

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	North East Regional Employers Organisation				
Year ended:	31 March 2021				
List No:	229E				
Head or Main Office:	Guildhall				
	Quayside				
	Newcastle upon Tyne				
Postcode	NE1 3AF				
Website address (if available)	www.nereo.gov.uk				
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Michael Brodie				
Contact name for queries regarding the completion of this return:	Linda Bollado				
Telephone Number:	0191 2495902				
E-mail:	lbollado@nereo.gov.uk				

Please follow the guidance notes in the completion of this return

Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ymw@tcyoung.co.uk

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Return of Members

(see note 9)

Number of members at the end of the year				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (Including Channel Islands)	Totals
40				40

Change of Officers

Please complete the following to record any changes of officers during the twelve months covered by this return.

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change
There have been no change of officers since the last return.			

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
227,451	From Members	Subscriptions, levies, etc	226,815	226,815
	Investment income	Interest and dividends (gross)		
423		Bank interest (gross)	278	278
		Other (specify)		
		Total Investment Income	278	278
	Other Income	Rents received		
		Insurance commission		
102,549		Consultancy fees	38,599	38,599
		Publications/Seminars		
		Miscellaneous receipts (specify)		
314,720		North East Jobs & Winter Maintenance	300,550	300,550
54,093		Disclosure and Barring Services	51,869	51,869
-5,063		CEEP Income & LA Challenge Event Oct	3,608	3,608
160,000		Actuarial Gain of Defined Pension Scheme	250,000	250,000
		Total of other income		644,626
		Total income		871,719
		Interfund Transfers IN		
	Expenditure			
529,095	Administrative expenses	Remuneration and expenses of staff	525,147	525,147
16,312		Occupancy costs	4,811	4,811
3,676		Printing, Stationery, Post	2,122	2,122
4,005		Telephones	3,551	3,551
8,198		Legal and Professional fees	7,535	7,535
		Miscellaneous (specify)		
11,170		Equipment Maintenance Costs	10,045	10,045
3,859		Miscellaneous Office Expenses	82	82
3,937		Staff Training	3,263	3,263
74,875		North East Jobs TMP Expenditure	71,254	71,254
		Total of Admin expenses		627,810
	Other Charges	Bank charges	783	783
586		Depreciation	592	592
1,994		Sums written off	-4,022	-4,022
		Affiliation fees	693	693
642		Donations		
		Conference and meeting fees	95	95
958		Expenses		
		Miscellaneous (specify)		
		Total of other charges		-1,859
		Taxation		
		Total expenditure		625,951
		Interfund Transfers OUT		
		Surplus/Deficit for year		245,768
		Amount of fund at beginning of year		-445,788
		Amount of fund at end of year		-200,020

Balance Sheet as at [31 March 2021]

(see notes 19 and 20)

Previous Year		£	£
	Fixed Assets (as at Page 8)	2,072	2,072
	Investments (as per analysis on page 9)		
	Quoted (Market value £) as at Page 9		
	Unquoted (Market value £) as at Page 9		
	Total Investments		
	Other Assets		
252,773	Sundry debtors	182,844	182,844
357,379	Cash at bank and in hand	349,807	349,807
	Stocks of goods		
	Others (specify)		
	Total of other assets	532,651	532,651
	Total Assets		534,723
-445,788	Revenue Account/ General Fund	-200,020	
	Revaluation Reserve		
	Liabilities		
68,703	Trade Creditors	78,633	
41,932	VAT	50,803	
6,450	Accrued expenses	7,535	
13,989	Deferred Income	13,989	
730,000	Provisions – Defined Benefit Pension Scheme	480,000	
	Total Liabilities		630,960
	Total Assets		534,723

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period			5,981	5,981
Additions during period			2,664	2,664
Less: Disposals				
Less: Depreciation			-6,573	-6,573
Total to end of period			2,072	2,072
Book Amount at end of period			2,072	2,072
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets			2,072	2,072

Analysis of Investments

(see note 22)

Quoted		Other Funds
	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	Total Quoted (as Balance Sheet)	
	Market Value of Quoted Investments	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (to be specified)	
	Total Unquoted (as Balance Sheet)	
	Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
		£
Income		
From Members	226,815	226,815
From Investments	278	278
Other Income (including increases by revaluation of assets)	644,626	644,626
Total Income	871,719	871,719
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	625,951	625,951
Funds at beginning of year (including reserves)	-445,788	-445,788
Funds at end of year (including reserves)	-200,020	-200,020
ASSETS		
Fixed Assets		2,072
Investment Assets		
Other Assets		532,651
Total Assets		534,723
Liabilities		
Total Liabilities		734,743
Net Assets (Total Assets less Total Liabilities)		-200,020

Summary Sheet

(see notes 24 to 33)


		All Funds	Total Funds
		£	£
Income			
	From Members		
	From Investments		
	Other Income (including increases by revaluation of assets)		
	Total Income		
Expenditure			
	(including decreases by revaluation of assets)		
	Total Expenditure		
Funds at beginning of year			
	(including reserves)		
Funds at end of year			
	(including reserves)		
ASSETS			
	Fixed Assets		
	Investment Assets		
	Other Assets		
	Total Assets		
Liabilities			
	Total Liabilities		
Net Assets (Total Assets less Total Liabilities)			

Notes to the accounts

(see note 34)

All notes to the accounts must be entered on or attached to this part of the return.

Notes are attached separately due to size.





Accounting policies

(see notes 35 & 36)



Accounting policies are attached separately, due to size.

Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Please copy and paste your electronic signature here

Secretary's Signature:		Chairman's Signature:	
			(or other official whose position should be stated)
Name:	Michael Brodie	Name:	Ann McCoy
Date:	16 September 2021	Date:	16 September 2021

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	X	No	
Has the list of officers been completed? (see Page 2A)	Yes	X	No	
Has the return been signed? (see Note 37)	Yes	X	No	
Has the auditor's report been completed? (see Note 41)	Yes	X	No	
Is the rule book enclosed? (see Note 39)	Yes		No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	X	No	

Checklist for auditor's report

(see notes 41 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate? (See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

Please explain in your report overleaf or attached.

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
- b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.

(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)

Audit report is attached separately, due to size.

Signature(s) of auditor or auditors:

Azets Audit Services

Name(s):

Azets Audit Services

Profession(s) or Calling(s):

ICAEW

Address(es)

Bede House, 3 Belmont Business Park, Durham, DH1 1TW

Date:

Contact name for enquiries and telephone number:

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

**NORTH EAST REGIONAL
EMPLOYERS' ORGANISATION**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

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NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

OFFICERS

REGIONAL DIRECTOR

Michael Brodie
Guildhall
Quayside
Newcastle upon Tyne
NE1 3AF

FINANCE OFFICER

Linda Bollado

EXECUTIVE COMMITTEE MEMBERS

A McCoy	J Considine	E Malcolm	G Miller	R Cook
M Brain	R Wearmouth	C B Pickard	C Johnson	K King
A Patterson	L Caffrey	J McCarty	M James	C Hobson

REGISTERED AUDITOR

Azets Audit Services
Bede House
3 Belmont Business Park
Durham
DH1 1TW

BANKER

Unity Trust Bank
4 Brindley Place
Birmingham
B1 2JB

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

STATEMENT OF THE EXECUTIVE BOARD'S RESPONSIBILITIES

YEAR ENDED 31 MARCH 2021

The rules of the Organisation and the law governing Employers' Organisation require the Executive Board to prepare financial statements for each financial year, which give a true and fair view of affairs of the Organisation and of the Income and Expenditure of the Organisation for that period.

In preparing those statements, the Executive Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting and financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Executive Board is responsible for keeping proper accounting records, with respect to its transactions and its assets and liabilities, which disclose with reasonable accuracy at any time the financial position of the Organisation. It is also responsible for establishing and maintaining a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances in order to safeguard the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

In accordance with company law, as the Executive Board, we certify that:

- So far as we are aware, there is no relevant audit information of which the Organisation's Auditors are unaware, and
- As the Executive Board of the Organisation we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Organisation's auditors are aware of that information.

The Board confirms its compliance with these requirements.

Signed



Michael Brodie, Director

Date: 17 September 2021

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of North East Regional Employers' Organisation for the year ended 31 March 2021 which comprise of the Income and Expenditure account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of North East Regional Employers' Organisation's affairs as at 31 March 2021 and of its surplus 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 Trade Union and Labour Relations (Consolidation) Act 1992.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

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

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

Other information

The members 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.

Opinions on other matters as prescribed by the Trade Union and Labour Relations (Consolidation) Act 1992

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

- the information given in the executive board's statement for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the executive board's statement has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception.

In the light of the knowledge and understanding of the organisation and its environment obtained in the course of the audit, we have not identified material misstatements in the executive board's statement.

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper 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
- a satisfactory system of control over transactions has not been maintained throughout the year; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Executive Board

As explained more fully in the executive board's statement, the members 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 members 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 members are responsible for assessing the organisation'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 members either intend to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 organisations' members, as a body, in accordance with Section 36 of the Trade Union & Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the organisations members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the organisation and the organisations members as a body, for our audit work, for this report or for the opinions we have formed.

Azets Audit Services
Bede House
3 Belmont Business Park
Durham
DH1 1TW

Date:

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDING 31 MARCH 2021

	2021		2020	
	£	£	£	£
INCOME				
Contributions	215,685		215,685	
Advisory Services	10,330		11,366	
Conr Staff & TU Sides	800		400	
Consultancy	38,599		102,549	
LA Challenge Event 19 Oct	-		(4,953)	
Winter Maintenance	50,345		54,627	
Disclosure & Barring Service	21,216		54,093	
North East Jobs	250,205		260,093	
CEEP Income	3,608		(110)	
Bank Interest Received	<u>278</u>		<u>423</u>	
		591,066		694,173
EXPENDITURE				
Rent & Rates	(203)		11,411	
Insurance	5,014		4,901	
Stationery	1,052		1,924	
Members Expenses	95		958	
Salaries & Wages	517,282		505,237	
Employees Expenses	7,865		23,858	
Postage	1,070		1,752	
Telephones	3,551		4,005	
Publications	693		642	
Equipment Maintenance Costs	10,045		11,170	
Miscellaneous Office Expenses	82		3,859	
Audit Fees	7,535		8,198	
Bank Charges	783		586	
Staff Training/IT	3,263		3,937	
Bad Debts Written Off	(4,022)		-	
North East Jobs TMP Expenditure	71,254		74,875	
Depreciation	<u>592</u>		<u>1,994</u>	
		(625,951)		(659,307)
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		<u>(34,885)</u>		<u>34,866</u>
<u>STATEMENT OF COMPREHENSIVE INCOME</u>				
Net Operating Surplus/(Deficit) for the Year		(34,885)		34,866
Actuarial Gain in Respect of Defined Pension Scheme		250,000		160,000
Total Gains Recognised Since Last Financial Year		<u>215,115</u>		<u>194,866</u>

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

BALANCE SHEET AS AT 31 MARCH 2021

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS	2		2,072		-
CURRENT ASSETS					
Debtors & Prepayments	3	182,844		252,773	
Cash at Bank and in Hand		<u>349,807</u>		<u>357,379</u>	
		532,651		610,152	
CURRENT LIABILITIES					
	4	<u>(155,040)</u>		<u>(131,074)</u>	
NET CURRENT ASSETS			<u>377,611</u>		<u>479,078</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			379,683		479,078
LONG TERM LIABILITIES					
Defined Benefit Pension Scheme Liability	7		(480,000)		(730,000)
Net Deficit Including Pension Scheme Liabilities			<u>(100,317)</u>		<u>(250,922)</u>
FINANCED BY					
Revenue Account			379,683		479,078
Defined Benefit Pension Scheme Liability			(480,000)		(730,000)
	6		<u>(100,317)</u>		<u>(250,922)</u>

Approved by the executive board



M Brodie

Date : 17 September 2021

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Organisation's financial statements.

a) BASIS OF ACCOUNTING

The accounts are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as applicable to companies subject to the Small Companies regime. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

b) GOING CONCERN

Despite the overdrawn balance sheet, the executive board believes there is no going concern issue. There is a positive general reserve before the pension provision is taken into account, and it is intended to clear the pension deficit by increasing the future contributions payable by member organisations.

c) INCOME AND EXPENDITURE

All income is recognised in the Income and Expenditure Account when the conditions for receipt have been met and there is reasonable assurance of receipts.

Contributions, advisory services, TU side and interest income is all stated gross. All other income is net of expenditure directly relating to that income stream.

Expenditure is included on an accruals basis.

d) FIXED ASSETS

Fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Computer equipment	3 years straight line
--------------------	-----------------------

e) LEASED ASSETS

Operating lease rentals are charged on a straight line basis to the Income and Expenditure account over the period of the lease.

f) GOVERNMENT GRANTS

Revenue grants are credited to the income and expenditure account on an accruals basis.

g) PENSION COMMITMENTS

The organisation is participating in the Tyne and Wear Pension Fund, which is part of the local Government Pension Scheme (LGPS). The assets of the pension scheme are held separately from those of the organisation. The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund. The regular cost of providing retirement pensions and related benefits under the scheme is charged to the income and expenditure account over the employees' service lives on the basis of a constant percentage of earnings. The contributions are determined by a qualified actuary on the basis of a triannual valuation. The pension scheme deficit is recognised in full on the balance sheet.

h) TAXATION

As the organisation is regarded as a mutual one, trading only with its members, no taxation is required.

2. FIXED ASSETS

	<u>Computer Equipment</u>
<u>COST</u>	
Cost at 1 April 2020	5,981
Additions during the year	<u>2,664</u>
Cost at 31 March 2021	<u>8,645</u>
 <u>DEPRECIATION</u>	
Depreciation at 1 April 2020	5,981
Charge for the year	<u>592</u>
Depreciation at 31 March 2021	<u>6,574</u>
 VALUE AT 31 MARCH 2021	 <u>2,072</u>
VALUE AT 31 MARCH 2020	<u>—</u>

3. DEBTORS & PREPAYMENTS

	2021	2020
	£	£
Trade Debtors	176,794	247,575
Prepayments	<u>6,050</u>	<u>5,198</u>
Total	<u>182,844</u>	<u>252,773</u>

4. CURRENT LIABILITIES

	2021	2020
	£	£
Trade Creditors	78,633	68,703
VAT Creditor	50,803	41,932
Accruals	7,535	6,450
Deferred Income	18,069	13,989
Other Creditors	<u>—</u>	<u>—</u>
Total	<u>155,040</u>	<u>131,074</u>

5. ACCUMULATED FUNDS

The Organisation aims to maintain a level of accumulated funds which will protect the Organisation and its members from any contingencies and / or commitments, whether foreseen or unforeseen. Any surplus income is carried forward for use against expenditure in future years in accordance with the non-profit making structure of the Organisation. If the Organisation ceased to trade, any surplus would be returned to members.

6. MEMBERS' FUNDS

	Balance at <u>1 April 2020</u>	Surplus/ (deficit)	Balance at <u>31 March 2021</u>
Revenue Account	479,078	(34,885)	444,193
Defined Benefit Pension Scheme	(730,000)	<u>250,000</u>	<u>(480,000)</u>
	<u>(250,922)</u>	<u>215,115</u>	<u>(35,807)</u>

7. PENSION SCHEME

Employees of the association participate in the Tyne & Wear Pension Fund which is a defined benefit scheme. The assets of the Fund are held in externally managed funds invested by professional investment managers. Participation in the Scheme is by virtue of the association's status as an Admitted Body to the Fund.

The last full actuarial valuation of the Fund was carried out by independent qualified actuaries as at 31 March 2019. The purpose of the valuation was to examine the financial position of the Fund and to recommend the contribution rate to be paid by the association and other participating employers in the Fund.

The assets of the Fund are explicitly allocated to each of the participating employers. The market value of the Scheme's assets was £4.16m and these assets were sufficient to cover 89.7% of the liabilities of the Fund at the valuation date – a deficit of £0.48m.

The valuation method used to determine the associations' contribution rate was the projected unit method and the following assumptions were made:-

	<u>2021</u> <u>% p.a.</u>	<u>2020</u> <u>% p.a.</u>
Discount rate	2.1%	2.3%
RPI inflation	N/A*	3.3%
CPI inflation	2.7%	2.1%
Rate of increase to pensions in payment	2.7%	2.1%
Rate of increase to deferred pensions	2.7%	2.1%
Rate of general increase in salaries	4.2%	3.6%

*RPI not disclosed as all inflation-linked benefits are determined by reference to the CPI, as per Aon Assurance report.

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

The fair value of the scheme assets and expected rates of return, the present value of the scheme liabilities and the resulting deficit are:

	<u>Asset Allocation</u>	
	<u>2021</u>	<u>2020</u>
Equities	55.5%	54.8%
Property	7.9%	9.0%
Government Bonds	2.2%	4.1%
Corporate Bonds	19.8%	15.3%
Cash	4.0%	2.3%
Other	10.6%	14.5%
	<u>Value (£M)</u>	
Total Fair Value of Assets	4.16	3.44
Present Value of Obligation	4.64	4.17
Deficit in scheme / Net Pension Liability	(0.48)	(0.73)

The liabilities at the last valuation between the various categories of members is:

Active Members	20%
Deferred Pensioners	13%
Pensioners	67%

Analysis of the defined benefit cost:	<u>2021</u>	<u>2020</u>
	<u>(£M)</u>	<u>(£M)</u>
Operating Cost		
Current Service Cost	0.04	0.04
Past Service Cost	0.00	0.01
Financing Cost		
Interest on net defined benefit liability / (asset)	0.01	0.02
Total Expense	0.05	0.07

Changes to the present value of the defined benefit obligation are as follows:

	<u>2021</u>	<u>2020</u>
	<u>(£M)</u>	<u>(£M)</u>
Opening defined benefit obligation	4.17	4.85
Current service costs	0.04	0.04
Interest expense on defined benefit obligation	0.09	0.11
Contributions by participants	0.01	0.01
Actuarial (gains) / losses on liabilities	0.46	(0.70)
Net benefits paid out	(0.13)	(0.15)
Past Service costs	0.00	0.01

Closing defined benefit obligation	4.64	4.17
Changes to the fair value of assets	<u>2021</u>	<u>2020</u>
	<u>(£M)</u>	<u>(£M)</u>
Opening fair value of assets	3.44	3.96
Interest income on assets	0.08	0.09
Remeasurement gains / (losses) on assets	0.63	(0.60)
Contributions by the employer	0.13	0.13
Contributions by participants	0.01	0.01
Net benefits paid out	(0.13)	(0.15)
Closing fair value of assets	4.16	3.44
Actual return on Assets	<u>2021</u>	<u>2020</u>
	<u>(£M)</u>	<u>(£M)</u>
Interest income on assets	0.08	0.09
Gain / (loss) on assets	0.63	(0.60)
Actual return on assets	0.71	(0.51)

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme.

Pension scheme liabilities are measured on actuarial basis, using a projected unit method and are discounted to their present value using an AA corporate rate bond. Pension scheme assets are valued at market value at the balance sheet date.

The amount charged to the revenue account as company pension contributions for the year ended 31 March 2021 was £158,241 (2020: £135,416).

The costs of providing pensions to employees of the association are charged to the revenue account on a consistent basis over the service lives of the scheme members.

The current employer's contribution rate for the association is 21.8% of the employees' pensionable remuneration.

8. SALARIES & WAGES

	2021	2020
	£	£
Wages & Salaries	323,367	334,450
Employer's NI	35,673	35,371
Pension costs	<u>158,241</u>	<u>135,416</u>
	<u>517,282</u>	<u>505,237</u>

9. CONTROL

The organisation is controlled by the executive committee on behalf of the members of the organisation.

10. RELATED PARTY TRANSACTIONS

Contribution income is wholly attributable to members. The income from training and consultancy services is derived principally from the members.