

Company registration number: 02702815

Charity registration number: 1017706

GROUNDWORK NORTH EAST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2022

Groundwork North East

Contents

Reference and Administrative Details	1
Chairman's Statement	2
Trustees' Report	3 to 11
Independent Auditors' Report	12 to 14
Consolidated Statement of Financial Activities	15
Comparative Consolidated Statement of Financial Activities	16
Consolidated Balance Sheet	17
Balance Sheet	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20 to 38

Groundwork North East

Reference and Administrative Details

Trustees	A R Thurston J E Pritchard D C Pearce H Simmons (appointed 23 June 2021) T Justice A J J Hill Sir P M Ennals (appointed 23 June 2021) T T Case M F Schooler S C Thackray (resigned 22 September 2021) David Martin (resigned 28 September 2022)
Secretary	J P Heatherington
Key Management Personnel	K Culverhouse, Chief Executive Officer (resigned 30 September 2022) S Roberts (appointed 1 October 2022), Chief Executive Officer J P Heatherington, Director of Finance & Corporate Services
Registered Office	14 Parsons Court Welbury Way Newton Aycliffe County Durham DL5 6ZE The charity is incorporated in England and Wales.
Company Registration Number	02702815
Charity Registration Number	1017706
Auditor	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Groundwork North East

Chairman's Statement

The period of the financial year to 31 March 2022 continued to be impacted by the national emergency brought on by the global pandemic caused by the COVID-19 virus. Changes to operational procedures and project delivery continued to be necessary during the year, although there was a gradual easing of restrictions as the year progressed with COVID rules formally ending in England on 24 February 2022. Although this meant that Groundwork North East and Cumbria was unable to deliver a full programme of activities throughout the year, we were able to ramp up our project delivery as restrictions were eased.

The Trustees would like to express their gratitude and thanks to our Groundwork staff and volunteers for their support during the year as they worked to re-establish our programme of activities. The Trustees would also like to thank funders for their continuing support to enable delivery of programmes and for their flexibility in allowing activities to be rescheduled to adapt to the easing of Covid restrictions.

During the year we continued to deliver our business plan, 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. As part of this, we continued to build relationships with our sister Trust, Groundwork South and North Tyneside in order to ensure that we maximise the opportunity of leveraging the government's Shared Prosperity Fund to ensure funding reaches those communities where it will have maximum impact.

We have also continued to grow our trading company's business as SMEs have been looking for the flexibility The Greenhouse is able to offer, and the Land of Oak and Iron Heritage Centre has benefitted from people wanting to re-engage with their local environment as lockdown eased.

During the year our Chief Executive, Kate Culverhouse, announced that she would be leaving Groundwork at the end of 2022 after a career with Groundwork spanning 30 years. Kate has made an enormous contribution to the Charity over the years and the Trustees would like to express their gratitude to Kate for her leadership of Groundwork and for her part in building Groundwork North East and Cumbria into what it is today. Kate will be missed. However, after a rigorous process, the Trustees have appointed Steve Roberts, currently our Director of Youth, Employment and Skills, as her successor and they are confident that Groundwork will continue to grow and develop under Steve's leadership.

In July 2022, Eddie Tomlinson resigned as Chair of the Greenhouse Trading Company after a long and distinguished career as a Trustee of both the Charity and Trading Company. The Trustees thank Eddie for his contribution over many years and wish him well as he moves on to new challenges.



Andrew Thurston 16 Dec 2022 08:39:54 GMT (UTC +0)

.....
A R Thurston
Trustee

Groundwork North East

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2022.

Structure, governance and management

Nature of 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.

Recruitment and 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.

Induction and training of trustees

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

Groundwork North East

Trustees' Report

Organisational structure

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, recommends financial strategy to the Board and ensures 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 of Today 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.

Our close working relationship with Groundwork South & North Tyneside continues to operate well within the organisation. The Strategic & Business Development and Compliance Committees were combined in January 2021, with the same structure operating throughout this Financial Year. 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

Trustees are drawn from the public, business and third sectors but do not represent any particular business or organisation. 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;

Details of any related party transactions are disclosed in Note 26 to the accounts.

Groundwork North East

Trustees' Report

Objectives 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 living and working - 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.

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.

Fundraising disclosures

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follow all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

Groundwork North East

Trustees' Report

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

Creating better places

- Successful delivery of two projects (Loftus Community Woodland and Natural Neighbourhoods) funded through the Green Recovery Challenge Fund. This project provided environmental improvements delivered by local young people on the Kick Start employment programme.
- Further development of our Nature-Based Solutions programme predominantly through successful delivery river restoration projects on the Blyth, Wansbeck, Tyne, Wear, Tees and Esk catchments.
- Successful implementation of public open space improvements in partnership with registered housing providers in South Lakeland, County Durham, Stockton-on-Tees; and local authorities in Darlington, Middlesbrough and Northumberland

Improving people's prospects

- Implementation of Green Doctors: Routes to Low Carbon Jobs - a green youth employment programme delivered in partnership with Groundwork Yorkshire.
- Significant over delivery of National Citizen Service activity, especially linked to supporting schools and students recover from the impact of the pandemic.
- Exceptionally high performing employment programmes including RESTART in Cumbria and our suite of Building Better Opportunities projects across the North East and Cumbria.
- Successful delivery of Kickstart, supporting 298 young people access employment during, and coming out of the pandemic.
- Established a pilot scheme to integrate delivery of employment programmes with provision of household energy advices through Groundwork's Green Doctor service.
- Establishment of a Youth Hub in Redcar and Peterlee in partnership with Job Centre Plus and other local stakeholders, helping to break down barriers to participation.

Promoting greener living and working

- Successful delivery of the Holiday Activities & Food programme in Sunderland, Gateshead, County Durham and Stockton-on-Tees resulting in support to 5,000 plus targeted children throughout the school holidays.
- Further development of our Green Doctor programme through successful delivery of energy advice and guidance to 500 plus targeted households Darlington, Sunderland, Gateshead and Barrow-in-Furness.
- Successful implementation of waste awareness projects in partnership with the South Tyne & Wear Waste Management Partnership and SUEZ Waste Recycling & Recovery.

Groundwork North East

Trustees' Report

Financial review

The Trust continued to build positively as we moved out of the pandemic. Where the previous two periods were punctuated by restrictions enforced both nationally and by our funders, the ability for our teams to continue to bid and successfully deliver a huge range of diverse projects improved significantly.

At the end of the Financial Year, the Trust had a total of 195 live projects across the Trust, many of which are multi-year projects, securing income into the future. The nature of our delivery programmes continues to evolve, as does the diversity of projects we deliver.

Group turnover to March 2022 was £9.1m, v £6.6m in 2021, returning the business to the levels of pre-pandemic turnover.

Consolidated cash balances increased in the year to £1.01m, up from £564.7k.

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, 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. Having moved out of the restrictions placed upon the hospitality industry, our offering continued to adapt to the new ways in which customers interacted with the centre. We were able to offer a near full programme of diverse events, providing interesting and engaging events to our customers, including our popular Bird Walks, Meet the Maker events and activities for children during school holidays.

Some of our funders require details to be included in our Financial Statements, which is provided as part of note 23.

Groundwork North East

Trustees' Report

Policy on reserves

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 2022. This compares to actual free reserves of £909,856. 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 2022 the Trust held reserves of £4,625,887, of which £1,388,720 were restricted funds.

The Trust maintains the following funds:

Restricted Funds and Use of the 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 - Future delivery of the Building Better Opportunities programme
- Projects - 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

- Business Development - Future development costs and business opportunities
- Projects - Surplus from projects to be used in programme delivery
- The Greenhouse - Unrestricted balance of the Greenhouse Investment property.

Investment policy and objectives

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

Key Management Personnel

The board, who give their time freely and no trustees received remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity, as noted in the Reference and Administration section. Together with the board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis. The pay of the KMP is reviewed annually and normally increased in accordance with average earnings. The trustees benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with the budget and forecast information, ensuring that the charity can afford any proposed increases. The board then agree any uplift to remuneration.

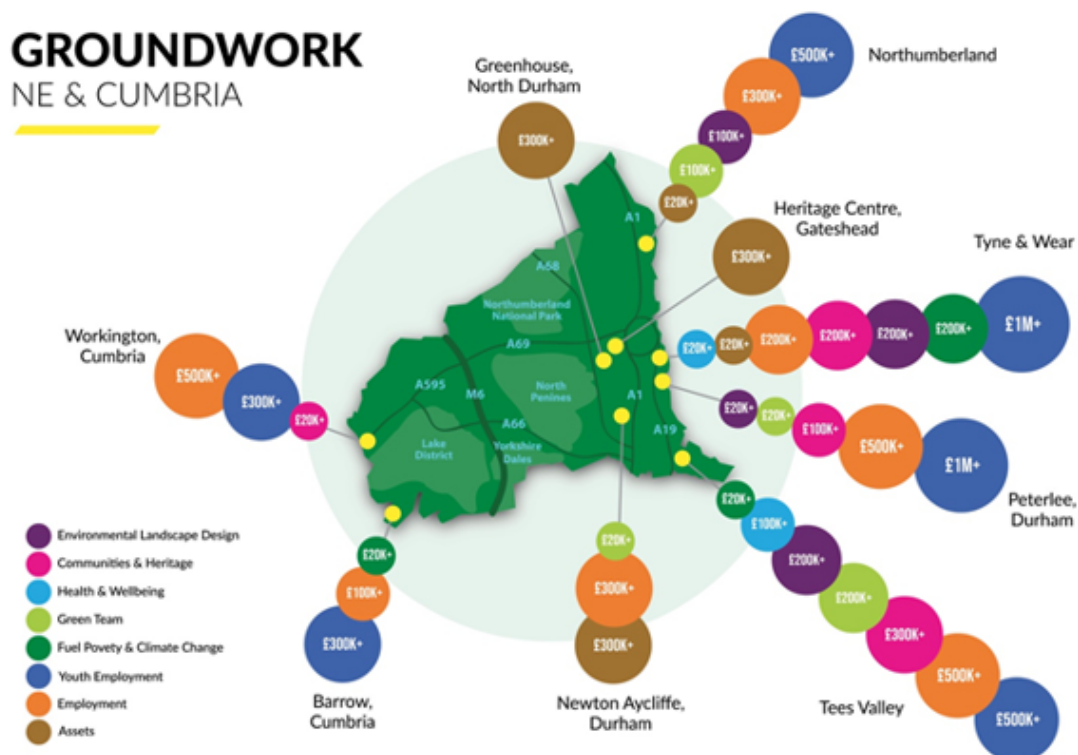
Groundwork North East

Trustees' Report

Going concern

In the year to 31 March 2022, there was a net surplus in the year of £457,865 for the Group. General unrestricted funds showed a surplus of £341,868. The Trustees have reviewed the Trust Business Plan for 2022 – 2023, which aims for a surplus of £103k. 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.

Plans for future periods



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.

Groundwork North East

Trustees' Report

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.

For Groundwork NE & Cumbria this means:

- Positioning/ profile raising - Embedding and promoting a clear USP with more strategic positioning. Integrating a green thread through all that we do.
- Reducing Inequality - Engaging with Government Levelling Up and devolution agendas. Tackling inequality, reducing poverty through employability and engagement. Enabling Green Jobs. Combatting food/fuel poverty and health inequality, restoring pride of place in areas needing it most.
- Nature Based Solutions - Investment in quality places and landscapes, developing Nature Based Solution in landscape and community programmes to mitigate impacts of dual climate and biodiversity crisis. Deliver carbon sequestration and/or biodiversity net gain.
- Climate Action - Implementing our Net Zero Action Plan to have net zero carbon emissions by 2030.

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.

The next Financial Year, to March 2023 is the last of the current three year Federation action plan. Our team are fully engaged with the renewal process for future years which will be launched during 2023.

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 attracts significant visitor numbers from the local population due to the convenience of the site and amenities provided. The centre continues to engage through on site events and an active social media presence. A quality food and drink offer is constantly being updated to encourage repeat visits.

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

Trustees' Report

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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; 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the trustees of the charity on ~~16/12/2022~~..... and signed on its behalf by:



Andrew Thurston 16 Dec 2022 08:39:54 GMT (UTC +0)

.....
A R Thurston
Trustee

Groundwork North East

Independent Auditor's Report to the Members of Groundwork North East

Opinion

We have audited the financial statements of Groundwork North East (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 parent charity's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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.

Groundwork North East

Independent Auditor's Report to the Members of Groundwork North East

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the and Trustees' Report have 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 the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the and the Trustees' Report.

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 charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 11), the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

Groundwork North East

Independent Auditor's Report to the Members of Groundwork North East

Enquiries with management about any known or suspected instances of non-compliance with laws and regulations including fraud;

- Reviewing the most recent reports issued by regulators;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: compliance with the UK Companies Act, and the Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or recognise the non-compliance.

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 auditor's report.

Use of our report

This report is made solely to the charitable parent company's trustees, 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 group's trustees 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 parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Chartered Accountants

Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

Date: 19-12-22

Azets Audit Services is a trading name of Azets Audit Services Limited.

Groundwork North East

Consolidated Statement of Financial Activities for the Year Ended 31 March 2022

(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2022 £	(As restated) Total 2021 £
Income and Endowments from:					
Donations and legacies	3	27,211	-	27,211	550,431
Charitable activities	4	-	8,291,914	8,291,914	5,472,960
Other trading activities	5	724,798	-	724,798	465,760
Investment income	6	52,560	-	52,560	53,407
Other income	7	45,025	-	45,025	64,282
Total Income		<u>849,594</u>	<u>8,291,914</u>	<u>9,141,508</u>	<u>6,606,840</u>
Expenditure on:					
Raising funds	8	(599,963)	-	(599,963)	(402,483)
Charitable activities	9	<u>(540,989)</u>	<u>(7,542,691)</u>	<u>(8,083,680)</u>	<u>(6,070,322)</u>
Total Expenditure		<u>(1,140,952)</u>	<u>(7,542,691)</u>	<u>(8,683,643)</u>	<u>(6,472,805)</u>
Net (expenditure)/income		(291,358)	749,223	457,865	134,035
Transfers between funds		633,226	(633,226)	-	-
Other recognised gains and losses					
Other gains/losses		-	-	-	<u>(11,307)</u>
Net movement in funds		341,868	115,997	457,865	122,728
Reconciliation of funds					
Total funds brought forward		<u>2,895,299</u>	<u>1,272,723</u>	<u>4,168,022</u>	<u>4,045,294</u>
Total funds carried forward	23	<u><u>3,237,167</u></u>	<u><u>1,388,720</u></u>	<u><u>4,625,887</u></u>	<u><u>4,168,022</u></u>

All of the group's activities derive from continuing operations during the above two periods.

The funds breakdown for 2021 is shown in note 23.

Groundwork North East

Comparative Consolidated Statement of Financial Activities for the Year Ended 31 March 2021 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2021 £
Income and Endowments from:				
Donations and legacies	3	550,236	195	550,431
Charitable activities	4	-	5,472,960	5,472,960
Other trading activities	5	465,760	-	465,760
Investment income	6	53,407	-	53,407
Other income	7	64,282	-	64,282
Total income		<u>1,133,685</u>	<u>5,473,155</u>	<u>6,606,840</u>
Expenditure on:				
Raising funds	8	(402,483)	-	(402,483)
Charitable activities	9	<u>(851,632)</u>	<u>(5,218,690)</u>	<u>(6,070,322)</u>
Total expenditure		<u>(1,254,115)</u>	<u>(5,218,690)</u>	<u>(6,472,805)</u>
Net (expenditure)/income		(120,430)	254,465	134,035
Transfers between funds		76,870	(76,870)	-
Other recognised gains and losses				
Other gains/losses		<u>(11,307)</u>	-	<u>(11,307)</u>
Net movement in funds		(54,867)	177,595	122,728
Reconciliation of funds				
Total funds brought forward		<u>2,950,166</u>	<u>1,095,128</u>	<u>4,045,294</u>
Total funds carried forward	23	<u><u>2,895,299</u></u>	<u><u>1,272,723</u></u>	<u><u>4,168,022</u></u>

Groundwork North East

(Registration number: 02702815)

Consolidated Balance Sheet as at 31 March 2022

	Note	2022 £	(As restated) 2021 £
Fixed assets			
Tangible assets	15	1,731,686	1,722,965
Investments	16	<u>2,190,000</u>	<u>2,190,000</u>
		<u>3,921,686</u>	<u>3,912,965</u>
Current assets			
Stocks	17	11,209	7,044
Debtors	18	2,237,868	1,273,508
Cash at bank and in hand		<u>1,009,471</u>	<u>564,679</u>
		3,258,548	1,845,231
Creditors: Amounts falling due within one year	19	<u>(2,259,976)</u>	<u>(1,264,203)</u>
Net current assets		<u>998,572</u>	<u>581,028</u>
Total assets less current liabilities		4,920,258	4,493,993
Creditors: Amounts falling due after more than one year	20	<u>(294,371)</u>	<u>(325,971)</u>
Net assets		<u>4,625,887</u>	<u>4,168,022</u>
Funds of the group:			
Restricted		<u>1,388,720</u>	<u>1,272,723</u>
Unrestricted income funds			
Designated funds		2,022,920	2,022,920
General funds		<u>1,214,247</u>	<u>872,379</u>
Total unrestricted funds		<u>3,237,167</u>	<u>2,895,299</u>
Total funds	23	<u>4,625,887</u>	<u>4,168,022</u>

The financial statements on pages 15 to 38 were approved by the trustees, and authorised for issue on 16/12/2022.... and signed on their behalf by:



Andrew Thurston 16 Dec 2022 08:39:54 GMT (UTC +0)

A R Thurston
Trustee



Amber Hill 19 Dec 2022 16:27:38 GMT (UTC +0)

A J J Hill
Trustee

Groundwork North East

(Registration number: 02702815) Balance Sheet as at 31 March 2022

	Note	2022 £	(As restated) 2021 £
Fixed assets			
Tangible assets	15	1,726,026	1,713,858
Investments	16	<u>2,190,001</u>	<u>2,190,001</u>
		<u>3,916,027</u>	<u>3,903,859</u>
Current assets			
Debtors	18	2,163,528	1,191,262
Cash at bank and in hand		<u>781,155</u>	<u>411,181</u>
		2,944,683	1,602,443
Creditors: Amounts falling due within one year	19	<u>(2,159,778)</u>	<u>(1,230,811)</u>
Net current assets		<u>784,905</u>	<u>371,632</u>
Total assets less current liabilities		4,700,932	4,275,491
Creditors: Amounts falling due after more than one year	20	<u>(294,371)</u>	<u>(325,971)</u>
Net assets		<u>4,406,561</u>	<u>3,949,520</u>
Funds of the charity:			
Restricted		<u>1,388,720</u>	<u>1,272,723</u>
Unrestricted income funds			
Designated funds		2,022,920	2,022,920
Unrestricted funds		<u>994,921</u>	<u>653,877</u>
Total unrestricted funds		<u>3,017,841</u>	<u>2,676,797</u>
Total funds	23	<u>4,406,561</u>	<u>3,949,520</u>

The financial statements on pages 15 to 38 were approved by the trustees, and authorised for issue on .16/12/2022... and signed on their behalf by:



Andrew Thurston 16 Dec 2022 08:39:54 GMT (UTC +0)

A R Thurston
Trustee



Amber Hill 19 Dec 2022 16:27:38 GMT (UTC +0)

A J J Hill
Trustee

Groundwork North East

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	(As restated) 2021 £
Cash flows from operating activities			
Net cash income		457,865	134,035
Adjustments to cash flows from non-cash items			
Depreciation	15	48,975	57,557
Investment income	6	(52,560)	(53,407)
Loss on disposal of investments		-	20,000
		<u>454,280</u>	<u>158,185</u>
Working capital adjustments			
(Increase)/decrease in stocks	17	(4,165)	1,953
Increase in debtors	18	(964,360)	(33,192)
Increase/(decrease) in creditors	19	<u>985,110</u>	<u>(315,225)</u>
Net cash flows from operating activities		<u>470,865</u>	<u>(188,279)</u>
Cash flows from investing activities			
Interest receivable and similar income	6	52,560	53,407
Purchase of tangible fixed assets	15	(57,695)	-
Sale of investments		-	(11,307)
Net cash flows from investing activities		<u>(5,135)</u>	<u>42,100</u>
Cash flows from financing activities			
Value of new loans obtained during the period		-	50,000
Repayment of loans and borrowings	19	<u>(20,938)</u>	<u>(17,236)</u>
Net cash flows from financing activities		<u>(20,938)</u>	<u>32,764</u>
Net increase/(decrease) in cash and cash equivalents		444,792	(113,415)
Cash and cash equivalents at 1 April		<u>564,679</u>	<u>678,094</u>
Cash and cash equivalents at 31 March		<u><u>1,009,471</u></u>	<u><u>564,679</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Charity status

The charity is limited by guarantee, incorporated in England and England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: 14 Parsons Court, Welbury Way, Newton Aycliffe, County Durham, DL5 6ZE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

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.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 March 2022.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a surplus after tax for the financial year of £457,041 (2021 - surplus of £125,462).

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

Going concern

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

Estimation uncertainty and judgements

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.

Income and endowments

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

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the group has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Rental income is recognised once the charity has received the income.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Government grants

Government grants are recognised based on the performance model and are measured at the fair value of the asset received or receivable. Grants are recognised in income where there are no performance conditions. If there are such performance conditions, then the income is deferred and recognised as deferred income within creditors.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Leasehold improvements	over the remaining unexpired term of the lease
Freehold property	over 50 years
Furniture and equipment	over 4 years
Motor vehicles	over 3 years
Computer and software	over 3 years

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.

Stock

Stock and work in progress are valued at the lower of cost and net realisable value.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

Pensions and other post retirement obligations

The group operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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.

3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2022 £
Donations and legacies;			
Donations from individuals	18,156	-	18,156
Grants, including capital grants;			
Government grants	9,055	-	9,055
	<u>27,211</u>	<u>-</u>	<u>27,211</u>
	Unrestricted funds General £	Restricted funds £	Total 2021 £
Donations and legacies;			
Donations from individuals	927	195	1,122
Grants, including capital grants;			
Government grants	502,174	-	502,174
Grants from other charities	47,135	-	47,135
	<u>550,236</u>	<u>195</u>	<u>550,431</u>

4 Income from charitable activities

	Restricted funds £	Total 2022 £
Improve people's prospects	6,455,185	6,455,185
Create better places	1,505,183	1,505,183
Promote greener living and working	331,546	331,546
	<u>8,291,914</u>	<u>8,291,914</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

	Restricted funds	Total 2021
	£	£
Improve people's prospects	3,852,822	3,852,822
Create better places	1,360,323	1,360,323
Promote greener living and working	259,815	259,815
	<u>5,472,960</u>	<u>5,472,960</u>

5 Income from other trading activities

	Unrestricted funds General	Total 2022
	£	£
Trading activities		
The Greenhouse Company (Groundwork) Limited	724,798	724,798
	<u>724,798</u>	<u>724,798</u>

	Unrestricted funds General	Total 2021
	£	£
Trading activities		
The Greenhouse Company (Groundwork) Limited	465,760	465,760
	<u>465,760</u>	<u>465,760</u>

6 Investment income

	Unrestricted funds General	Total 2022
	£	£
Interest receivable and similar income;		
Interest receivable on bank deposits	33	33
Income from rents	52,527	52,527
	<u>52,560</u>	<u>52,560</u>

	Unrestricted funds General	Total 2021
	£	£
Interest receivable and similar income;		
Interest receivable on bank deposits	292	292
Income from rents	53,115	53,115
	<u>53,407</u>	<u>53,407</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

7 Other income

	Unrestricted funds General £	Total 2022 £
Other income	45,025	45,025
	Unrestricted funds General £	Total 2021 £
Other income	64,282	64,282

8 Expenditure on raising funds

a) Costs of trading activities

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Trading subsidiary costs	599,963	599,963	402,483
	<u>599,963</u>	<u>599,963</u>	<u>402,483</u>

9 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2022 £
Improve people's prospects	5,887,689	751,533	6,639,222
Create better places	1,024,207	340,422	1,364,629
Promote greener living and working	61,734	18,095	79,829
	<u>6,973,630</u>	<u>1,110,050</u>	<u>8,083,680</u>
	Activity undertaken directly £	Activity support costs £	2021 £
Improve people's prospects	3,141,047	638,796	3,779,843
Create better places	1,835,985	280,748	2,116,733
Promote greener living and working	150,702	23,044	173,746
	<u>5,127,734</u>	<u>942,588</u>	<u>6,070,322</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

10 Analysis of support costs

Support costs allocated to charitable activities

	Governance costs	Other support costs	Total 2022
	£	£	£
Staffing	-	552,847	552,847
Transport	-	12,830	12,830
Premises	-	74,722	74,722
Supplies and services	-	358,266	358,266
Legal fees	-	52,910	52,910
Audit fees	9,500	-	9,500
Depreciation	-	48,975	48,975
	<u>9,500</u>	<u>1,100,550</u>	<u>1,110,050</u>
	Governance costs	Other support costs	Total 2021
	£	£	£
Staffing	-	467,178	467,178
Transport	-	10,935	10,935
Premises	-	50,672	50,672
Supplies and services	-	289,992	289,992
Legal fees	-	74,613	74,613
Audit fees	9,000	-	9,000
Depreciation	-	40,198	40,198
	<u>9,000</u>	<u>933,588</u>	<u>942,588</u>

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. The basis of the apportionment of the costs is pro-rata to the expenditure on each programme area.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

11 Net incoming/outgoing resources

Net incoming resources for the year include:

	2022	2021
	£	£
Audit fees	9,500	9,000
Other non-audit services	3,250	3,075
Loss on disposal of investments	-	11,307
Depreciation of fixed assets	<u>48,975</u>	<u>40,198</u>

12 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

13 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	£	£
Staff costs during the year were:		
Wages and salaries	4,577,081	3,523,140
Social security costs	316,971	256,265
Pension costs	<u>343,523</u>	<u>139,089</u>
	<u><u>5,237,575</u></u>	<u><u>3,918,494</u></u>

The monthly average number of persons (including senior management / leadership team) employed by the group during the year expressed as full time equivalents was as follows:

	2022	2021
	No	No
Number of staff	<u>182</u>	<u>152</u>

The number of employees whose emoluments fell within the following bands was:

	2022	2021
	No	No
£60,001 - £70,000	1	1
£70,001 - £80,000	<u>1</u>	<u>1</u>

The total employee benefits of the key management personnel of the group were £145,475 (2021 - £160,469).

14 Taxation

The group is a registered charity and is therefore potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

15 Tangible fixed assets

Group

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2021	1,993,175	493,608	53,742	2,540,525
Additions	<u>39,835</u>	<u>17,860</u>	<u>-</u>	<u>57,695</u>
At 31 March 2022	<u>2,033,010</u>	<u>511,468</u>	<u>53,742</u>	<u>2,598,220</u>
Depreciation				
At 1 April 2021	279,316	484,501	53,742	817,559
Charge for the year	<u>39,824</u>	<u>9,151</u>	<u>-</u>	<u>48,975</u>
At 31 March 2022	<u>319,140</u>	<u>493,652</u>	<u>53,742</u>	<u>866,534</u>
Net book value				
At 31 March 2022	<u>1,713,870</u>	<u>17,816</u>	<u>-</u>	<u>1,731,686</u>
At 31 March 2021	<u>1,713,859</u>	<u>9,107</u>	<u>-</u>	<u>1,722,966</u>

Included within the net book value of land and buildings above is £451,273 (2021 - £460,723) in respect of freehold land and buildings and £1,262,597 (2021 - £1,253,135) in respect of leasehold properties.

Charity

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2021	1,993,175	419,919	53,742	2,466,836
Additions	<u>39,835</u>	<u>12,156</u>	<u>-</u>	<u>51,991</u>
At 31 March 2022	<u>2,033,010</u>	<u>432,075</u>	<u>53,742</u>	<u>2,518,827</u>
Depreciation				
At 1 April 2021	279,316	419,919	53,742	752,977
Charge for the year	<u>39,824</u>	<u>-</u>	<u>-</u>	<u>39,824</u>
At 31 March 2022	<u>319,140</u>	<u>419,919</u>	<u>53,742</u>	<u>792,801</u>
Net book value				
At 31 March 2022	<u>1,713,870</u>	<u>12,156</u>	<u>-</u>	<u>1,726,026</u>
At 31 March 2021	<u>1,713,859</u>	<u>-</u>	<u>-</u>	<u>1,713,859</u>

Included within the net book value of land and buildings above is £451,273 (2021 - £460,723) in respect of freehold land and buildings and £1,262,597 (2021 - £1,253,135) in respect of leasehold properties.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

16 Fixed asset investments

Group

	2022 £	2021 £
Investment properties	<u>2,190,000</u>	<u>2,190,000</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2021	<u>2,190,000</u>
Provision	
At 31 March 2022	<u>-</u>
Net book value	
At 31 March 2022	<u>2,190,000</u>
At 31 March 2021	<u>2,190,000</u>

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 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.

Charity

	2022 £	2021 £
Investment properties	2,190,000	2,190,000
Other investments	<u>1</u>	<u>1</u>
	<u>2,190,001</u>	<u>2,190,001</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2021	<u>2,190,000</u>
Provision	
At 31 March 2022	<u>-</u>
Net book value	
At 31 March 2022	<u>2,190,000</u>
At 31 March 2021	<u>2,190,000</u>

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 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.

Investment in subsidiary

	Investment in subsidiary £	Total £
Cost or Valuation		
At 1 April 2021	<u>1</u>	<u>1</u>
At 31 March 2022	<u>1</u>	<u>1</u>
Net book value		
At 31 March 2022	<u>1</u>	<u>1</u>
At 31 March 2021	<u>1</u>	<u>1</u>

Details of undertakings

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.

In the year to 31 March 2022 the subsidiary recorded a surplus of £124,835 (2021: £106,653) and had net assets of £343,338 (2021: £218,503).

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

17 Stock

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Stocks	<u>11,209</u>	<u>7,044</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	984,656	843,218	896,336	693,271
Due from group undertakings	-	-	44,729	85,164
Prepayments	35,831	-	35,831	-
Accrued income	1,208,189	425,496	1,177,440	408,162
Other debtors	<u>9,192</u>	<u>4,794</u>	<u>9,192</u>	<u>4,665</u>
	<u>2,237,868</u>	<u>1,273,508</u>	<u>2,163,528</u>	<u>1,191,262</u>

19 Creditors: amounts falling due within one year

	Group		Charity	
	2022 £	2021 £ (As restated)	2022 £	2021 £ (As restated)
Bank loans	38,382	27,720	38,382	27,720
Trade creditors	329,886	235,545	294,087	207,910
Other taxation and social security	124,653	203,875	82,728	203,875
VAT	32,882	-	32,882	-
Other creditors	28,965	3,108	27,031	3,108
Accruals and deferred income	<u>1,705,208</u>	<u>793,955</u>	<u>1,684,668</u>	<u>788,198</u>
	<u>2,259,976</u>	<u>1,264,203</u>	<u>2,159,778</u>	<u>1,230,811</u>

Creditors due within one year includes the following liabilities on which security has been given:

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Charity Bank Loan	27,736	27,720	27,736	27,720
Bounce back Loan	<u>10,646</u>	<u>-</u>	<u>10,646</u>	<u>-</u>
	<u>38,382</u>	<u>27,720</u>	<u>38,382</u>	<u>27,720</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

20 Creditors: amounts falling due after one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Bank loans	<u>294,371</u>	<u>325,971</u>	<u>294,371</u>	<u>325,971</u>

Creditors amounts falling due after more than one year includes the following liabilities on which security has been given:

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Charity Bank Loan	258,230	275,971	258,230	275,971
Bounce back loan	<u>36,141</u>	<u>50,000</u>	<u>36,141</u>	<u>50,000</u>
	<u>294,371</u>	<u>325,971</u>	<u>294,371</u>	<u>325,971</u>

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.

The Bounceback loan is an unsecured loan, repayable over 5 years by way of monthly repayments. Interest is charged at a fixed rate of 2.5%

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £343,523 (2021 - £139,089).

Contributions totalling £21,997 (2021 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

22 Commitments

Group

Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £2,209 (2021 - £Nil).

Charity

Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £2,209 (2021 - £Nil).

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

23 Funds

Group

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2022 £
Unrestricted funds					
General					
General funds	872,379	849,594	(1,140,952)	633,226	1,214,247
Designated					
Revaluation reserve	12,920	-	-	-	12,920
The Greenhouse	2,010,000	-	-	-	2,010,000
	<u>2,022,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,022,920</u>
Total unrestricted funds	<u>2,895,299</u>	<u>849,594</u>	<u>(1,140,952)</u>	<u>633,226</u>	<u>3,237,167</u>
Restricted funds					
Property Fund - Greencroft Woodland Purchase	40,591	-	-	-	40,591
Property Fund - Cockermouth 2 Market St	17,612	-	-	-	17,612
Project funds	(29,678)	8,291,914	(7,515,727)	(657,793)	88,716
Land of Oak and Iron Heritage Centre Fund	<u>1,244,198</u>	<u>-</u>	<u>(26,964)</u>	<u>24,567</u>	<u>1,241,801</u>
Total restricted funds	<u>1,272,723</u>	<u>8,291,914</u>	<u>(7,542,691)</u>	<u>(633,226)</u>	<u>1,388,720</u>
Total funds	<u>4,168,022</u>	<u>9,141,508</u>	<u>(8,683,643)</u>	<u>-</u>	<u>4,625,887</u>

Restricted - 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.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

BBO Development Funding

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

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.

Designated Fund - 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.

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. The funds that require separate analysis are shown below:

Project	Funder	Balance B/Fwd £	Income £	Expenditure £	Balance C/Fwd £
River Tees Rediscovered	Heritage Lottery Fund	36,570	-	(30,785)	5,785
BBO - Choices	Big Lottery / European Social Fund	29,278	436,907	(466,185)	-
BBO - Step Forward Tees Valley	Big Lottery / European Social Fund	-	473,344	(473,344)	-
BBO - Reaching Out Accross Durham	Big Lottery / European Social Fund	15,230	413,489	(428,719)	-
BBO - Moving on Tyne and Wear	Big Lottery / European Social Fund	-	263,196	(263,196)	-
Eden Hill Young Peoples Project	Horden Youth and Community Centre	-	19,072	(18,110)	962
#iwill - Virgin Money	Virgin Money Foundation	9,304	-	(9,304)	-
Norton Grange Lottery Funding	Heritage Lottery Fund	41,753	50,905	(82,532)	10,126
Big Local Easington	Local Trust	(10,107)	72,214	(137,769)	(75,662)

The above overdrawn project is paid in arrears and the balance was paid to Groundwork post year end.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

24 Analysis of net assets between funds

Group

	Unrestricted		Restricted £	Total funds £
	General £	Designated £		
Tangible fixed assets	418,762	12,920	1,300,004	1,731,686
Fixed asset investments	180,000	2,010,000	-	2,190,000
Net current assets/(liabilities)	909,856	-	88,716	998,572
Creditors over 1 year	(294,371)	-	-	(294,371)
Total net assets	1,214,247	2,022,920	1,388,720	4,625,887

	Unrestricted			Total funds at 31 March 2021 £
	General £	Designated £	Restricted £	
Tangible fixed assets	407,644	12,920	1,302,401	1,722,965
Fixed asset investments	180,000	2,010,000	-	2,190,000
Net current assets/(liabilities)	610,706	-	(29,678)	581,028
Creditors over 1 year	(325,971)	-	-	(325,971)
Total net assets	872,379	2,022,920	1,272,723	4,168,022

25 Analysis of net funds

Group

	At 1 April 2021 £	Cash flow movement £	New finance agreements £	At 31 March 2022 £
Cash at bank and in hand	564,679	444,792	-	1,009,471
Debt due within one year	(27,720)	(10,662)	-	(38,382)
Debt due after more than one year	(325,971)	31,600	-	(294,371)
Net funds	210,988	465,730	-	676,718

	At 1 April 2020 £	Cash flow movement £	New finance agreements £	At 31 March 2021 £
Cash at bank and in hand	678,094	(113,415)	-	564,679
Debt due within one year	(16,668)	(11,052)	-	(27,720)
Debt due after more than one year	(304,259)	28,288	(50,000)	(325,971)
Net funds	357,167	(96,179)	(50,000)	210,988

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2022

26 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;

Groundwork Trust	Sales in Year	Purchases in year	Amounts due/(owed) at year end
	£	£	£
Groundwork UK	162,382	20,128	92,597
Groundwork South and North Tyneside	66,476	72,210	67,012
Groundwork London	11,392	1,422	11,392
Groundwork South Yorkshire	1,893	-	1,893
Groundwork Yorkshire	29,330	-	30,350
Groundwork Ten North East Limited	416	-	416

27 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.

28 Prior year adjustment

The accounts have been restated to defer charitable activity income in line with the terms of the funding received which was originally recognised in the SOFA in the year of receipt.

Group

The restatement has resulted in the reserves as at 1st April 2020 being reduced by £779,607 to correct the opening reserves position visible in the accounts to a value of £3,824,058. Subsequently, in the 2021 year, income has increased by £100,356, a result of releasing £779,607 as income (previously held in funds) and deferring £679,251 from income into deferred income. The closing reserves as at 31 March 2021 was £3,949,520.

Charity

The restatement has resulted in the reserves as at 1st April 2020 being reduced by £779,607 to correct the opening reserves position visible in the accounts to a value of £4,045,294. Subsequently, in the 2021 year, income has increased by £100,356, a result of releasing £779,607 as income (previously held in funds) and deferring £679,251 from income into deferred income. The closing reserves as at 31 March 2021 was £4,168,022.