

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 2022				
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
39				39

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			
226,815	From Members	Subscriptions, levies, etc	225,358	225,358
	Investment income	Interest and dividends (gross)		
278		Bank interest (gross)	2	2
		Other (specify)		
		Total Investment Income	2	2
	Other Income	Rents received		
		Insurance commission		
38,599		Consultancy fees	63,693	63,693
		Publications/Seminars		
		Miscellaneous receipts (specify)		
300,550		North East Jobs & Winter Maintenance	411,583	411,583
21,216		Disclosure & Barring Service & fees DBS	77,924	77,924
3,608		CEEP Income & Google Income	2,215	2,215
250,000		Actuarial Gain of Defined Pension Scheme	530,000	530,000
		Total of other income		1,085,415
		Total income		1,310,775
		Interfund Transfers IN		
	Expenditure			
525,147	Administrative expenses	Remuneration and expenses of staff	540,884	540,884
4,811		Occupancy costs	22,923	22,923
2,122		Printing, Stationery, Post	2,097	2,097
3,551		Telephones	3,800	3,800
7,535		Legal and Professional fees	8,900	8,900
		Miscellaneous (specify)		
10,045		Equipment Maintenance Costs	12,095	12,095
82		Miscellaneous Office Expenses	2,055	2,055
3,263		Staff Training	694	694
71,254		North East Jobs TMP Expenditure	65,375	65,375
		Total of Admin expenses		658,823
	Other Charges	Bank charges	875	875
783		Depreciation	592	592
592		Sums written off		
-4,022		Affiliation fees	512	512
693		Donations		
		Conference and meeting fees		
95		Expenses		
		Miscellaneous (specify)		
		Total of other charges		1,979
		Taxation		
		Total expenditure		660,802
		Interfund Transfers OUT		
		Surplus/Deficit for year		649,973
		Amount of fund at beginning of year		-100,317
		Amount of fund at end of year		549,656

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 6		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other income (specify)			
		Total Income	
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
		Total Expenditure	
Interfund Transfers OUT			
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Account 7		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other income (specify)			
		Total Income	
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
		Total Expenditure	
Interfund Transfers OUT			
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Balance Sheet as at [31 March 2022]

(see notes 19 and 20)

Previous Year		£	£
	Fixed Assets (as at Page 8)	1,479	1,479
	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		
182,844	Sundry debtors	232,571	232,571
349,807	Cash at bank and in hand	450,532	450,532
	Stocks of goods		
	Others (specify)		
	Defined benefit pension scheme asset	50,000	
	Total of other assets	733,103	733,103
	Total Assets		734,582
-100,317	Revenue Account/ General Fund	549,656	
	Revaluation Reserve		
	Liabilities		
78,633	Trade Creditors	109,209	
50,803	VAT	51,368	
7,535	Accrued expenses	15,360	
13,989	Deferred Income	8,989	
480,000	Provisions – Defined Benefit Pension Scheme		
	Total Liabilities		184,926
	Total Assets		734,582

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period			8,645	8,645
Additions during period				
Less: Disposals				
Less: Depreciation			-7,166	-7,166
Total to end of period			1,479	1,479
Book Amount at end of period			1,479	1,479
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets			1,479	1,479

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

Analysis of investment income (Controlling interests)

(see note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

Yes		No	X
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
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Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes		No	
-----	--	----	--

If NO, please state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
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Unincorporated Employers' Associations

Are the shares which are controlled by the association registered in the names of the association's trustees?

Yes		No	
-----	--	----	--

If NO, state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
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Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
		£
Income		
From Members	225,358	225,358
From Investments	2	2
Other Income (including increases by revaluation of assets)	1,085,415	1,085,415
Total Income	1,310,775	1,310,775
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	660,802	660,802
Funds at beginning of year (including reserves)	-100,317	-100,317
Funds at end of year (including reserves)	549,656	549,656
ASSETS		
Fixed Assets		1,479
Investment Assets		
Other Assets		733,103
Total Assets		734,582
Liabilities		
Total Liabilities		184,926
Net Assets (Total Assets less Total Liabilities)		549,656

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)

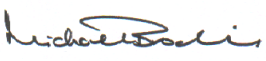

Accounting policies are attached separately, due to size.

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:	Councillor Ann McCoy
Date:	02 September 2022	Date:	02 September 2022

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:

21 July 2022

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 2022

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	R Bell	E Malcolm	G Miller	R Cook
M Brain	R Wearmouth	G Nightingale	C Johnson	S Durham
R Crute	L Caffrey	S Postlethwaite	S Moore	B Cooper

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 2022

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;
- 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.

So far as each person who was a member of the Executive Board at the date of approving this report is aware, there is no relevant audit information of which the organisation's auditor is unaware. Additionally, the members of the Executive Board individually have taken all the steps that they ought to have taken in order to make themselves aware of all relevant audit information and to establish that the organisation's auditor is aware of that information.

The Board confirms its compliance with these requirements.

Signed



Michael Brodie, Director

Date: 19 July 2022

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of North East Regional Employers' Organisation for the year ended 31 March 2022 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 2022 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.

In auditing the financial statements, we have concluded that the members' 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 organisation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

YEAR ENDED 31 MARCH 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. 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. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the organisation through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 2022

	2022		2021	
	£	£	£	£
INCOME				
Contributions	215,685		215,685	
Advisory Services	9,673		10,330	
Conr Staff & TU Sides 2021/22	400		-	
Conr Staff & TU Sides 2020/21	(400)		800	
Consultancy	63,693		38,599	
Winter Maintenance	50,915		50,345	
Disclosure & Barring Service	-		21,216	
North East Jobs	360,668		250,205	
NEREO Fees DBS	77,924		-	
CEEP Income	(110)		3,608	
Google Income	2,325		-	
Bank Interest Received	<u>2</u>		<u>278</u>	
		780,775		591,066
EXPENDITURE				
Rent & Rates	17,436		(203)	
Insurance	5,487		5,014	
Stationery	1,736		1,052	
Members Expenses	-		95	
Salaries & Wages	533,618		517,282	
Employees Expenses	7,266		7,865	
Postage	361		1,070	
Telephones	3,800		3,551	
Publications	512		693	
Equipment Maintenance Costs	12,095		10,045	
Miscellaneous Office Expenses	2,055		82	
Audit Fees	8,900		7,535	
Bank Charges	875		783	
Staff Training/IT	694		3,263	
Bad Debts Written Off	-		(4,022)	
North East Jobs TMP Expenditure	65,375		71,254	
Depreciation	<u>592</u>		<u>592</u>	
		(660,802)		(625,951)
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		<u>119,973</u>		<u>(34,885)</u>
<u>STATEMENT OF COMPREHENSIVE INCOME</u>				
Net Operating Surplus/(Deficit) for the Year		119,973		(34,885)
Actuarial Gain in Respect of Defined Pension Scheme		530,000		250,000
Total Gains Recognised Since Last Financial Year		<u>649,973</u>		<u>215,115</u>


NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS	2		1,479		2,072
CURRENT ASSETS					
Debtors & Prepayments	3	282,571		182,844	
Cash at Bank and in Hand		<u>450,532</u>		<u>349,807</u>	
		733,103		532,651	
CURRENT LIABILITIES					
	4	<u>(184,926)</u>		<u>(155,040)</u>	
NET CURRENT ASSETS			<u>548,177</u>		<u>377,611</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			549,656		379,683
LONG TERM LIABILITIES					
Defined Benefit Pension Scheme Liability	7		-		(480,000)
NET SURPLUS/(DEFICIT)			<u>549,656</u>		<u>(100,317)</u>
FINANCED BY					
Revenue Account			499,656		379,683
Defined Benefit Pension Scheme Asset/ (Liability)	6		50,000		(480,000)
			<u>549,656</u>		<u>(100,317)</u>

Approved by the executive board



M Brodie

Date: 19 July 2022

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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
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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.

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2021	8,645
Additions during the year	<u>-</u>
Cost at 31 March 2022	<u>8,645</u>
<u>DEPRECIATION</u>	
Depreciation at 1 April 2021	6,574
Charge for the year	<u>592</u>
Depreciation at 31 March 2022	<u>7,166</u>
VALUE AT 31 MARCH 2022	<u>1,479</u>
VALUE AT 31 MARCH 2021	<u>2,071</u>

3. DEBTORS & PREPAYMENTS

	2022	2021
	£	£
Trade Debtors	223,847	176,794
Prepayments	8,443	6,050
PAYE	281	-
Defined Benefit Pension Scheme Asset	<u>50,000</u>	<u>-</u>
Total	<u>282,571</u>	<u>182,844</u>

Included above is a defined benefit pension scheme asset of £50,000 which is recoverable in more than one year

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. CURRENT LIABILITIES	2022	2021
	£	£
Trade Creditors	109,209	78,633
VAT Creditor	51,368	50,803
Accruals	15,360	7,535
Deferred Income	<u>8,989</u>	<u>18,069</u>
Total	<u>184,926</u>	<u>155,040</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 2021</u>	Surplus/ (deficit)	Balance at <u>31 March 2022</u>
Revenue Account	379,683	119,976	499,656
Defined Benefit Pension Scheme	<u>(480,000)</u>	<u>530,000</u>	<u>50,000</u>
	<u>(100,317)</u>	<u>649,973</u>	<u>549,656</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 explicable allocated to each of the participating employers. The market value of the Scheme's assets was £4.49m and these assets were sufficient to cover 101.1% of the liabilities of the Fund at the valuation date – a surplus of £0.5m.

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

	<u>2022</u>	<u>2021</u>
	<u>% p.a.</u>	<u>% p.a.</u>
Discount rate	2.8%	2.1%
RPI inflation	N/A*	N/A*
CPI inflation	3.1%	2.7%
Rate of increase to pensions in payment	3.1%	2.7%
Rate of increase to deferred pensions	3.1%	2.7%
Rate of general increase in salaries	4.6%	4.2%

*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>2022</u>	<u>2021</u>
Equities	57.0%	55.5%
Property	8.4%	7.9%
Government Bonds	2.0%	2.2%
Corporate Bonds	18.8%	19.8%
Cash	1.8%	4.0%
Other	12.0%	10.6%
	<u>Value (£M)</u>	
Total Fair Value of Assets	4.49	4.16
Present Value of Obligation	4.44	4.64
Net Pension Asset/(Liability)	0.05	(0.48)

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

Active Members	20%
Deferred Pensioners	13%
Pensioners	67%

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Analysis of the defined benefit cost:	<u>2022</u>	<u>2021</u>
	<u>(£M)</u>	<u>(£M)</u>
Operating Cost		
Current Service Cost	0.05	0.04
Past Service Cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability / (asset)	0.01	0.01
Total Expense	0.06	0.05

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

	<u>2022</u>	<u>2021</u>
	<u>(£M)</u>	<u>(£M)</u>
Opening defined benefit obligation	4.64	4.17
Current service costs	0.05	0.04
Interest expense on defined benefit obligation	0.10	0.09
Contributions by participants	0.01	0.01
Actuarial (gains) / losses on liabilities	(0.23)	0.46
Net benefits paid out	(0.13)	(0.13)
Past Service costs	0.00	0.00
Closing defined benefit obligation	4.44	4.64

Changes to the fair value of assets	<u>2022</u>	<u>2021</u>
	<u>(£M)</u>	<u>(£M)</u>
Opening fair value of assets	4.16	3.44
Interest income on assets	0.09	0.08
Remeasurement gains / (losses) on assets	0.22	0.63
Contributions by the employer	0.14	0.13
Contributions by participants	0.01	0.01
Net benefits paid out	(0.13)	(0.13)
Closing fair value of assets	4.49	4.16

Actual return on Assets	<u>2022</u>	<u>2021</u>
	<u>(£M)</u>	<u>(£M)</u>
Interest income on assets	0.09	0.08
Gain / (loss) on assets	0.22	0.63
Actual return on assets	0.31	0.71

NORTH EAST REGIONAL EMPLOYERS' ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 employer pension contributions for the year ended 31 March 2022 was £164,523 (2021: £158,241).

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

	2022	2021
	£	£
Wages & Salaries	332,819	323,367
Employer's NI	36,276	35,673
Pension costs	<u>164,523</u>	<u>158,241</u>
	<u>533,618</u>	<u>517,281</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.