,552	111,228
Contract income	-	813,471	813,471	764,424
Spot purchase of services	-	99,791	99,791	52,255
	<u>505,972</u>	<u>913,262</u>	<u>1,419,234</u>	<u>1,272,347</u>

**Big Lottery Fund**

The Big Lottery Fund grants included above consist of the following:

	B/fwd 1 April 2016	Grants Received	Income Recognised	C/fwd 31 March 2017
	£	£	£	£
Reaching Communities Fund	10,205	132,452	124,956	17,701
	<u>10,205</u>	<u>132,452</u>	<u>124,956</u>	<u>17,701</u>

## 6. RAISING FUNDS

**Raising donations and legacies**

	2017	2016
	£	£
Staff costs	30,015	30,601
Other fundraising costs	11,589	4,667
Activities & equipment	-	29,835
Postage and stationery	-	3,357
	<u>41,604</u>	<u>68,460</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 7. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 8)	Support costs (See note 9)	Totals
	£	£	£
Staff & volunteer costs	1,374,123	-	1,374,123
Administrative & running costs	93,733	118,786	212,519
Premises costs	-	123,605	123,605
	<u>1,467,856</u>	<u>242,391</u>	<u>1,710,247</u>

## 8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2017	2016
	£	£
Staff costs	1,328,971	1,633,655
Motor & travel expenses	43,534	40,687
Staff training & recruitment	13,855	16,011
Telephone	19,928	24,304
Volunteer costs	20,492	21,121
Other client costs	41,076	22,352
	<u>1,467,856</u>	<u>1,758,130</u>

## 9. SUPPORT COSTS

	Other	Governance costs	Totals
	£	£	£
Administrative & running costs	114,964	3,822	118,786
Premises costs	123,605	-	123,605
	<u>238,569</u>	<u>3,822</u>	<u>242,391</u>

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



NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 9. SUPPORT COSTS - continued

## Other

			2017	2016
	Administrative & running costs	Premises costs	Total activities	Total activities
	£	£	£	£
Insurance	-	8,576	8,576	9,689
Postage and stationery	20,845	-	20,845	13,702
Sundries	198	-	198	283
Repairs & maintenance	-	39,327	39,327	19,796
Computer support & maintenance	52,681	-	52,681	43,148
Professional fees	31,553	-	31,553	14,756
Subscriptions	8,411	-	8,411	9,230
Bank interest & charges	1,276	-	1,276	2,326
Rent & rates	-	47,827	47,827	39,363
Light and heat	-	7,469	7,469	8,712
Cleaning	-	20,406	20,406	20,006
	<u>114,964</u>	<u>123,605</u>	<u>238,569</u>	<u>181,011</u>

## Governance costs

	2017	2016
	Administrative & running costs	Total activities
	£	£
Auditors' remuneration	<u>3,822</u>	<u>3,933</u>

## 10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2017	2016
	£	£
Auditors' remuneration	<u>3,822</u>	<u>3,933</u>

## 11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

## Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2017 nor for the year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 12. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	1,170,138	1,234,369
Social security costs	88,715	103,623
Other pension costs	100,133	326,264
	<u>1,358,986</u>	<u>1,664,256</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 £101,136 (2016 - £99,679).

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

	2017	2016
Staff	<u>52</u>	<u>54</u>

No employees received emoluments in excess of £60,000.

## 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	347,809	1,566	349,375
<b>Charitable activities</b>			
Grant income	322,583	133,085	455,668
Contract & services income	653,549	163,130	816,679
Other trading activities	51,987	30	52,017
Investment income	7,262	-	7,262
Other income	10,192	5,274	15,466
<b>Total</b>	<u>1,393,382</u>	<u>303,085</u>	<u>1,696,467</u>
<b>EXPENDITURE ON</b>			
Raising funds	50,744	17,716	68,460
<b>Charitable activities</b>			
Staff & volunteer costs	1,475,243	195,544	1,670,787
Administrative & running costs	187,678	(8,467)	179,211
Premises costs	74,738	18,338	93,076
Management recharges	(79,958)	79,958	-
<b>Total</b>	<u>1,708,445</u>	<u>303,089</u>	<u>2,011,534</u>
<b>Net gains/(losses) on investments</b>	<u>(14,720)</u>	<u>-</u>	<u>(14,720)</u>
<b>NET INCOME/(EXPENDITURE)</b>	<u>(329,783)</u>	<u>(4)</u>	<u>(329,787)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
<b>Transfers between funds</b>	(4)	4	-
<b>Net movement in funds</b>	(329,787)	-	(329,787)
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	102,686	-	102,686
<b>TOTAL FUNDS CARRIED FORWARD</b>	(227,101)	-	(227,101)

## 14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2016	375,000	33,733	45,956	454,689
Disposals	-	-	(45,956)	(45,956)
At 31 March 2017	375,000	33,733	-	408,733
<b>DEPRECIATION</b>				
At 1 April 2016	-	33,733	45,956	79,689
Eliminated on disposal	-	-	(45,956)	(45,956)
At 31 March 2017	-	33,733	-	33,733
<b>NET BOOK VALUE</b>				
At 31 March 2017	375,000	-	-	375,000
At 31 March 2016	375,000	-	-	375,000

The property at Denhill was externally valued at £200,000 in 2013 and the directors believe that this valuation remains appropriate. The property at Weyes was revalued in 2015 by Dunlop Haywood at £175,000 and the directors believe this also remains appropriate.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 15. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Listed investments £	Totals £
<b>MARKET VALUE</b>			
At 1 April 2016	-	166,650	166,650
Additions	1	93,813	93,814
Disposals	-	(120,150)	(120,150)
Revaluations	-	6,661	6,661
	<u>1</u>	<u>146,974</u>	<u>146,975</u>
At 31 March 2017	<u>1</u>	<u>146,974</u>	<u>146,975</u>
<b>NET BOOK VALUE</b>			
At 31 March 2017	<u>1</u>	<u>146,974</u>	<u>146,975</u>
At 31 March 2016	<u>-</u>	<u>166,650</u>	<u>166,650</u>

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	2017 £	2016 £
Ordinary	100		
Aggregate capital and reserves		(15,656)	-
(Loss)/profit for the year		<u>(15,657)</u>	<u>-</u>

CNE Trading Ltd was incorporated on 18 November 2016 in England and Wales, company number 10487018.

CNE Trading Ltd recorded income of £54,583 and expenditure of £70,150 in the period ended 31 March 2017. The results of CNE Trading Ltd have not been consolidated with those of the Company as their inclusion is not material for the purpose of giving a true and fair view, in accordance with section 405(2) of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

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

	2017	2016
	£	£
Trade debtors	100,033	6,216
Amounts owed by group undertakings	15,565	-
Prepayments and accrued income	85,434	77,053
	<u>201,032</u>	<u>83,269</u>

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

	2017	2016
	£	£
Trade creditors	31,196	34,950
Social security and other taxes	31,167	22,995
VAT	13,288	16,881
Accruals and deferred income	201,077	89,101
	<u>276,728</u>	<u>163,927</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 18. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Provisions	<u>701,605</u>	<u>712,410</u>

**Present Values of Provision**

	2017 £	2016 £	2015 £
Present value of provision	<u>701,605</u>	<u>712,410</u>	<u>439,117</u>

**Reconciliation of Opening and Closing Provisions**

	2017 £	2016 £
Provision at start of period	712,410	439,117
Unwinding of the discount factor (interest expense)	14,137	7,143
Deficit contribution paid	(54,560)	(52,971)
Remeasurements - impact of any change in assumptions	29,618	(14,794)
Remeasurements - amendments to the contribution schedule	-	333,915
Provision at end of period	<u>701,605</u>	<u>712,410</u>

**Income and Expenditure Impact**

	2017 £	2016 £
Interest expense	14,137	7,143
Remeasurements - impact of any change in assumptions	29,618	(14,794)
Remeasurements - amendments to the contribution schedule	-	333,915
	<u>43,755</u>	<u>326,264</u>

**Assumptions**

	2017 % per annum	2016 % per annum	2015 % per annum
Rate of discount	<u>1.32</u>	<u>2.07</u>	<u>1.74</u>

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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Fixed assets	375,000	-	375,000	375,000
Investments	146,975	-	146,975	166,650
Current assets	402,750	-	402,750	107,586
Current liabilities	(276,728)	-	(276,728)	(163,927)
Provision for liabilities	(701,605)	-	(701,605)	(712,410)
	<u>(53,608)</u>	<u>-</u>	<u>(53,608)</u>	<u>(227,101)</u>

## 20. MOVEMENT IN FUNDS

	At 1/4/16 £	Net movement in funds £	Transfers between funds £	At 31/3/17 £
<b>Unrestricted funds</b>				
General fund	(602,101)	146,753	26,740	(428,608)
Designated fund	375,000	-	-	375,000
Families and Parenting	-	(7,649)	7,649	-
Young People	-	13,658	(13,658)	-
Parent Infant Partnership	-	20,731	(20,731)	-
	<u>(227,101)</u>	<u>173,493</u>	<u>-</u>	<u>(53,608)</u>
<b>TOTAL FUNDS</b>	<u>(227,101)</u>	<u>173,493</u>	<u>-</u>	<u>(53,608)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017

## 20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	579,521	(440,220)	7,452	146,753
Families and Parenting	532,092	(539,741)	-	(7,649)
Young People	415,262	(401,604)	-	13,658
Parent Infant Partnership	109,073	(88,342)	-	20,731
	<u>1,635,948</u>	<u>(1,469,907)</u>	<u>7,452</u>	<u>173,493</u>
<b>Restricted funds</b>				
Families and Parenting	24,999	(24,999)	-	-
Children and Young People	256,945	(256,945)	-	-
	<u>281,944</u>	<u>(281,944)</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>1,917,892</u>	<u>(1,751,851)</u>	<u>7,452</u>	<u>173,493</u>

**Designated fund**

The designated fund represents the net book value of the properties at Denhill and Weyes.

**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 1,300 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.

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.



**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**21. PENSION COMMITMENTS  
- continued**

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 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2016 to 30 September 2028: £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 rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**Pension Trust Flexible Pension Plan**

From December 2006 the charity 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 £52,971 (2015: £51,428) and the outstanding contributions (employer plus employee) owed at the balance sheet date was £8,880 (2015: £13,596).

At the balance sheet date there were 13 active members of the Plan and the Charity continues to offer membership of the new scheme to all its employees.

**22. 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 2017.

**23. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the Board of Directors.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2017**

**24. LIMITED LIABILITY**

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.

**25. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	173,493	(329,787)
<b>Adjustments for:</b>		
(Gain)/losses on investments	(7,452)	25,367
Interest received	(5,615)	(7,262)
Interest paid	1,276	2,326
(Increase)/decrease in debtors	(117,763)	4,442
Increase/(decrease) in creditors	112,801	(31,368)
Difference between pension charge and cash contributions	(10,805)	273,293
	<u>145,935</u>	<u>(62,989)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>145,935</u>	<u>(62,989)</u>

**26. FIRST YEAR ADOPTION**

The company has adopted the Charities SORP (FRS 102) for the first time in the year ended 31 March 2017 and the date of transition to the new standard was therefore 1 April 2015.

The directors have considered the consequential changes in accounting policies from the adoption of the Charities SORP (FRS 102) and have made the necessary adjustments to the previous years' figures.

**CHILDREN NORTH EAST**

**RECONCILIATION OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and legacies		349,375	-	349,375
Charitable activities		1,272,347	-	1,272,347
Other trading activities		52,017	-	52,017
Investment income		7,262	-	7,262
Other income		15,466	-	15,466
<b>Total</b>		<u>1,696,467</u>	-	<u>1,696,467</u>
<b>EXPENDITURE ON</b>				
Raising funds		68,460	-	68,460
Charitable activities		1,665,848	277,226	1,943,074
Governance costs		3,933	(3,933)	-
<b>Total</b>		<u>1,738,241</u>	<u>273,293</u>	<u>2,011,534</u>
Net gains/(losses) on investments		(14,720)	-	(14,720)
<b>NET INCOME/(EXPENDITURE)</b>		<u>(56,494)</u>	<u>(273,293)</u>	<u>(329,787)</u>

**CHILDREN NORTH EAST****RECONCILIATION OF FUNDS****AT 1 APRIL 2015****(DATE OF TRANSITION TO FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		375,000	-	375,000
Investments		193,941	-	193,941
		<u>568,941</u>	<u>-</u>	<u>568,941</u>
<b>CURRENT ASSETS</b>				
Debtors		87,711	-	87,711
Cash at bank and in hand		80,446	-	80,446
		<u>168,157</u>	<u>-</u>	<u>168,157</u>
<b>CREDITORS</b>				
Amounts falling due within one year		(195,295)	-	(195,295)
		<u>(195,295)</u>	<u>-</u>	<u>(195,295)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>(27,138)</u>	<u>-</u>	<u>(27,138)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		541,803	-	541,803
<b>PROVISIONS FOR LIABILITIES</b>		-	(439,117)	(439,117)
		<u>541,803</u>	<u>(439,117)</u>	<u>102,686</u>
<b>FUNDS</b>				
Unrestricted funds		541,803	(439,117)	102,686
<b>TOTAL FUNDS</b>		<u>541,803</u>	<u>(439,117)</u>	<u>102,686</u>

**CHILDREN NORTH EAST**

**RECONCILIATION OF FUNDS  
AT 31 MARCH 2016**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		375,000	-	375,000
Investments		166,650	-	166,650
<b>Total</b>		<u>541,650</u>	-	<u>541,650</u>
<b>CURRENT ASSETS</b>				
Debtors		83,269	-	83,269
Cash at bank and in hand		24,317	-	24,317
		<u>107,586</u>	-	<u>107,586</u>
<b>CREDITORS</b>				
Amounts falling due within one year		(163,927)	-	(163,927)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>(56,341)</u>	-	<u>(56,341)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		485,309	-	485,309
<b>PROVISIONS FOR LIABILITIES</b>		-	(712,410)	(712,410)
<b>NET ASSETS/(LIABILITIES)</b>		<u>485,309</u>	<u>(712,410)</u>	<u>(227,101)</u>
<b>FUNDS</b>				
Unrestricted funds		<u>485,309</u>	<u>(712,410)</u>	<u>(227,101)</u>
<b>TOTAL FUNDS</b>		<u>485,309</u>	<u>(712,410)</u>	<u>(227,101)</u>

**CHILDREN NORTH EAST****DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and legacies</b>		
Post Code Children Trust	350,000	250,000
Donations & voluntary income	78,765	99,375
	<hr/>	<hr/>
	428,765	349,375
<b>Other trading activities</b>		
Fundraising events	57,242	51,541
Charges for goods & services	573	476
	<hr/>	<hr/>
	57,815	52,017
<b>Investment income</b>		
Deposit account interest	11	41
Investment income	5,604	7,221
	<hr/>	<hr/>
	5,615	7,262
<b>Charitable activities</b>		
Contract income	813,471	764,424
Spot purchase of services	99,791	52,255
Grants - Local Authority	51,623	45,015
Grants - Health	120,008	142,212
Grants - Trusts	64,833	31,856
Big Lottery Fund	124,956	125,357
Other grants	144,552	111,228
	<hr/>	<hr/>
	1,419,234	1,272,347
<b>Other income</b>		
Rent & other income	3,163	15,466
Management recharges - CNET	3,300	-
	<hr/>	<hr/>
	6,463	15,466
	<hr/>	<hr/>
<b>Total incoming resources</b>	1,917,892	1,696,467
<b>EXPENDITURE</b>		
<b>Raising donations and legacies</b>		
Wages	26,248	30,601
Social security	2,303	-
Carried forward	28,551	30,601

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**CHILDREN NORTH EAST****DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016
	£	£
<b>Raising donations and legacies</b>		
Brought forward	28,551	30,601
Pensions	1,464	-
Other fundraising costs	11,589	4,667
Activities & equipment	-	29,835
Postage and stationery	-	3,357
	<hr/>	<hr/>
	41,604	68,460
<b>Charitable activities</b>		
Wages	1,143,890	1,203,768
Social security	86,412	103,623
Pensions	98,669	326,264
Motor & travel expenses	43,534	40,687
Staff training & recruitment	13,855	16,011
Telephone	19,928	24,304
Volunteer costs	20,492	21,121
Other client costs	41,076	22,352
Management recharges	-	-
	<hr/>	<hr/>
	1,467,856	1,758,130
<b>Support costs</b>		
<b>Other</b>		
Rent & rates	47,827	39,363
Insurance	8,576	9,689
Light and heat	7,469	8,712
Postage and stationery	20,845	13,702
Sundries	198	283
Repairs & maintenance	39,327	19,796
Cleaning	20,406	20,006
Computer support & maintenance	52,681	43,148
Professional fees	31,553	14,756
Subscriptions	8,411	9,230
Bank interest & charges	1,276	2,326
	<hr/>	<hr/>
	238,569	181,011
<b>Governance costs</b>		
Auditors' remuneration	3,822	3,933
	<hr/>	<hr/>
<b>Total resources expended</b>	1,751,851	2,011,534
<b>Net income/(expenditure) before gains and losses</b>	166,041	(315,067)

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**CHILDREN NORTH EAST**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
<b>Recognised gains and losses</b>		
Recognised gains/(losses) on fixed asset investments	7,452	(14,720)
<b>Net income/(expenditure)</b>	<u>173,493</u>	<u>(329,787)</u>

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