

Company registration number: 01828287

Charity registration number: 516516

NECA

(A charitable company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2024

NECA

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Reference and Administrative Details

Patron	Her Grace, The Duchess of Northumberland
President	Mr B.N. Speker OBE DL
Trustees	Mr B.N. Speker OBE DL Mr N. Richardson, Chairman Mr R.I. Watson, Treasurer Dr P.B. Moore
Company Secretary	Mr R.I. Watson
Remuneration Committee	Mr N. Richardson Mr R.I. Watson Mrs C Atkinson
Key Management Personnel	Mrs C. Atkinson, Chief Executive Ms E. Innes, Deputy Chief Executive Mrs C. Howarth, Finance Manager Mrs L. Strong, HR/Development Manager
Registered Office	Derwent Point Clasper Way Swalwell Newcastle upon Tyne NE16 3BE The charity is incorporated in England and Wales.
Company Registration Number	01828287
Charity Registration Number	516516
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditors Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Solicitors:	Sintons LLP The Cube Barrack Road Newcastle NE4 6DB
Bankers	Lloyds Bank Plc Newcastle 102 Grey Street Newcastle upon Tyne NE99 1SL

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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 2024.

Structure, governance and management

Nature of governing document

The organisation is a charitable company limited by guarantee, incorporated on 26th June 1984 and is governed by its Memorandum and Articles of Association, which were last amended on 11th May 2020. It was also registered as a charity with the Charity Commission on 20th June 1985. In the event of the charitable company being wound up members are required to contribute an amount not exceeding £1.

Board of Directors/Trustees

The business of the charity is managed by an Executive Committee of the trustees, the number of which shall not be less than 4 nor more than 30, who meet on a regular basis to decide overall strategic policies and financial matters. Trustees retire by rotation and are able to stand for re-election.

The trustees retiring by rotation at this year's Annual General Meeting are as follows:

Mr N.Richardson

Mr R.I.Watson

The trustees meet, as a norm, on a monthly basis. They receive detailed management and financial information as well as reports on operational activities for their meetings. Trustees unable to attend a meeting because of COVID-19 restrictions or other engagements are nevertheless provided with all the papers and information relevant for such meetings and are able to discuss issues arising with the Chairman or the Chief Executive. Trustees participate in the strategic planning process and have ultimate responsibility for the strategic plan.

Recruitment and appointment of trustees

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Executive Committee. New trustees are appointed by the Executive Committee or by members of the charity in General Meetings.

Induction and training of trustees

New trustees undergo an induction process to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events.

Arrangements for setting key management personnel remuneration

We have identified Key Management Personnel in the Reference and Administration section.

The remuneration of the key personnel is determined by the Board and the Chief Executive, although the Chief Executive is excluded in relation to discussion of her remuneration. The Board is guided by a formal report from the Remuneration Committee which sets out all available relevant information which includes legislative obligations, best available benchmark data in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the recent settlement history at NECA, the proposed costs and ability to pay.

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Trustees' Report

Day to day management

Day to day management is vested in a professional team led by the Chief Executive of the charity, and who meet on a monthly basis. The Chief Executive meets regularly with the Chairman (in addition to the formal meetings) and appraises him of any significant issues as they may arise between meetings.

Objectives and activities

Objects and aims

The objectives of the charity and the group are:

- To promote the prevention, recognition and treatment of problems related to, in particular but not exclusively, the use of alcohol, drugs, related substances, and gambling.
- To advance Education, promote Social Inclusion and Community Capacity, and provide relief from disadvantage, preserving and protecting Health and Wellbeing by providing free accessible services across the North of England.

The mechanisms for delivering the various services of the group are well established and the management team is stable, flexible and well experienced in driving and managing the critical activities of the organisation. All our charitable activities focus on our objectives and are undertaken to further our charitable purposes for the public benefit.

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the diverse needs of all staff or clients.

Fundraising disclosures

The charity is required to report how it deals with fundraising from the public. The charity does not, as a norm, fundraise from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies received direct from the public follows 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

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success/result of each activity and the benefits they have brought to those groups of people we are set up to help. The review also helps us ensure our aims, objectives and activities remained focussed on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Achievements and performance

Further details of the charities' activities, achievements, performance and future plans are contained within the Chairman's Report on page 7 and includes a positive confirmation of public benefit.

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Trustees' Report

Financial review

The charity deficit for the year as shown in the Statement of Financial Activities, including donations of £5,283, amounts to £897,985. However, this includes a significant unrestricted deficit of £867,767 on the revaluation of a tangible fixed asset property which, because of the requirement in the Charities SORP, the charity must now treat as an investment property and be revalued to market value. As a commercial property, it has been valued using a particular method known as WAULT (weighted average unexpired lease term) where the length of tenant leases is a very significant factor – especially those considered to be on shorter terms, as is the case of this property. This contrasts greatly with the last revaluation transfer to investment properties in 2022, where one large property had a major tenant on a long lease. Longer leases are generally now considered to be unattractive to prospective tenants in recent years and are therefore much harder to achieve, thus impacting on valuations. The result before the loss on investment was a deficit of £30,218. This result compares favourably with the budget that had been approved by the trustees for the year.

There are currently no plans to dispose of the property and the trustees consider that its decent annual rental income will ensure that it continues to be a valuable asset for the charity.

The resulting total deficit for the year has been charged to Unrestricted and Restricted Funds as shown in the Statement of Financial Activities, with the revaluation deficit deducted from the existing Designated Reserve.

The year ended 31 March 2024 is therefore considered to be acceptable from a financial perspective, particularly so given the continuing issues affecting all areas of the voluntary sector. With regard to non-financial measures, a great deal has been achieved and is consistent with the objects of the charity.

Policy on reserves

The results for the year leave NECA with an Unrestricted Revenue Reserve of £5,836,756. From note 21 to these financial statements it can be seen that of this sum £1,301,708 is held in net current assets that is, represented by cash and net creditors. This is a decreased position from the prior year which was a net current asset position of £1,327,364 and therefore a decrease of £25,656.

The charitable company will continue to endeavour to make and retain a modest surplus over the next few years in keeping with the agreed Reserves Policy (as follows) 'The company should aim to hold readily expendable reserves of between three to six months average expenditure to ensure that the activities of the charity can be sustained through any period of financial difficulty'. This would equate to a free reserves target of between £500,000 to £1million. The current level of free reserves as at the year end amounted to £1,301,708. The financial statements have been prepared on a going concern basis.

The charity meets its day to day working capital requirements through cash generated from operations.

The charitable company's forecasts and projections for the next twelve months show that the charity will be able to continue in operational existence for that period. The charity has strong positive cash balances and is forecasting for this to continue to be the case. Based on the factors set out above, the trustees believe that it remains appropriate to prepare the financial statements on a going concern basis.

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Trustees' Report

Investment policy and objectives

The charity funds are controlled by the directors, who also act as trustees, who invest with a view to safely optimise investment income while maintaining capital growth in line with market trends.

The trustees can invest any sums or investments received by them in investments in which they are by law authorised to invest money (including trading subsidiaries), with power from time to time to change for others of a like nature.

Risk Management

The trustees have continued to assess the major risks to which the charity is exposed, in particular those relating to the operations and finances of the charity but, also encompassing non-financial risks that may arise, and are satisfied that systems are in place to mitigate the exposure to the major risks to an acceptable level.

The financial statements which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) conform to current statutory requirements and comply with the charitable company's governing document.

Plans for future periods

The charity has no plans at the present to radically alter the mix of ongoing activity, nor to change the focus of the charity. It is envisaged that there may be some requirement to adapt to the continuing difficult economic conditions which have the potential to affect all aspects of the charity's work. An organisation wide cost control strategy continues to exist with close scrutiny of all discretionary spending.

The trustees have approved a budget for the forthcoming year consistent with these comments and the charity's overall strategic plan.

The Board and Management are committed to the process of continuous improvement to optimise both the financial performance and activities of the charity.

Statement of trustees' responsibilities

The trustees (who are also the directors of NECA for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 the incoming resources and application of resources, including its income and expenditure, of the charitable company 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 accounting standards, comprising FRS 102 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.

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Trustees' Report

The trustees are responsible for keeping proper accounting records that can 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


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 8 August 2024 and signed on its behalf by:



.....
Mr N. Richardson
Chairman

NECA

Chairman's Statement

This year NECA celebrates its 50th anniversary and in addition to my usual Chairman's Report I thought I would share a little bit of history with our members, a tribute to our founder and first chair Dr Laetitia Telfer. The following is copied from an article in the 1987 Annual Report.

"The departure of Laetitia Telfer from the Chairmanship of NECA towards the end of 1987 will mark the end of an era of leadership that has been quite outstanding, both in its success and in the quality of dedication that she has brought to her task.

Dr the Hon Mrs L.M. Telfer, daughter of Lord Balfour of Burleigh, qualified as a Doctor of Medicine in 1946, marrying Dr Ian Telfer in 1955. From their very happy home Mrs Telfer has somehow found time to bring up a family, continue her medical career, be a magistrate, and take an active part in many voluntary organisations. On 11th April 1974 she was unanimously elected as the first Chairman of the newly formed North East Council on Alcoholism. This body - whose only paid staff consisted of a Director and his secretary - was formed "To promote the prevention and diagnosis of alcoholism, and the treatment of those suffering therefrom". Mrs Telfer, fully convinced of the need for the new body by the medical and court evidence she had seen, was undaunted by the magnitude of the assignment.

It is a tribute to Mrs Telfer's skilled leadership and wisdom that NECA has grown so majestically to meet an acute local need. She is selfless in the giving of time; only the staff (and her family) could tell of the long hours she spent in the office, running meetings, discussing plans and always supporting staff and volunteers in their work. She will be greatly missed, for all value her personal kindness and friendship as well as the integrity that has characterised every decision, she has taken in order to promote an organisation that she feels is so necessary in our modern society. NECA hopes to see her often in the future and wishes her many happy years ahead."

Whilst Laetitia stepped down as Chair in 1987, she continued as a trustee and honorary President until 2006 when she retired. Unfortunately, Laetitia passed away in 2011 aged 91, but her legacy continues and despite the ups and downs of the last few years, NECA continues to provide the best services it can throughout the region. An example is the continued close cooperation with GambleAware whose funding has enabled NECA to expand its gambling service into Yorkshire and Humberside. The Community Garden continues its excellent work providing activities for school children and free packed lunches for every child during the school holidays. NECA was also invited to take over a second community garden in Jarrow from a small charity that was disbanding.

NECA is very aware that whatever it gets involved with must be of benefit to the community. To achieve this NECA works with other community groups such as the Blaydon Shed who have been provided with rent free space in Clasper House and Akari Care Home Group to facilitate their staff training, also at Clasper House. Space has also been made available at a discount to small start-ups such as an arts & crafts business at Connect in Sunderland. These and the outstanding work carried out at the Community Garden are good examples of how seriously NECA takes its community responsibilities and delivers public benefit.

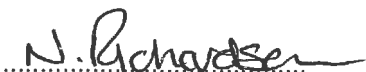
Members will note that despite an increase in turnover and an improved trading position the audited accounts show a large deficit. This is due entirely to a revaluation of our Derwent Point property which has had to be reclassified as an investment property instead of a fixed asset. A further unexpected consequence of Covid and a weak commercial property market. Details of the background to this are fully explained in the Trustees' Report and also the notes accompanying the accounts. Despite this NECA remains strong financially and cashflow remains steady and under control.

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Chairman's Statement

Looking back, I know that Laetitia was very proud of NECA's achievements and looking forward I believe she would be equally as proud that 50 years later we still strive to continue the good work that she began.

As always, I end with grateful thanks to the trustees, staff, volunteers, and supporters who have worked tirelessly throughout the year to support the organisation as well as others who have made financial and other donations in kind to the charity.



Mr N. Richardson
Chairman

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Independent Auditor's Report to the Members of NECA

Opinion

We have audited the financial statements of NECA (the 'charity') for the year ended 31 March 2024, which comprise the Statement of Financial Activities, Balance Sheet, 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 charity's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity 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 charity'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.

We have nothing to report in this regard.

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Independent Auditor's Report to the Members of NECA

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities (set out on page 5 and 6), 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:

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Independent Auditor's Report to the Members of NECA

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud;
- 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: Health and Safety; anti-bribery and corruption; and, compliance with both the UK Companies Act and UK 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 to recognise the non-compliance.

A further description of our responsibilities is available 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 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 charity'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 company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

.....
Graham Fitzgerald BA FCA 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: 21/8/2024

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

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Statement of Financial Activities for the Year Ended 31 March 2024 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2024 £	Total 2023 £
Income and Endowments from:					
Donations and legacies	3	3,783	1,500	5,283	16,901
Charitable activities	4	1,459,445	246,315	1,705,760	1,165,649
Investment income	5	41,791	-	41,791	6,892
Total Income		<u>1,505,019</u>	<u>247,815</u>	<u>1,752,834</u>	<u>1,189,442</u>
Expenditure on:					
Charitable activities	6	<u>(1,553,589)</u>	<u>(229,463)</u>	<u>(1,783,052)</u>	<u>(1,284,081)</u>
Total Expenditure		<u>(1,553,589)</u>	<u>(229,463)</u>	<u>(1,783,052)</u>	<u>(1,284,081)</u>
Gains/losses on investment assets		<u>(867,767)</u>	<u>-</u>	<u>(867,767)</u>	<u>-</u>
Net (expenditure)/income		<u>(916,337)</u>	<u>18,352</u>	<u>(897,985)</u>	<u>(94,639)</u>
Net movement in funds		<u>(916,337)</u>	<u>18,352</u>	<u>(897,985)</u>	<u>(94,639)</u>
Reconciliation of funds					
Total funds brought forward		<u>7,497,326</u>	<u>101,825</u>	<u>7,599,151</u>	<u>7,693,790</u>
Total funds carried forward	20	<u>6,580,989</u>	<u>120,177</u>	<u>6,701,166</u>	<u>7,599,151</u>

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

The funds breakdown for 2023 is shown in note 20.

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Comparative Statement of Financial Activities for the Year Ended 31 March 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2023 £
Income and Endowments from:				
Donations and legacies	3	16,901	-	16,901
Charitable activities	4	481,003	684,646	1,165,649
Investment income	5	<u>6,892</u>	<u>-</u>	<u>6,892</u>
Total income		<u>504,796</u>	<u>684,646</u>	<u>1,189,442</u>
Expenditure on:				
Charitable activities	6	<u>(632,801)</u>	<u>(651,280)</u>	<u>(1,284,081)</u>
Total expenditure		<u>(632,801)</u>	<u>(651,280)</u>	<u>(1,284,081)</u>
Net (expenditure)/income		(128,005)	33,366	(94,639)
Transfers between funds		<u>8,217</u>	<u>(8,217)</u>	<u>-</u>
Net movement in funds		(119,788)	25,149	(94,639)
Reconciliation of funds				
Total funds brought forward		<u>7,617,114</u>	<u>76,676</u>	<u>7,693,790</u>
Total funds carried forward	20	<u><u>7,497,326</u></u>	<u><u>101,825</u></u>	<u><u>7,599,151</u></u>


NECA

(Registration number: 01828287) Balance Sheet as at 31 March 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	1,344,277	2,984,958
Investments	14	<u>3,935,004</u>	<u>3,185,004</u>
		<u>5,279,281</u>	<u>6,169,962</u>
Current assets			
Debtors	15	384,016	378,663
Cash at bank and in hand	16	<u>1,545,632</u>	<u>1,468,252</u>
		1,929,648	1,846,915
Creditors: Amounts falling due within one year	17	<u>(507,763)</u>	<u>(417,726)</u>
Net current assets		<u>1,421,885</u>	<u>1,429,189</u>
Net assets		<u>6,701,166</u>	<u>7,599,151</u>
Funds of the charity:			
Restricted		<u>120,177</u>	<u>101,825</u>
Unrestricted income funds			
Designated funds		744,233	1,612,000
Unrestricted funds		<u>5,836,756</u>	<u>5,885,326</u>
Total unrestricted funds		<u>6,580,989</u>	<u>7,497,326</u>
Total funds	20	<u>6,701,166</u>	<u>7,599,151</u>

The financial statements on pages 12 to 28 were approved by the trustees, and authorised for issue on 8 August 2024 and signed on their behalf by:


.....
Mr N. Richardson
Trustee


.....
Mr R.I. Watson
Trustee

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Statement of Cash Flows for the Year Ended 31 March 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash expenditure		(897,985)	(94,639)
Adjustments to cash flows from non-cash items			
Depreciation		26,197	55,241
Investment income	5	(41,791)	(6,892)
Revaluation of investments		867,767	-
		<u>(45,812)</u>	<u>(46,290)</u>
Working capital adjustments			
Increase in debtors	15	(5,353)	(295,936)
Increase in creditors	17	90,037	307,308
Net cash flows from operating activities		<u>38,872</u>	<u>(34,918)</u>
Cash flows from investing activities			
Interest receivable and similar income	5	41,791	6,892
Purchase of tangible fixed assets	13	(3,283)	(9,867)
Net cash flows from investing activities		<u>38,508</u>	<u>(2,975)</u>
Net increase/(decrease) in cash and cash equivalents		77,380	(37,893)
Cash and cash equivalents at 1 April		<u>1,468,252</u>	<u>1,506,145</u>
Cash and cash equivalents at 31 March		<u>1,545,632</u>	<u>1,468,252</u>

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

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Notes to the Financial Statements for the Year Ended 31 March 2024

1 Charity status

The charity is limited by guarantee, incorporated in 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: Derwent Point, Clasper Way, Swalwell, Newcastle upon Tyne, NE16 3BE

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) (effective 1 January 2019) - (Charities SORP (FRS 102)). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

NECA 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.

Going concern

The financial statements have been prepared on a going concern basis.

The charity meets its day to day working capital requirements through cash generated from operations.

The charitable company's forecasts and projections for the next twelve months show that the charity will be able to continue in operational existence for that period. The charity has strong positive cash balances and is forecasting for this to continue to be the case. Based on the factors set out above, the trustees believe that it remains appropriate to prepare the financial statements on a going concern basis.

Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

The judgements (apart from those involving estimations) that management has made in the process of applying the charitable company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Depreciation - depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy.

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 charity 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.

Other trading activities

Income from commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income

Investment income is recognised on a receivable basis.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably - this is normally upon notification of the interest paid or payable by the bank.

Charitable activities

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support client service activities and is recognised where there is entitlement, probable receipt and the amount can be measured with sufficient reliability. Income is deferred when related grants are received and the performance conditions relating to its entitlement are not met. Income from charitable activities includes rental income from investment properties, as a result of renting the properties to organisations with similar objectives.

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

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.

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.

Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs, which have not been directly apportioned, have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in the Support Cost note.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

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 costing £1,000 or more are initially recorded at cost.

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
Freehold Property	2% straight line
Leasehold Property	Straight line over the period of the lease
Equipment	12.5% straight line, 25% straight line for computer equipment

No depreciation is provided on land included within the category known as freehold property.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

Investment properties

Investments include properties from which rental income is received and are shown at their most recent valuation. Any aggregate surplus or deficit arising from changes in value are transferred to a designated revaluation reserve.

As Investment properties, the value of the buildings are not normally depreciated, being carried (after the initial formal valuation) at the board's valuation each year, with a formal valuation being undertaken at least every fifth year.

The board continue to assess all factors which may impact the value of the investment properties and where an impairment is considered appropriate would charge the SoFA with that impairment (and release, as a transfer, from the designated reserve back to general reserves any amount which reversed the original uplift in valuation, which is being held as a designated reserve).

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.

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. These funds consist of the total revaluation surplus on the investment properties.

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.

Pensions and other post retirement obligations

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the income and expenditure account.

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2024 £	Total 2023 £
Donations and legacies;				
Donations	3,783	1,500	5,283	16,901
Total for 2024	3,783	1,500	5,283	16,901
Total for 2023	16,901	-	16,901	

4 Income from charitable activities

	Unrestricted funds General £	Restricted funds £	Total 2024 £
Service contracts	1,131,975	-	1,131,975
Rental income	295,860	-	295,860
Grants receivable	-	246,315	246,315
Other income	1,182	-	1,182
Drink drive course income	30,428	-	30,428
	1,459,445	246,315	1,705,760
	Unrestricted funds General £	Restricted funds £	Total 2023 £
Service contracts	181,923	-	181,923
Rental income	266,002	-	266,002
Grants receivable	-	684,616	684,616
Other income	7,683	30	7,713
Drink drive course income	25,395	-	25,395
	481,003	684,646	1,165,649

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

5 Investment income

	Unrestricted funds General £	Restricted funds £	Total 2024 £	Total 2023 £
Interest receivable and similar income;				
Interest receivable on bank deposits	41,791	-	41,791	6,892
Total for 2023	6,892	-	6,892	

6 Expenditure on charitable activities

	Unrestricted General £	Restricted £	Total 2024 £	Total 2023 £
Staff costs	908,479	153,843	1,062,322	861,973
Advertising and PR	5,785	85	5,870	2,380
Transitional service delivery	162,500	-	162,500	-
Resources	4,177	3,997	8,174	-
Travel expenses	10,321	5,955	16,276	10,729
Other professional fees	80,735	314	81,049	41,710
Support costs (note 7)	342,080	65,269	407,349	341,230
Governance costs (note 7)	39,512	-	39,512	39,578
Total	1,553,589	229,463	1,783,052	1,297,600

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

7 Analysis of governance and support costs

Support costs allocated to charitable activities

	Governance costs £	Other support costs £	Total 2024 £	Total 2023 £
Bank charges	-	793	793	980
Cleaning	-	13,066	13,066	13,091
Depreciation	-	26,197	26,197	55,241
Insurance	-	33,670	33,670	29,627
Irrecoverable VAT	-	43,251	43,251	27,864
Light and heat	-	57,409	57,409	58,242
Printing, stationery and postage	-	5,482	5,482	6,843
Recharges	-	8,180	8,180	6,921
Rent and rates	-	35,339	35,339	15,377
Repairs and maintenance	-	97,861	97,861	50,317
Staff training and welfare	-	3,358	3,358	2,853
Sundry expenses	-	7,624	7,624	9,072
Bad debts provision	-	1,576	1,576	1,325
Audit and accountancy	11,050	-	11,050	12,340
IT and communication costs	-	73,543	73,543	63,477
Staff costs	28,462	-	28,462	27,238
	<u>39,512</u>	<u>407,349</u>	<u>446,861</u>	<u>380,808</u>

8 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2024 £	2023 £
Audit fees	9,500	8,855
Other non-audit services	1,550	3,485
Depreciation of fixed assets	<u>26,197</u>	<u>55,241</u>

9 Trustees remuneration and expenses

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

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

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

10 Staff costs

The aggregate payroll costs were as follows:

	2024 £	2023 £
Staff costs during the year were:		
Wages and salaries	962,018	780,171
Social security costs	80,556	69,337
Pension costs	48,208	39,703
	<u>1,090,782</u>	<u>889,211</u>

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

	2024 No	2023 No
Administrative staff	9	9
Support services	2	2
Development	28	21
	<u>39</u>	<u>32</u>

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

	2024 No	2023 No
£60,001 - £70,000	<u>2</u>	<u>2</u>

The total employee benefits of the key management personnel of the charity were £217,156 (2023 - £206,745).

11 Auditors' remuneration

	2024 £	2023 £
Audit of the financial statements	<u>9,500</u>	<u>8,855</u>
Other fees to auditors		
All other non-audit services	<u>1,550</u>	<u>3,485</u>

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

12 Taxation

The charity is 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.

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Leasehold property £	Total £
Cost				
At 1 April 2023	3,784,613	59,497	15,697	3,859,807
Additions	3,283	-	-	3,283
Transfers to/from investment property	(2,096,683)	-	-	(2,096,683)
At 31 March 2024	<u>1,691,213</u>	<u>59,497</u>	<u>15,697</u>	<u>1,766,407</u>
Depreciation				
At 1 April 2023	810,630	48,522	15,697	874,849
Charge for the year	24,532	1,665	-	26,197
Transfers	(478,916)	-	-	(478,916)
At 31 March 2024	<u>356,246</u>	<u>50,187</u>	<u>15,697</u>	<u>422,130</u>
Net book value				
At 31 March 2024	<u>1,334,967</u>	<u>9,310</u>	<u>-</u>	<u>1,344,277</u>
At 31 March 2023	<u>2,973,983</u>	<u>10,975</u>	<u>-</u>	<u>2,984,958</u>

14 Fixed asset investments

	2024 £	2023 £
Shares in group undertakings and participating interests	4	4
Investment properties	<u>3,935,000</u>	<u>3,185,000</u>
	<u>3,935,004</u>	<u>3,185,004</u>

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2023	4	4
At 31 March 2024	4	4
Net book value		
At 31 March 2024	4	4
At 31 March 2023	4	4

Other investments

	Investment properties £	Total £
Cost or Valuation		
At 1 April 2023	3,185,000	3,185,000
Additions	1,617,767	1,617,767
Revaluation	(867,767)	(867,767)
At 31 March 2024	3,935,000	3,935,000
Net book value		
At 31 March 2024	3,935,000	3,935,000
At 31 March 2023	3,185,000	3,185,000

The fair value of Link House, Speculation House and Ellison House was revalued in the financial year to 31 March 2022 by Bradley Hall Chartered Surveyors.

The cost of Derwent Point was transferred from tangible fixed assets to investments properties in the year. The fair value of Derwent Point was revalued in the financial year to 31 March 2024 by BNP Paribas Real Estate.

Details of undertakings

The principal activity of NECA Services Limited is the promotion of the prevention, recognition and treatment of addictive behaviour including substance dependency and gambling. NECA Services ceased trading in the year end to 31 March 2023 and is moving towards becoming dormant. The profit for the financial period of NECA Services Limited was £Nil (2023 - £12,449) and the aggregate amount of capital and reserves at the end of the period was £Nil (2023 - £388).

NECA Training Limited, NECA Recruitment Limited and NECA Housing Limited were all dormant throughout the current and prior year end.

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

15 Debtors

	2024 £	2023 £
Trade debtors	304,925	259,397
Due from group undertakings	-	45,799
Prepayments and accrued income	79,091	73,467
	<u>384,016</u>	<u>378,663</u>

16 Cash and cash equivalents

	2024 £	2023 £
Cash on hand	3,195	2,352
Cash at bank	1,542,437	1,465,900
	<u>1,545,632</u>	<u>1,468,252</u>

17 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	31,220	38,355
Due to group undertakings	4	-
Other taxation and social security	21,270	20,883
VAT grant repayable	8,831	25,757
Accruals and deferred income	446,438	332,731
	<u>507,763</u>	<u>417,726</u>

18 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2024 £	2023 £
Other		
Within one year	1,260	761
Between one and five years	2,205	761
	<u>3,465</u>	<u>1,522</u>

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

19 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £48,208 (2023 - £39,703).

20 Funds

	Balance at 1 April 2023 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2024 £
Unrestricted funds					
<i>General</i>					
General fund	5,885,326	1,505,019	(1,553,589)	-	5,836,756
<i>Designated</i>					
Investment property revaluation	<u>1,612,000</u>	<u>-</u>	<u>-</u>	<u>(867,767)</u>	<u>744,233</u>
Total unrestricted funds	<u>7,497,326</u>	<u>1,505,019</u>	<u>(1,553,589)</u>	<u>(867,767)</u>	<u>6,580,989</u>
Restricted funds					
Gamcare Grants	100,042	164,526	(158,236)	-	106,332
National Lottery	-	38,267	(34,797)	-	3,470
National Lottery KYN	-	22,080	(12,720)	-	9,360
STC HAF	-	16,542	(15,527)	-	1,015
Karbon Homes	-	3,400	(3,400)	-	-
National Lottery Caterpillar Kitchen Fund	<u>1,783</u>	<u>3,000</u>	<u>(4,783)</u>	<u>-</u>	<u>-</u>
Total restricted funds	<u>101,825</u>	<u>247,815</u>	<u>(229,463)</u>	<u>-</u>	<u>120,177</u>
Total funds	<u>7,599,151</u>	<u>1,752,834</u>	<u>(1,783,052)</u>	<u>(867,767)</u>	<u>6,701,166</u>

The specific purposes for which the funds are to be applied are as follows:

General funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects.

Restricted funds consist of the income received for specific charitable purposes and its related expenditure.

Designated funds consist of the total revaluation surplus on the investment properties.

NECA

Notes to the Financial Statements for the Year Ended 31 March 2024

21 Analysis of net assets between funds

	Unrestricted		Restricted £	Total funds £
	General £	Designated £		
Tangible fixed assets	1,344,277	-	-	1,344,277
Fixed asset investments	3,190,771	744,233	-	3,935,004
Net current assets/(liabilities)	<u>1,301,708</u>	<u>-</u>	<u>120,177</u>	<u>1,421,885</u>
Total net assets	<u>5,836,756</u>	<u>744,233</u>	<u>120,177</u>	<u>6,701,166</u>

	Unrestricted			Total funds at 31 March 2023 £
	General £	Designated £	Restricted £	
Tangible fixed assets	2,984,958	-	-	2,984,958
Fixed asset investments	1,573,004	1,612,000	-	3,185,004
Net current assets/(liabilities)	<u>1,327,364</u>	<u>-</u>	<u>101,825</u>	<u>1,429,189</u>
Total net assets	<u>5,885,326</u>	<u>1,612,000</u>	<u>101,825</u>	<u>7,599,151</u>

22 Analysis of net funds

	At 1 April 2023 £	Financing cash flows £	At 31 March 2024 £
Cash at bank and in hand	<u>1,468,252</u>	<u>77,380</u>	<u>1,545,632</u>
Net funds	<u>1,468,252</u>	<u>77,380</u>	<u>1,545,632</u>

	At 1 April 2022 £	Financing cash flows £	At 31 March 2023 £
Cash at bank and in hand	<u>1,506,145</u>	<u>(37,893)</u>	<u>1,468,252</u>
Net funds	<u>1,506,145</u>	<u>(37,893)</u>	<u>1,468,252</u>

23 Related party transactions

During the year the charity made the following related party transactions:

NECA Services Limited

There have been amounts received from NECA Services Limited in the year amounting to £Nil (2023: £157,704) for recharges and other expenses incurred on behalf of NECA. At the balance sheet date the amount due to/from from NECA Services Limited was £Nil (2023 - £45,799).