

**Company Registration Number: 08484436 (England and Wales)**

**Charity Registration Number: 1153198**

**Active Northumberland**  
**(a Company limited by guarantee and not having a share capital)**

**Trustees' Annual Report and Financial Statements**

**For the Year Ended 31 March 2024**



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## Legal and Administrative Information for the year ended 31 March 2024

|                 |                             |                           |
|-----------------|-----------------------------|---------------------------|
| <b>Trustees</b> | David Hall (Chair)          |                           |
|                 | Jane Riley (Vice Chair)     |                           |
|                 | Steve Crosland (Vice Chair) |                           |
|                 | Malcolm Copland             |                           |
|                 | Jamie Chapman               |                           |
|                 | Brian Welsh                 | Resigned 8 December 2023  |
|                 | Emma Williams               | Resigned 14 November 2023 |
|                 | Helen Wilcox                | Resigned 11 October 2023  |
|                 | James Carss                 |                           |

**Secretary** Karla Sweeney

**Chief Executive** Mark Warnes

**Company** 08484436

**Charity number** 1153198

**Registered Office** Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
NE2 1TJ

**Bankers** The Co-operative Bank  
Norfolk House  
84 - 86 Grey Street  
Newcastle Upon Tyne  
NE1 6BZ

**Legal Advisers** Wrigley Solicitors  
19 Cookridge Street  
Leeds  
LS2 3AG

**Auditors** Robson Laidler  
Fernwood House  
Fernwood Road  
Newcastle Upon Tyne  
NE2 1TJ

# Trustees' Annual Report for the year ended 31 March 2024

## TRUSTEES' REPORT

The Trustees, who are Directors for the purpose of Company law, present their annual report (including the Strategic Report) on the affairs of the Charity and the Group, together with the financial statements and the auditor's report for the year ended 31 March 2024.

### Introduction

Active Northumberland is a registered Charity (Company limited by guarantee) formed in 2014 from a merger of several different leisure service providers. Active Northumberland employs circa 860 people (assignments), of which 528 are contracted and 332 are casual employees, and a Board of Non-Executive Directors (Trustees) with a relevant range of expertise and senior level management experience.

### Mission and Proposition

Active Northumberland delivers leisure services on behalf of Northumberland County Council with the aim of improving and supporting the lives of residents and visitors to the County by primarily increasing population physical activity levels, thereby improving health and wellbeing in line with Northumberland County Council's strategic objectives.

Active Northumberland's proposition is "To provide great experiences in great places for everyone."

### Vision and Focus

Active Northumberland's vision is "To be the best community leisure and wellness provider in the UK."

Active Northumberland's focus is to continue to deliver a Transformation Strategy that will allow us to become a nationally leading leisure trust through optimising participation in our leisure services and by delivering a wider, positive impact across health, social care, and education with outstanding levels of quality and efficiency.

## Structure and Governance

### Board of Trustees

|                   |                 |
|-------------------|-----------------|
| <b>Chair</b>      | David Hall      |
| <b>Vice Chair</b> | Jane Riley      |
| <b>Trustee</b>    | Jamie Chapman   |
| <b>Trustee</b>    | Malcolm Copland |
| <b>Trustee</b>    | James Carss     |

## Trustees' Annual Report for the year ended 31 March 2024

### Executive Leadership Team

|                                  |                |
|----------------------------------|----------------|
| Chief Executive                  | Mark Warnes    |
| Director of Operations           | Paul Metcalfe  |
| Head of Commercial and Resources | Joanne Farrier |
| Operations Manager               | Leanne Beattie |

Active Northumberland is a Company limited by guarantee, established under a Leisure Partnership Agreement with Northumberland County Council which lays out the objects and powers of the Company and is governed under its Articles of Association.

Active Northumberland is governed by its Board of Trustees. The Articles of Association were reviewed and amended on 17 April 2019 by removing the provision for organisational members in order to strengthen Trustee governance.

There is provision for an unlimited number of Trustees, with 9 serving during 2023-24. Trustees are required to bring a mix of skills and experiences which include customer engagement and advocacy, health improvement, corporate law and governance, finance, and commercial sport and leisure services and/or marketing to help oversee the overall management of the Company and to maintain a sustainable business.

The Board has worked to assure themselves that the Company is delivering effectively against its key aims and charitable objectives. The Board has implemented arrangements in line with the Partnership Agreement with Northumberland County Council so that Active Northumberland manages the operation of leisure facilities and services on behalf of the Council. The Partnership Agreement coupled with a performance management framework ensures progress is appropriately recorded and acknowledged, and that under Active Northumberland's management Northumberland County Council's leisure assets and resources are optimised and successfully contribute to the Council's strategic priorities.

The Company is managed by the Board and Executive Leadership Team through financial and non-financial key performance indicators, thorough budget monitoring, key national benchmarking performance and service quality indicators. This is all monitored and reviewed using the Company's Corporate Scorecard.

Monthly budget meetings and review meetings are held by Executive Management with the Senior Management, the Finance Team, and budget holders to review performance and progress, and in turn the Executive management report bi-monthly to the Board's Finance and Audit Committee and in turn full Board meetings.

Active Northumberland developed a Strategic Risk Register and stringent health and safety arrangements are routinely monitored and reported at board meetings.

## **Trustees' Annual Report for the year ended 31 March 2024**

Induction of new Trustees is undertaken jointly by the Company Secretary and the Chief Executive which ensures new Trustees know and understand their responsibilities as a Trustee of the charitable Company; and they have an insight into the activities of Active Northumberland. They are also introduced to the relationship between Active Northumberland Limited and Active Northumberland Trading Limited.

The Board of Trustees has signed up to and acts within the Active Northumberland Governance Code of Conduct. A standing agenda item, enabling Trustees to declare any relevant interests, is included at each Board meeting. The Board has agreed a Conflicts of Interest Policy taking account of the Charity Commission and Regulator Guidance.

During 2023-24 the Board convened every two months. Meetings were attended by Executive Leadership Team members and the Finance Manager from Northumberland County Council. This ensured representation of key personnel with responsibility for the leadership of strategic business development areas and service delivery functions. Meetings during this financial year have been conducted both virtually and in person.

A minimum attendance of 50% for all Board meetings has been agreed and attendance at Board meetings is 65% overall. Attendance is monitored by the Company Secretary and reported to the Board annually enabling any issues to be addressed. All Board meetings have taken place as planned, thus enabling effective decision making throughout the year.

A Code of Practice for Trustees is in place and signed up to by all Trustees on appointment. An annual declaration of interest is also completed and reported to the Board. A skills audit was undertaken in June 2021 and is now being used in recruiting all Trustees.

### **Companies Act 2006 - 172 Duty to promote the success of the Company**

(1) A Trustee of a Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

Board members have been selected from a broad range of business and industry sectors with much experience at the highest level to ensure that their professional experiences and knowledge base can be drawn upon for the Company's benefit. All Board members have the best interests firmly at the heart of the decisions that are taken and through the collective decision and reasoning will always act in the best interests of the Company. Any declarations of interest from Board Members are always declared and minuted at the beginning of every Board Meeting.

(b) the interests of the Company's employees,

The Board is firmly behind the development and welfare of all employees and ensures that training and welfare is at the heart of the Company's Transformation Strategy and Corporate Scorecard monitoring.

(c) the need to foster the Company's business relationships with suppliers, customers, and others,

## Trustees' Annual Report for the year ended 31 March 2024

Please see section - **Suppliers**

(d) the impact of the Company's operations on the community and the environment,

The Board are keen to promote the perception and footprint of the business within the community and environment. As part of the Business Transformation Strategy, the rebranding of the Company and setting values and vision for it demonstrates this well. Environmentally the Company has pursued a green initiative to switch to greener fuel sources through the installation of solar panels at Berwick, Wentworth, Blyth, Prudhoe, Ashington, Concordia, and Morpeth leisure centres. We have also installed ground source heating at the Willowburn Leisure Centre as well as reducing packaging and waste through the Company's food and beverage facilities and outlets.

Our environmental strategy has been developed and launched across the business during 2023 and 2024 and is prominently highlighted on public notice boards at all our 10 major leisure centres along with modern recycling bins that separates different waste streams for the purpose of more efficient recycling.

(e) the desirability of the Company to maintain a reputation for exacting standards of business conduct.

High standards and reputation are monitored and upheld through the performance management of the Company through the Corporate Scorecard that uses metrics and nationally benchmarks standards. As part of our Transformation Strategy, we are continuing to prepare our centres to be accredited by Sport England's continuous improvement tool 'Quest' to demonstrate the extremely high standards being delivered and achieved at our locations. Four of our leisure centres – Berwick, Ponteland, Morpeth and Wentworth - undertook one-day Quest assessment with all being classified as "Excellent." This has resulted in four of our leisure centres being in the top 10 rated in the UK.

(f) the need to act fairly between members of the Company.

The Company rigorously follows our policies regarding the treatment of our colleagues, and we ensure that all engagement is done in a non-biased and fair manner ensuring not to discriminate against anyone no matter their ethnic background, religion, gender, social background, or ability. We engage closely and regularly with our Unions GMB and Unison to help us shape and develop our Company policies.

## Trustees' Annual Report for the year ended 31 March 2024

### Management

Active Northumberland's administration base resides within the Concordia Leisure Centre.

Active Northumberland is managed by a Chief Executive who reports to the Board of Trustees. Mark Warnes was appointed initially as Interim Chief Executive and commenced duties on 18 February 2020.

The Board and Chief Executive, together with the Executive Leadership Team are responsible for the strategic direction of the Company.

The Executive Management are responsible for the day-to-day operation and development of the business and follow the annual financial business plan and Transformation Strategy as set out in agreement with the Board.

The Board is responsible for setting the pay and remuneration of key leadership personnel.

Significant management progress has been made in that:

- The Partnership Agreement between Active Northumberland and Northumberland County Council, which ended on 31 March 2023, was extended for another year while the Council procured leisure services for the future.
- The Company strategy (Transformation Strategy) was updated in April 2023 and has continued to roll out numerous initiatives across the business. The Active Northumberland brand has now been successfully implemented across the entirety of the estate, along with the food and beverage brand Hive Café and Hive Sports Bar. The branding is particularly prominent in the 2 new leisure centres that have opened during 2022 and 2023 (Berwick Sports & Leisure Centre and Morpeth Sports & Leisure Centre) as well as at the newly refurbished soft play and café area at Wentworth Leisure Centre (£270k).
- A comprehensive action plan was produced and completed addressing the challenges and issues raised in the Active Northumberland employee survey undertaken in November 2021. The results of the 2023 survey have improved across all categories of the survey due to some of the initiatives implemented after the previous surveys. The colleague newsletter and colleague app has continued to significantly improve colleague engagement including their access to company policies, direct access to the company training platform, internal job vacancies, benefits, reports, and latest company and colleague news.
- Our Internal Auditor, TIAA, were contracted for an additional year to conduct their audit plan for 2023-24.
- The contract with our external auditor, Robson Laidler, was extended for 12 months.

## **Trustees' Annual Report for the year ended 31 March 2024**

Service level agreements for the supply of the following services were in place with Northumberland County Council:

- Procurement
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing, and Inspection

### **Staffing**

Active Northumberland employs circa 860 people (assignments), located across Northumberland. Due to the nature of the business, many employees are employed on a seasonal/casual basis. The number of positions has increased due to the increased levels of commercial activity and increases in memberships and overall usage of the centres. The increase in staffing has been controlled and in line with demand and budgets.

The overall business review program has continued to positively impact employees and Company performance. The review program is ongoing with regards to policy and practice rationalisation, including the review and replacement of Human Resource Policies in partnership with Trade Unions, and further development and streamlining of central support services.

Continual improvement and change are being supported by a programme of leadership development and high-quality professional development opportunities for employees aligned to the objectives of the updated Transformation Strategy, that includes further opportunities for current employees to undertake apprenticeships and additional qualifications.

### **Suppliers**

The Company collaborates with suppliers across many different areas of operation including goods and services. Supply chains are reviewed periodically in line with the terms of our engagement with our suppliers and any service level agreements that we have in place. In the event that there is a requirement to review or change any of our suppliers then we go through a thorough tendering process. Where it involves a significant purchase of goods or services, we use the procured services of Northumberland County Council's Procurement Team to conduct the tendering process.

The Board holds a strong desire to give local businesses every opportunity to tender for the procurement of all our required goods and services, and these are always evaluated in line with the transparent and robust procurement tendering process.

## **Trustees' Annual Report for the year ended 31 March 2024**

The Board appreciates the importance of fostering supplier relationships to ensure that there is quality and consistency in goods and services for the business, and any changes to significant suppliers would be in agreement with our Trustees.

The reduction in the quantity of suppliers providing goods and services made in 2021 has continued to see a significant reduction of invoicing for our administration team, and has also helped to control stock levels, wastage and at the same time provides a consistent quality across all centres.

### **Financial Matters and Funding Streams**

In addition to income generated specifically from service provision and delivery, Active Northumberland receives funding from:

- Northumberland County Council management fee.
- Donations – Prior to 2019-20 Advance Northumberland gave a charitable donation of up to £1.00 million to Active Northumberland, however this arrangement has now ended. Due to the cessation of the arrangement, it was agreed at the meeting of the County Council on 19 February 2020 that the Council would increase the management fee in 2019-20 and the subsequent 2 years by up to £1.00 million, this was then further extended for the 2023-24 financial year to run in line with the agreement by Active to extend the current Service Agreement for a further year.
- Sport England (grant funding for specific projects).
- Town and Parish Councils (grant funding for specific projects).
- School Games Partnership Funding to provide staffing for the School Games project.
- The Council has entered into a Memorandum of Understanding with Active Northumberland to ensure continued liquidity and to safeguard Active Northumberland's cash reserve. This memorandum runs through until 31 March 2024, and at the time of writing this report also includes up to and including the final close down and liquidation of the Active Northumberland business; following the news that Active Northumberland have not been successful in retraining the leisure services contract with the Council.
- The loss of the contract with the Council means that the contract for 10 leisure centres has been awarded to another operator and subsequently the business operation of these will be transferred the new operator on 1<sup>st</sup> April 2024. In addition, the operations of the remaining smaller sites are to be transferred to either Northumberland County Council, or alternative operators on the 1st of April 2024, and all employees of Active Northumberland will TUPE to the respective new organisations.

As a result of this, Active Northumberland no longer has a mandate to continue operating as a leisure business, and therefore we plan for an orderly winding up of all the Company's business. The Trustees will oversee this process with contracted professionals and assistance from Northumberland County Council's service departments to ensure a successful closure.

## **Trustees' Annual Report for the year ended 31 March 2024**

### **Public Benefit**

The charitable Company is a public benefit entity. When considering its proposed plans of activity, the Trustees have considered the Charity Commission's guidance on public benefit, and fee charging.

Improvements introduced to benefit customers and to improve their experience are summarised as follows:

- We made significant improvements to our customer app and websites to help customer navigation and ease of booking with the introduction of our new live timetables.
- The switch to in-house payment collections in order to provide a seamless payment service has continued to make a significant improvement to customer satisfaction due to faster reaction times by our own in-house colleagues compared to the previous service where we had no direct control.
- Improved our online joining experience with Gladstone for members and customer journey, reducing membership joining time and simplifying the membership choice of products.
- Continued and extended corporate membership offers for Northumberland County Council, public service employees, and other private sector businesses.
- A continual review of the Exercise on Referral scheme to include a weight management pathway for easy referral by GP's has seen significant growth in uptake since its introduction.

### **Operational Activity**

#### **Our People**

Active Northumberland operates 9 main leisure centres (some of which combine library services), plus 3 sports and welfare centres, 2 stand-alone gyms and a collection of Beach Huts in Blyth.

Considerable progress has been made with regards to the development of products and services, summarised as follows:

- Our PE and school sports programme has continued to grow and supports 129 schools through the School Games initiative and 32 schools through the School Premium Partnership.
- Our bespoke physical activity scheme to engage mums ("Mams on the Move") has continued despite seeing an end to the available funding. We have increased the number of sessions and locations we can offer this service. The programme continues to see healthy increases in participation and is helping to reduce the risk of postnatal depression in the county.
- 200+ colleagues were nominated for an Active Heart, our internal awards programme.
- 300+ colleagues attended our Annual Active Awards evening featuring 12 awards.

## Trustees' Annual Report for the year ended 31 March 2024

- We became the number one operator for workforce compliance on the Future Fit platform, achieving 90%+.
- Launched a new Leisure Duty Manager apprenticeship scheme.
- Became a National Living Wage employer to support colleagues through the cost-of-living crisis.
- Increased the hourly rate of pay for our Level 2 Swimming Instructors to reward performance and meet the demand of the area.
- A Companywide rollout of the Hive brand has been implemented across all the café sites within the portfolio on the completion of the new Berwick and Morpeth Leisure Centres as well as the new soft play and café at Wentworth Leisure Centre. The ten-pin bowling software upgrade with the latest screen technology provides a better customer experience and has provided a smoother online booking process for customers and the Active Northumberland contact centre.
- A new telephone system has been fully installed across the Company, with handsets being removed and a web-based system being installed to significantly reduce costs, as well as being able to have better monitoring and reporting capabilities for our contact centre.
- We completed the roll out of a new digital food safety software and hardware across the estate to fully digitise the recording and management of our daily food safety tasks such as recording fridge and freezer temperatures, food temperatures, and cleaning regimes.
- Our values and vision ensure that we offer equal opportunity to colleagues and customers no matter their social background, ethnicity, religious beliefs, or ability.
- At Active Northumberland we put the needs of all our customers first and are committed to providing a responsive, accessible, and professional service that seeks to improve at every opportunity (customer service statement). Our service proposition is to "provide great experiences in great places for everyone."
- One of our published values is that we are an inclusive trust "Our commitment to inclusion means we understand and respect differences, we collaborate as a team and we break down barriers to enable people who are socially excluded, disadvantaged, isolated and vulnerable to participate and achieve their goals".
- Active Northumberland is an equal opportunities employer, regardless of protected characteristics. Recruitment is managed by Northumberland County Council and the Council has been awarded "disability confident" accreditation, as a demonstration of both Active Northumberland's and Northumberland County Council's commitment to not treat disabled people less favorably. Should applicants request consideration under the guaranteed interview scheme, they are guaranteed an interview, provided they meet the criteria outlined in the person specification.

## Trustees' Annual Report for the year ended 31 March 2024

### Our Facilities

The majority of our facilities are owned by Northumberland County Council and are leased to Active Northumberland to deliver services. Progress relating specifically to facilities can be summarised as follows:

- Four of our leisure centres being rated in the top 10 in the UK via Quest assessment.
- Opening Morpeth Sports & Leisure Centre. A £22m state-of-the-art leisure facility.
- Completed the Berwick Sports & Leisure Centre car park, play park and landscaping.
- Refurbishing the HIVE cafe in Wentworth Leisure Centre, with a kid's party zone and soft play.
- Installed a brand-new sports hall floor at Concordia Leisure Centre.
- Completed a £750k refurbishment of the front glazing aspect, and re-sealing of the roof, and new fire doors at Concordia Leisure Centre.
- Completed a thorough refurbishment of 20 Beach Huts at Blyth.
- Continued investment to make more energy efficient buildings, including ground source heating at our Willowburn Leisure Centre and replacement windows across the estate.

### Our Products & Partners

Active Northumberland primarily serves the residents of Northumberland and in doing so recognises the need to collaborate with like-minded partners through the development and delivery of products and initiatives to take advantage of the vast opportunities available to deliver shared and overlapping objectives. Active Northumberland's endeavors to maximise partnership working has led to the following progress:

- Record fitness, swim lessons and spa memberships achieving 28,700 members.
- Our new member onboarding programme has engaged over 7,000 customers.
- Our School Sports programme continues to engage 100's of school children through Health & Wellbeing Festivals, girls' football, school games and virtual exercise classes.
- Our community engagement programmes continue to flourish with Mams on the Move, Escape Pain, Cardiac Rehab, Wellbeing Walks, Exercise on Referral and more!
- A record number of residents took part in free activities on National Fitness Day.
- A new record for monthly active users of our app with over 46,000 using the app in August 2023.
- 90% of customer enquiries being responded to within 48 hours of receiving them.

## **Trustees' Annual Report for the year ended 31 March 2024**

- Continued proactivity towards supporting national industry developments which have furthered learning and raised the profile of Active Northumberland with Community Leisure UK, UK active, Chartered Institute of Management of Sport and Physical Activity, and Swim England.
- We have made our sports hall and fitness studios available for the students at Ponteland High School so they can comfortably sit their GCSE exams.

### **Risk Management**

A continually revised risk register is in place and is managed by the Director of Operations and Services with oversight from the Chief Executive and the Board. The Board receives regular reports for consideration and takes action as required.

Key strategic risks going forward are summarised as follows:

- Failure to maintain viability with a reducing management fee and operate within an increasingly competitive and challenging commercial trading environment including utility and national living wage pressures.
- Failure to develop and retain the capability within the workforce to deliver the strategic objectives identified within the Transformation Strategy.
- Failure to operate swimming pools across the county due to national shortage of chlorine.
- Failure to recruit and retain leadership capacity due to the council's procurement process.

### **Financial Risk Management Objectives and Policies**

The financial instruments used by the Group are cash and banking facilities and these provide finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Trustees review and agree policies for managing these risks, which are as follows:

#### **Credit Risk**

The Group's principal financial assets are cash and debtors. All cash deposits at the balance sheet date were held in the UK. Reputable financial institutions are used in the placement of cash deposits, to reduce the overall credit risk to the Group. In addition, the Group reviews the debtor position regularly. Steps to limit the number of customers and partners that have credit facilities have been introduced to limit further any ongoing exposure. The Group considers the risk of significant bad debts to be low, especially after overseeing a considerable reduction in the number of customers and clubs receiving credit facilities in favor of up-front payment or advance payment.

#### **Liquidity Risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

## Trustees' Annual Report for the year ended 31 March 2024

The main risk to liquidity sits with the volatility of the utility costs which have seen costs substantially rise as a result of the energy price crisis. Purchasing utilities is made with Northumberland County Council through NEPO to ensure we obtain competitive rates. Most of our energy is forward bought, however there is a small percentage that is subject to daily market rates.

Following the announcement in December 2023 that the Partnership Agreement with Northumberland County Council would end on 31 March 2024, the Charity and the Council have agreed a Memorandum of Understanding (MoU) which sets out the commitments regarding the transition to the new leisure provider and the winding up of Active Northumberland.

The MoU includes a commitment from the Council to work with Active Northumberland to produce and keep under review detailed cashflow forecasts and estimates of potential liabilities and to provide such financial support as is necessary to ensure that Active Northumberland remains solvent up to and including the closing down or winding up of the business. Any surplus remaining after the business's full closure will be transferred to the Council, in line with Charity Commission accordance, and to continue to support leisure activities in Northumberland.

Certain information required to be disclosed in the Trustees' Report, including principal risk and uncertainties by regulations made under section 416(4) CA 2006 to be disclosed in the Trustees' report, are covered in the Strategic Report as the Trustees consider that these are of strategic importance.

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall

Chair

Date: 19 December 2024

# Trustees' Annual Report for the year ended 31 March 2024

## STRATEGIC REPORT

### Financial Review

#### Financial Performance

The overall result for the Charity, and its trading Company, for the financial year was a loss of £1,395,879 (2022-23: £561,447 loss) before actuarial losses/gains on the defined benefit pension scheme.

The loss of £1,395,879 relates to an in year loss of £1,170,124 from the Charity and its trading Company; a net expenditure of £37,000 relating to pension charges; and a net expenditure of £188,755 against restricted funds.

#### Reserves Policy

The reserves policy is to meet the needs of the organisation and agree a suitable level of reserves to meet any reasonable contingency that may arise. Currently the Board has agreed that a reserve of 10% turnover or 3 months' staffing costs (£1.30 - £2.00 million) is appropriate as long as the Partnership Agreement with Northumberland County Council remains in place.

As at 31 March 2024 reserves consist of unrestricted general funds of £137,343 (2022-23: £1,307,467), designated funds of nil (2022-23: nil) and restricted reserves of nil (2022-23: £188,755).

Following the announcement in December 2023 that the Partnership Agreement with Northumberland County Council would end on 31 March 2024 the Charity and the Council have agreed a Memorandum of Understanding (MoU) which sets out the commitments regarding the transition to the new leisure provider and the winding up of Active Northumberland. The MoU includes a commitment from the Council to work with Active Northumberland to produce and keep under review detailed cashflow forecasts and estimates of potential liabilities and to provide such financial support as is necessary to ensure that Active Northumberland remains solvent up to and including the closing down or winding up of the business. Any surplus remaining after the business's full closure will be transferred to the Council, in line with Charity Commission accordance, and to continue to support leisure activities in Northumberland.

#### Investment Policy

Under the MoU and Articles of Association, the Charity has the power to make any investment that the Trustees see fit. The Charity is now utilising the financial information system and therefore the bank account of Northumberland County Council for all payments and receipts.

#### Principal Funding Sources

- Northumberland County Council management fee
- Sport England (grant funding for specific projects)
- Town and Parish Councils (grant funding for specific projects)

## **Trustees' Annual Report for the year ended 31 March 2024**

### Going Concern

On 4 December 2023 it was announced that Active Northumberland had been unsuccessful in its bid for the leisure contract with Northumberland County Council and the current contract arrangement would cease on 31 March 2024.

Due to the loss of contract with the Council, the Board considers Active Northumberland no longer a going concern, and the accounts have been prepared on that basis.

The Active Northumberland Board agreed a negative budget for the 2023-24 financial year due to the continued cost pressures on utility costs and elevated staffing costs due to the rise in the cost of the National Living Wage.

The Council confirmed it would provide significant additional financial support during the 2023-24 financial year to enable Active Northumberland to deliver financial balance and to maintain its current level of cash reserves.

The Board considers the level of financial reserves, along with the support from the Council, means sufficient funds are available to settle outstanding liabilities in the Company's closedown. The Council and Active Northumberland continue to work together to ensure an orderly winding up of Active Northumberland.

### Pension Fund

All employers with final salary pension schemes must include the financial position of the pension fund in their own accounts, in accordance with FRS 102. On 31 March 2023, the Charity's share of the Tyne and Wear Pension Fund was written down to nil on the basis that the Charity is no longer a going concern (31 March 2023: nil).

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a Local Government Pension Scheme (LGPS) admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland undertook a rigorous evaluation process and joined the SPORTA pension scheme, Friends Life, and this provider is now the vehicle for "auto-enrolment" for employees.

### Funds Held as Custodian Trustee on Behalf of Others

Active Northumberland holds cash funds on behalf of Blyth Valley Trust for Youth, a registered Charity (number 514145) with objectives of the advancement of education and wellbeing of young people from the borough of Blyth Valley. Details of the amounts at the year-end can be found in note 27.

## Trustees' Annual Report for the year ended 31 March 2024

### Investment in Leisure Facilities

Northumberland County Council has invested significantly in sport and leisure provision across Northumberland and continues to provide investment in leisure facilities through business plans being submitted and agreed with Active Northumberland.

Major investments involve rebuilding state-of-the-art leisure facilities in Ponteland, Berwick and Morpeth, and the refurbishment/redevelopment of Blyth Sports Centre and Newbiggin. An investment to refurbish the glazing, reception and toilets at Concordia Leisure Centre has also now been completed.

In addition, Northumberland County Council has invested in a planned programme of major repairs and backlog maintenance work across the property estate which is appropriately scheduled and agreed on an annual basis.

### Workforce Requirements

The workforce has been reviewed to ensure the Company can deliver the strategic objectives identified in the Transformation Strategy, whilst maintaining an efficient employee cost base. Effective recruitment and training have ensured that the Company continued to provide equal opportunities in employment and that the workforce continued to have the relevant skills and abilities for the organisation's current and future needs.

To support this, a leadership development programme was designed and rolled out from June 2019, and the Workforce Development Plan continued to be enhanced to include a progressive range of new industry leading professional development opportunities. A programme of qualifications has been developed in conjunction with an education provider to develop and qualify new Leisure Attendants and Duty Managers, and we have recruited a further 10 new apprentices to support areas across the business and provide career opportunities to enter the health, leisure, and wellbeing industry.

In addition, we have started our second training program to qualify a new cohort of swim instructors and lifeguards, and this will be an ongoing program to ensure that we create our own talent base for the future.

The Board recognise that faced with the challenge of transforming services in an increasingly competitive trading environment with a reducing management fee, the Company must develop and retain the expertise and skills necessary to deliver investment and growth, and most importantly to ensure that the Company remains true to its charitable objectives.

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall

Chair

Date: 19 December 2024

## Trustees' Annual Report for the year ended 31 March 2024

### Trustees Responsibility Statement

The Trustees (who are also Directors of Active Northumberland for the purposes of Company law) are responsible for preparing the Trustees' Annual 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".

Charity and Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company (and the Group) and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charitable Company and the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Company and Group 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 the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable Company and Group's auditor is unaware; and,
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall

Chair

Date: 19 December 2024

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

We have audited the financial statements of Active Northumberland Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the balance sheet ('parent charity' and 'group') the group statement of cash flows and notes to the financial statements, including 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 the group's and the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company 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.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

We draw attention to accounting policy 1.1 *Basis for Preparation of the Financial Statements* in these financial statements which explains that the trustees intend to close the parent charity and liquidate the trading company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in the accounting policies. Our opinion is not modified in respect of this matter.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

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 prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the trustees report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement, 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 parent company'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 parent company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

### **Auditors 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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The risk of material misstatement due to error or fraud has been assessed in conjunction with how internal controls may mitigate any such risk. These controls are reviewed as part of the audit by performing systems walkthroughs to ensure they are operating effectively. Analytical review and substantive testing is also performed on all material balances and therefore any instances of non-compliance should be identified or considered as insignificant.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team;

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework, in which the parent company operates and how the company complies with that legal and regulatory framework
- inquired with management and those charged with governance about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed with management and those charged with governance any non-compliance with laws and regulations and how fraud might occur including assessments of how and where the financial statements may be susceptible to fraud.

The risk of management override of controls was also considered an area of potential misstatement due to fraud. Audit procedures performed included testing of manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 company's members, 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 company's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nicholas Cunningham*

**Nicholas Cunningham Msc Bsc ACCA  
For and on behalf of Robson Laidler Accountants Limited**

**Statutory Auditor**  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

19 December 2024

**Consolidated Statement of Financial Activities**  
(including Income and Expenditure Account)  
for the year ended 31 March 2024

|   |       | Unrestricted funds |                  |                  |                    |             |
|---|-------|--------------------|------------------|------------------|--------------------|-------------|
|   | Note  | General funds      | Designated funds | Restricted Funds | Total 2024         | Total 2023  |
|   |       | £                  | £                | £                | £                  | £           |
| <b>Income from:</b>                                       |       |                    |                  |                  |                    |             |
| Donations and legacies                                    | 4     | -                  | -                | 109,130          | <b>109,130</b>     | 103,025     |
| Other trading activities                                  | 5     | 2,931,112          | -                | -                | <b>2,931,112</b>   | 2,446,895   |
| Income from charitable activities                         |       |                    |                  |                  |                    |             |
| Leisure services  |       | 15,999,313         | -                | 168,865          | <b>16,168,178</b>  | 13,061,889  |
| Management fees   |       | 860,380            | -                | -                | <b>860,380</b>     | 2,060,380   |
| Other income  |       | 31,098             | -                | -                | <b>31,098</b>      | 40,324      |
| Total income  |       | 19,821,903         | -                | 277,995          | <b>20,099,898</b>  | 17,712,513  |
| <b>Expenditure on:</b>                                    |       |                    |                  |                  |                    |             |
| Cost of raising funds                                     | 5     | 2,083,841          | -                | -                | <b>2,083,841</b>   | 1,621,586   |
| Charitable activities                                     | 6     | 19,064,562         | 37,000           | 288,101          | <b>19,389,663</b>  | 16,630,916  |
| Other expenditure   | 7     | 21,273             | -                | 1,000            | <b>22,273</b>      | 21,458      |
| Total expenditure   |       | 21,169,676         | 37,000           | 289,101          | <b>21,495,777</b>  | 18,273,960  |
| <b>Net incoming / (outgoing) resources</b>                |       | (1,347,773)        | (37,000)         | (11,106)         | <b>(1,395,879)</b> | (561,447)   |
| <b>Gross transfers between funds</b>                      | 17/18 | 177,649            | -                | (177,649)        | -                  | -           |
| <b>Other recognized gains / (losses)</b>                  |       |                    |                  |                  |                    |             |
| Actuarial gain / (loss) on defined benefit pension scheme | 21    | -                  | 7,331,000        | -                | <b>7,331,000</b>   | 3,097,000   |
| Disposal of pension fund                                  | 21    | -                  | (7,294,000)      | -                | <b>(7,294,000)</b> | -           |
| Net movement in funds                                     |       | (1,170,124)        | -                | (188,755)        | <b>(1,358,879)</b> | 2,535,553   |
| <b>Reconciliation of funds:</b>                           |       |                    |                  |                  |                    |             |
| Fund balances at 1 April 2023                             |       | 1,307,467          | -                | 188,755          | <b>1,496,222</b>   | (1,039,331) |
| Fund balances at 31 March 2024                            |       | 137,343            | -                | -                | <b>137,343</b>     | 1,496,222   |

All gains and losses recognised in the year are included in the consolidated statement of financial activities. There are no material differences between the net income for the year and the historical cost equivalents.

## Consolidated Balance Sheet as at 31 March 2024

|  | Note | Group       |             | Charity     |             |
|--|------|-------------|-------------|-------------|-------------|
|  |      | 2024        | 2023        | 2024        | 2023        |
|  |      | £           | £           | £           | £           |
| <b>Fixed assets</b>                          |      |             |             |             |             |
| Tangible fixed assets                        | 11   | -           | 107,033     | -           | 107,033     |
| Long term investment                         | 12   | -           | -           | 1           | 1           |
|  |      | -           | 107,033     | 1           | 107,034     |
| <b>Current assets</b>                        |      |             |             |             |             |
| Stock  | 13   | -           | 88,201      | -           | 49,291      |
| Debtors                                      | 14   | 3,423,945   | 4,363,685   | 3,378,722   | 4,339,084   |
| Cash at bank and in hand                     | 24   | 19,260      | 26,154      | 19,260      | 24,634      |
|  |      | 3,443,205   | 4,478,040   | 3,397,982   | 4,413,009   |
| <b>Liabilities</b>                           |      |             |             |             |             |
| Creditors: Amounts due within one year       | 15   | (3,305,862) | (3,000,670) | (3,260,640) | (2,935,640) |
| Net current assets                           |      | 137,343     | 1,477,370   | 137,342     | 1,477,369   |
| Total assets less current liabilities        |      | 137,343     | 1,584,403   | 137,343     | 1,584,403   |
| <b>Long term liabilities</b>                 |      |             |             |             |             |
| Creditors: Amounts due in more than one year | 16   | -           | (88,181)    | -           | (88,181)    |
|  |      | -           | (88,181)    | -           | (88,181)    |
| NET ASSETS/(LIABILITIES)                     |      | 137,343     | 1,496,222   | 137,343     | 1,496,222   |
| <b>Funds of the Charity:</b>                 |      |             |             |             |             |
| Unrestricted funds                           | 17   | 137,343     | 1,307,467   | 137,343     | 1,307,467   |
| Restricted funds                             |      |             |             |             |             |
| Ring-fenced grants                           | 18   | -           | 188,755     | -           | 188,755     |
| TOTAL FUNDS                                  |      | 137,343     | 1,496,222   | 137,343     | 1,496,222   |

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall (Chair of trustees)

Date: 19 December 2024

**Company Registration Number: 08484436**

## Consolidated Statement of Cash Flows

as at 31 March 2024

|  |             | <b>Group</b>    |          | <b>Charity</b>  |          |
|--|-------------|-----------------|----------|-----------------|----------|
|  | <b>Note</b> | <b>2024</b>     | 2023     | <b>2024</b>     | 2023     |
|  |             | £               | £        | £               | £        |
| Cash flows from operating activities                               | 22          | <b>45,413</b>   | (1,583)  | <b>46,933</b>   | (1,253)  |
| Cash flows from investing activities:                              |             |                 |          |                 |          |
| Interest received  |             | -               | -        | -               | -        |
| Net cash provided by investing activities                          |             | -               | -        | -               | -        |
| Cash flows from financing activities:                              |             |                 |          |                 |          |
| Repayment of borrowing   |             | <b>(52,307)</b> | (49,903) | <b>(52,307)</b> | (49,903) |
| Net cash used by financing activities                              |             | <b>(52,307)</b> | (49,903) | <b>(52,307)</b> | (49,903) |
| Change in cash and cash equivalents in the reporting period        | 24          | <b>(6,894)</b>  | (51,486) | <b>(5,374)</b>  | (51,156) |
| Cash and cash equivalents at the beginning of the reporting period |             | <b>26,154</b>   | 77,640   | <b>24,634</b>   | 75,790   |
| Cash and cash equivalents at the end of the reporting period       | 23          | <b>19,260</b>   | 26,154   | <b>19,260</b>   | 24,634   |

# Notes to the Consolidated Financial Statements

## for the year ended 31 March 2024.

### 1. Accounting Policies

#### 1.1 Basis of Preparation of the Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” 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; and the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently in the current and prior year. Active Northumberland 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 note(s).

##### *Going concern*

As explained in more detail in note 30: *Post Balance Sheet Events*, the Trustees intend to close down the parent charity and liquidate the trading subsidiary and therefore do not consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a break up basis.

#### 1.2 Basis of Consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary Active Northumberland Trading Limited on a line-by-line basis for the year ended 31 March 2024. The charitable Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent charitable Company statement of financial activities. Active Northumberland Trading Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. The results of the subsidiary are shown in note 5.

#### 1.3 Income

Income is recognised when the Group and Charity has entitlement to the funds; any performance conditions attached to the item(s) of income have been met; and it is probable that the income will be received, and the amount can be measured reliably.

#### 1.4 Grants Receivable

Grants receivable are included in the statement of financial activities within the period to which they relate. If the grants are awarded in respect of particular projects, then all the income and expenditure arising from the projects is shown as restricted activities.

Where grants related to performance and specific deliverables, they are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance, recognition is deferred and included in creditors; and, where entitlement arises before income is received the income is accrued.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2024.

### **1.5 Expenditure**

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are accounted for as goods and services are supplied. Resources expended are included on the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Raising funds are those costs incurred in the delivery of trading activities.
- Charitable activities include expenditure associated with the provision of leisure and health promotion activities. These include both direct and related costs. Expenditure on charitable activities includes direct costs of delivering grants and services, and support costs. These are the functions that assist the work of the Charity but do not directly undertake charitable activities, including management and back-office costs. These costs are shown in more detail in note 6.
- Governance costs include expenditure incurred on complying with constitutional and statutory requirements.

### **1.6 Taxation**

The parent Company is a registered Charity and has no liability for corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

### **1.7 Tangible Assets and Depreciation**

Tangible fixed assets are carried at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of the fixed assets over their expected useful lives on the following basis:

- Fixture, fittings, and equipment – 15 years.

### **1.8 Investments**

Investments in subsidiary undertakings are held at cost less impairment.

### **1.9 Stock**

Stock is valued at the lower of cost and net realisable value. No provision against obsolete or damaged stock is deemed necessary.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2024.

### **1.10 Pension Costs**

#### Defined Contribution Pension Plan

The Charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Charity pays fixed contributions into a separate entity. Once the contributions have been paid the Charity has no further payment obligations. The contributions are recognised as an expense in the consolidated statement of financial activities. The assets of the plan are held separately from the Charity in independently administered funds.

Teachers employed by the Charity have membership of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement. The scheme is a defined benefit final salary scheme. It is not possible for the Charity to identify its share of the underlying liabilities in the scheme, and it is therefore classed as a defined contribution scheme for the purposes of the accounting requirements of FRS 102 and does not form part of the pension deficit.

#### Defined Benefit Pension Plan

The Charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset or liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Charity's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains/(losses). These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gain/(loss) on defined benefit pension schemes.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- The increase in net pension benefit liability arising from employee service during the period; and,
- The cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets. The Charity operates a defined benefits pension scheme, and the pension charge is based on a full actuarial valuation dated 31 March 2024.

The Charity is an admitted body of the Tyne and Wear Pension Fund (“LGPS”) and provides pension arrangements to its employees. The scheme is classified as a defined benefit scheme based on final pensionable pay and as such must comply with reporting standard FRS 102. This requires the Charity to disclose certain information concerning assets, liabilities, income, and expenditure related to the scheme for its employees. These disclosures have been prepared by Aon Solutions UK Limited the actuary of the Tyne and Wear Pension Fund. The purpose of the pensions’ disclosure is to provide clear information on the impact of the Charity’s obligation to fund the retirement benefits of its staff on its financial position and performance. Even where this obligation is discharged through a pension fund, the Charity is responsible for employer’s contributions set at a level to ensure the liabilities of the fund can be met.

The liabilities of the pension scheme attributable to the Charity are included in the balance sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Assets have been valued in accordance with FRS 102. Refer to note 20 for further detail. The change in the net pension asset or liability is analysed into the following components:

### Current Service Costs

The increase in liabilities as a result of years of service earned this year is allocated to the consolidated statement of financial activities.

### Past Service Costs

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

### Interest Costs

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

## **Notes to the Consolidated Financial Statements** for the year ended 31 March 2024.

### Expected Return on Assets

The annual investment return on the fund assets attributable to the Charity based on an average of the expected long-term return.

### Actuarial Gains and Losses

Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

## **1.11 Funds**

Funds held by the Charity are either:

- Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted funds – these are funds that can only be used for a particular purpose as specified by the donor or when funds have been raised for a particular purpose.
- Designated funds – these are funds that the Trustees have set aside for a particular purpose.

## **1.12 Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. The Charity and Group only have financial assets and financial liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments where applicable. Provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 3. Financial Performance of the Charitable Company

The consolidated statement of financial activities includes the results of the Charity's wholly owned subsidiary which operates the catering facilities and merchandising sales at the leisure facilities.

The summary financial performance of the Charity alone is:

|                                      | 2024<br>£          | 2023<br>£        |
|--------------------------------------|--------------------|------------------|
| Income                               | 17,995,191         | 16,090,927       |
| Gift aid from subsidiary Company     | 20,866             | -                |
|                                      | 18,016,057         | 16,090,927       |
| Expenditure on charitable activities | (19,411,936)       | (16,652,374)     |
| Defined pension liability            | 37,000             | 3,097,000        |
| <b>Net income/(expenditure)</b>      | <b>(1,358,879)</b> | <b>2,535,553</b> |

### 4. Donations and Legacies

|         | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2024<br>£ | 2023<br>£ |
|---------|----------------------------|--------------------------|-----------|-----------|
| Schools | -                          | 109,130                  | 109,130   | 103,025   |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 5. Other Trading Activities

|                    | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2024<br>£        | 2023<br>£        |
|--------------------|----------------------------|--------------------------|------------------|------------------|
| Other activities   | 826,405                    | -                        | 826,405          | 825,309          |
| Trading activities | 2,104,707                  | -                        | 2,104,707        | 1,621,586        |
|                    | <b>2,931,112</b>           | <b>-</b>                 | <b>2,931,112</b> | <b>2,446,895</b> |

Other activities primarily relate to income from hire of facilities and income from the GP Referral Scheme.

The charitable Company has a wholly owned subsidiary, Active Northumberland Trading Limited, incorporated in England and Wales (Company number 09243253) and pays all its profits to the charitable Company under the gift aid scheme. Active Northumberland Trading Limited operates the bar, catering and all other commercial trading operations with the leisure facilities managed by Active Northumberland. A summary of the Trading results is shown below.

The summary financial performance of the subsidiary alone is:

|   | 2024<br>£   | 2023<br>£   |
|---|-------------|-------------|
| Turnover                                  | 2,104,707   | 1,621,586   |
| Cost of sales and administrative expenses | (2,083,841) | (1,621,586) |
| Profit for the year                       | 20,866      | -           |
| Amounts gift aided to Charity             | (20,866)    | -           |
|   | -           | -           |

The assets and liabilities of the subsidiary were:

|                     |           |         |
|---------------------|-----------|---------|
| Current assets      | 116,087   | 237,676 |
| Current liabilities | (116,086) | 237,675 |
|                     | 1         | 1       |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 6. Analysis of Expenditure on Charitable Activities

|   | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2024<br>£         | 2023<br>£         |
|---|----------------------------|--------------------------|--------------------------|-------------------|-------------------|
| Bank charges  | 216,643                    | -                        | -                        | 216,643           | 175,049           |
| Conference, courses,<br>hospitality, and promotions | 127,788                    | -                        | 1,020                    | 128,808           | 98,272            |
| Consultancy   | 136,497                    | -                        | -                        | 136,497           | 109,137           |
| Depreciation  | 44,598                     | -                        | -                        | 44,598            | 44,598            |
| Equipment   | 425,399                    | -                        | 1,860                    | 427,259           | 399,131           |
| Holiday pay   | -                          | -                        | -                        | -                 | (364,229)         |
| Hired services                                      | 9,237                      | -                        | -                        | 9,237             | 12,710            |
| Insurance and sundry<br>premium costs               | 26,545                     | -                        | -                        | 26,545            | 26,179            |
| IT & software                                       | (9,452)                    | -                        | 35                       | (9,417)           | 83,070            |
| Legal & professional                                | 1,020,631                  | -                        | 40,909                   | 1,061,540         | 992,361           |
| Marketing   | 101,302                    | -                        | 290                      | 101,592           | 177,602           |
| Postage, printing, stationery,<br>and telephone     | 87,262                     | -                        | 6,676                    | 93,938            | 62,309            |
| Rents   | -                          | -                        | -                        | -                 | 32,603            |
| Repairs and maintenance                             | 1,418,676                  | -                        | -                        | 1,418,676         | 1,305,710         |
| Staff costs   | 9,496,432                  | 37,000                   | 238,615                  | 9,772,047         | 9,090,810         |
| Sundry expenses                                     | 160,905                    | -                        | (1,626)                  | 159,279           | 114,955           |
| Utilities   | 4,996,014                  | -                        | -                        | 4,996,014         | 3,595,353         |
| VAT partial exemption                               | 806,085                    | -                        | 322                      | 806,407           | 675,296           |
|   | <b>19,064,562</b>          | <b>37,000</b>            | <b>288,101</b>           | <b>19,389,663</b> | <b>16,630,916</b> |

Note: The figures in brackets represent a refund related to IT & Software.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 6. Analysis of Expenditure on Charitable Activities (continued)

Included in the previous table are support costs of:

|  | 2024<br>£        | 2023<br>£        |
|--|------------------|------------------|
| Bank charges                                 | 149,773          | 129,024          |
| Conference expenses                          | 86,242           | 68,047           |
| Insurance and sundry premium costs           | 2,102            | 1,877            |
| Postage, printing, stationery, and telephone | 30,485           | 4,861            |
| Staff costs                                  | 746,399          | 663,592          |
| Sundry expenses                              | 496,753          | 667,902          |
| VAT partial exemption                        | 67,384           | 95,551           |
|  | <b>1,579,138</b> | <b>1,630,854</b> |

Service Level Agreements:

- Procurement
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing and Inspection
- Audit and Strategic Risk

Service level agreement costs paid to Northumberland County Council:

|                               | 2024<br>£      | 2023<br>£      |
|-------------------------------|----------------|----------------|
| Northumberland County Council | 719,713        | 748,674        |
|                               | <b>719,713</b> | <b>748,674</b> |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 7. Other Expenditure

|                             | 2024<br>£     | 2023<br>£ |
|-----------------------------|---------------|-----------|
| Audit fee                   | 19,800        | 19,250    |
| Trustee liability insurance | 2,473         | 2,208     |
|                             | <b>22,273</b> | 21,458    |

The fee in relation to Robson Laidler Accountants Limited audit of the 2023-24 Trustees' Annual Report and Financial Statements is £19,800 and was accrued in year, analysed between different elements; audit fee £18,800, and teachers' pension return £1,000.

### 8. Analysis of Staff Costs, Trustee Remuneration and Expenses

| Group  | 2024<br>No. | 2023<br>No. |
|--|-------------|-------------|
| Number of Employees:                                 |             |             |
| Key management personnel (Executive leadership team) | 5           | 5           |
| Generating funds                                     | 107         | 101         |
| Charitable activities                                | 748         | 705         |
|  | <b>860</b>  | 811         |

The total employee benefits of the Executive leadership team of the Charity were £374,706 (2022-23: £390,986).

| Group                        | 2024<br>£         | 2023<br>£ |
|------------------------------|-------------------|-----------|
| Remuneration comprised:      |                   |           |
| Apprenticeship levy          | 35,843            | 26,523    |
| Holiday pay                  | -                 | (364,229) |
| Pension costs                | 147,400           | 298,860   |
| Salaries & wages             | 9,934,421         | 8,388,588 |
| Social security costs        | 645,529           | 539,966   |
| Termination benefits         | -                 | 16,850    |
| Travel and other staff costs | 36,858            | 34,939    |
|                              | <b>10,800,051</b> | 8,941,497 |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 8. Analysis of Staff Costs, Trustee Remuneration and Expenses (continued)

| The number of employees whose annual emoluments were more than £60,000: | 2024 | 2023 |
|---|------|------|
| £60,000 - £69,999   | 2    | 1    |
| £80,000 - £89,999   | -    | 1    |
| £120,000 - £129,999   | 1    | 1    |

| Termination Benefits     | 2024 | 2023   |
|--------------------------|------|--------|
|                          | £    | £      |
| Compensation / ex gratia | -    | 7,881  |
| Redundancy               | -    | 8,969  |
|                          | -    | 16,850 |

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or,
- providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Trustees were not paid and did not receive any other benefits from employment with the charitable Company or its subsidiary during the year (2022-23: nil). No Trustees were reimbursed for travel expenses in 2023-24 (2022-23: nil).

### 9. Net Income/Expenditure for the year

This is stated after charging:

|   | 2024   | 2023   |
|---|--------|--------|
|   | £      | £      |
| Depreciation                            | 44,598 | 44,598 |
| Audit fee & Trustee liability insurance | 22,273 | 21,458 |

### 10. Corporation Tax

The charitable Company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 of the extent that these are applied to its charitable objects.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2024.

**11. Tangible Fixed Assets: Group and Charity**

|                         | Fixture, fittings<br>& equipment<br>£ |
|-------------------------|---------------------------------------|
| Cost:                   |                                       |
| At 1 April 2023         | 515,351                               |
| Disposals               | (515,351)                             |
| At 31 March 2024        | -                                     |
| Depreciation:           |                                       |
| At 1 April 2023         | 408,318                               |
| Charge for the year     | 44,598                                |
| Eliminated on disposals | (452,916)                             |
| At 31 March 2024        | -                                     |
| Net book value:         |                                       |
| At 31 March 2024        | -                                     |
| At 31 March 2023        | <b>107,033</b>                        |

**12. Investments**

The charitable Company has a wholly owned trading subsidiary Company, Active Northumberland Trading Limited, incorporated in England and Wales. The activities and results of the trading Company are summarised in note 5.

**13. Stock**

|               | Group |        | Charity |        |
|---------------|-------|--------|---------|--------|
|               | 2024  | 2023   | 2024    | 2023   |
|               | £     | £      | £       | £      |
| Leisure stock | -     | 88,201 | -       | 49,291 |
|               | -     | 88,201 | -       | 49,291 |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 14. Debtors

|                                | Group            |                  | Charity          |                  |
|--------------------------------|------------------|------------------|------------------|------------------|
|                                | 2024<br>£        | 2023<br>£        | 2024<br>£        | 2023<br>£        |
| Trade debtors                  | 157,685          | 363,282          | 150,158          | 357,104          |
| Other debtors (See note 28)    | 2,343,158        | 2,636,418        | 2,343,158        | 2,636,418        |
| Prepayments and accrued income | 923,102          | 1,382,788        | 885,406          | 1,363,795        |
| Provision for bad debt         | -                | (18,803)         | -                | (18,233)         |
|                                | <b>3,423,945</b> | <b>4,363,685</b> | <b>3,378,722</b> | <b>4,339,084</b> |

### 15. Creditors: Amounts due within one year

|                            | Group            |                  | Charity          |                  |
|----------------------------|------------------|------------------|------------------|------------------|
|                            | 2024<br>£        | 2023<br>£        | 2024<br>£        | 2023<br>£        |
| Trade creditors            | 39,485           | 17,804           | 6,320            | (24,891)         |
| Amounts owed to subsidiary | -                | -                | 70,864           | 172,645          |
| Taxation & social security | 240,936          | 285,820          | 240,936          | 285,820          |
| Accrual/deferred income    | 2,912,832        | 2,550,765        | 2,829,911        | 2,363,217        |
| Holiday pay accrual        | -                | 69,546           | -                | 62,114           |
| Other loans                | 87,410           | 51,536           | 87,410           | 51,536           |
| Other creditors            | 25,199           | 25,199           | 25,199           | 25,199           |
|                            | <b>3,305,862</b> | <b>3,000,670</b> | <b>3,260,640</b> | <b>2,935,640</b> |

Deferred income relates to facilities hire, fitness classes and course bookings paid for in advance of participation.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 16. Creditors: Amounts due in more than one year

|                                    | Group           |           | Charity         |           |
|------------------------------------|-----------------|-----------|-----------------|-----------|
|                                    | 2024<br>£       | 2023<br>£ | 2024<br>£       | 2023<br>£ |
| Other loans                        | -               | 88,181    | -               | 88,181    |
| Analysis of loans:                 |                 |           |                 |           |
| Wholly repayable within five years | <b>87,410</b>   | 139,717   | <b>87,410</b>   | 139,717   |
|                                    | <b>87,410</b>   | 139,717   | <b>87,410</b>   | 139,717   |
| Included in current liabilities    | <b>(87,410)</b> | (51,536)  | <b>(87,410)</b> | (51,536)  |
|                                    | -               | 88,181    | -               | 88,181    |
| Loan maturity analysis:            |                 |           |                 |           |
| Due between one to two years       | -               | 53,240    | -               | 53,240    |
| Due between three to five years    | -               | 34,941    | -               | 34,941    |
|                                    | -               | 88,181    | -               | 88,181    |

### 17. Unrestricted Funds

|                   | 1 April 2023<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>£ | Gains / losses<br>£ | 31 March<br>2024<br>£ |
|-------------------|-------------------|----------------------------|----------------------------|----------------|---------------------|-----------------------|
| Unrestricted fund |                   |                            |                            |                |                     |                       |
| General fund      | <b>1,307,467</b>  | 19,821,903                 | (21,169,676)               | 177,649        | -                   | <b>137,343</b>        |
| Designated fund   |                   |                            |                            |                |                     |                       |
| Pension reserve   | -                 | -                          | (37,000)                   | -              | 37,000              | -                     |
|                   | <b>1,307,467</b>  | 19,821,903                 | (21,206,676)               | 177,649        | 37,000              | <b>137,343</b>        |

| Description of fund | Description, nature, and purpose of fund  |
|---------------------|---|
| General fund        | The 'free reserves' after allowing for all designated funds.  |
| Designated funds    | Pension reserve – relates to the FRS102 defined benefit pension asset/(liability), further details can be found in note 21. |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 18. Restricted Funds

|   | 1 April<br>2023<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>£   | 31 March<br>2024<br>£ |
|---|----------------------|----------------------------|----------------------------|------------------|-----------------------|
| School Games                            | 38,017               | 270,946                    | (270,441)                  | (38,522)         | -                     |
| Young at Heart                          | 410                  | -                          | -                          | (410)            | -                     |
| Inactivity Fund                         | 24,870               | 7,049                      | (18,660)                   | (13,259)         | -                     |
| Sporting Club Bedlington – Sinking Fund | 86,042               | -                          | -                          | (86,042)         | -                     |
| Sporting Club Bedlington - Renewals     | 39,416               | -                          | -                          | (39,416)         | -                     |
|   | <b>188,755</b>       | <b>277,995</b>             | <b>(289,101)</b>           | <b>(177,649)</b> | <b>-</b>              |

### Transfers

The transfers represent agreed fund balance transfers to unrestricted reserves.

| Description of fund                     | Description, nature, and purpose of fund   |
|---|--|
| School Games                            | Project funded by Sport England to organise school games. Promoting competitive sporting activities for younger people (Southeast and North Northumberland). |
| Young at Heart                          | Funds to support disabled people to access fitness activities at Prudhoe Waterworld.   |
| Inactivity Fund                         | A project to engage women who are experiencing or are at risk of developing postnatal depression to participate in 30 minutes of activity each week.         |
| Sporting Club Bedlington – Sinking Fund | A fund for reinvestment into the 3G pitch.   |
| Sporting Club Bedlington - Renewals     | A renewals fund for future reinvestment in facility redevelopment.   |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 19. Analysis of Assets and Liabilities between Funds

|                                     | General<br>£   | Designated<br>£ | Restricted<br>£ | 2024<br>£      | 2023<br>£ |
|-------------------------------------|----------------|-----------------|-----------------|----------------|-----------|
| Fixed assets                        | -              | -               | -               | -              | 107,033   |
| Net current assets                  | <b>137,343</b> | -               | -               | <b>137,343</b> | 1,477,370 |
| Creditors due more than<br>one year | -              | -               | -               | -              | (88,181)  |
| Pension fund<br>asset/(liability)   | -              | -               | -               | -              | -         |
|                                     | <b>137,343</b> | -               | -               | <b>137,343</b> | 1,496,222 |

### 20. Pension Arrangements

#### Defined Contribution Scheme

The Charity operates a defined contribution scheme, which is offered to all new employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund. An amount of £106,038 (2022-23: £87,686) was paid into the scheme during the financial year.

In 2023-24 Active Northumberland also paid £31,334 (2022-23: £34,131) to the Teachers' Pensions Agency in respect of teachers' retirement benefits representing 23.68% of teachers' pensionable pay for the period 1 April 2023 to 31 March 2024. The pension rate increased from 16.48% to 23.68% in September 2019.

#### Defined Benefit Scheme

On 1 October 2014 when the management of the leisure facilities within Northumberland moved into Active Northumberland the Local Government Pension Scheme (LGPS) relating to these staff transferred into the charitable Company. The LGPS provides defined benefits, based on the member's final pensionable salary.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland has closed the local government pension scheme to new members.

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

In accordance with Section 28 of FRS 102 disclosure of certain information concerning assets, liabilities, income, and expenditure relating to pension schemes is required. The latest valuation was undertaken on 31 March 2022. The duration of liabilities is 19.7 years and revaluation is undertaken every 3 years. The duration of liabilities is the average period, expressed in the number of years, between the calculation date and the date on which the scheme benefit falls due. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for the purposes of FRS 102 were:

| <b>Key assumptions</b>                                  | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
| Discount rate   | 4.8%        | 4.7%        |
| CPI inflation   | 2.6%        | 2.7%        |
| Pension increases                                       | 2.6%        | 2.7%        |
| Pension accounts revaluation rate                       | 2.6%        | 2.7%        |
| Salary increases  | 4.1%        | 4.2%        |
| Mortality rates   |             |             |
| - Males - Pensioner member aged 65 at accounting date   | 21.0        | 21.6        |
| - Males - Active member aged 45 at accounting date      | 22.3        | 22.9        |
| - Females - Pensioner member aged 65 at accounting date | 24.2        | 24.6        |
| - Females - Active member aged 45 at accounting date    | 25.6        | 26.1        |

| <b>Asset allocation</b> | <b>31 March 2024</b> | <b>31 March 2023</b> |
|-------------------------|----------------------|----------------------|
|                         | <b>%</b>             | <b>%</b>             |
| Equities                | 50.6                 | 51.2                 |
| Property                | 10.4                 | 10.5                 |
| Government bonds        | 1.3                  | 1.3                  |
| Corporate bonds         | 19.5                 | 19.5                 |
| Multi Assest Credit     | 4.6                  | 4.5                  |
| Cash                    | 0.7                  | 1.8                  |
| Other                   | 12.9                 | 11.2                 |
| <b>Total</b>            | <b>100.0</b>         | <b>100.0</b>         |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

| <b>Reconciliation of funded status to balance sheet</b>         | <b>31 March 2024</b> | <b>31 March 2023</b> |
|---|----------------------|----------------------|
|   | <b>£m</b>            | <b>£m</b>            |
| Fair value of assets  | <b>0.000</b>         | 27.836               |
| Present value of funded defined benefit obligation              | <b>0.000</b>         | (21.736)             |
| Pension asset/(liability) before paragraph 28.22 of FRS 102     | <b>0.000</b>         | 6.100                |
| (Unrecognised asset) due to limit in paragraph 28.22 of FRS 102 | <b>0.000</b>         | (6.100)              |
| Pension asset/(liability) recognised on the balance sheet       | <b>0.000</b>         | 0.000                |

| <b>Amounts recognised in consolidated statement of financial activities</b> | <b>31 March 2024</b> | <b>31 March 2023</b> |
|---|----------------------|----------------------|
|   | <b>£m</b>            | <b>£m</b>            |
| Current service costs   | <b>(0.327)</b>       | (0.637)              |
| Past service costs  | <b>0.000</b>         | 0.000                |
| Employer contributions and net pension                                      | <b>0.000</b>         | 0.176                |
| Financing costs – interest on net defined benefit liability/(assets)        | <b>0.000</b>         | (0.067)              |
| Pension expense recognised in profit and loss                               | <b>(0.327)</b>       | (0.528)              |

| <b>Amounts recognised in comprehensive income</b>                  | <b>31 March 2024</b> | <b>31 March 2023</b> |
|--|----------------------|----------------------|
|  | <b>£m</b>            | <b>£m</b>            |
| Asset gains/(losses) arising during the period                     | <b>0.337</b>         | (1.220)              |
| Actuarial gains/(losses) due to changes in financial assumptions   | <b>0.839</b>         | 12.289               |
| Actuarial gains/(losses) due to changes in demographic assumptions | <b>0.320</b>         | (0.111)              |
| Actuarial gains/(losses) due to liability experience               | <b>(0.265)</b>       | (1.761)              |
| Adjustment in respect of paragraph 28.22 of FRS 102                | <b>2.163</b>         | (6.100)              |
| Total amount recognised in other comprehensive income              | <b>3.394</b>         | 3.097                |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

| <b>Changes to the present value of defined benefit obligation</b>  | <b>31 March 2024</b><br>£m | 31 March 2023<br>£m |
|--|----------------------------|---------------------|
| Opening defined benefit obligation                                 | 21.736                     | 30.986              |
| Current service cost   | 0.327                      | 0.637               |
| Interest expense on defined benefit obligation                     | 0.996                      | 0.833               |
| Contributions by participants                                      | 0.093                      | 0.092               |
| Actuarial (gains)/losses due to changes in financial assumptions   | (0.839)                    | (12.289)            |
| Actuarial (gains)/losses due to changes in demographic assumptions | (0.320)                    | 0.111               |
| Actuarial (gains)/losses due to liability experience               | 0.265                      | 1.761               |
| Net benefits paid out  | (1.189)                    | (0.395)             |
| Net increase in liabilities from disposal / acquisitions           | (21.069)                   | 0.000               |
| Closing defined benefit obligation                                 | 0.000                      | 21.736              |

| <b>Changes to the fair value of assets</b>          | <b>31 March 2024</b><br>£m | 31 March 2023<br>£m |
|---|----------------------------|---------------------|
| Opening fair value of assets                        | 27.836                     | 28.417              |
| Interest income on assets                           | 1.283                      | 0.766               |
| Remeasurement gains/(losses) on assets              | 0.337                      | (1.220)             |
| Contributions by the employer                       | 0.003                      | 0.176               |
| Contributions by participants                       | 0.093                      | 0.092               |
| Net benefits paid out                               | (1.189)                    | (0.395)             |
| Net increase in assets from disposal / acquisitions | (28.363)                   | 0.000               |
| Closing fair value of assets                        | 0.000                      | 27.836              |

| <b>Actual return on assets</b> | <b>31 March 2024</b><br>£m | 31 March 2023<br>£m |
|--------------------------------|----------------------------|---------------------|
| Interest income on assets      | 1.283                      | 0.766               |
| Gain/(loss) on assets          | 0.337                      | (1.220)             |
| Actual return on assets        | 1.620                      | (0.454)             |

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2024.

**21. Pension – Movements in Reserves**

|  | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
|  | £             | £             |
| Current service cost                                   | (327,000)     | (637,000)     |
| Net decrease in assets from disposal/acquisitions      | (28,363,000)  | -             |
| Employer contributions & net pension                   | 3,000         | 176,000       |
|  | (28,687,000)  | (461,000)     |
| Interest on liabilities                                | 287,000       | (67,000)      |
|  | (28,400,000)  | (528,000)     |
| Remeasurement gains/(losses) on assets                 | 337,000       | (1,220,000)   |
| Net decrease in liabilities from disposal/acquisitions | 21,069,000    | -             |
| Actuarial gains/(losses) on liabilities                | 894,000       | 10,417,000    |
| Adjustment in respect of paragraph 28.22 of FRS 102    | 6,100,000     | (6,100,000)   |
|  | 28,400,000    | 2,259,000     |
| Opening position                                       | -             | (2,569,000)   |
| Closing position                                       | -             | -             |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 22. Cash flow from Operating Activities

|  | Group         |               | Charity       |               |
|--|---------------|---------------|---------------|---------------|
|  | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
|  | £             | £             | £             | £             |
| Net movement in funds for the year before transfers and excluding interest | (1,395,879)   | (561,447)     | (1,395,879)   | (561,447)     |
| Adjustments for:   |               |               |               |               |
| Depreciation on tangible assets  | 44,598        | 44,598        | 44,598        | 44,598        |
| (Profit) / loss on disposal of assets                                      | 62,435        | -             | 62,435        | -             |
| Pension charges  | 37,000        | 528,000       | 37,000        | 528,000       |
| (Increase)/decrease in stock   | 88,201        | (8,126)       | 49,291        | (3,789)       |
| (Increase)/decrease in debtors   | 939,740       | (461,612)     | 960,362       | (457,065)     |
| Increase/(decrease) in creditors   | 269,318       | 457,004       | 289,126       | 448,450       |
|  | 45,413        | (1,583)       | 46,933        | (1,253)       |

| Reconciliation of net debt - Group         | 1 April 2023 | Cash-flows | 31 March 2024 |
|--|--------------|------------|---------------|
|  | £            | £          | £             |
| Cash                                       | 26,154       | (6,894)    | 19,260        |
| Loans falling due within one year          | (51,536)     | (35,874)   | (87,410)      |
| Loans falling due after more than one year | (88,181)     | 88,181     | -             |
|  | (113,563)    | 45,413     | (68,150)      |

| Reconciliation of net debt - Charity       | 1 April 2023 | Cash-flows | 31 March 2024 |
|--|--------------|------------|---------------|
|  | £            | £          | £             |
| Cash                                       | 24,634       | (5,374)    | 19,260        |
| Loans falling due within one year          | (51,536)     | (35,874)   | (87,410)      |
| Loans falling due after more than one year | (88,181)     | 88,181     | -             |
|  | (115,083)    | 46,933     | (68,150)      |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 23. Analysis of Net Cash Resources

|                  | 1 April 2023 | Cash flow | Other non-cash charges | 31 March 2024 |
|------------------|--------------|-----------|------------------------|---------------|
|                  | £            | £         | £                      | £             |
| Net cash Group   | 26,154       | (6,894)   | -                      | 19,260        |
| Net cash Charity | 24,634       | (5,374)   | -                      | 19,260        |

### 24. Cash and Cash Equivalents at the End of the Reporting Period

|   | Group         |               | Charity       |               |
|---|---------------|---------------|---------------|---------------|
|   | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
|   | £             | £             | £             | £             |
| Increase/(decrease) in cash during the year | (6,894)       | (51,486)      | (5,374)       | (51,156)      |
| Opening cash                                | 26,154        | 77,640        | 24,634        | 75,790        |
| Closing cash                                | 19,260        | 26,154        | 19,260        | 24,634        |

### 25. Contingent Asset

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

### 26. Controlling Party

The Charity is controlled by the Board of Trustees.

### 27. Funds held as Custodian

During the year funds were held on behalf of Blyth Valley Trust for Youth, an amount of £25,199 (2022-23: £25,199) is shown as a creditor at the year end.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2024.

### **28. Related Party Transactions**

All transactions between the Charity and its subsidiary, Active Northumberland Trading Limited are eliminated on consolidation.

The 2023-24 agreed management fee from Northumberland County Council was £1.96 million (2022-23: £2.06 million). In addition, further funding of £0.50 million was agreed (2022-23: £1.12 million) which was raised at the year-end as a debtor.

There were also other goods and services provided to Northumberland County Council of £0.34 million (2022-23: £0.30 million) and other goods and services received from Northumberland County Council of £1.70 million (2022-23: £1.41 million).

From 1 April 2015 Active Northumberland has used Northumberland County Council's Enterprise Resource Planning system, Oracle e-Business for all expenditure transactions and reporting through the general ledger. At the end of 2023-24 Active Northumberland was owed £2.34 million by Northumberland County Council (2022-23: £2.64 million)

In 2023-24 there have been goods or service received from NWG Business - £233,872 (2022-23: £131,326)

### **29. Contingent Liabilities**

There were no contingent liabilities identified as at 31 March 2024 (31 March 2023: nil).

### **30. Post Balance Sheet Events**

Following the cessation of the leisure contract with Northumberland County Council on 31 March 2024 the company was no longer considered a going concern. A Memorandum of Understanding (MoU) was agreed with the council to ensure a smooth closedown and transition to the new leisure provider. On 6 November 2024 the Board of Trustees agreed that the company would enter liquidation with the closedown being undertaken by an insolvency practitioner and any remaining assets transferring to Northumberland County Council in line with the MoU.