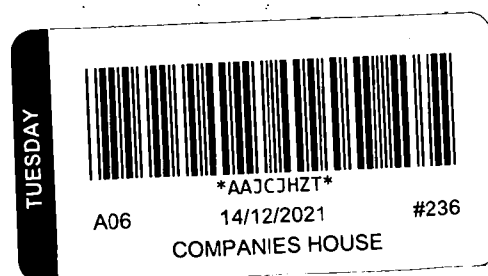


**COMPANY REGISTRATION NUMBER: 02702815**

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2021**

**CHARITY NO: 1017706**



**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**CONTENTS**

	<b>Page</b>
Chairman's Report	1
Report of the Trustees'	2 - 11
Independent Auditors' Report	12 - 15
Group Statement of Financial Activities	16
Group & Trust Balance Sheet	17
Group Cash Flow Statement	18
Notes to the Financial Statements	19 - 39

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Chairman's Report**

The year to March 2021 was a uniquely challenging one for businesses, charities and individuals as a result of the COVID pandemic.

In common with all sectors of British society, Groundwork North East and Cumbria was unable to deliver its planned activities during the year but we were able to undertake a limited programme and plan for the future.

The Trustees would like to express their gratitude and thanks to our Groundwork staff and volunteers for their support during the year – whether this involved continuing to provide essential services or to be furloughed to protect the Charity's longer-term future.

The Trustees would also like to thank funders for their continuing support to enable delivery of programmes to continue or be held over until the easing of Covid restrictions. The Charity has also benefitted from the support offered by government during the year.

The year also saw the retirement of Ian Brown who has been a Trustee and Chairman of Groundwork North East and Cumbria since 2014. Staff and Trustees were able to thank him for his leadership at a virtual celebration to mark his achievements as well as those of the wider Groundwork team.

As the Country begins the process of rebuilding after the pandemic, Groundwork North East and Cumbria looks forward to playing our part in delivering an exciting agenda supporting the delivery of key national priorities of Tackling Climate Change, Levelling Up Society and Improving People's Wellbeing that align to Groundwork's core purposes.

Andrew Thurston  
Chairman

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**Report of the Trustees'**

The trustees are pleased to present their Annual Report, together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2021, which are also prepared to meet the requirements for a directors' report and accounts for the Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and 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.

**Our purposes and activities**

The charity's purposes and activities are set out below. The activities are undertaken to further the Trusts' charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the Trust should undertake.

The company's charitable objects, as defined in the Memorandum & Articles of Association are:

- a. To promote the conservation, protection and improvement of the physical and natural environment anywhere in the North East and Cumbria regions of England.
- b. To provide facilities in the interests of recreation and leisure time occupation with the objective of improving the conditions of life for those living in or working in or resorting to the North East and Cumbria.
- c. To advance the public education in environmental matters and of the ways of better conserving, protecting and improving the same whatsoever.
- d. To promote, for the public benefit, urban and rural regeneration in areas of social and economic deprivation.

**What we do to meet our charitable objectives**

To achieve these charitable objectives we deliver a diverse range of projects and programmes across the North East and Cumbria, under one of our three strategic programme areas.

- **create better places** - by making communities greener, safer and healthier and by enabling people to work together to bring about change in their local area.
- **improve people's prospects** - by increasing the confidence, skills, wellbeing and employability of those struggling in education or out of work.
- **promote greener choices** – by helping people and businesses reduce their environmental impact, improve their health, cut waste and save money.

Our ambition is to build our visibility, our reputation and our resource base so that we can be a significant, radical, national force for driving change in attitudes, behaviours, places and prospects in the local communities that need it most.

Our collective delivery goals in the next three years are to:

- mobilise actions through projects to combat the climate and nature emergency.
- improve the wellbeing of people by connecting them with their community and with nature.
- help people improve their life chances through learning and work.

In order to deliver our goals, we will continue improving our own capability and resilience to ensure we are putting maximum resource into our front line delivery and investing in the right skills to improve the quality of our services and management.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Our Volunteers**

We are extremely grateful for the assistance of our many volunteers who assist on a variety of projects, providing their time, energy and skills to help us reach more beneficiaries and increase our positive impact on the environment.

**Achievements and performance**

**Creating better places**

- Further partnership work with registered housing providers
- 2 x Green Recovery Fund Partnership projects
- Nationally recognised Wild Oyster Project development
- Delivery of the first year of the River Tees Initiative with Tees Valley Combined Authority.

**Improving people's prospects**

- Continued delivery of our Youth and Employment services through moving to a virtual delivery model, thanks to the hard work and ingenuity of the team.
- Another year, despite the challenges, of the successful management of, and involvement in, programmes with challenging partner relationships, significant reputational risks and complex funding and compliance regimes. These include our two Building Better Opportunities programmes in Durham and Cumbria.
- The growth of our holiday enrichment activity and food programmes, delivered in completely new and different ways to adhere to the pandemic rules
- Development of end-use Social Prescribing initiatives such as Men's Sheds and Green Links.
- Successful key tenders:
  - Kickstart Gateway - acting on behalf of employers to support recruitment of young people
  - Northern Directions - a youth employment programme funded by the European Social Fund and North of Tyne Combined Authority

**Promoting greener living and working**

- Growing our reputation for partnership management with the Environment Agency and increasingly being recognised as experts in the river catchment initiatives involving both flood management and water quality.
- Development of our Green Doctor offer across the region.
- Driving consolidation of services and development opportunities with colleagues across the North including shared marketing and Health and Safety support along with Green Doctor development led by the first Northern Development role for Green Doctor and Climate Change.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Financial Review**

The financial year was clouded by the COVID-19 pandemic. Uncertainty in all areas of life and business was significant, with ever changing restrictions being placed on the business not only by Government but by our funders and the way in which we were able to deliver our projects.

Toward the end of the year, the landscape began to change. Projects previously delayed have re-commenced, opportunities to position the business in the centre of the recovery, such as our involvement in the Government Kickstart programme have created a more positive outlook as we move forward, as well as our work in the Green Recovery programmes.

Group turnover to March 2021 was £6.5m compared to £8.8m in 2020.

Consolidated cash balances decreased by £113k in the year to £564.7k from £641.4k.

Our principal sources of funding continue to be from the European Social Fund, Big Lottery Fund, Heritage Lottery Fund, National Citizen Trust and Thirteen Housing Group.

The Greenhouse office building continues to house a range of tenants from start up to SME's, as well as providing a high level of quality business meeting space. Investments in technology over the year have put the business on a good foundation, which is reflected by the number of tenants wanting to base themselves with us.

The Land of Oak and Iron Heritage Centre was significantly affected by the pandemic. The previous year saw the business embed itself as a destination for visitors. The closure of hospitality businesses for the first quarter, and then having significant restrictions placed upon it was met with determination to make the centre more successful when restrictions lifted. The service offering moved to a takeaway offer with reduced menu choices and we have been delighted by the reaction from customers to the ever changing offer of events and displays at the centre.

Some of our funders require details to be included in our Financial Statements, which is provided as part of note 18.

**Investment powers and policy**

Under the Memorandum and Articles of Association, the Trust has the power to make any investment which the Board see fit.

**Reserves Policy**

In accordance with guidelines issued by the Charity Commission, the Trust considers it prudent to maintain a reasonable level of unrestricted reserves. Reserves are freely available to spend on any of the Trust's charitable purposes and are required to be able to deal appropriately with the following:

- Invest in future business opportunities
- Invest in improved infrastructure, systems and services
- Provide working capital to fund programmes where there is a significant timing difference between incurring expenditure and receipt of funds
- Provide a contingency fund against unforeseen events and risks.

The reserves policy has been determined using the Charity Commission guidance, the target is based on an amount equivalent to three months staff and overhead costs, which equates to £1.2m at 31 March 2021. This compares to actual free reserves of £551,503. The Trust is aiming to achieve growth in delivery of programmes and enterprise activity over a number of years, which will generate surplus funds to supplement reserves and move towards the target level.

At 31 March 2021 the Trust held reserves of £4,847,273 of which £1,951,974 were restricted funds.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

The Trust maintains the following funds:

**Restricted Funds**

**Use of Funds**

The Greenhouse property	Relating to the building of the Greenhouse Business Centre
Greencroft Woodland Purchase	Purchase of the woodland
Cockermouth property	Funding used for property refurbishments
BBO Development Projects	Future delivery of the Building Better Opportunities programme Future delivery of specific projects
Land of Oak and Iron Heritage Centre	Relates to the capital spend on the Heritage Centre, the fund equals the net book value of the asset at the end of the year.

**Designated Funds**

The Greenhouse	Unrestricted balance of the Greenhouse Investment property.
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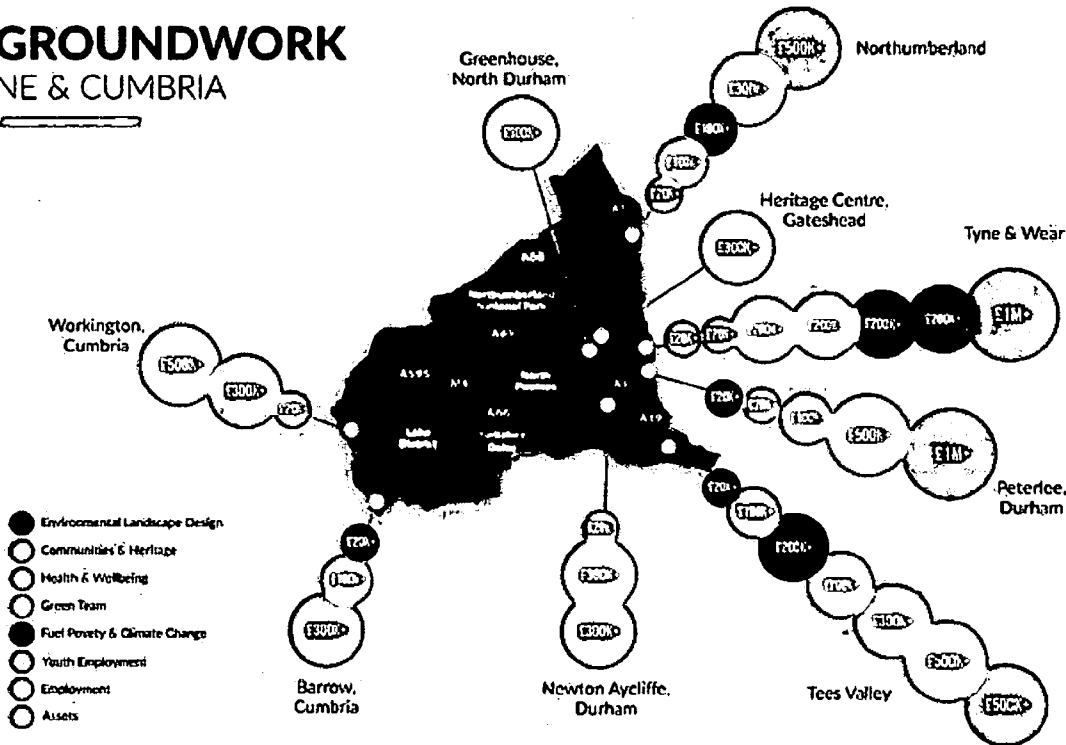
**Going Concern**

In the year to 31 March 2021, there was a net surplus in the year of £22,372 for the Group. General unrestricted funds generated a deficit of £172,332. The Trustees have reviewed the Trust Business Plan for 2021 – 2022, which aims for a surplus of £40k. This picture shows a continuing trend of positivity for the place the business has in the COVID recovery, as well as reflecting multi-year funded programmes. The business plan is sufficient to secure the immediate future of the charity for at least the next 12 to 18 months. On this basis, we consider that the Trust is a going concern.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**Plan for future periods**

**GROUNDWORK  
NE & CUMBRIA**



Groundwork's income base and operational plans continue to be heavily influenced by public sector policy – either due to the direct delivery of public service contracts or the impact of government policy on the priorities of other agencies and businesses.

We have sought to identify the areas where the Trust will benefit from National, Northern or local coordination, whether to improve positioning or performance, or in securing funds which can't be accessed by ourselves alone.

Our short-term plan sits within a longer-term programme of income diversification, achieving a better mix of restricted and unrestricted income through investment in the skills and capacity required to drive new types of fundraising and commercial revenue generation.

The way we go about our work will be informed by our commitment to 'the Groundwork approach' as set out in our collectively agreed strategy.

- **We will invest in the places and people that need us most** – prioritising our resources to bring about lasting change by building skills and capacity within the local communities where we can make most difference.
- **We will work with local leaders and listen to local voices** – ensuring our work is fully informed by those it is designed to benefit and adds value to the assets that exist in local areas.
- **We will grow a culture of equality and inclusion** – operating transparently and with integrity and seeking out a diversity of viewpoints, both in the work we do and the people we employ.
- **We will be committed to collaboration** – forging strong partnerships, contributing to a thriving community sector and helping others lead where this will achieve greater impact.
- **We will act as environmental exemplars** – championing practical action to combat the climate and nature emergency and measuring and reducing our own environmental impact.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

For Groundwork NE & Cumbria this means:

- Developing our response to the climate crisis and supporting our partners in implementing action, including the delivery of Green infrastructure plan and major tree planting schemes such as through the NE Community Forest and scheme such as Urban Trees Fund.
- Maintaining our commitment to youth participation throughout our activity and growing our Youth Advisory Board, now called 'Youth On Top', to provide a platform for young voices to help inform the way we go about our work and that we are being evidenced based in our interventions.
- Enable community-based solutions to keeping people active, well and 'out of the system'.
- Continuing to deliver adult skills, including traineeships, volunteering opportunities 'green jobs' and embedding climate awareness into skills training.
- Working closely with our housing providers to support energy efficiency and fuel poverty programmes through our Green Doctor offer.
- Building more alliances with other charities to support changes in policy / service delivery and to unlock new income streams.
- Developing design proposals and resources aimed at helping more community organisations lead practical projects to combat climate change.
- Empower our communities to engage in taking on services and facilities in their neighbourhoods.
- Strengthening our organisational commitment to reducing our own environmental impact.
- Considering Equality, Diversity and Inclusion (EDI) in all we do.
- Defining our way of working externally and internally, setting a strategy rather than just reacting,

Our plan is underpinned by the values developed by our team. We will be **environmentally aware** and focused on **communities in need**. We will be **collaborative**, show **integrity** and strive for **quality** in everything we do.

#### **Trading Activities**

The Greenhouse Environmental Business Centre in Annfield Plain was established as an eco-Centre in 2005 and provides high quality facilities for our tenants. With an on-site wind turbine, c80% of electricity used in the building was generated from this facility. The environmental credentials of the building will continue to be improved and where relevant, leading technologies to cement this unique proposition in the area will be continued.

At our Land of Oak and Iron Heritage Centre in Winlaton Mill, we are proud to promote and celebrate local heritage and history of the Derwent Valley and surrounding areas. The centre has attracted significant visits from the local population during lockdown, due to the convenience of the site and amenities provided. COVID restrictions on hospitality were managed well. During 2021/22 the centre will continue to provide a quality food and drink offer.

To further engage with visitors, a range of activities, events and heritage centred installations are being planned to enable the centre to be used as a gateway to the wider Land of Oak and Iron project, which includes closer working relationships with local interest groups associated to the area.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**Directors and Trustees**

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and executive officers serving during the year and since the year end were as follows:

**Members:**

A Thurston (Chair)	
I Brown	(Resigned 24 November 2020)
D Martin	
D Pearce	
J Pritchard	
T Justice	
M Schooler	
S Thackray	
T Case	(Appointed 5 May 2020)
A Hill	(Appointed 24 September 2020)
Sir P Ennals	(Appointed 23 June 2021)
H Simmons	(Appointed 23 June 2021)

**Executive Officers:**

Chief Executive Officer	K Culverhouse
Director of Finance & Corporate Services	JP Heatherington

**Company Secretary:** JP Heatherington (Appointed 23 June 2021)

**Company Number:** 02702815  
**Charity Number:** 1017706

**Registered Office:**

14 Parsons Court  
Welbury Way  
Newton Aycliffe  
Co. Durham  
DL5 6ZE

**Statutory Auditor:**

Haines Watts  
17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

**Bankers:**

NatWest Bank plc  
29 Newgate Street  
Bishop Auckland  
Co Durham  
DL14 7ET

# GROUNDWORK NORTH EAST

## COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 MARCH 2021

### Structure, Governance and Management

#### **Governing Document**

The Trust is a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles of Association.

The Trust is part of a national federation of independent Trusts, including the Groundwork national office and we continue to play a leading role in the development of Groundwork in the UK. Each Groundwork trust operates independently with their local partners to improve people's prospects, create better places and promote greener living and working.

#### **Appointment of trustees**

Trustees who are also members of the Company serve a term to a maximum of three years and can be appointed for further terms subject to approval by the Board.

#### **Trustee induction and training**

Trustees meet with the Chief Executive and Chairman for an introduction to the Trust. Trustees are invited and encouraged to sit on Board Committees.

#### **Organisation**

The Board of Trustees, which can have up to 15 members, administer the charity. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity.

During this financial year there were four meetings of the full Board, which received reports from committees which also met quarterly:

- **Finance & Corporate Services Committee** - Oversees the financial, personnel and health and safety activities of the Trust, recommend financial strategy to the Board and ensure that robust systems of financial management are in place.
- **Strategic & Business Development Committee** - Develops the Trust's forward Strategic and Business plans making recommendations to the Board via the Finance & Corporate Services Committee on specific opportunities.
- **Compliance Committee** – Oversees the Trust implementation of non-financial compliance, policies and procedures required to meet legal compliance, and regulatory requirements with regards Health & Safety Data Protection and Safeguarding.
- **Social Enterprise Committee** – oversees commercial and income generating objectives at The Greenhouse Business Centre and the Land of Oak and Iron Heritage Centre.

In addition to the formal Trustee committees, in line with our commitment to youth participation our Youth On Top board met throughout the year. Chaired by one of our Trustees, the objective of the group is to provide a platform for young voices to help inform the way we go about our work and that we are being evidenced based in our interventions.

At each meeting of the Board, presentations from areas of the business are received. Throughout the year presentations from staff on projects in the Youth Employment Initiative, Land & Communities Projects and an overview of the Social Enterprise businesses were made.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

During the year, closer collaboration and working relationships with Groundwork South & North Tyneside were formalised within the organisation. The Strategic & Business Development and Compliance Committees were combined in January 2021. Both of these committees are structured with representation from Trustees and Executives of both Trusts and includes cross working between the Trusts in specific operational areas such as Finance, HR, Health & Safety and Facilities.

**Related parties and co-operation with other organisations**

The Trustees represent local authorities, businesses, community & voluntary organisations. None of our trustees receive remuneration or other financial benefit from their work with the charity.

The Trust is part of a national network of independent trusts known as the Groundwork Federation.

The Trust has one wholly owned subsidiary company; The Greenhouse Company (Groundwork) Limited.

Groundwork NE & Cumbria is a member of three other charities, Changing Lives, DISC and Mental Health Concern. Our membership of the Northern Inclusion Consortium lapsed following its dissolution during the year.

Details of any related party transactions are disclosed in Note 23 to the accounts.

**Pay Policy for Key Management Personnel**

The Trustees consider that they and the Executive Officers comprise the key management personnel of the Trust, in charge of directing and controlling, running and operating the Trust on a day to day basis.

All Trustees give their time freely and none received remuneration during the year. Details of Trustees' expenses and related party transactions are disclosed in notes 7 and 23 to the accounts.

The pay of executive staff is reviewed annually and any increase awarded is based on the outcome of annual staff appraisals and an assessment of affordability. In addition, every three years, the salary level of the Chief Executive Officer is benchmarked against similar roles in similar sized charitable Trust organisations.

**Risk management**

The trust has a thorough operational risk assessment policy, including a detailed risk register with key strategic risks identified. This is reviewed regularly by the Executive Management Team and at board meetings and covers risks relating to reputation, finance, operations (regulatory and delivery), people, external factors, continuity and commercial operations. The appropriate measures are taken to address any changes to the risk profile identified.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Trustees' responsibilities in relation to the financial statements**

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

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

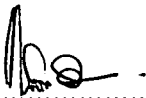
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and the group and hence 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 group's auditor is 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 auditor is aware of that information.

Approved by the board on 22 September 2021 and signed on their behalf by:



.....  
A Thurston  
Chairman

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Independent Auditor's Report to the trustees of Groundwork North East**

**Opinion**

We have audited the financial statements of Groundwork North East (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Group and Charitable Company, the Balance Sheet, the Cash Flow Statement 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2021, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the charitable company's trade, customers, suppliers and wider economy. The Trustees' view on the impact of COVID-19 is disclosed on page 5 and the accounting policies note.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

*In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept by the parent charitable company, 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 directors' 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 11, 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, 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's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates;
- confirmation received from the bank to verify the balance as on the last day of the accounting year; and
- review of minutes of meetings of those charged with governance.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our audit report.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**Use of our report**

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



**Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)  
for and on behalf of Haines Watts**

*13 December 2021*  
.....

**Statutory Auditor**

17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**Group Statement of Financial Activities** *(incorporating the income and expenditure account)*

*Unrestricted Funds*

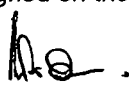
	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
<b>Income from:</b>						
Donations	3	550,236	-	195	550,431	15,216
Investments	3	53,407	-	-	53,407	60,929
Trading activities	3,12	465,760	-	-	465,760	701,898
Charitable activities	4	-	-	5,372,604	5,372,604	7,836,284
Other	3	64,282	-	-	64,282	214,879
<b>Total income</b>		<u>1,133,685</u>	<u>-</u>	<u>5,372,799</u>	<u>6,506,484</u>	<u>8,829,206</u>
<b>Expenditure on:</b>						
Trading activities		402,483	-	-	402,483	598,063
Charitable activities	5	851,632	-	5,218,690	6,070,322	8,217,280
<b>Total expenditure</b>		<u>1,254,115</u>	<u>-</u>	<u>5,218,690</u>	<u>6,472,805</u>	<u>8,815,343</u>
<b>Net income / (expenditure) before gains / (losses) on investment</b>		(120,430)	-	154,109	33,679	13,863
Net loss on investment	12	(11,307)	-	-	(11,307)	-
<b>Net income / (expenditure) before transfers</b>		(131,737)	-	154,109	22,372	13,863
Transfers between funds	18,19	(40,595)	117,465	(76,870)	-	-
<b>Net movement in funds</b>		(172,332)	117,465	77,239	22,372	13,863
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>1,044,711</u>	<u>1,905,455</u>	<u>1,874,735</u>	<u>4,824,901</u>	<u>4,811,038</u>
<b>Total funds carried forward</b>		<u><u>872,379</u></u>	<u><u>2,022,920</u></u>	<u><u>1,952,974</u></u>	<u><u>4,847,273</u></u>	<u><u>4,824,901</u></u>

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**Balance Sheet**

	Note	Group		Charity	
		2021 £	2020 £ As restated	2021 £	2020 £ As restated
<b>Fixed assets:</b>					
Tangible assets	11	1,722,965	1,780,522	1,713,858	1,754,056
Investments	12	2,190,000	2,210,000	2,190,001	2,210,001
		<u>3,912,965</u>	<u>3,990,552</u>	<u>3,903,859</u>	<u>3,964,057</u>
<b>Current assets:</b>					
Stocks	13	7,044	8,997	-	-
Debtors	14	1,273,508	1,240,316	1,191,262	1,145,630
Cash at bank and in hand		564,679	678,094	411,181	223,959
		<u>1,845,231</u>	<u>1,927,407</u>	<u>1,602,443</u>	<u>1,787,003</u>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	(584,952)	(788,769)	(551,560)	(843,136)
<b>Net current assets</b>		<u>1,260,279</u>	<u>1,138,638</u>	<u>1,050,883</u>	<u>943,867</u>
<b>Total assets less current liabilities</b>		<u>5,173,244</u>	<u>5,129,160</u>	<u>4,954,742</u>	<u>4,907,924</u>
Creditors: Amounts falling due after more than one year	16	(325,971)	(304,259)	(325,971)	(304,259)
<b>Net assets</b>		<u>4,847,273</u>	<u>4,824,901</u>	<u>4,628,771</u>	<u>4,603,665</u>
<b>Funds:</b>					
Unrestricted – General	19	872,379	1,044,711	652,877	823,475
Unrestricted – Designated	19	2,022,920	1,905,455	2,022,920	1,905,455
Total unrestricted funds		<u>2,895,299</u>	<u>2,950,166</u>	<u>2,675,797</u>	<u>2,728,930</u>
Restricted funds	18	1,952,974	1,874,735	1,952,974	1,874,735
<b>Total funds</b>		<u>4,847,273</u>	<u>4,824,901</u>	<u>4,628,771</u>	<u>4,603,665</u>

These financial statements were approved by the members of the Trust on the ~~22~~ **22 SEPTEMBER** 2021 and are signed on their behalf by:

  
.....  
**A THURSTON**  
Chairman

  
.....  
**D MARTIN**  
Chairman of Finance & Corporate Services Committee

Company number: 02702815

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**Group Cash Flow Statement**

	2021	2020
Note	£	£
<b>Net cash flow from operating activities</b>	(151,879)	115,589
<b>Cash flow from investing activities</b>		
Payments to acquire tangible fixed assets	-	(222,586)
Payments to acquire investments	(2,236)	-
Receipts on sale of tangible fixed assets	-	346,000
Receipts	10,929	-
Interest received	292	540
<b>Net cash flow from investing activities</b>	<u>8,985</u>	<u>123,954</u>
<b>Cash flow from financing activities</b>		
New borrowings	50,000	325,000
Repayment of bank loans	(17,237)	(144,826)
Interest paid	(3,284)	(21,435)
<b>Net cash flow from financing activities</b>	<u>29,479</u>	<u>158,739</u>
<b>Increase / (decrease) in cash and cash equivalents during the year</b>	<b>(113,415)</b>	<b>398,282</b>
Cash & cash equivalents at the start of the year	<u>678,094</u>	<u>279,812</u>
<b>Cash &amp; cash equivalents at the end of the year</b>	<u><u>564,679</u></u>	<u><u>678,094</u></u>

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**Notes to the Financial Statements**

**1. ACCOUNTING POLICIES**

**Charity information**

Groundwork North East is a private company limited by guarantee incorporated in England and Wales. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with 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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**1.2 Preparation of the accounts on a going concern basis**

The Trustees have reviewed the Trust Business Plan for 2021 – 2022, which aims for a surplus of £40k. This picture shows a continuing trend of positivity for the place the business has in the COVID recovery, as well as reflecting multi-year funded programmes. The business plan is sufficient to secure the immediate future of the charity for at least the next 12 to 18 months. On this basis, we consider that the Trust is a going concern.

Consequently, the trustees continue to believe the going concern basis of accounting is appropriate in preparing these financial statements.

**1.3 Group financial statements**

The group financial statements consolidate the accounts of the charity and its wholly owned subsidiary, The Greenhouse Company (Groundwork) Ltd, on a line-by-line basis. Transactions between group companies are eliminated on consolidation. No separate Statement of Financial Activities is presented for the charity as permitted by section 408 of the Companies Act 2006.

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**1.4 Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Investment income relates to rent received from investment properties and is recognised in the accounts when it is received.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

**1.5 Donated services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the time contributed by our volunteers is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**1.6 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

The cost headings comprise expenditure, including staff costs, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

**1.7 Allocation of support costs**

Support costs are those services and functions provided centrally that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, HR, payroll, IT, administration, premises and governance infrastructure costs which support the charity's programmes and activities.

These costs have been allocated to each of the three themes of activity, in proportion to the programme activity in each theme.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**1.8 Tangible fixed assets and depreciation**

All fixed assets are recorded initially at cost. Freehold property is included at open market value, which is updated every five years by an independent, chartered surveyor. Each year, Trustees review the valuations in order to identify any impairment that is due.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	over the remaining unexpired term of the lease
Freehold Property	-	over 50 years
Furniture and equipment	-	over 4 years
Computers and Software	-	over 3 years
Motor Vehicles	-	over 3 years

**1.9 Investments**

Fixed asset investments are stated at cost less provision for diminution in value. Those stated as current assets are stated at the lower of cost and net realisable value.

Investment property is included at open market value, which is updated every five years by an independent, chartered surveyor. Each year, Trustees review the valuations in order to identify any impairment that is due.

**1.10 Stock**

Stock is included at the lower of cost or net realisable value.

**1.11 Leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**1.12 Debtors**

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

**1.13 Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investment with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.14 Creditors and provisions**

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 after allowing for any trade discounts due.

**1.15 Financial Instruments**

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans, which are subsequently measured at amortised cost using the effective interest method.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**1.16 Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees on activities that further any of the purposes or objectives of the charity.

Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for specific purposes.

Restricted funds are subject to specific restrictive conditions imposed by founders or by the purpose of the appeal. All income and expenditure is shown in the statement of financial activities

**1.17 Value added tax**

As a significant proportion of the charity's activities are classified as non-business activities for the purposes of value added tax, the charitable company is unable to reclaim all the value added tax on purchases. Expenditure in these financial statements is shown exclusive of value added tax with the irrecoverable tax being included within support costs.

**1.18 Taxation**

No provision has been made for corporation or deferred tax as the directors believe that the income and gains of the charity are within the exemptions granted by s505 of the Income and Corporation Taxes Act 1988.

**1.19 Pensions**

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities.

**1.20 Managed contracts**

Income and expenditure relating to managed contracts are included in the accounts, although the income is not received by Groundwork North East and the company is not ultimately responsible for the expenditure. Any management fees charged by Groundwork North East to the contract holder are also included in the accounts.

Income and expenditure relating to managed contracts where Groundwork North East is responsible for the delivery of the contract and bears the risks and rewards of the contract amounted to £nil (2020 - £29,025).

**1.21 Judgements and key sources of estimation uncertainty**

In the application of the Trust's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period; or in the period of the revision and future periods where the revision affects both current and future periods.

There are no significant accounting estimates which are considered to materially impact the financial statements.

**GROUNDWORK NORTH EAST**  
**COMPANY LIMITED BY GUARANTEE**  
**YEAR ENDED 31 MARCH 2021**

**2. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES**

<i>Unrestricted Funds</i>						
	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
<b>Income from:</b>						
Donations	3	13,516	-	1,700	15,216	5,303
Investments	3	60,929	-	-	60,929	70,762
Trading activities	3,12	701,898	-	-	701,898	552,103
Charitable activities	4	-	-	7,836,284	7,836,284	8,331,316
Other	4	214,879	-	-	214,879	34,698
<b>Total income</b>		<u>991,222</u>	<u>-</u>	<u>7,837,984</u>	<u>8,829,206</u>	<u>8,994,182</u>
<b>Expenditure on:</b>						
Trading activities		598,063	-	-	598,063	546,297
Charitable activities	5	273,906	-	7,943,374	8,217,280	8,531,830
Working Links write off	5	-	-	-	-	130,381
<b>Total expenditure</b>		<u>871,969</u>	<u>-</u>	<u>7,943,374</u>	<u>8,815,343</u>	<u>9,208,508</u>
<b>Net income / (expenditure) before gains / (losses) on investment</b>		119,253	-	(105,390)	13,863	(214,326)
Net gain on investment	12	-	-	-	-	145,000
<b>Net income / (expenditure) before transfers</b>		119,253	-	(105,390)	13,863	(69,326)
Transfers between funds	18,19	-	117,465	(117,465)	-	-
<b>Net movement in funds</b>		119,253	117,465	(222,855)	13,863	(69,326)
<b>Reconciliation of funds</b>						
Total funds brought forward		981,984	1,797,990	2,041,064	4,811,038	4,880,364
<b>Total funds carried forward</b>		<u><u>1,101,237</u></u>	<u><u>1,905,455</u></u>	<u><u>1,818,209</u></u>	<u><u>4,824,901</u></u>	<u><u>4,811,038</u></u>

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**3. INCOME FROM DONATIONS, INVESTMENTS & OTHER SOURCES**

<b>Donations:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Government grants – HMRC furlough claims	<b>502,174</b>	-
Grants – Covid support	<b>47,135</b>	-
Other donations	<b>1,122</b>	15,215
	<u><b>550,431</b></u>	<u>15,215</u>
<b>Investment income:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Rental income	<b>53,115</b>	60,389
Bank interest	<b>292</b>	540
	<u><b>53,407</b></u>	<u>60,929</u>
<b>Trading activities:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
The Greenhouse Company (Groundwork) Ltd	<b>465,760</b>	701,898
	<u><b>465,760</b></u>	<u>701,898</u>
<b>Other income:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit on sale of tangible fixed assets	-	125,809
Other income	<b>111,866</b>	89,070
	<u><b>111,866</b></u>	<u>214,879</u>

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**4. INCOME FROM CHARITABLE ACTIVITIES**

	2021 £	2020 £
Improve people's prospects	3,781,639	4,933,427
Create better places	1,335,828	2,373,590
Promote greener living and working	255,137	529,267
	<u>5,372,604</u>	<u>7,836,284</u>

**5. EXPENDITURE ON CHARITABLE ACTIVITIES**

	Direct Costs £	Support & Governance Costs £	2021 £	2020 £
Improve people's prospects	3,141,047	638,796	3,779,843	5,433,443
Create better places	1,835,985	280,748	2,116,733	2,505,118
Promote greener living and working	150,702	23,044	173,746	278,719
	<u>5,127,734</u>	<u>942,588</u>	<u>6,070,322</u>	<u>8,217,280</u>

The above costs include staff furloughed during the year, the amount claimed under this scheme amounts to £502,174. The majority of staff furloughed fall under the Create Better Places activity.

**6. ANALYSIS OF SUPPORT & GOVERNANCE COSTS**

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three key programme areas delivered in the year (see note 5). The basis of apportionment of the costs is pro-rata to the expenditure on each programme area.

	Support £	Governance £	2021 £	2020 £
Staffing	467,178	-	467,178	543,856
Transport	10,935	-	10,935	27,903
Premises	50,672	-	50,672	129,325
Supplies & Services	289,992	-	289,992	279,692
Legal fees	74,613	-	74,613	26,147
Audit fees	-	9,000	9,000	9,000
Depreciation	40,198	-	40,198	35,188
	<u>933,588</u>	<u>9,000</u>	<u>942,588</u>	<u>1,051,111</u>

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**7. STAFF COSTS, STAFFING, TRUSTEE REMUNERATION AND EXPENSES, AND KEY MANAGEMENT PERSONNEL**

The aggregate payroll costs were:

	2021 £	2020 £
Wages and salaries	3,523,140	4,201,943
Social security costs	256,265	296,334
Pension costs	139,089	158,170
	<u>3,918,494</u>	<u>4,656,447</u>

**Staffing:**

The average number of staff employed during the financial year was:

	Group 2021	2020
Number of staff	<u>173</u>	<u>199</u>
Number of full-time equivalent (FTE) charitable staff	<u>152</u>	<u>169</u>

**Trustees**

The Trustees were not remunerated or paid expenses during the year (2020 - none).

**Key Management Personnel**

The key management personnel of the Trust are deemed to be the Trustees, the Chief Executive and the Director of Finance & Corporate Services. The total annual employee benefits of these personnel were £160,469 (2020 - £151,449).

The number of employees whose annual emoluments were £60,000 or more were:

	2021	2020
£60,000 - £69,999	1	-
£70,000 - £79,999	1	-
£80,000 - £89,999	-	1
	<u>2</u>	<u>1</u>

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**8. PENSION SCHEME**

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity.

During the year ended 31 March 2021, the total employer's contributions charged for this scheme amounted to £139,089 (2020 - £158,170).

**9. NET INCOME/EXPENDITURE FOR THE YEAR**

	<b>Group</b>		<b>Trust</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net income before transfers are stated, after charging/ (crediting):	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Interest payable on bank loans	3,284	21,435	3,284	21,435
Depreciation – owned assets	57,557	59,740	57,557	35,188
Profit on sale of tangible fixed asset	-	125,809	-	125,809
Loss on sale of investment	11,307	-	11,307	-
Audit fee	9,000	9,000	9,000	9,000
Non-audit fee	3,075	3,075	1,950	1,950
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**10. INCOMING RESOURCES AND NET CHANGE IN FUNDS**

The Consolidated Statement of Financial Activities is for the Group as a whole. The figures below are the equivalent figures for the Charity only, excluding all subsidiary companies.

Total incoming resources for the year were £6,106,735 (2020 - £8,169,117).

Net increase in funds for the year was £25,106 (2020 - £48,163 decrease).

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**11. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Leasehold property £	Furniture, equipment and computers £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 April 2020	524,052	1,469,123	493,608	53,742	2,540,525
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>524,052</b>	<b>1,469,123</b>	<b>493,608</b>	<b>53,742</b>	<b>2,540,525</b>
<b>DEPRECIATION</b>					
At 1 April 2020	53,878	185,240	467,143	53,742	760,003
Charge for the year	9,450	30,748	17,359	-	57,557
On disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>63,328</b>	<b>215,988</b>	<b>484,502</b>	<b>53,742</b>	<b>817,560</b>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2021</b>	<b>460,723</b>	<b>1,253,135</b>	<b>9,106</b>	<b>-</b>	<b>1,722,965</b>
At 31 March 2020	470,173	1,283,883	26,466	-	1,780,522

**Trust**

	Freehold Property improvements £	Leasehold property improvements £	Furniture, equipment and computers £	Motor Vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 April 2020	524,051	1,469,123	419,919	53,742	2,466,836
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>524,051</b>	<b>1,469,123</b>	<b>419,919</b>	<b>53,742</b>	<b>2,466,836</b>
<b>DEPRECIATION</b>					
At 1 April 2020	53,878	185,240	419,919	53,733	712,780
Charge for the year	9,450	30,748	-	-	40,198
On disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>63,328</b>	<b>215,988</b>	<b>419,919</b>	<b>53,733</b>	<b>752,978</b>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2021</b>	<b>460,723</b>	<b>1,253,135</b>	<b>-</b>	<b>-</b>	<b>1,713,858</b>
At 31 March 2020	470,173	1,283,883	-	-	1,754,056

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**11. TANGIBLE FIXED ASSETS (Continued)**

All assets held by the Trust are used collectively for charitable purposes.

Certain freehold land and buildings included above were recognised using the previous valuation, as deemed cost on transition to FRS102. Therefore, at the year end the land and buildings are held at their deemed historic cost.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2021 £	2020 £
<b>Historical cost of revalued freehold property:</b>		
<b>Cost</b>		
At 1 April 2020	430,000	492,080
Additions	-	200,000
Disposals	-	(262,080)
	430,000	430,000
At 31 March 2021		
<b>Depreciation:</b>		
At 1 April 2020	44,317	180,164
Charge for year	8,600	8,265
Disposals	-	(144,111)
	52,917	44,317
At 31 March 2021		
<b>Net historical cost value:</b>		
At 31 March 2021	377,083	385,683

On 25 March 2013 Grosvenor House, Bishop Auckland was valued by Storeys Edwards Symmons Limited.  
On 28 June 2013, 123 Victoria Road, Darlington was valued by Storeys Edward Symmons Limited. During December 2014, 6 Norfolk Street, Sunderland was valued by Edward Symmons LLP.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**12. FIXED ASSET INVESTMENTS**

	Group		Trust	
	2021	2020	2021	2020
	£	£	£	£
<b>Investment properties</b>				
Market value	2,190,000	2,190,000	2,190,000	2,190,000
<b>Investment in subsidiary and associate companies</b>				
In a subsidiary company – The Greenhouse Company (Groundwork) Ltd	-	-	1	1
In an associate company - Northern Inclusion Consortium Ltd	-	20,000	-	20,000
Market value at 31 March 2021	<u>2,190,000</u>	<u>20,000</u>	<u>2,190,001</u>	<u>20,001</u>
Historical cost at 31 March 2021	<u>4,882,672</u>	<u>4,882,672</u>	<u>4,882,672</u>	<u>4,882,672</u>

In 2013-14 the Trust paid £20,000 to be a founding member and shareholder in the Northern Inclusion Consortium. The Consortium was established with equal shareholdings with four other like-minded charitable organisations, with the purpose of bidding for tenders and commissions, which may generate returns to the Trust. On 31 January 2021 The Consortium ceased trading.

The fair value of the investment properties have been arrived at on the basis of a valuation carried out by Lambert Smith Hampton on 24 July 2019 for The Greenhouse Business Centre and 14 March 2019 for all other investment properties. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The investments in property are held primarily for an investment return. An internal review is undertaken by the trustees annually.

The company's investments at the balance sheet date include an investment in The Greenhouse Company (Groundwork) Limited. Groundwork North East hold 100% of the ordinary share capital of The Greenhouse Company (Groundwork) Limited.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**12. FIXED ASSET INVESTMENTS (Continued)**

The Trust owns the following subsidiary companies;

**Subsidiary Companies**

**The Greenhouse Company  
(Groundwork) Ltd**

	2021	2020
	£	£
Turnover	509,136	701,898
Expenses	(402,483)	(617,063)
	<u>106,653</u>	<u>84,835</u>
Profit/(Loss)		
	<u>109,387</u>	<u>22,809</u>
Gift aid payments		
	<u>218,503</u>	<u>221,237</u>
Net assets		

**Associate Company**

**Northern Inclusion  
Consortium Ltd**

	Period ended	Year ended
	Jan-2021	Mar-2020
	£	£
Turnover	1,538,544	3,143,879
Expenses	(1,607,629)	(3,142,085)
	<u>(69,085)</u>	<u>1,794</u>
Profit/(Loss)		
	<u>43,946</u>	<u>113,031</u>
Net assets		
	<u>10,987</u>	<u>28,257</u>
Share relating to Groundwork North East		

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**13. STOCKS**

	<b>Group</b>		<b>Trust</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stocks of food and beverages	<b>7,044</b>	8,997	-	-

**14. DEBTORS**

	<b>Group</b>		<b>Trust</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>843,218</b>	980,536	<b>693,271</b>	950,025
Other debtors	<b>4,794</b>	39,414	<b>4,665</b>	39,414
Accrued income	<b>425,496</b>	191,005	<b>408,162</b>	136,944
Prepayments	-	29,361	-	19,247
Amounts due from subsidiary undertaking	-	-	<b>85,164</b>	-
	<b>1,273,508</b>	1,240,316	<b>1,191,262</b>	1,145,630

**15. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Trust</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>27,720</b>	16,668	<b>27,720</b>	16,668
Trade creditors	<b>235,545</b>	351,451	<b>207,910</b>	328,402
Taxation and social security	<b>203,875</b>	186,807	<b>203,875</b>	123,102
Amounts due to subsidiary undertaking	-	-	-	182,636
Other creditors	<b>3,108</b>	100,718	<b>3,108</b>	80,528
Accruals and deferred income	<b>114,704</b>	133,125	<b>108,947</b>	111,800
	<b>584,952</b>	788,769	<b>551,560</b>	843,136

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**16. CREDITORS: Amounts falling due after more than one year  
GROUP & TRUST**

	2021	2020
	£	£
Bank loan – Charity Bank	275,971	304,259
Bank loan – Bounce back loan	50,000	-
	325,971	304,259
	325,971	304,259

The bank loan with Charity Bank was taken out during 2019/20. The loan is secured by a fixed charge over land lying to the east of Greencroft Parkway. The loan is repayable over 15 years by way of monthly repayments. Interest is charged at a variable rate of 3.35% above base rate.

	2021	2020
	£	£
<b>Analysis of loans</b>		
Not wholly repayable within 5 years by instalments	192,811	254,255
Wholly repayable with 5 years by instalments	110,880	66,672
	303,691	320,927
Included within current liabilities	(27,720)	(16,668)
	275,971	304,259

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**17. PRIOR YEAR ADJUSTMENT**

A prior year adjustment has been processed due to a misallocation of funds between unrestricted and restricted funds.

**Change to the Balance Sheet**

	Year ended 31 March 2020		
	As previously reported	Adjustment	As restated
	£	£	£
Unrestricted funds	1,101,237	(56,526)	1,044,711
Designated funds	1,905,455	-	1,905,455
Restricted funds	1,818,209	56,526	1,874,735
	<u>4,824,901</u>	<u>-</u>	<u>4,824,901</u>

	Year ended 31 March 2019		
	As previously reported	Adjustment	As restated
	£	£	£
Unrestricted funds	981,984	(56,526)	925,458
Designated funds	1,787,990	-	1,787,990
Restricted funds	2,041,064	56,526	2,097,590
	<u>4,824,901</u>	<u>-</u>	<u>4,824,901</u>

**Change in Statement of Financial Activities**

There has been no change to the Statement of Financial Activities for the previous financial year.

**18. RESTRICTED FUNDS**

**Year ended 31 March 2021**

	Balance at 1 Apr 2020 £	Movement in resources:			Balance at 31 Mar 2021 £
		Incoming Resources £	Outgoing Resources £	Transfers £	
Property funds:-					
The Greenhouse	117,465	-	-	(117,465)	-
Greencroft Woodland Purchase	40,591	-	-	-	40,591
Cockermouth 2 Market St	22,015	-	(4,403)	-	17,612
BBO Programmes	14,021	2,186,639	(2,156,153)	-	44,507
Project funds	409,973	3,186,160	(3,031,662)	40,595	605,066
Land of Oak & Iron Heritage Centre fund	1,270,670	-	(26,472)	-	1,244,198
	<u>1,874,735</u>	<u>5,372,799</u>	<u>(5,218,690)</u>	<u>(76,870)</u>	<u>1,951,974</u>

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2021**

**18. RESTRICTED FUNDS (Continued)**

<u>Year ended 31 March 2020</u>	Movement in resources:				
	Balance at 1 Apr 2019 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 Mar 2020 £
Property funds:-					
The Greenhouse	234,930	-	-	(117,465)	117,465
Greencroft Woodland Purchase	40,591	-	-	-	40,591
Cockermouth 2 Market St	26,418	-	(4,403)	-	22,015
BBO Programmes	(18,219)	2,391,905	(2,359,665)	-	14,021
Project funds	516,728	5,446,079	(5,555,834)	-	406,973
Land of Oak & Iron Heritage Centre fund	1,297,142	-	(26,472)	-	1,270,670
	<u>2,097,590</u>	<u>7,837,984</u>	<u>(7,943,374)</u>	<u>(117,465)</u>	<u>1,874,735</u>

**Property funds**

Grants were received for the refurbishment of 2 Market Street, Cockermouth. These are being written off in line with the depreciation policy of these assets.

The Greenhouse project represents funding for the construction of The Greenhouse, an investment asset. The restriction is reducing over a period of 15 years. The transfer from the restricted fund relates to the amount being reallocated to the designated fund, which together total the value of the investment.

The Greencroft Woodlands Purchase Fund is funding received to purchase woodland adjacent to the Greencroft Industrial Estate, Annfield Plain.

**BBO Development Funding**

Spending is restricted to future delivery of the Building Better Opportunities (BBO) programme.

**Project funds**

Project funds represent funding to enable specific projects to be undertaken in the year. Included in the charitable activities there are a number of funders and specific projects that need to be referred to specifically. These project funds are held in restricted reserves. The balance on Project funds is the overall net position on over 200 individual projects.

At the 31 March 2021 the project closing balances are reviewed and included in the closing balance of £605,066 are deficit balances of £189,299, funds are expected to be received for these projects post year end.

**Land of Oak & Iron Heritage Centre fund**

The construction of the Land of Oak & Iron Heritage Centre was completed in September 2018. The funds equals the net book value of the asset.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**18. RESTRICTED FUNDS (Continued)**

Restricted project funds which require separate disclosure;

<b>Project</b>	<b>Funder</b>	<b>Balance Brought Forward (£)</b>	<b>Income (£)</b>	<b>Expenditure (£)</b>	<b>Balance Unspent/ Overspent (£)</b>
River Tees Rediscovered	Heritage Lottery Fund	36,431	25,649	(25,510)	36,570
Land of Oak & Iron	Heritage Lottery Fund	(27,196)	323,508	(296,312)	-
BBO – Choices	Big Lottery Fund / European Social Fund	11,402	496,353	(478,477)	29,278
BBO - Step Forward Tees Valley	Big Lottery Fund / European Social Fund	-	653,178	(653,178)	-
BBO - Reaching Out Across Durham	Big Lottery Fund / European Social Fund	2,617	765,746	(753,133)	15,230
BBO - Moving on Tyne & Wear	Big Lottery Fund / European Social Fund	-	272,598	(272,598)	-
Eden Hill Young Peoples Project	Hornden Youth & Community Centre	-	73,920	(73,920)	-
Carlisle Play Areas	Cumbria Waste Management	-	30,000	(30,000)	-
#iwill – Virgin Money	Virgin Money Foundation	67,800	-	(58,496)	9,304
Norton Grange Lottery Funding	Heritage Lottery Fund	29,077	53,126	(40,450)	41,753
Big Local Easington	Local Trust	(49,811)	159,425	(119,721)	(10,107)

^ - incorporates brought forward balances from the prior year

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**19. UNRESTRICTED FUNDS**

<u>Year ended 31 March 2021</u>	Balance at 1 April 2020	Incoming Resources	Outgoing Resources	Transfers	Gain on Investment	Balance at 31 March 2021
	£	£	£	£	£	£
General Funds	1,044,712	1,133,685	(1,254,311)	(40,595)	(11,307)	872,185
Designated Funds :-						
Revaluation Reserve	12,290	-	-	-	-	12,290
The Greenhouse	1,892,535	-	-	117,465	-	2,010,000
	<u>3,006,692</u>	<u>1,133,685</u>	<u>(1,254,311)</u>	<u>76,870</u>	<u>(11,307)</u>	<u>2,895,105</u>

<u>Year ended 31 March 2020</u>	Balance at 1 April 2019	Incoming Resources	Outgoing Resources	Transfers	Gain on Investment	Balance at 31 March 2020
	£	£	£	£	£	£
General Funds	925,458	991,222	(871,969)	-	-	1,044,712
Designated Funds :-						
Revaluation Reserve	12,920	-	-	-	-	12,920
The Greenhouse	1,775,070	-	-	117,465	-	1,892,535
	<u>2,713,448</u>	<u>991,222</u>	<u>(871,969)</u>	<u>117,465</u>	<u>-</u>	<u>2,950,167</u>

**The Greenhouse**

The fund represents the remaining unrestricted balance of the investment property. The transfer relates to the amount being reallocated from the restricted fund, which together total the value of the investment.

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE**

**YEAR ENDED 31 MARCH 2021**

**20. ANALYSIS OF NET ASSETS**

<u>Year ended 31 March 2021</u>	Tangible fixed assets	Investments	Net current assets	Creditors > 1yr	Total Net Assets
	£	£	£	£	£
<b>Restricted funds</b>	1,302,401	-	649,768	-	1,952,974
<b>Unrestricted funds:-</b>					
General	407,644	180,000	610,511	(325,971)	872,379
Designated	12,920	2,010,000	-	-	2,022,920
	<u>1,722,965</u>	<u>2,190,000</u>	<u>1,260,279</u>	<u>(325,971)</u>	<u>4,847,273</u>

<u>Year ended 31 March 2020</u>	Tangible fixed assets	Investments	Net current assets	Creditors > 1yr	Total Net Assets
	£	£	£	£	£
<b>Restricted funds</b>	1,333,276	117,465	404,131	-	1,854,872
<b>Unrestricted funds:-</b>					
General	434,326	200,000	734,507	(304,259)	1,044,712
Designated	12,920	1,892,535	-	-	1,905,455
	<u>1,780,522</u>	<u>2,210,000</u>	<u>1,138,638</u>	<u>(304,259)</u>	<u>4,824,901</u>

**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2021	2020
	£	£
Net movement in funds	22,372	13,863
Interest payable	3,284	21,435
Interest receivable	(292)	(540)
Depreciation charges	57,557	59,740
Profit/(Loss) on disposal	11,307	(136,472)
Gain on investment properties revaluation	-	-
(Increase) / decrease in stocks	1,953	(1,564)
Decrease / (increase in debtors	(33,191)	375,095
(Decrease) / increase in creditors	(214,869)	(215,966)
<b>Net cash flow from operating activities</b>	<u>(151,879)</u>	<u>115,589</u>

**GROUNDWORK NORTH EAST  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2020**

**22. ANALYSIS OF NET DEBT**

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Long term borrowings	(304,259)	(21,712)	(325,971)
Short term borrowings	(16,669)	(11,051)	(27,720)
	<u>(320,928)</u>	<u>(32,763)</u>	<u>(353,691)</u>
Cash and cash equivalents	678,094	(113,415)	564,679
	<u>357,166</u>	<u>(146,178)</u>	<u>210,988</u>

**23. RELATED PARTY TRANSACTIONS**

The Trust is part of a national network of trusts being part of the Groundwork Federation. Any trading activities with other trusts are at arm's length on normal commercial terms.

The Trustees represent local authorities, businesses, community & voluntary organisations. All transactions with these bodies are on an arm's length basis.

**Other Groundwork Trusts**

The following transactions occurred with other Groundwork Trusts during the year;

	2021	2020
	£	£
<b>Included in debtors:</b>		
Groundwork UK	110,988	50,175
Groundwork South Tyneside and Newcastle	31,337	11,508
Groundwork Yorkshire	11,535	10,072
	<u>153,860</u>	<u>71,755</u>

	2021	2020
	£	£
<b>Included in creditors:</b>		
Groundwork South Tyneside and Newcastle	9,462	9,082
Groundwork Leeds	-	6,000
Groundwork UK	-	20,472
Groundwork Manchester	-	4,680
	<u>9,462</u>	<u>29,834</u>

**24. CONTINGENT LIABILITIES**

On 15 March 2018 a legal charge was registered against Groundwork North East by the Trustees of The National Heritage Memorial Fund regarding a grant of £697,700 was awarded for the Land of Oak and Iron project.