

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 2020
FOR
CHILDREN NORTH EAST
(A COMPANY LIMITED BY GUARANTEE)**

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CHILDREN NORTH EAST

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

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 2020. 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 for Smaller Entities.

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 two trustees have retired and four new trustees have been appointed. The board reviews expertise among the existing trustees and recruits people with expertise that the board lacks. The board is now 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 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 two sub-committees, one for income and resources and the other for delivery and impact.

The chief executive manages the charity on behalf of the trustees with the deputy chief executive and operations director. 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 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;

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- 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 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 '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.

THE DIFFERENCE WE MAKE FOR CHILDREN AND YOUNG PEOPLE

PUBLIC BENEFIT

Children North East delivers 28 different services for babies, children, young people and families. We do this through a variety of delivery models working with individuals and groups. The scope of our delivery changes as children grow up from our work with expectant parents, our therapeutic work creating a greater bond between babies and their parents, delivering mental health support through our counselling services, and delivering training in schools, through to providing sexual health support, family support, crisis intervention and an array of supportive services to ensure that the babies, children, young people and families we work with provide an opportunity to grow up happy and healthy. We run four distinct services to reach our aims, including; Families and Parenting, Young People, NEWPIP (Newcastle Parent Infant Partnerships) and the Schools Team.

Families and Parenting

We offer a 0-19 holistic service including crises intervention, early intervention and preventative services for families. We strive to keep 'families together in a safe and healthy way,' our work is tailored to meet individual needs and we keep the child at the centre of all of our interventions. The work is mainly commissioned by Newcastle and Sunderland Local Authorities we also receive grant funding to run a range of other services to support families these include:

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- **Whoops Home Safety Programme** – Installation of home safety equipment, home safety assessments and paediatric and first aid courses for parents.
- **Youth Music** – group based community musical activities for children 0 – 2 years and their parent/carers supported by volunteers.
- **Little Friends Cowgate** – this work focuses on empowering the community to have a voice with regards to the type of community services they feel are needed to support babies, children, young people and families
- **Bright Stars** – funded by the Guy Redman Trust this programme supports struggling students in Kenton and Walbottle school to reach their full potential
- **Kenton and Walbottle School** – school based therapeutic support for vulnerable young people
- **Today's Teens and Tomorrows Teens** – courses for group of parents with their teenage or pre-teenage children
- **Safeguarding Families recovery programme** – is for families rebuilding their lives after escaping domestic abuse based upon the Domestic Abuse Recovery in Education programme (DARE)
- **Sunderland Intensive Intervention Service (IIS)** – holistic intensive work with families in crisis where children are subject to a Child Protection/Children In Need plan
- **Newcastle West Community Family Hub Early Intervention and Preventive Work** – Holistic work with families who agree to an Early Help Assessment and Plan, this also includes the Preparing for Baby programme for expectant parents
- **Volunteer Family Support** – provided by trained volunteers and delivered in the West of Newcastle to compliment the West Community Family Hub early intervention work.
- **Contact Centre** – where separated parents can have good quality contact with their children in a safe, secure setting supervised and supported by experienced contact workers.
- **Spot Purchase Work** – promoted by an Independent Social Worker in Court where it is deemed that the work needs to take place to identify if the parents have the capacity to parent their children appropriately and keep them safe from harm. This work is commissioned by Local Authorities and often is in line with a rehabilitation plan and is offered intensively over an agreed period of time. CNE keep detailed records of the intervention and the information is used to support decisions about the future care arrangements of the children

Young People service

Our service aims to build young people's resilience. It offers a range of activities and interventions to support young people, examples of this include:

- **Counselling for children and young people** – funded by CNTW (Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust), Sunderland City Council and the Police and Crime Commissioner for Northumbria, this service supports young people aged 9-25 years across the Tyne and Wear area, this includes working with the victims of crime, and children affected by domestic abuse. Our team of experienced and qualified counsellors work in a person centred way providing one to one sessions to children and young people.
- **Youth Link** – is a community peer mentoring service aimed at young people aged 11-18 years. Last year we delivered this service in Newcastle, Gateshead and Northumberland, receiving funding from Newcastle City Council, Children in Need, the Tampon Tax Fund, People's Postcode Lottery and Northumberland Children's Trust. Although our overall focus of this work is to support young people who need it, some of our funding was specifically aimed at; disabled young people; young women and older young people who have been affected by mental health, low self-esteem or learning difficulties. To carry out this work, youth link coordinators recruit and train young volunteers aged 17-25 to mentor and support young people 11-18. Our

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training focuses on:

- Listening in a non-judgemental way and talking through problems
- Encouraging the development of confidence and self esteem
- Supporting a young person to get involved in their community e.g. by attending local groups and activities
- **Sexual Health/Drop in's** – we have a rolling contract from Newcastle City Council Public Health to provide sexual health advice and support, C-Card (condom distribution) and chlamydia/gonorrhoea screening. We provide this service in outreach venues across Newcastle and through drop in's at our young people's base on the West Road in Newcastle.

NEWPIP

NEWPIP (Newcastle Parent Infant Partnership) is specialist parent-infant relationship team with expertise in supporting and strengthening the important early relationships between babies and their parents or carers.

It is an early intervention, preventative service for parents and their children from pregnancy to 2 years of age (the 1001 Critical Days where the baby's brain is developing at an incredibly fast rate) who are dealing with issues which are likely to cause difficulties in the relationship between themselves and their baby.

The service is in its fifth and final year of commissioning through Newcastle City Council (via DCLG funding) which ends in June 2021. An additional three year financial contribution from PIP UK (now Parent Infant Foundation) ended in December 2020. Funding secured from the Newcastle Fund and the Community Family Hub West has funded family support and group activities for those parents not able to engage in therapy.

The service offers:

- **Individual Parent-baby Psychotherapy** – specialist therapeutic work with families experiencing severe, complex and/or ongoing difficulties in their early relationships, where babies' emotional wellbeing and development is particularly at risk
- **Family Support** – support for families experiencing early difficulties which are impacting on their relationship with their baby
- **Therapeutic ante natal and Parent-baby groups** – support for parents and their babies in a small group environment to explore and understand their emotional wellbeing and the impact of their relationships through observation, play and music
- **Consultation** – support for colleagues in Health Visiting, Midwifery, Children's Social Care, Perinatal Mental Health, Family Support and Early Years to discuss case work and to think about the impact of family circumstances and professional intervention on the baby
- **Training and continuing professional development** – training to help the local workforce to understand and support parent-infant relationships, to identify issues where they occur and take the appropriate action, these include:
 - **Newcastle Infant Mental Health Course** – 10 sessions consisting of a mixture of theory, seminar discussion, work discussion and baby observation. Accredited with CPD Standards Unit.
 - **Parent Infant Relationship (PIR) Group** – Monthly group offering professionals from a variety of backgrounds the opportunity to engage in theoretical and case discussion.
 - **Bespoke training** – tailored to the needs of the group, e.g. Early Years Setting, midwives, Community Family Hub team.

Schools Team

Poverty Proofing the School Day is an innovative programme which seeks to ensure that no child is disengaged from

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school as a consequence of finding themselves within the grip of poverty. Our 'Poverty Proofing' model primarily is delivered in schools, although this year we worked with Sage Gateshead (Poverty Proofing a cultural venue) and prior to Covid-19 lockdown we were preparing a pilot 'Poverty Proofing' within Early Years settings.

We also entered into a partnership with the Child Poverty Action Group (CPAG) to quality assure a three year 'Cost of the School Day' project in England, Wales and Scotland. This project is funded via the National Lottery.

The 'Poverty Proofing' with schools is a paid for services, financial targets are set by the CNE Trading Ltd. subsidiary to cover the costs of running the service.

The Schools Team also delivers:

- **'BU'** - a group intervention delivered in schools to enable young people to cope with the emotional challenges of everyday life and develop the foundations for positive mental health.
- **Wilderness Schooling** - a group intervention where up to 18 primary schools pupils spend one day a week outdoors in the natural environment (beaches, forests) with specially trained teachers who use the environment to teach curriculum work in Maths, Science and English.
- **Zippys Friends** - an international wellbeing intervention for 5-9 year olds which encourages students to develop coping strategies when they come across life's hurdles. It was developed by Skills for Life. CNE train teachers to be able to deliver this intervention. The training is sold to schools.
- **Melva** – we embarked on a project with our partners at Moral Fools, supporting workshops in schools prior to children and young people seeing the production of 'Melva'. The production focuses on issues or anxieties and worries.

Children North East

Provides direct services in Newcastle, Gateshead, Sunderland and South East Northumberland with smaller presences in North and South Tyneside. We received referrals from 509 organisations, including, schools, colleges, local authorities and the voluntary sector. We work in schools in every part of the North East region and in other parts of England.

Children North East provides opportunities for adults and young people to volunteer their time as mentors and offers practice placements for social work students, we have worked with 157 volunteers (2 of which gained employment with CNE) and 16 students (6 of which gained employment with CNE).

As a charity Children North East receives gifts of goods and food throughout the year which we distribute to children and young people in need, we have been working closely with Fareshare to make more food available to our beneficiaries.

Overall Impact

Children North East provided services directly to 3,921 (3,744¹), furthermore, we had an additional indirect impact on the lives of 1,521 children and young people (a total of 5442); we also had impact on 31,124 (43,075) children and young people in schools where we delivered our Poverty Proofing audits.

Of the children and young people we provided direct services to 323 (177) were babies age 0-1 years; 277 (161) were age 2-4 years; 416 (394) age 5-11 years; 1,232 (1,622) age 12-18 and 673 (632) were age 18-25; we also worked with 466 adults aged 25+. In total we worked with 3,204 (2,039) girls and 1,689 (1,542) boys.

Although ethnicity is not recorded for every CNE activity, we worked with 400 (448) individuals from 21 different BAME (Black and Minority Ethnic) groups.

¹ Figures in brackets are for the previous year 2018 – 19

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We worked with 1,094 (766) families.

Last year, our staff delivered over **ONE MILLION MINUTES** of activities to help babies, children and young people.

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

- 2,713 Counselling Sessions for young people
- 7,143 contact sessions with families in need
- 841 NEWPIP therapy sessions
- 2,419 sexual health drop in's (or youth work sessions)
- 664 peer mentoring sessions

These services were provided by:

- 23 full-time staff
- 34 part-time staff
- 10 sessional workers
- 16 (26) students on placement
- 157 (154) volunteers (mostly 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 £59,220.

100% (of those who completed our end of service questionnaire) would recommend Children North East to family and friends.

89.1% said they had achieved their goals and **95.9%** percent of service users who took the survey rated the CNE 4 or higher (4 is good – 5 is excellent).

IMPACT

Children North East demonstrate the impact of our work through our five outcomes – babies feel safe and loved; children feel ready and looking forward to school; children and young people feel confident in school; young people feel valued and confident; and young people feel they are given a chance.

Our CiviCRM system which is now established across all of our services provides us with a mechanism to produce clear monitoring and evaluation information. But there is also the story which sits alongside facts and figures. These stories bring to life the impact and quality of our work. What follows is an example of the real impact of our work on babies, children, young people and families:

FAMILIES AND PARENTING

Our families and parenting team worked with a family through our early help work. Mum grew up in a household where there was domestic violence and witnessed her mother being assaulted and seriously injured. Her and her sisters ended up in the care system. She ended up pregnant and homeless. Her relationship with her baby's Dad did not last and she became a single parent. She later met and married and had two daughters, but this was an abusive relationship and she now lives alone with her children.

There were many issues to overcome, and our family support worker worked with Mum to find out how they could get to work on sorting out some of these issues, including; debt, rent arrears, gas and electricity arrears, unpaid credit

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cards and catalogue bills, ill health, house in disrepair, children's non-attendance at school, children involved in anti-social behaviour which included involvement of the police and day to day family conflict.

Our intervention, to support Mum and the children was wide ranging, including; referral to Money Matters in relations to debt management, Referral to Welfare Rights to support a PIP application, Referral to Depaul for mediation services and family support in relation to housing, Referral to Progression and Support Services with Your Homes Newcastle, acting as an intermediary in discussions with school, weekly home visits to offer emotional support to Mum.

Although there is still some way to go, Mum is feeling more positive and relaxed. Her health has improved and she is feeling less stressed, reflecting on this support, Mum said; *'I have had the best support from my support worker and have no idea where I would be without her help. It's been a god send getting the (food) parcels and the school resources and mostly the food has been a massive help for me and my family. I am so grateful and appreciate all she has done for me she is an angel thank you so much without this help god knows where we would be. Thank you'*

YOUNG PEOPLE SERVICES

Through our CAN project (our 18 – 25 peer mentoring project funded by the People's Postcode Lottery), we supported a young man who presented to us at first through our Youth Counselling Service. Getting to know him, we discovered that his living situation was untenable. Living with his Grandma for over 20 years, when she died he was not left with many other options but to take over the tenancy. Without the proper support or advice (the property incurred a bedroom tax and he was not in employment), he quickly fell into rent arrears, eventually having to leave his tenancy. He moved in with his step dad, sleeping on a computer chair and he did not have access to a working kitchen. Other issues that transpired through our conversations included, he had no ID, he was at constant risk of homelessness, he did not have access to Universal Credit due to not having a bank account, he was unable to clean his clothes, and had no access to hygiene facilities, he was unemployed, and his mental health was poor.

There were many issues to overcome, but through the help and support of the CAN team, identifying appropriate support; he now has secured a flat, we supported him in finding furniture he could afford to make sure it was fit to live in, he signed up to a 12 week Princes Trust course, he is generally a lot happier and is paying more attention to his hygiene. He is growing in confidence and has started focusing on the things that HE wants from life.

This is just one of many examples of the power of the work and detailed support we provide to young people every day at Children North East, supporting them to be happy and healthy.

NEWPIP

NEWPIP receive referrals from across the health sector in Newcastle, one Mum was referred in the late antenatal period by her Health Visitor as she was concerned that she was feeling disconnected from both her 10 month old baby and her unborn child. She had a history of post-natal depression with her first child and previous history of intermittent depression. Her husband also struggled with depression.

On assessment Mum commented that she *"Just (felt) no connection. I feel so guilty. I didn't feel that love from the beginning and I feel so guilty I didn't feel love for her. I felt a foreboding about not knowing how I was going to feed her and about how I felt during pregnancy – having two children and how I was going to cope. With my older child I used to sing to him in pregnancy. I was crying a lot and felt down. I didn't connect with her. I was so tired. I wanted to hand her over to my husband"*.

Our NEWPIP therapist worked with Mum, and although initially she was not consistent in keeping her appointments, she did eventually engage well with the therapeutic process. Her progress was gradual and not linear, with two periods of a marked dip in her mental health, with one period of concern about elevated mood and about conditions in the home.

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Overall, however, Mum made very significant progress over the period of therapy, ending with a clearly positive outcome, commenting; *“I’ve got a beautiful, beautiful, connection with my daughter. We have fun together. I want to be with her and spend time with her. I miss her at bedtime. I love having one to one with her. It’s so special to have this relationship with my daughter especially a girl -who will grow up to be a woman and can identify with her mum. I am her mum for the rest of her life. She knows I am there for her and will be forever”*.

SCHOOLS

In 2019 Newcastle University completed their latest case study evaluation of the Poverty Proofing the School Day work. The findings highlighted the significant impact that Poverty Proofing can have in individual schools who really invest and engage in the recommendations we make after completing a full audit. Key findings were that Poverty Proofing significantly impacted on the whole school ethos, as one head teacher highlighted; *‘All of the lunchtime supervisors, office staff, caretakers and cleaners, everyone – everyone – came to the training and discussed it on the same level. It has sharpened up our child protection safeguarding because more people feel empowered to say “I’m really concerned, he’s come in three mornings and said he hasn’t had any breakfast” or “this little boy’s got no underpants on when he got changed for PE”, things like that. That open communication, that everybody is responsible but also that everyone will be listened to, means that people have the confidence to deal with things in the “We’re an inclusive school. right way.” - Head teacher.*

In addition the report found that there was a correlation between the work and curriculum, school funding, work with families, and the overall school community. One head teacher described the impact as *‘It’s about acknowledging that everyone has a part to play. So hopefully you’re not just having a positive impact on children who come to you with Pupil Premium funding, or just above that. But you’re having an impact on the whole school community, so everyone’s in it together and you’re creating a place where everybody can be as equal as possible between 9 in the morning and 3.15.’ - Head teacher.*

The full report can be found at https://www.fairnesseducation.co.uk/wp-content/uploads/2020/06/NU_Fighting-against-poverty_AW-Web.pdf

FINANCIAL REVIEW

Financial position

At the balance sheet date, the group held funds of £-28,070, (2019: £166,348) of which £422,500 (2019: £422,500) was designated in accordance with the reserves policy.

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 £400,000 unrestricted income.

Our thanks and appreciation to the following for their grants:

Action for Children	Ironmongers Foundation
Barbour Foundation	J H Burn Charity Trust
Beale Trust	Joseph Strong Frazer Trust
Big Lottery, Awards for All	Leslie and Lilian Manning Trust
Buckland Charitable Trust	Masonic Charitable Foundation
Blyth Offshore Wind Farm Fund	Mel Weir Charitable Trust
CAN CLLD	National Foundation of Youth Music
Carr Ellison Charitable Trust	NE Music Coop
Catherine Cookson Charitable Trust	Netherton Park Trust
Child Poverty Action Group	Newcastle Building Society
	Newcastle Fund

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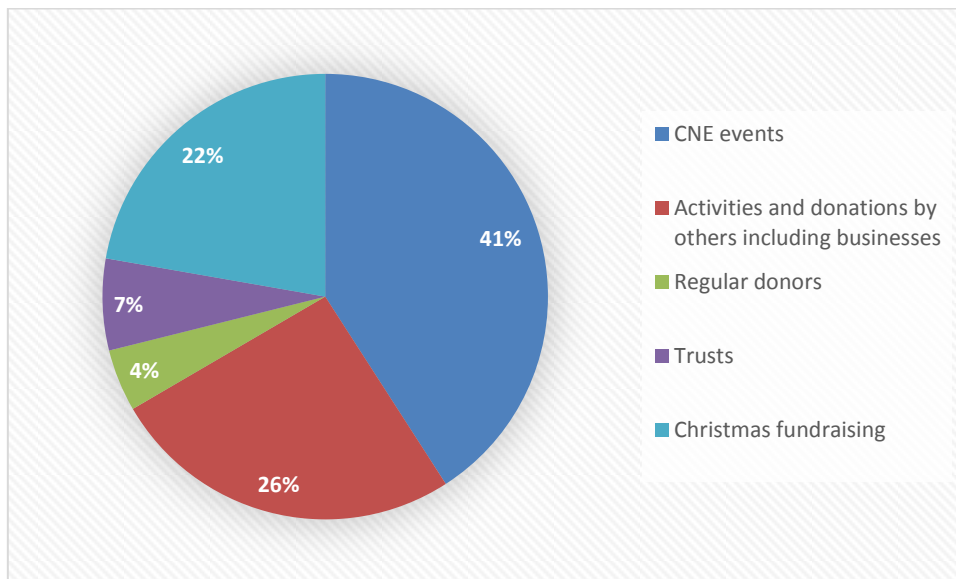
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|--|---|
| Children in Need | North West Boroughs Infant Mental Health |
| Community Foundation Tyne & Wear and Northumberland | Northumberland Children’s Trust |
| Community-led Local Development European Social Fund | Northumbria Police and Crime Commissioner |
| Community Family Hub West (PIP Praxis) | PIP UK |
| David Dockray Fund | Prudhoe Town Council |
| Department for Digital, Culture, Media & Sport | Reece Foundation |
| Tampon Tax Fund | Together for Children |
| Department for Education | Tyneside Rotary |
| Food Nation | Rothley Trust |
| Gateshead Independent Travel | Ridley Family Trust |
| Greggs Foundation | Sir James Knott Trust |
| Guy Redman Foundation | Sir Stephen Middleton Charity Trust |
| Hadrian Trust | W A Handley Charitable Trust |
| Henry Smith Charity | William Leech Trust |
| High Sheriff of Northumberland | Your Homes Newcastle |
| High Sheriff of Tyne and Wear | |

We are very grateful to all the businesses and donors who support Children North East, including those who have made donations over £1,000:

- | | |
|-------------------------------|-----------------------------|
| Allay | Lowes |
| Barclays | Nike |
| Campbell Johnston Clark (CJC) | Projekt Architect |
| Computershare | Robertsons Construction Ltd |
| Galliford Try | Stagecoach |

Unrestricted income

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



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 which reduces costs and increases net income from them.

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The main fundraising events organised by Children North East during the year were:

- Hope for Christmas giving campaign
- Sandcastle Challenge
- Sandcastle Ball
- Participants in the Great North Run

We have increased capacity in our fundraising and communications department in order to attract more supporters to Children North East and encourage them to contribute by fundraising for us, and to raise the charity's profile.

Our beneficiaries are in great need of new clothing and food. We receive unsolicited gifts of new food, clothes and other goods throughout the year which are distributed to individuals and families in need.

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.

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
Sunderland City Council
Stockton-on-Tees Borough Council
Newcastle and Gateshead Clinical Commissioning Group
NHS Newcastle and Gateshead

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

Total income was lower than the previous year and this is reflected in the reported deficit.

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

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 for Young People services 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 (£-134,187, 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).

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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.

During the year, the trustees and staff implemented a number of changes to operations, fundraising and head office which resulted in a reduction of costs, with this work ongoing. Trustees have decided to sell the head office property at Denhill Park as this is no longer required for operational reasons and a potential buyer has been identified and work is ongoing with the necessary legal processes, at the time of writing, it is anticipated that the sale of £276,500 will be completed by the end of the calendar year.

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 £316,383 (2019: £383,800). As a result there is a net deficiency in general, unrestricted funds in the amount of £450,570 (2019: £256,152).

FUTURE PLANS

Our objectives for the coming year are:

1. Continue to increase reach and impact by offering free, relevant information and advice on our website for young people and parents.
2. Increase reach and impact by extending existing services into new places where demand exists and can be funded and also by selling services.
3. Increase the number of supporters and donations by continuing to improve communications with potential supporters, donors, customers and service users.
4. Increase working capital by increasing unrestricted income.
5. 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.
6. Provide support to babies, children, young people and their families in light of Covid-19.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Mrs Debbie McCordall Mr Ian Railton, Chair until May 2019 Mrs Lucy Kendall Mr Stephen Robinson Ms Glenda Devlin Mrs Judith Hay OBE Prof Eileen Kaner Mr Mark Stoddart Mr Alex Coburn (co-opted December 2018, appointed July 2019) Ms Philippa Hughes (co-opted December 2018, appointed July 2019) Reverend Sarah Lunn (co-opted December 2018, appointed July 2019) Mr David W Bavaird, Chair from May 2019 (co-opted May 2019, appointed July 2019) Ms Michele Harvey (co-opted December 2019; resigned August 2020)
Interim Chief Executive	Mrs Leigh Elliott (appointed August 2019)
Operations Director	Ms Michele Deans (appointed January 2019)
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 - currently no investments 36 Renfield Street Glasgow G21 NA

CHILDREN NORTH EAST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

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.

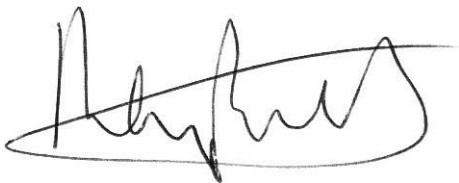
In so far as the trustees are aware:

- 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 16 December 2020 and signed on its behalf by:



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 2020 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 consolidated financial statements does not cover the other information and 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, 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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the 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 their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the parent 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

26 January 2021

CHILDREN NORTH EAST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted Funds £	Restricted Funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	316,398	150,000	466,398	465,281
Charitable activities	5				
General operations		28,797	-	28,797	5,502
Children and young people		385,163	193,447	578,610	731,445
Families and parenting		250,934	154,614	405,548	651,706
Parent infant partnership		300,805	-	300,805	306,404
Other trading activities	3	302,441	-	302,441	269,679
Investment income	4	651	-	651	3,884
Other income		23,452	400	23,852	27,396
Total		1,608,641	498,461	2,107,102	2,461,297
EXPENDITURE ON					
Raising funds	6	46,441	-	46,441	44,412
Charitable activities	7				
General operations		617,644	-	617,644	461,029
Children and young people		426,245	268,010	694,255	752,775
Families and parenting		438,758	186,123	624,881	749,106
Parent infant partnership		318,782	-	318,782	346,178
Reversal of impairment losses		-	-	-	(47,500)
Total		1,847,870	454,133	2,302,003	2,306,000
Net gains/(losses) on investments		483	-	483	(657)
NET INCOME		(238,746)	44,328	(194,418)	154,640
Transfers between funds		44,328	(44,328)	-	-
Net movement in funds		(194,418)	-	(194,418)	154,640
RECONCILIATION OF FUNDS					
Total funds brought forward		166,348	-	166,348	11,708
TOTAL FUNDS CARRIED FORWARD		(28,070)	-	(28,070)	166,348

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

CHILDREN NORTH EAST (REGISTERED NUMBER: 00090288)**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020**

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
FIXED ASSETS					
Tangible assets	14	460,185	422,500	460,185	422,500
Investments	15	-	78,076	1	78,077
		<u>460,185</u>	<u>500,576</u>	<u>460,186</u>	<u>500,577</u>
CURRENT ASSETS					
Debtors	16	172,216	196,141	193,012	225,275
Cash at bank and in hand		22,734	165,696	13,809	160,291
		<u>194,950</u>	<u>361,837</u>	<u>206,821</u>	<u>385,566</u>
CREDITORS					
Amounts falling due within one year	17	(366,822)	(312,265)	(284,129)	(264,267)
		<u>(171,872)</u>	<u>49,572</u>	<u>(77,308)</u>	<u>121,299</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		288,313	550,148	382,878	621,876
PROVISIONS FOR LIABILITIES	19	(316,383)	(383,800)	(316,383)	(383,800)
NET ASSETS/(LIABILITIES)		<u>(28,070)</u>	<u>166,348</u>	<u>66,495</u>	<u>238,076</u>
FUNDS	21				
Unrestricted funds:					
General fund		(450,570)	(256,152)	(356,005)	(184,424)
Designated fund		422,500	422,500	422,500	422,500
		<u>(28,070)</u>	<u>166,348</u>	<u>66,495</u>	<u>238,076</u>
Restricted funds		-	-	-	-
TOTAL FUNDS		<u>(28,070)</u>	<u>166,348</u>	<u>66,495</u>	<u>238,076</u>

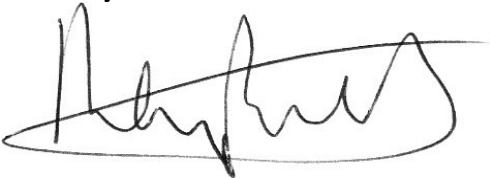
The notes form part of these financial statements

CHILDREN NORTH EAST (REGISTERED NUMBER: 00090288)

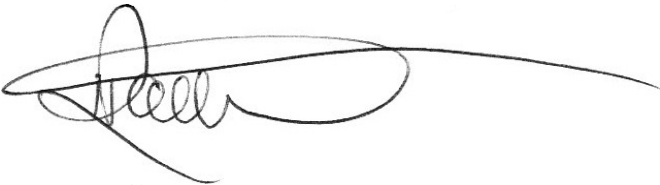
**CONSOLIDATED BALANCE SHEET - CONTINUED
AS AT 31 MARCH 2020**

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 16 December 2020 and were signed on its behalf by:

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

Mr David Bavaird, Chair

A handwritten signature in black ink, appearing to read 'Ian Railton', written over a horizontal line.

Mr Ian Railton, Trustee

CHILDREN NORTH EAST

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Cash flows from operating activities:					
Cash generated from operations	24	(178,671)	(205,796)	(182,379)	(204,827)
Interest paid		(3,851)	(1,611)	(3,663)	(1,468)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities		<u>(182,522)</u>	<u>(207,407)</u>	<u>(186,042)</u>	<u>(206,295)</u>
Cash flows from investing activities:					
Purchase of tangible fixed assets		(39,650)	-	(39,650)	-
Sale of fixed asset investments		78,559	71,010	78,559	71,010
Interest received		651	3,884	651	3,884
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities		<u>39,560</u>	<u>74,894</u>	<u>39,560</u>	<u>74,894</u>
Change in cash and cash equivalents in the reporting period					
		(142,962)	(132,513)	(146,482)	(131,401)
Cash and cash equivalents at the beginning of the reporting period		<u>165,696</u>	<u>298,209</u>	<u>160,291</u>	<u>291,692</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the reporting period		<u>22,734</u>	<u>165,696</u>	<u>13,809</u>	<u>160,291</u>

The notes form part of these financial statements

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 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 with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Going concern

As explained more fully in notes 19 and 22 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 FRS102, the charity has recognised a provision in its financial statements for the present value of future additional contributions to the scheme, amounting to £316,383 (2019 - £383,800). As a result there is a net deficiency in general, unrestricted funds in the amount of £450,570 (2019 - £256,152).

Additional contributions to the scheme have been made under a fixed term agreement, expiring in January 2025, 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.

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.

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES - continued

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

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.

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 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.

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.

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES - continued

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.

2. DONATIONS AND LEGACIES

	2020	2019
	£	£
Post Code Children Trust	400,000	350,000
Other donations and legacies	66,398	115,281
	<hr/>	<hr/>
	466,398	465,281
	<hr/>	<hr/>

3. OTHER TRADING ACTIVITIES

	2020	2019
	£	£
Fundraising events	55,096	51,368
Charges for goods & services	247,345	218,311
	<hr/>	<hr/>
	302,441	269,679
	<hr/>	<hr/>

4. INVESTMENT INCOME

	2020	2019
	£	£
Investment income	651	3,884
	<hr/>	<hr/>

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

5. INCOME FROM CHARITABLE ACTIVITIES

	General Operations £	Children and young people £	Families and parenting £
Grants	11,747	398,576	79,074
Contract income	-	171,807	298,222
Spot purchase of services	17,050	8,227	28,252
	<u>28,797</u>	<u>578,610</u>	<u>405,548</u>

	Parent infant partnership £	2020 Total activities £	2019 Total activities £
Grants	89,612	579,009	642,668
Contract income	204,093	674,122	980,395
Spot purchase of services	7,100	60,629	71,994
	<u>300,805</u>	<u>1,313,760</u>	<u>1,695,057</u>

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

	2020 £	2019 £
Health	259,586	105,686
Trusts	76,228	79,100
Big Lottery	14,599	18,097
Other	228,596	439,785
	<u>579,009</u>	<u>642,668</u>

6. RAISING FUNDS

Raising donations and legacies

	2020 £	2019 £
Staff costs	39,740	35,931
Other fundraising costs	6,701	8,481
	<u>46,441</u>	<u>44,412</u>

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

7. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 8) £	Support Costs (See note 9) £	Totals £
General operations	495,392	122,252	617,644
Children and young people	661,352	32,903	694,255
Families and parenting	571,477	53,404	624,881
Parent infant partnership	284,718	34,064	318,782
	<u>2,012,939</u>	<u>242,623</u>	<u>2,255,562</u>

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2020 £	2019 £
Staff costs	1,858,163	1,810,302
Motor & travel expenses	59,132	74,981
Staff training & recruitment	15,931	16,468
Volunteer costs	20,425	28,501
Other client costs	59,288	69,947
	<u>2,012,939</u>	<u>2,000,199</u>

9. SUPPORT COSTS

	Management & administration £	Governance costs £	Totals £
General operations	116,827	5,425	122,252
Children and young people	32,903	-	32,903
Families and parenting	53,404	-	53,404
Parent infant partnership	34,064	-	34,064
	<u>237,198</u>	<u>5,425</u>	<u>242,623</u>

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

9. SUPPORT COSTS - continued

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

Management & administration

	General Operations £	Children and young people £	Families and parenting £
Rent & rates	2,218	4,340	25,738
Insurance	7,310	-	-
Light & heat	3,212	3,842	619
Telephone	5,146	6,236	7,142
Printing, postage, stationery & advertising	9,419	6,792	2,987
Sundries	3,932	94	127
Repairs & maintenance	13,465	2,453	477
Other costs	66,309	9,146	16,314
Depreciation of tangible fixed assets	1,965	-	-
Interest payable and similar charges	3,851	-	-
	<u>116,827</u>	<u>32,903</u>	<u>53,404</u>

	Parent infant partnership £	2020 Total activities £	2019 Total activities £
Rent & rates	22,020	54,316	57,742
Insurance	-	7,310	8,942
Light & heat	-	7,673	7,513
Telephone	2,101	20,625	25,193
Printing, postage, stationery & advertising	3,963	23,161	44,212
Sundries	-	4,153	5,722
Repairs & maintenance	1,051	17,446	30,186
Other costs	4,929	96,698	121,785
Depreciation of tangible fixed assets	-	1,965	-
Interest payable and similar charges	-	3,851	1,609
	<u>34,064</u>	<u>237,198</u>	<u>302,904</u>

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

9. SUPPORT COSTS - continued

Governance costs

	2020 General Operations £	2019 Total activities £
Auditors' remuneration	5,425	5,985

10. NET INCOME/(EXPENDITURE)

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

	2020 £	2019 £
Auditors' remuneration	5,425	5,985
Depreciation - owned assets	1,965	-

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2020 nor for the year ended 31 March 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2020 nor for the year ended 31 March 2019.

12. STAFF COSTS

	2020 £	2019 £
Wages and salaries	1,671,211	1,794,070
Social security costs	137,248	155,396
Other pension costs	89,444	(103,233)
	<u>1,897,903</u>	<u>1,846,233</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 £153,307 (2019 - £126,021).

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

	2020	2019
All staff	<u>74</u>	<u>78</u>

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

CHILDREN NORTH EAST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020**

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	465,281	-	465,281
Charitable activities			
General operations	5,502	-	5,502
Children and young people	384,039	347,406	731,445
Families and parenting	532,072	119,634	651,706
Parent infant partnership	306,404	-	306,404
Other trading activities	269,679	-	269,679
Investment income	3,884	-	3,884
Other income	27,396	-	27,396
Total	1,994,257	467,040	2,461,297
EXPENDITURE ON			
Raising funds	44,412	-	44,412
Charitable activities			
General operations	461,029	-	461,029
Children and young people	390,185	362,590	752,775
Families and parenting	641,775	107,331	749,106
Parent infant partnership	346,178	-	346,178
Reversal of impairment losses	(47,500)	-	(47,500)
Total	1,836,079	469,921	2,306,000
Net gains/(losses) on investments	(657)	-	(657)
NET INCOME	157,521	(2,881)	154,640
Transfers between funds	(2,881)	2,881	-
Net movement in funds	154,640	-	154,640
RECONCILIATION OF FUNDS			
Total funds brought forward	11,708	-	11,708
TOTAL FUNDS CARRIED FORWARD	166,348	-	166,348

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

14. TANGIBLE FIXED ASSETS - GROUP AND CHARITY

	Freehold Property £	Motor Vehicles £	Totals £
COST			
At 1 April 2019	422,500	-	422,500
Additions	-	39,650	39,650
	<hr/>	<hr/>	<hr/>
At 31 March 2020	422,500	39,650	462,150
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
Charge for year	-	1,965	1,965
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2020	422,500	37,685	460,185
	<hr/>	<hr/>	<hr/>
At 31 March 2019	422,500	-	422,500
	<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.

15. FIXED ASSET INVESTMENTS

Group

	Listed investments £
MARKET VALUE	
At 1 April 2019	78,076
Disposals	(78,559)
Revaluations	483
	<hr/>
At 31 March 2019	-
	<hr/>
NET BOOK VALUE	
At 31 March 2020	-
	<hr/>
At 31 March 2019	78,076
	<hr/>

CHILDREN NORTH EAST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2020**

15. FIXED ASSET INVESTMENTS - continued

Charity

	Shares in group undertakings £	Listed investments £	Totals £
MARKET VALUE			
At 1 April 2019	1	78,076	78,077
Disposals	-	(78,559)	(78,559)
Revaluations	-	483	483
	<hr/>	<hr/>	<hr/>
At 31 March 2020	1	-	1
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2020	1	-	1
	<hr/>	<hr/>	<hr/>
At 31 March 2019	1	78,076	78,077
	<hr/> <hr/>	<hr/> <hr/>	<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		
		2020	2019
		£	£
Aggregate capital and reserves		(94,564)	(71,727)
(Loss) for the year/period		(22,837)	(16,677)
		<hr/> <hr/>	<hr/> <hr/>

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade debtors	115,513	110,793	59,223	36,875
Amounts owed by group undertakings	-	-	78,580	106,922
Other debtors	10,864	10,325	9,820	9,275
Prepayments and accrued income	45,839	75,023	45,389	72,203
	<u>172,216</u>	<u>196,141</u>	<u>193,012</u>	<u>225,275</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	55,078	43,879	50,541	43,067
Social security and other taxes	121,407	71,405	94,187	53,338
Other creditors	22,819	30,360	21,020	28,703
Accruals and deferred income	167,518	166,621	118,381	139,159
	<u>366,822</u>	<u>312,265</u>	<u>284,129</u>	<u>264,267</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 2019	135,003	111,403
Released to income from charitable activities	(135,003)	(111,403)
Amount deferred in year	96,854	96,854
	<u>96,854</u>	<u>96,854</u>

18. 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 2020**

19. PROVISIONS FOR LIABILITIES - GROUP AND CHARITY

	2020	2019
	£	£
Pension deficit provision	316,383	383,800

Present Values of Provision

	2020	2019	2018
	£	£	£
Present value of provision	316,383	383,800	640,980

Reconciliation of Opening and Closing Provisions

	2020	2019
	£	£
Provision at start of period	383,800	640,980
Unwinding of the discount factor (interest expense)	4,856	10,426
Deficit contribution paid	(63,692)	(57,883)
Remeasurements - impact of any change in assumptions	(8,581)	3,508
Remeasurements - amendments to the contribution schedule	-	(213,231)
Provision at end of period	316,383	383,800

Income and expenditure impact

	2020	2019
	£	£
Interest expense	4,856	10,426
Remeasurements - impact of any change in assumptions	(8,581)	3,508
Remeasurements - amendments to the contribution schedule	-	(213,231)
	(3,725)	(199,297)

Assumptions

	2020	2019	2018
	% per annum	% per annum	% per annum
Rate of discount	2.53	1.39	1.71

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 2020**

20. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	2020 Total funds £	2019 Total funds £
Fixed assets	460,185	-	460,185	422,500
Investments	-	-	-	78,076
Current assets	194,950	-	194,950	361,837
Current liabilities	(366,822)	-	(366,822)	(312,265)
Provision for liabilities	(316,383)	-	(316,383)	(383,800)
	<u>(28,070)</u>	<u>-</u>	<u>(28,070)</u>	<u>166,348</u>

21. MOVEMENT IN GROUP FUNDS

	At 1/4/19 £	Net movement in funds £	Transfers between funds £	At 31/3/20 £
Unrestricted funds				
General fund	(256,152)	(34,849)	(159,569)	(450,570)
Designated fund	422,500	-	-	422,500
Families and Parenting	-	(148,516)	148,516	-
Young People	-	(37,471)	37,471	-
Parent Infant Partnership	-	(17,910)	17,910	-
	<u>166,348</u>	<u>(238,746)</u>	<u>44,328</u>	<u>(28,070)</u>
Restricted funds				
Families and Parenting	-	18,891	(18,891)	-
Children and Young People	-	25,437	(25,437)	-
	<u>-</u>	<u>44,328</u>	<u>(44,328)</u>	<u>-</u>
TOTAL FUNDS	<u>166,348</u>	<u>(194,418)</u>	<u>-</u>	<u>(28,070)</u>

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

21. MOVEMENT IN GROUP FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	628,753	(664,085)	483	(34,849)
Families and Parenting	290,242	(438,758)	-	(148,516)
Young People	388,774	(426,245)	-	(37,471)
Parent Infant Partnership	300,872	(318,782)	-	(17,910)
	<u>1,608,641</u>	<u>(1,847,870)</u>	<u>483</u>	<u>(238,746)</u>
Restricted funds				
Families and Parenting	205,014	(186,123)	-	18,891
Children and Young People	293,447	(268,010)	-	25,437
	<u>498,461</u>	<u>(454,133)</u>	<u>-</u>	<u>44,328</u>
TOTAL FUNDS	<u>2,107,102</u>	<u>(2,302,003)</u>	<u>483</u>	<u>(194,418)</u>

Comparatives for movement in funds

	At 1/4/18 £	Net movement in funds £	Transfers between funds £	At 31/3/19 £
Unrestricted funds				
General fund	(363,292)	217,613	(110,473)	(256,152)
Designated fund	375,000	47,500	-	422,500
Families and Parenting	-	(70,113)	70,113	-
Young People	-	(3,625)	3,625	-
Parent Infant Partnership	-	(33,854)	33,854	-
	<u>11,708</u>	<u>157,521</u>	<u>(2,881)</u>	<u>166,348</u>
Restricted funds				
Families and Parenting	-	12,303	(12,303)	-
Children and Young People	-	(15,184)	15,184	-
	<u>-</u>	<u>(2,881)</u>	<u>2,881</u>	<u>-</u>
TOTAL FUNDS	<u>11,708</u>	<u>154,640</u>	<u>-</u>	<u>166,348</u>

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

21. MOVEMENT IN GROUP FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	723,711	(505,441)	(657)	217,613
Families and Parenting	571,662	(641,775)	-	(70,113)
Young People	386,560	(390,185)	-	(3,625)
Parent Infant Partnership	312,324	(346,178)	-	(33,854)
Designated fund	-	47,500	-	47,500
	<u>1,994,257</u>	<u>(1,836,079)</u>	<u>(657)</u>	<u>157,521</u>
Restricted funds				
Families and Parenting	119,634	(107,331)	-	12,303
Children and Young People	347,406	(362,590)	-	(15,184)
	<u>467,040</u>	<u>(469,921)</u>	<u>-</u>	<u>(2,881)</u>
TOTAL FUNDS	<u>2,461,297</u>	<u>(2,306,000)</u>	<u>(657)</u>	<u>154,640</u>

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.

22. 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.

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

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 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 19 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 £91,284 (2019: £96,065) and the outstanding contributions (employer plus employee) owed at the balance sheet date was £17,932 (2019: £16,950).

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

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 2020.

CHILDREN NORTH EAST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2020

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

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(194,418)	154,640	(171,581)	171,317
Adjustments for:				
Depreciation charges	1,965	-	1,965	-
(Gains)/losses on investments	(483)	657	(483)	657
Interest received	(651)	(3,884)	(651)	(3,884)
Interest paid	3,851	1,611	3,663	1,468
Reversal of impairment losses	-	(47,500)	-	(47,500)
Decrease in debtors	23,925	72,223	32,263	16,990
Increase/(decrease) in creditors	54,557	(126,363)	19,862	(86,695)
Difference between pension charge and cash contributions	(67,417)	(257,180)	(67,417)	(257,180)
Net cash provided by (used in) operating activities	<u>(178,671)</u>	<u>(205,796)</u>	<u>(182,379)</u>	<u>(204,827)</u>

25. ANALYSIS OF CHANGES IN NET FUNDS

Group	At 1/4/19 £	Cash flow £	At 31/3/20 £
Cash at bank and in hand	165,696	(142,962)	22,734
Charity	At 1/4/19 £	Cash flow £	At 31/3/20 £
Cash at bank and in hand	160,291	(146,482)	13,809

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.

CHILDREN NORTH EAST

DETAILED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
INCOME AND ENDOWMENTS FROM		
Donations and legacies		
Post Code Children Trust	400,000	350,000
Other donations and legacies	66,398	115,281
	<hr/>	<hr/>
	466,398	465,281
Other trading activities		
Fundraising events	55,096	51,368
Charges for goods & services	247,345	218,311
	<hr/>	<hr/>
	302,441	269,679
Investment income		
Investment income	651	3,884
	<hr/>	<hr/>
	651	3,884
Charitable activities		
Grants	579,009	642,668
Contract income	674,122	980,395
Spot purchase of services	60,629	71,994
	<hr/>	<hr/>
	1,313,760	1,695,057
Other income		
Rent & other income	23,852	27,396
	<hr/>	<hr/>
	23,852	27,396
	<hr/>	<hr/>
Total incoming resources	2,107,102	2,461,297
EXPENDITURE		
Raising donations and legacies		
Wages	35,013	31,569
Social security	2,843	2,713
Pensions	1,884	1,649
Other fundraising costs	6,701	8,481
	<hr/>	<hr/>
	46,441	44,412

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CHILDREN NORTH EAST

DETAILED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Charitable activities		
Wages	1,636,198	1,762,501
Social security	134,405	152,683
Pensions	87,560	(104,882)
Motor & travel expenses	59,132	74,981
Staff training & recruitment	15,931	16,468
Volunteer costs	20,425	28,501
Other client costs	59,288	69,947
	<hr/>	<hr/>
	2,012,939	2,000,199
Reversal of impairment losses		
Impairment losses for tangible fixed assets	-	(47,500)
Support costs		
Management & administration		
Rent & rates	54,316	57,742
Insurance	7,310	8,942
Light and heat	7,673	7,513
Telephone	20,625	25,193
Printing, postage, stationery and advertising	23,161	44,212
Sundries	4,153	5,722
Repairs & maintenance	17,446	30,186
Cleaning	20,269	19,732
Computer support & maintenance	48,049	75,896
Professional fees	15,997	13,037
Subscriptions	12,383	13,120
Depreciation of tangible fixed assets	1,965	-
Bank interest & charges	3,851	1,609
	<hr/>	<hr/>
	237,198	302,904
Governance costs		
Auditors' remuneration	5,425	5,985
	<hr/>	<hr/>
Total resources expended	2,302,003	2,306,000
	<hr/>	<hr/>
Net income before gains and losses	(194,901)	155,297
Recognised gains and losses		
Recognised gains/(losses) on fixed asset investments	483	(657)
	<hr/>	<hr/>
Net income	<u>(194,418)</u>	<u>154,640</u>

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