

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 2023

Groundwork North East

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Groundwork North East

Reference and Administrative Details

Trustees	A R Thurston J E Pritchard D C Pearce H Simmons A J J Anderson Sir P M Ennals M F Schooler J Davison (appointed 1 September 2023) S F Cole (appointed 27 September 2023) M Houston (appointed 27 September 2023) S Neill (appointed 27 September 2023) J Parkin (appointed 27 September 2023) Z Richardson (appointed 27 September 2023) T T Case (resigned 1 June 2023) T Justice (resigned 16 December 2022) D 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 restrictions imposed during the Covid 19 pandemic were fully removed shortly before the start of the 2022 - 23 financial year, so Groundwork North East & Cumbria was able to operate a full programme of activity during the year. However, the ending of pandemic-specific funding streams and the impact of high inflation resulting from the consequences of the war in Ukraine, as well as the ending of funding from European Union programmes following Brexit, presented challenges to the way in which we delivered our agenda during the year.

Against this challenging background the Trustees would like to express their gratitude and thanks to our Groundwork staff and volunteers for the way in which they have responded to these challenges and embraced new ways of working to deliver the successful programme of activity summarised in the Achievements and Performance section of the Trustees' report.

We formally welcomed Steve Roberts to his new role as Chief Executive in October 2022, and one of Steve's initial tasks was to work with colleagues within Groundwork North East & Cumbria alongside other Trusts across the Groundwork Federation to refresh our forward strategy and business plan. The refreshed strategy, which was formally signed off in summer 2023, will continue to build on our existing areas of focus which are underpinned by Groundwork's core purposes and which align with key Government priorities: Tackling Climate Change, Levelling Up Society and Improving People's Wellbeing.

We continued to work in partnership with our sister Trust, Groundwork South and North Tyneside 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.

Our trading company's businesses performed well during the year: The Greenhouse team worked with tenants to meet their requirements for more flexible working arrangements, and the Land of Oak and Iron Heritage Centre was able to build on its ability to offer visitors a high-quality experience as they took the opportunity to engage with their local environment.

During the year three of our Trustees resigned; Tom Justice, Tara Case and David Martin and on behalf of the Board I would like to record our thanks for their considerable contribution to Groundwork over the years. We also said goodbye to Kate Culverhouse, our previous Chief Executive, who left Groundwork after a long and distinguished career. Trustees and colleagues thank her for her enormous contribution over the years and we wish her well in the next stage of her career.

During 2023 we successfully recruited six new Trustees to the Charity Board, and we look forward to working with them over the coming years.



Andrew Thurston 05 Dec 2023 11:47:06 GMT (UTC +0)

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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 consolidated financial statements and auditors' report of the charitable company and its subsidiaries for the year ended 31 March 2023, 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.

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, 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.
- Business Controls, Systems and 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. 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 Business Controls, Systems and Compliance Committee remains a joint Committee, 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.

The Strategic & Business Development Committee, combined with representatives from Groundwork South and North Tyneside in January 2021, moved back to the separate Trusts in January 2023. The decision to move long term strategic aims of each Trusts did not end local strategic discussions, but reflected differing priorities in each Trust. Short to medium term business development opportunities are closely managed by the respective Heads of Business Development in each Trust.

Groundwork North East

Trustees' Report

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.

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.

Groundwork North East

Trustees' Report

Our strategic growth areas over the next five years (2023 -28) are:

- Protecting and enhancing green and blue spaces.
- Delivering green skills and jobs.
- Promoting greener living.
- Empowering communities.
- Developing new trading activity.

These areas of focus each build upon the delivery and positioning achieved during recent years through our principle operational themes of: Nature based solutions, Energy Efficiency, Employment and Skills, Green teams and land management, Youth work and Health and wellbeing

They will align with emerging policy framework from central government and local stakeholders' strategies and plans and we will continue improving our own capability and resilience to ensure we are putting maximum resource into our front-line delivery and invest in the right skills to improve the quality of our services and management.

Our Volunteers

We are extremely grateful for the assistance of 7,500 volunteers who have been actively involved 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.

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.

Groundwork North East

Trustees' Report

Achievements and performance

Throughout the year Groundwork North East and Cumbria delivered 183 projects.

Creating better places

- 130 public spaces improved across North East and Cumbria
- 191 community groups supported to build places of pride

Revitalising our Estuaries (ROE) - this project has pioneered Nature based Solutions (NbS) for habitat enhancement and restoration, impacting over 467 hectares of landscape, providing social and environmental benefits. Through the project we have improved nature across six coastal estuary areas and created jobs in the environment sector, positively impacting the economy. RoE focused on increasing skills and employment opportunities for 38 young people in the region. The project's success can be attributed to community engagement, directly engaging with 3,721 people over 39 public events.

Community Space Enhancement - continued enhancement of public community spaces such as Elba Park in Sunderland has had the support of 31 volunteers supporting the area with over 1,000 working hours. This has contributed towards improving our green spaces which support people's health and wellbeing. A total of 498 children and adults have engaged in sports or health activities within this area.

Pegswood Community Park - over the year, the project has engaged with 40 businesses who contributed 360 hours through various volunteer activities as part of their social value initiatives.

Improving people's prospects

- 1,316 young people supported to learn achieve and thrive
- 325 formal qualifications gained
- 810 people supported into education, training or work

Reaching Out Across Durham (ROAD) - supported people across County Durham by offering one to one advice. Aimed at individuals out of work, aged 25 years and over the programme signed up 102 people. 43 of these went into training or education, 23 went directly into work and 254 individuals reported an improved lifestyle and life skills, along with a reduction in social isolation.

Tees Valley Pathways, Youth Shack - a three-week programme aimed at building confidence and skills for individuals aged 15-29 years supported 70 people and progressed 42 of these individuals into gaining further support, volunteering or sustainable employment.

Choices - in Cumbria provided one to one information advice and guidance, helping individuals move towards searching for or move into employment. 80 people enrolled into further education and training and 30 people progressed into employment.

Development of Carbon Clever Careers as an introduction to the emerging green economy.

Groundwork North East

Trustees' Report

Promoting greener living and working

- 527 people helped to reduce their energy, tackling fuel poverty
- 263 businesses supporting to employ new entrants to the labour market

Green Doctors - A further expansion of Green Doctor across Tyne and Wear and Cumbria has provided support to 1,150 households. Around 700 winter packs were given to vulnerable people in Cumbria and over £20,000 worth of energy saving measures were implemented in houses across Tyne and Wear.

Development of Retrofit - providing training opportunities to staff to position Groundwork into an emerging area of future work.

Implementation of a new Green Community Hub Workington (Cumbria), part of Groundwork's northern Network of hub.

Implementation of Green Social Prescribing project in Cumbria demonstrating how 'green' activities contribute towards the Public Health agenda.

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 2023 was £9.65m, v £9.14m in 2022, showing continued growth in the Trust following a return to the levels of pre-pandemic turnover published in FY2022.

Consolidated cash balances decreased slightly in the year to £979k, down from £1.01m.

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 has had a successful year and continues to embed itself in the minds of the local community and further afield. Having fully exited restrictions placed upon the hospitality industry during COVID our offering continued to adapt to the new ways in which customers interacted with the centre. We were able to offer a 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.

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.

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 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 2023. This compares to actual free reserves of £980k, an increase of £71k from FY 2022. The Trust aims 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 2023 the Trust held reserves of £4,719,203, of which £1,310,316 were restricted funds.

The Trust maintains the following funds:

Restricted Funds and 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 - 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 and Use of 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.

Going Concern

In the year to 31 March 2023, there was a net surplus in the year of £93.3k for the Group. General unrestricted funds showed a surplus of £171.7k. The Trustees have reviewed the Trust Business Plan for 2023 - 2024, targeting 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.

Groundwork North East

Trustees' Report

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'. We will deliver our impact through a range of projects, programmes and services that respond to local need and opportunity but that are developed and informed by the following core commitments:

- **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** - addressing injustice and seeking out a diversity of viewpoints, both in the work we do and the people we employ.
- **We learn from local practice to promote wider change** - sharing the lessons from our work so that we can influence policy and contribute to system change
- **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.
- Energy Efficiency - Investment to develop staff into Domestic Energy Advise, to expand the Green Doctor programme and develop a Retrofit programme.
- 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.

This financial year will see the launch of Groundwork North East and Cumbria's 5 year strategy 2023 - 2028. This has been developed in line with Groundwork UK's five year strategy, setting out how we will support practical action to create a fair and green future in which people, places and nature thrive.

Groundwork North East

Trustees' Report

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

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 05/12/2023.... and signed on its behalf by:



Andrew Thurston 05 Dec 2023 11:47:06 GMT (UTC +0)

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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 subsidiary (the 'group') for the year ended 31 March 2023, 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 2023 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 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 14), 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:

- 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;

Groundwork North East

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

- 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 18 Dec 2023 09:39:31 GMT (UTC +0)

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: 18/12/2023.....

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 2023 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
Income and Endowments from:					
Donations and legacies	3	22,992	-	22,992	27,211
Charitable activities	4	-	8,559,793	8,559,793	8,291,914
Other trading activities	5	787,098	-	787,098	724,798
Investment income	6	219,645	-	219,645	52,560
Other income	7	62,686	-	62,686	45,025
Total Income		<u>1,092,421</u>	<u>8,559,793</u>	<u>9,652,214</u>	<u>9,141,508</u>
Expenditure on:					
Raising funds	8	(668,049)	-	(668,049)	(599,963)
Charitable activities	9	<u>(1,382,562)</u>	<u>(7,508,287)</u>	<u>(8,890,849)</u>	<u>(8,083,680)</u>
Total Expenditure		<u>(2,050,611)</u>	<u>(7,508,287)</u>	<u>(9,558,898)</u>	<u>(8,683,643)</u>
Net (expenditure)/income		(958,190)	1,051,506	93,316	457,865
Transfers between funds		<u>1,129,910</u>	<u>(1,129,910)</u>	-	-
Net movement in funds		171,720	(78,404)	93,316	457,865
Reconciliation of funds					
Total funds brought forward		<u>3,237,167</u>	<u>1,388,720</u>	<u>4,625,887</u>	<u>4,168,022</u>
Total funds carried forward	23	<u><u>3,408,887</u></u>	<u><u>1,310,316</u></u>	<u><u>4,719,203</u></u>	<u><u>4,625,887</u></u>

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

The funds breakdown for 2022 is shown in note 23.

Groundwork North East

Comparative 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 £
Income and Endowments from:				
Donations and legacies	3	27,211	-	27,211
Charitable activities	4	-	8,291,914	8,291,914
Other trading activities	5	724,798	-	724,798
Investment income	6	52,560	-	52,560
Other income	7	45,025	-	45,025
Total income		<u>849,594</u>	<u>8,291,914</u>	<u>9,141,508</u>
Expenditure on:				
Raising funds	8	(599,963)	-	(599,963)
Charitable activities	9	<u>(540,989)</u>	<u>(7,542,691)</u>	<u>(8,083,680)</u>
Total expenditure		<u>(1,140,952)</u>	<u>(7,542,691)</u>	<u>(8,683,643)</u>
Net (expenditure)/income		(291,358)	749,223	457,865
Transfers between funds		<u>633,226</u>	<u>(633,226)</u>	<u>-</u>
Net movement in funds		341,868	115,997	457,865
Reconciliation of funds				
Total funds brought forward		<u>2,895,299</u>	<u>1,272,723</u>	<u>4,168,022</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>

Groundwork North East

(Registration number: 02702815)

Consolidated Balance Sheet as at 31 March 2023

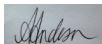
	Note	2023 £	2022 £
Fixed assets			
Tangible assets	15	1,779,620	1,731,686
Investments	16	<u>2,190,000</u>	<u>2,190,000</u>
		<u>3,969,620</u>	<u>3,921,686</u>
Current assets			
Stocks	17	10,816	11,209
Debtors	18	1,850,206	2,237,868
Cash at bank and in hand		<u>979,522</u>	<u>1,009,471</u>
		2,840,544	3,258,548
Creditors: Amounts falling due within one year	19	<u>(1,822,672)</u>	<u>(2,259,976)</u>
Net current assets		<u>1,017,872</u>	<u>998,572</u>
Total assets less current liabilities		4,987,492	4,920,258
Creditors: Amounts falling due after more than one year	20	<u>(268,289)</u>	<u>(294,371)</u>
Net assets		<u>4,719,203</u>	<u>4,625,887</u>
Funds of the group:			
Restricted		<u>1,310,316</u>	<u>1,388,720</u>
Unrestricted income funds			
Designated funds		2,122,920	2,022,920
General funds		<u>1,285,967</u>	<u>1,214,247</u>
Total unrestricted funds		<u>3,408,887</u>	<u>3,237,167</u>
Total funds	23	<u>4,719,203</u>	<u>4,625,887</u>

The financial statements on pages 18 to 41 were approved by the trustees, and authorised for issue on 05/12/2023... and signed on their behalf by:



Andrew Thurston 05 Dec 2023 11:47:06 GMT (UTC +0)

A R Thurston
Trustee



Amber Anderson 06 Dec 2023 14:58:15 GMT (UTC +0)

A J J Anderson
Trustee

Groundwork North East

(Registration number: 02702815) Balance Sheet as at 31 March 2023

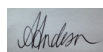
	Note	2023 £	2022 £
Fixed assets			
Tangible assets	15	1,696,769	1,726,026
Investments	16	<u>2,190,001</u>	<u>2,190,001</u>
		<u>3,886,770</u>	<u>3,916,027</u>
Current assets			
Debtors	18	1,919,187	2,163,528
Cash at bank and in hand		<u>691,588</u>	<u>781,155</u>
		2,610,775	2,944,683
Creditors: Amounts falling due within one year	19	<u>(1,713,775)</u>	<u>(2,159,778)</u>
Net current assets		<u>897,000</u>	<u>784,905</u>
Total assets less current liabilities		4,783,770	4,700,932
Creditors: Amounts falling due after more than one year	20	<u>(268,289)</u>	<u>(294,371)</u>
Net assets		<u>4,515,481</u>	<u>4,406,561</u>
Funds of the charity:			
Restricted		<u>1,310,316</u>	<u>1,388,720</u>
Unrestricted income funds			
Designated funds		2,122,920	2,022,920
Unrestricted funds		<u>1,082,245</u>	<u>994,921</u>
Total unrestricted funds		<u>3,205,165</u>	<u>3,017,841</u>
Total funds	23	<u>4,515,481</u>	<u>4,406,561</u>

The financial statements on pages 18 to 41 were approved by the trustees, and authorised for issue on 05/12/2023.... and signed on their behalf by:



Andrew Thurston 05 Dec 2023 11:47:06 GMT (UTC +0)

.....
A R Thurston
Trustee



Amber Anderson 06 Dec 2023 14:58:15 GMT (UTC +0)

.....
A J J Anderson
Trustee

Groundwork North East

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash income		93,316	457,865
Adjustments to cash flows from non-cash items			
Depreciation	15	61,215	48,975
Investment income	6	<u>(219,645)</u>	<u>(52,560)</u>
		(65,114)	454,280
Working capital adjustments			
Decrease/(increase) in stocks	17	393	(4,165)
Decrease/(increase) in debtors	18	387,662	(964,360)
(Decrease)/increase in creditors	19	<u>(437,309)</u>	<u>985,110</u>
Net cash flows from operating activities		<u>(114,368)</u>	<u>470,865</u>
Cash flows from investing activities			
Interest receivable and similar income	6	219,645	52,560
Purchase of tangible fixed assets	15	<u>(109,149)</u>	<u>(57,695)</u>
Net cash flows from investing activities		110,496	(5,135)
Cash flows from financing activities			
Repayment of loans and borrowings	19	<u>(26,077)</u>	<u>(20,938)</u>
Net (decrease)/increase in cash and cash equivalents		(29,949)	444,792
Cash and cash equivalents at 1 April		<u>1,009,471</u>	<u>564,679</u>
Cash and cash equivalents at 31 March		<u><u>979,522</u></u>	<u><u>1,009,471</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 2023

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 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 2023.

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 £93,316 (2022 - surplus of £457,041).

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 2023

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 2023

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
Computer and software	over 3 years
Motor vehicles	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 2023

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.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

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 2023 £
Donations and legacies;			
Donations from individuals	22,992	-	22,992
	<u>22,992</u>	<u>-</u>	<u>22,992</u>
	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>

4 Income from charitable activities

	Restricted funds £	Total 2023 £
Improve people's prospects	6,003,356	6,003,356
Create better places	2,102,772	2,102,772
Promote greener living and working	453,665	453,665
	<u>8,559,793</u>	<u>8,559,793</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

	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>

5 Income from other trading activities

	Unrestricted funds General	Total 2023
	£	£
Trading activities		
The Greenhouse Company (Groundwork) Limited	787,098	787,098
	<u>787,098</u>	<u>787,098</u>

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

6 Investment income

	Unrestricted funds General	Total 2023
	£	£
Interest receivable and similar income;		
Interest receivable on bank deposits	2,423	2,423
Income from rents	217,222	217,222
	<u>219,645</u>	<u>219,645</u>

	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>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

7 Other income

	Unrestricted funds General £	Total 2023 £
Other income	62,686	62,686
	Unrestricted funds General £	Total 2022 £
Other income	45,025	45,025

8 Expenditure on raising funds

a) Costs of trading activities

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Trading subsidiary costs	668,049	668,049	599,963
	<u>668,049</u>	<u>668,049</u>	<u>599,963</u>

9 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2023 £
Improve people's prospects	5,369,145	776,795	6,145,940
Create better places	1,827,151	582,711	2,409,862
Promote greener living and working	311,991	23,056	335,047
	<u>7,508,287</u>	<u>1,382,562</u>	<u>8,890,849</u>
	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>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

10 Analysis of support costs

Support costs allocated to charitable activities

	Governance costs	Other support costs	Total
	£	£	£
Staffing	-	625,105	625,105
Transport	-	8,813	8,813
Premises	-	139,866	139,866
Supplies and services	-	395,895	395,895
Legal fees	-	137,493	137,493
Audit fees	14,175	-	14,175
Depreciation	-	61,215	61,215
	<u>14,175</u>	<u>1,368,387</u>	<u>1,382,562</u>
	Governance costs	Other support costs	Total
	£	£	£
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>

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 2023

11 Net incoming/outgoing resources

Net incoming resources for the year include:

	2023	2022
	£	£
Audit fees	14,175	9,500
Other non-audit services	-	3,250
Depreciation of fixed assets	<u>61,215</u>	<u>48,975</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 2023

13 Staff costs

The aggregate payroll costs were as follows:

	2023	2022
	£	£
Staff costs during the year were:		
Wages and salaries	4,723,940	4,577,081
Social security costs	368,823	316,971
Pension costs	344,100	343,523
	<u>5,436,863</u>	<u>5,237,575</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:

	2023	2022
	No	No
Number of staff	<u>200</u>	<u>182</u>

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

	2023	2022
	No	No
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>

The total employee benefits of the key management personnel of the group were £264,847 (2022 - £145,475).

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 2023

15 Tangible fixed assets

Group

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2022	2,033,010	511,469	53,742	2,598,221
Additions	<u>8,698</u>	<u>91,084</u>	<u>9,367</u>	<u>109,149</u>
At 31 March 2023	<u>2,041,708</u>	<u>602,553</u>	<u>63,109</u>	<u>2,707,370</u>
Depreciation				
At 1 April 2022	319,140	493,653	53,742	866,535
Charge for the year	<u>36,315</u>	<u>15,533</u>	<u>9,367</u>	<u>61,215</u>
At 31 March 2023	<u>355,455</u>	<u>509,186</u>	<u>63,109</u>	<u>927,750</u>
Net book value				
At 31 March 2023	<u>1,686,253</u>	<u>93,367</u>	<u>-</u>	<u>1,779,620</u>
At 31 March 2022	<u>1,713,870</u>	<u>17,816</u>	<u>-</u>	<u>1,731,686</u>

Included within the net book value of land and buildings above is £441,627 (2022 - £451,273) in respect of freehold land and buildings and £1,244,626 (2022 - £1,262,597) in respect of leasehold properties.

Charity

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2022	2,033,010	432,076	53,742	2,518,828
Additions	<u>8,698</u>	<u>1,481</u>	<u>9,367</u>	<u>19,546</u>
At 31 March 2023	<u>2,041,708</u>	<u>433,557</u>	<u>63,109</u>	<u>2,538,374</u>
Depreciation				
At 1 April 2022	319,140	419,920	53,742	792,802
Charge for the year	<u>36,315</u>	<u>3,121</u>	<u>9,367</u>	<u>48,803</u>
At 31 March 2023	<u>355,455</u>	<u>423,041</u>	<u>63,109</u>	<u>841,605</u>
Net book value				
At 31 March 2023	<u>1,686,253</u>	<u>10,516</u>	<u>-</u>	<u>1,696,769</u>
At 31 March 2022	<u>1,713,870</u>	<u>12,156</u>	<u>-</u>	<u>1,726,026</u>

Included within the net book value of land and buildings above is £441,627 (2022 - £451,273) in respect of freehold land and buildings and £1,244,626 (2022 - £1,262,597) in respect of leasehold properties.

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Fixed asset investments

Group

	2023	2022
	£	£
Investment properties	<u>2,190,000</u>	<u>2,190,000</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2022	<u>2,190,000</u>
Provision	
At 31 March 2023	<u>-</u>
Net book value	
At 31 March 2023	<u>2,190,000</u>
At 31 March 2022	<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

	2023	2022
	£	£
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 2023

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2022	<u>2,190,000</u>
Provision	
At 31 March 2023	<u>-</u>
Net book value	
At 31 March 2023	<u>2,190,000</u>
At 31 March 2022	<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 2022	<u>1</u>	<u>1</u>
At 31 March 2023	<u>1</u>	<u>1</u>
Net book value		
At 31 March 2023	<u>1</u>	<u>1</u>
At 31 March 2022	<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 2023 the subsidiary recorded a surplus of £119,304 (2022: £132,405) and had net assets of £203,724 (2022: £226,896).

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

17 Stock

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Stocks	<u>10,816</u>	<u>11,209</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	948,708	984,656	910,759	896,336
Due from group undertakings	-	-	130,525	44,729
Prepayments	96,495	35,831	72,900	35,831
Accrued income	796,836	1,208,189	796,836	1,177,440
Other debtors	<u>8,167</u>	<u>9,192</u>	<u>8,167</u>	<u>9,192</u>
	<u>1,850,206</u>	<u>2,237,868</u>	<u>1,919,187</u>	<u>2,163,528</u>

19 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Bank loans	38,387	38,382	38,387	38,382
Trade creditors	294,550	329,886	258,751	294,087
Other taxation and social security	77,750	124,653	77,750	82,728
VAT	38,457	32,882	-	32,882
Other creditors	32,355	28,965	31,062	27,031
Accruals and deferred income	<u>1,341,173</u>	<u>1,705,208</u>	<u>1,307,825</u>	<u>1,684,668</u>
	<u>1,822,672</u>	<u>2,259,976</u>	<u>1,713,775</u>	<u>2,159,778</u>

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

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Charity Bank Loan	27,739	27,736	27,739	27,736
Bounce back Loan	<u>10,648</u>	<u>10,646</u>	<u>10,648</u>	<u>10,646</u>
	<u>38,387</u>	<u>38,382</u>	<u>38,387</u>	<u>38,382</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

20 Creditors: amounts falling due after one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Bank loans	<u>268,289</u>	<u>294,371</u>	<u>268,289</u>	<u>294,371</u>

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

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Charity Bank Loan	241,730	258,230	241,730	258,230
Bounce back loan	<u>26,559</u>	<u>36,141</u>	<u>26,559</u>	<u>36,141</u>
	<u>268,289</u>	<u>294,371</u>	<u>268,289</u>	<u>294,371</u>

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 £344,100 (2022 - £343,523).

Contributions totalling £29,608 (2022 - £21,997) 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 £Nil (2022 - £2,209).

Charity

Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £Nil (2022 - £2,209).

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

23 Funds

Group

	Balance at 1 April 2022 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2023 £
Unrestricted funds					
General					
General funds	1,214,247	1,092,421	(2,050,611)	1,029,910	1,285,967
Designated					
Revaluation reserve	12,920	-	-	-	12,920
The Greenhouse	2,010,000	-	-	-	2,010,000
Trustees Designated Reserve	-	-	-	100,000	100,000
	<u>2,022,920</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>2,122,920</u>
Total unrestricted funds	<u>3,237,167</u>	<u>1,092,421</u>	<u>(2,050,611)</u>	<u>1,129,910</u>	<u>3,408,887</u>
Restricted funds					
Property Fund - Greencroft Woodland Purchase	40,591	-	-	-	40,591
Property Fund - Cockermouth 2 Market St	17,612	-	-	-	17,612
Project funds	88,716	8,559,793	(7,481,618)	(1,129,910)	36,981
Land of Oak and Iron Heritage Centre Fund	<u>1,241,801</u>	<u>-</u>	<u>(26,669)</u>	<u>-</u>	<u>1,215,132</u>
Total restricted funds	<u>1,388,720</u>	<u>8,559,793</u>	<u>(7,508,287)</u>	<u>(1,129,910)</u>	<u>1,310,316</u>
Total funds	<u>4,625,887</u>	<u>9,652,214</u>	<u>(9,558,898)</u>	<u>-</u>	<u>4,719,203</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 2023

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.

Designated Fund - Trustees Designated Fund

The Trustees Designated Fund is set aside in relation to an ongoing review of pay structures across the Trust.

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	5,785	-	(9,281)	(3,496)
BBO - Choices	Big Lottery / European Social Fund	-	490,566	(490,566)	-
BBO - Step Forward Tees Valley	Big Lottery / European Social Fund	-	422,203	(440,571)	(18,368)
BBO - Reaching Out Accross Durham	Big Lottery / European Social Fund	-	372,450	(372,450)	-
BBO - Moving on Tyne and Wear	Big Lottery / European Social Fund	-	244,576	(214,041)	30,535
Eden Hill Young Peoples Project	Horden Youth and Community Centre	962	-	(962)	-
Norton Grange Lottery Funding	Heritage Lottery Fund	10,126	54,480	(55,302)	9,304
Big Local Easington	Local Trust	(75,662)	196,154	(102,005)	18,487
Multiply	Gateshead MBC / DfE	-	8,770	-	8,770
RC North East & Cumbria Region	National Lottery Community Fund	-	17,845	-	17,845
Western Perimeter Path	Livin Housing Limited	-	8,000	-	8,000

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

Reaching Out Across UK Shared Prosperity Durham (2) Fund	-	-	(25,143)	(25,143)
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The above overdrawn projects are paid in arrears and the balance was paid to Groundwork post year end.

24 Analysis of net assets between funds

Group

	Unrestricted			Total funds £
	General £	Designated £	Restricted £	
Tangible fixed assets	493,365	12,920	1,273,335	1,779,620
Fixed asset investments	180,000	2,010,000	-	2,190,000
Net current assets/(liabilities)	880,891	100,000	36,981	1,017,872
Creditors over 1 year	<u>(268,289)</u>	<u>-</u>	<u>-</u>	<u>(268,289)</u>
Total net assets	<u>1,285,967</u>	<u>2,122,920</u>	<u>1,310,316</u>	<u>4,719,203</u>

	Unrestricted			Total funds at 31 March 2022 £
	General £	Designated £	Restricted £	
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	<u>(294,371)</u>	<u>-</u>	<u>-</u>	<u>(294,371)</u>
Total net assets	<u>1,214,247</u>	<u>2,022,920</u>	<u>1,388,720</u>	<u>4,625,887</u>

25 Analysis of net funds

Group

	At 1 April 2022 £	Cash flow movement £	At 31 March 2023 £
Cash at bank and in hand	1,009,741	(30,219)	979,522
Debt due within one year	(38,382)	(5)	(38,387)
Debt due after more than one year	<u>(294,371)</u>	<u>26,082</u>	<u>(268,289)</u>
Net funds	<u>676,988</u>	<u>(4,142)</u>	<u>672,846</u>

Groundwork North East

Notes to the Financial Statements for the Year Ended 31 March 2023

	At 1 April 2021 £	Cash flow movement £	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	<u>(325,971)</u>	<u>31,600</u>	<u>(294,371)</u>
Net funds	<u>210,988</u>	<u>465,730</u>	<u>676,718</u>

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	24,866	363	24,503
Groundwork South and North Tyneside	20,361		20,361
Groundwork London	8,619	5,640	2,979
Groundwork South Yorkshire	1,893	-	1,893
Groundwork Yorkshire	113,068	17,740	95,328
Groundwork Ten North East Limited	367	-	367
Groundwork Cheshire, Lancashire & Merseyside	5,000		5,000

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 awarded for the Land of Oak and Iron project.