

# FINANCE REPORT

## 2022-23



**Healthworks**

## Legal Information

Registered charity name: Healthworks Newcastle

Charity registration number: 1040370

Company registration number: 02952583

Registered office: Health Resource Centre, Adelaide Terrace, Newcastle upon Tyne, NE4 8BE

External Auditor: Stephenson Coates Audit Limited, West 2 Asama Court, Newcastle upon Tyne, NE4 7YD

Bankers: Barclays Bank plc, Leicester, LE87 2BB

Legal Advisor: Baker & McKenzie LLP, 100 New Bridge Street, London, EC4V 6JA

Trustees: J H Marks, P A Cresswell, C F B Burton, D Creighton, M E Henderson, D Lagun, J R Sabarre, and M E Turner

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# Report of the Trustees (incorporating Directors' Report)

## Objectives and activities

Healthworks Newcastle is a charity constituted as a company limited by guarantee (registered charity number 1040370 and registered company number 02952583). It is therefore subject to charity, trust, and company law. This Report of the Trustees therefore incorporates the Directors' Report and Strategic Report required under the regulations of the Companies Act.

Healthworks Newcastle is governed by a Memorandum and Articles of Association which sets out its charitable objective:

**To preserve, protect and improve the health and life outcomes of communities across the North East region of England.**

Our activities deliver public benefit by:

- Increasing the understanding and recognition of the wider social determinants of health;
- Building on the capacity of individuals to identify and act on issues that impact on their own, and others, health and wellbeing (asset-based approach);
- Providing local access to regular exercise via high quality, low price community gyms and classes;
- Encouraging people to engage in a range of other local services which enable them to socialise within their communities;
- Supporting people to access the services most appropriate to them which are available in the city;
- Recruiting and training a local workforce, investing in upskilling local people;
- Offering a range of volunteering opportunities for local people;
- Achieving a wide reach into communities traditionally seen as 'hard to reach' through the support and co-ordination of local volunteers who reflect their community;
- Buying from local suppliers and producers wherever possible, investing in the local economy;
- Linking into city-wide networks to share good practice and avoid duplication; and
- Recognising and valuing the range of other local organisations that deliver services supporting people to manage their lives.

Our charitable activities are reported as three teams:

- **Health Improvement.** Our Health Improvement Practitioners support community lifestyle changes and deliver change behaviour interventions, including NHS Health Checks, to reduce obesity, smoking and tobacco dependency with hospital in-patients and support healthy nutrition (including Type 2 Diabetes). In addition, the team work with the NHS to support cardiac rehab, rehab for people with chronic joint pain, cancer awareness, reducing falls, long Covid, peripheral arterial disease and a range of physical activity opportunities for those with an existing or ongoing condition. We also deliver Waiting Well across the North East, a programme offering targeted support to certain groups of patients waiting for surgery in the North East.
- **Health Promotion.** The Health Promotion Team deliver a range of activities and training including accredited Royal Society for Public Health training, Cancer Awareness sessions and activities, Community Cancer Champion training, healthy eating information and activities, healthy cooking sessions, activities for parents/carers and their children, and holiday activities for families. Healthworks is supporting Primary Care Networks (PCNs) and surgeries across Newcastle, Gateshead, North Tyneside and Northumberland to help address health inequalities and improve cancer outcomes, in line with The Northern Cancer Alliance workplan and the DES guidelines. Working with parents and families, we provide antenatal and breastfeeding information and support through a team of trained staff and volunteers. The team are trained to provide practical and emotional support to women from conception to birth and we offer information to enable people to make informed choices about how to feed their baby.

- **ZoneWorks.** This is a support programme to enable children to flourish in life for outcomes in education, health and community settings. The child is at the centre of a network of relationships and resources, and we work hard to make the organisation of resources reflect this core priority.

Our charity does not make any material social investments or grants. We were supported by 32 volunteers (2022: 26) who donated a total of 2,525 hours of their time (2022: 1,141).

## Achievements and performance

We are proud of our achievements this year. Some of our highlights include:

- 11,416 people accessed our services and 3,188 were referred to our targeted programmes
- 2,448 support telephone and video support calls were made to individuals, equating to 1,022 hours of remote lifestyle support
- 395 individual NHS Health Checks completed to spot early signs of stroke, kidney disease, heart disease, type 2 diabetes, or dementia
- 262 individual Health MOTs completed providing information about overall health and wellbeing
- Participated in 116 events attended by 3,232 people, of which 57% reside in the lowest 30% areas of deprivation.
- 268 meetings with local businesses to promote key Cancer Awareness messages.
- 466 individuals accessed our Stop Smoking service and were given 1-2-1 support to set their Quit Date. Of these, over half successfully quit smoking.
- 1,456 new breastfeeding women and families were contacted, and breastfeeding social sessions were accessed a total of 1,086 times by 295 unique people.
- Our ZoneWorks team engaged with 180 families, and our service was accessed 3,594 times by 189 unique children.

## Financial review

Our turnover was £2,148,444 (2022: £1,681,716). Of this amount:

- £1,760,059 (2022: £1,305,622) was raised through our charitable activities; and
- £388,385 (2022: £376,094) was raised in support of our charitable activities.

The increase in turnover is mainly down to additional commissioned services, in particular from Newcastle City Council and Newcastle upon Tyne Hospitals NHS Foundation Trust. These additional services necessitated additional spending to deliver against their objectives.

Our target is to breakeven and to reinvest all income into our charitable activities. We achieved a surplus of £34,196 (1.6% of turnover) which will be reinvested in future periods.

The nature of commissioned services mean that contracts tend to be awarded on an annual basis. The principal risk facing the charity is therefore overreliance on a particular funder or contract. The risk is mitigated by providing a wide range of services to a large number of commissioners with contract expiration being staged throughout the year. This enables the charity to better respond to any loss of income through the expiration of a contract.

Our reserves policy is to hold working capital (i.e. current assets less current liabilities) equal to at least three times the cost of the monthly payroll. This is so that service delivery is not jeopardised through fluctuations in funding. It also functions as a shut-down fund in the event of the need to close the charity. Trustees review this policy on an annual basis to ensure that it continues to be appropriate for our organisation.

Our free reserves at the reporting date were £791,582 (2022: £728,098). Three times the cost of monthly payroll at the reporting date was £448,502 (2022: £426,211), meaning we held free reserves of £343,080 (2022: £301,887) over the level required by our policy. These will be invested into our charitable objectives in future periods.

## **Plans for future periods**

The Trustees have considered the budget for the coming financial year and the income contracts in place, and are satisfied that the charity remains a going concern.

The likely future developments are new commissions in the region that build on our existing relationships and contracts. These may necessitate growth in both our staff numbers and our estate to accommodate.

## **Structure, governance and management**

Our Board of Trustees, who are also Directors of the Charity for the purposes of the Companies Act, have overall responsibility for the strategy, management, and control of Healthworks Newcastle (the Charity). Our Chief Executive, working with the Executive Team, is responsible for delivering the Board's vision and strategy and for the day-to-day operations. As of 31 March 2023, the Board was made up of eight Trustees:

- J H Marks (Chair)
- P A Cresswell (Deputy Chair)
- C F B Burton
- D Creighton
- M E Henderson
- D Lagun
- J R Sabarre
- M E Turner

All of the Trustees were in post for the full year, and there were no resignations from the Board during the year.

We appoint our Trustees and committee members based on their skills and experience. We want to attract a broad range of candidates, and once appointed, Trustees and committee members go through an induction programme to make sure they understand their roles under charity and company law. All of our Trustees give their time voluntarily and receive no rewards or benefits from Healthworks. They get involved because they believe in what we do, and want to make a real difference. Any expenses claimed by the trustees are set out in our financial statements.

We seek to maintain a diverse board with a broad range of skills, knowledge and experience relevant to our mission. We carry out due diligence checks to ensure that any appointment meets the requirements of our governing document and the law. Each new Trustee visits our centres and works with the management team to ensure a good understanding of the organisation and of their role and responsibilities as Trustees.

The Board and the Executive Team meet every two months. The objective of these meetings is for the Board to seek and obtain assurances that the Executive Team is acting in a way that enables the Trustees to meet their duty to promote the success of the Charity, and to have regard to s.172 of the Companies Act 2006.

Major risks are considered at board level and an appropriate risk assessment procedure is embedded in management and operational processes. The risk management policy specifies risks, evaluates the probability level and outlines the strategies for avoiding risk or mitigating potential impact. This process enables Trustees to focus on avoiding risk that might prevent the charity achieving its strategic objectives. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Operationally, Health and Safety and Information Governance remain as standing items on the Board.

The Board created a Finance Risk and Audit Committee (FRAC) in July 2022. As of 31 March 2023, the FRAC was made up of four Trustees:

- C F B Burton (Committee Chair)
- P A Cresswell
- M E Henderson
- D Lagun

The FRAC meet no less than three times a year. The objective of these meetings is for the FRAC to seek and obtain assurances that the Executive Team, represented by the Director of Finance and Business Development, have robust financial controls in place and that the Charity's exposure to financial risk is understood and mitigated. The FRAC is a sub-committee of the Board and as such provides assurance in turn to the Board.

### **Reference and administrative details**

Information on advisors is contained in the section marked 'Legal Information'.

The Trustees' have delegated day-to-day management of the charity to the CEO, Mr P Court.

The Charity produces an annual Impact Report and publishes it on its website:

<https://www.healthworksnewcastle.org.uk/>. This includes information about the services provided and the number of people supported. The Impact Report does not form part of these financial statements. It may provide additional useful information to users of the accounts.

## Statement of Trustees' responsibilities

The Trustees (who are also Directors of Healthworks Newcastle 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity 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 judgments and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006

The Report of the Trustees, which incorporates the requirements of the Strategic report and the Directors' report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, was approved by the Board, in their capacity as Trustees and company Directors on 26 September 2023 and signed on its behalf by:

**J H Marks**  
Trustee

# Independent Auditor's Report to the Members of Healthworks Newcastle

## Opinion

We have audited the financial statements of Healthworks Newcastle (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

### Auditor's responsibilities for the audit of the financial statements (continued)

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Key Management Personnel. The most significant identified that directly affect the financial statements include financial reporting legislation (including related companies' legislation), the Charities Act 2011 and UK taxation legislation. The

company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Health and Safety, Ofsted, Employment Law and Data Protection regulations, recognising the nature of the company's activities.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquiries of Trustees and Key Management Personnel as to where they consider there to be susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override, including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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 charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**John Oswald BA FCA**  
**Senior Statutory Auditor**

**Stephenson Coates Audit Limited**  
**Chartered Accountants**  
**West 2, Asama Court**  
**Newcastle Business Park**  
**Newcastle upon Tyne**  
**NE4 7YD**

**26 September 2023**

**Statement of Financial Activities, incorporating income and expenditure accounts at Healthworks Newcastle**  
**For the year ended 31 March 2023**

N.B. All income and expenditure relates to unrestricted funds

	Note	2023 £	2022 £
<b>INCOME FROM:</b>			
<b>Voluntary income</b>			
Donations and gifts		(533)	(30,603)
Grants		(57,225)	(55,056)
<b>Total voluntary income</b>		<b>(57,758)</b>	<b>(85,659)</b>
<b>Other trading activities</b>			
The Lemington Centre Pre-School		(141,092)	(117,546)
Gym and class admission		(45,163)	(27,894)
Rental of premises		(86,987)	(101,353)
Other trading income		(22,617)	(26,288)
<b>Total income from trading activities</b>		<b>(295,859)</b>	<b>(273,081)</b>
Investment income		(2,119)	(100)
<b>Charitable activities</b>			
Health Improvement		(962,109)	(771,755)
Health Promotion		(498,220)	(443,910)
ZoneWorks		(299,730)	(89,957)
<b>Total income from charitable activities</b>		<b>(1,760,059)</b>	<b>(1,305,622)</b>
Other income		(32,649)	(17,254)
<b>TOTAL INCOME</b>	6	<b>(2,148,444)</b>	<b>(1,681,716)</b>
<b>EXPENDITURE ON:</b>			
<b>Costs of generating funds</b>			
Costs of generating voluntary income		28,676	31,325
The Lemington Centre Pre-School		203,039	176,486
Gym and class admission		52,745	79,153
Rental of premises		30,964	37,064
Other trading income		14,181	15,368
<b>Total cost of raising funds</b>		<b>329,605</b>	<b>339,396</b>
<b>Net resources available for charitable activities</b>		<b>(58,780)</b>	<b>(36,698)</b>
<b>Charitable activities</b>			
Health Improvement		835,312	743,825
Health Promotion		568,760	514,414
ZoneWorks		380,571	111,656
<b>TOTAL EXPENDITURE</b>	7, 8	<b>2,114,248</b>	<b>1,709,291</b>
<b>NET (INCOME)/EXPENDITURE</b>		<b>(34,196)</b>	<b>27,575</b>
<b>TOTAL UNRESTRICTED FUNDS BROUGHT FORWARD</b>		<b>2,002,057</b>	<b>2,029,632</b>
<b>TOTAL UNRESTRICTED FUNDS CARRIED FORWARD</b>		<b>2,036,253</b>	<b>2,002,057</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 13 to 21 form part of the financial statements.

**Statement of Financial Position at Healthworks Newcastle  
As at 31 March**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible fixed assets	11	1,244,671	1,273,959
<b>Current assets</b>			
Debtors	12	107,383	139,708
Cash at bank and in hand		1,217,429	1,013,780
		<b>1,324,812</b>	<b>1,153,488</b>
<b>Total Assets</b>		<b>2,569,483</b>	<b>2,427,447</b>
Creditors: amounts falling due within one year	13	(533,230)	(425,390)
<b>Net Current Assets</b>		<b>791,582</b>	<b>728,098</b>
<b>Total Assets Less Current Liabilities</b>		<b>2,036,253</b>	<b>2,002,057</b>
<b>Net Assets</b>		<b>2,036,253</b>	<b>2,002,057</b>
<b>Funds of the charity</b>			
Unrestricted funds	15	2,036,253	2,002,057
<b>TOTAL CHARITY FUNDS</b>		<b>2,036,253</b>	<b>2,002,057</b>

These financial statements were approved by the Board of Trustees and authorised for issue on 26 September 2023, and are signed on behalf of the Board by:

**J H Marks**  
Trustee

**P A Cresswell**  
Trustee

The notes on pages 13 to 21 form part of the financial statements.

**Statement of Cash Flows at Healthworks Newcastle**  
**For the year ended 31 March 2023**

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Net income / (expenditure)	34,196	(27,575)
Adjustments for:		
Depreciation and impairment charges	55,176	41,880
Interest received	(2,119)	(100)
Changes in:		
Trade and other debtors:	32,325	(39,687)
Trade and other creditors:	107,840	(9,820)
<b>Net cash from operating activities</b>	<b>227,418</b>	<b>(35,302)</b>
<b>Cash flows from investing activities</b>		
Payments for the acquisition of tangible fixed assets	(25,888)	(3,814)
Interest received	2,119	100
<b>Net cash used in investing activities</b>	<b>(23,769)</b>	<b>(3,714)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>203,649</b>	<b>(39,016)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,013,780</b>	<b>1,052,796</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,217,429</b>	<b>1,013,780</b>

The notes on pages 13 to 21 form part of the financial statements.

# Notes to the financial statements

## 1. General information

Healthworks Newcastle (the Charity) is a private company limited by guarantee registered in England and Wales (02952583) and a registered charity in England and Wales (1040370). The address of the registered office is Health Resource Centre, Adelaide Terrace, Newcastle upon Tyne, NE4 8BE.

## 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland), Charities SORP (Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland), and the Charities Act 2011.

## 3. Accounting policies

### a) Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling which is the functional currency of the Charity.

### b) Going concern

The Trustees consider the Charity to be well placed to manage its financing and other operational risks satisfactorily. The Trustees also have a reasonable expectation that the Charity will have adequate resources to continue in operation for the foreseeable future and meet its liabilities as they fall due. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed reasonable under the circumstances. There are no key sources of estimation uncertainty to report that have a significant risk of causing a material adjustment to the financial statements.

### d) Income

All income is derived from services and activities carried out in the UK. All income is recognised when the Charity has entitlement to the funds and any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether capital or revenue grants, is recognised in line with expenditure incurred towards meeting the conditions attached to the grant. Any remaining income is recognised when the Charity has fully met the conditions attached to the grant.

Income received in advance of the provision of a specified service is deferred until the criteria for the income recognition is met. For example, contracts for services that are paid quarterly in advance.

### e) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

Expenditure is classified under the following activity headings:

- Expenditure on the costs of generating funds include the costs of generating voluntary income and the costs of generating other trading income. The costs of generating voluntary income include fundraising activities.

The costs of generating other trading income include the costs attributable to activities such as the operation of the Lemington Centre Pre-School, the running of the gyms and fitness classes, and the rental of premises to tenants.

- Expenditure on charitable activities includes the costs of providing the various activities undertaken to further the purposes of the Charity together with their support costs.
- Irrecoverable VAT is charged against the activity for which the expenditure was incurred.

#### **f) Tangible assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:

- Long leasehold property: in accordance with terms of the lease
- Plant and machinery: 10 years straight line
- Fixtures and fittings: 10 years straight line
- Computer equipment: 5 years straight line

#### **g) Taxation**

The Charity is exempt from Corporation Tax because all of its profits from trading arise through primary purpose trading.

#### **h) Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees to further any of the Charity's purposes.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds. The Charity does not hold any restricted funds.

#### **i) Voluntary assistance**

Time is expended on the Charity's activities and governance which is donated free of charge. It is impractical to quantify the value of the time given, and accordingly it is neither recorded as donated income nor as an expense in the financial statements.

#### **j) Creditors and provisions**

Creditors and 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.

#### **k) Debtors**

Trade and other debtors are recognised at the settlement amount due after and trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

#### **l) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

## **4. Limited by guarantee**

The Charity is a company limited by guarantee and accordingly does not have a share capital.

Each Trustee of the Charity undertakes to contribute such amount as may be required (not exceeding £10) to the Charity's assets in the event of it being wound up. This undertaking is in place while they are a Trustee of the Charity or within one year after they cease to be Trustee of the Charity.

## 5. Reclassification of prior year comparatives

The prior year comparatives in the Statement of Financial Activities have been reclassified (previously: Core Activities, Physical Activities, Health Improvement, Health Promotion, and Children & Young People).

This reclassification has been made to align the charity's statutory reporting with its internal reporting, which presents more useful information to the reader of the accounts. In particular, support costs are now disclosed according to their category (previously: Management, and Governance costs).

## 6. Income

	Public sector contracts	Public sector grants	Other	2023 £	2022 £
<b>Voluntary income</b>					
Donations and gifts	-	-	(533)	(533)	(30,603)
Grants	-	(746)	(56,479)	(57,225)	(55,056)
<b>Other trading activities</b>					
The Lemington Centre Pre-School	-	-	(141,092)	(141,092)	(117,546)
Gym and class admission	-	-	(45,163)	(45,163)	(27,894)
Rental of premises	-	-	(86,987)	(86,987)	(101,353)
Other trading income	-	-	(22,617)	(22,617)	(26,288)
Investment and interest income	-	-	(2,119)	(2,119)	(100)
<b>Income from charitable activities</b>					
Health Improvement	(857,577)	(51,923)	(52,609)	(962,109)	(771,755)
Health Promotion	(169,000)	(204,712)	(124,508)	(498,220)	(443,910)
ZoneWorks	(92,500)	-	(207,230)	(299,730)	(89,957)
Other income	-	-	(32,649)	(32,649)	(17,254)
<b>TOTAL INCOME</b>	<b>(1,119,077)</b>	<b>(257,381)</b>	<b>(771,986)</b>	<b>(2,148,444)</b>	<b>(1,681,716)</b>

The income above relates to 15 public sector contracts and 6 public sector grants.

The prior year comparator is £589,554 from 6 public sector contracts and £204,853 from 5 public sector grants.



## 7. Expenditure

	Direct cost of activities	Allocation of support costs	2023 £	2022 £
<b>Costs of generating voluntary income</b>				
Donations and gifts	-	8,306	8,306	11,192
Grants	-	20,370	20,370	20,133
<b>Costs of generating trading income</b>				
The Lemington Centre Pre-School	147,154	55,885	203,039	176,486
Gym and class admission	35,212	17,533	52,745	79,153
Rental of premises	-	30,964	30,964	37,064
Other trading income	2,580	11,601	14,181	15,368
<b>Charitable activities</b>				
Health Improvement	445,008	390,304	835,312	743,825
Health Promotion	352,411	216,349	568,760	514,414
ZoneWorks	273,825	106,746	380,571	111,656
<b>TOTAL EXPENDITURE</b>	<b>1,256,190</b>	<b>858,058</b>	<b>2,114,248</b>	<b>1,709,291</b>

None of the expenditure in the current year relates to grant funding of activities.

## 8. Support costs (reclassified)

2023 £	Directorate	Administration	Estate	Resources	Communications	Human Resources	Digital	Insurance and finances	Governance	TOTAL
<b>Costs of generating voluntary income</b>										
Donations and gifts	35	37	50	8	8	13	8	8,146	1	<b>8,306</b>
Grants	3,721	4,022	5,405	895	813	1,411	850	3,158	95	<b>20,370</b>
<b>Costs of generating trading income</b>										
The Lemington Centre Pre-School	14,331	9,917	13,690	2,349	2,004	3,478	2,095	7,787	234	<b>55,885</b>
Gym and class admission	2,937	3,174	5,719	706	641	1,113	670	2,498	75	<b>17,533</b>
Rental of premises	5,656	6,114	8,218	1,360	1,235	2,145	1,291	4,801	144	<b>30,964</b>
Other trading income	5,021	1,590	2,136	354	321	558	336	1,248	37	<b>11,601</b>
<b>Charitable activities</b>										
Health Improvement	87,732	90,280	90,892	15,043	13,662	23,720	14,284	53,098	1,593	<b>390,304</b>
Health Promotion	70,546	35,019	47,068	7,790	7,075	13,133	7,397	27,496	825	<b>216,349</b>
ZoneWorks	19,489	21,068	28,317	4,686	4,256	7,389	4,450	16,595	496	<b>106,746</b>
<b>TOTAL SUPPORT COSTS</b>	<b>209,468</b>	<b>171,221</b>	<b>201,495</b>	<b>33,191</b>	<b>30,015</b>	<b>52,960</b>	<b>31,381</b>	<b>124,827</b>	<b>3,500</b>	<b>858,058</b>

  

2022 £	Directorate	Administration	Estate	Resources	Communications	Human Resources	Digital	Insurance and finances	Governance	TOTAL
<b>Costs of generating voluntary income</b>										
Donations and gifts	5,654	1,866	1,592	362	503	90	611	452	62	<b>11,192</b>
Grants	10,170	3,356	2,863	652	905	163	1,099	813	112	<b>20,133</b>
<b>Costs of generating trading income</b>										
The Lemington Centre Pre-School	21,714	7,165	6,112	1,392	1,933	347	2,347	1,736	240	<b>42,986</b>
Gym and class admission	5,153	1,700	1,450	330	459	82	557	412	57	<b>10,200</b>
Rental of premises	18,723	6,178	5,270	1,200	1,667	299	2,024	1,497	207	<b>37,065</b>
Other trading income	4,856	1,602	1,367	311	432	78	525	388	54	<b>9,613</b>
<b>Charitable activities</b>										
Health Improvement	142,564	47,042	40,130	9,140	12,692	2,279	15,410	11,395	1,574	<b>282,226</b>
Health Promotion	82,002	27,058	23,083	5,257	7,301	1,311	8,864	6,554	906	<b>162,336</b>
ZoneWorks	16,617	5,483	4,678	1,065	1,479	266	1,796	1,328	183	<b>32,895</b>
<b>TOTAL SUPPORT COSTS</b>	<b>307,453</b>	<b>101,450</b>	<b>86,545</b>	<b>19,709</b>	<b>27,371</b>	<b>4,915</b>	<b>33,233</b>	<b>24,575</b>	<b>3,395</b>	<b>608,646</b>

Each category of support cost is first allocated to the line of activity it directly supports, and then the residual is split across the lines of activity based on the apportionment method employed by the entity. The apportionment method for each category of support cost is the percentage of income associated with each line of activity. This method has created an immaterial difference to the prior year disclosure of £600,084: the £8,562 has been reclassified as direct cost. In addition, the prior year comparator of support costs cannot be reliably disaggregated into categories of support costs and management judgement has been applied to provide comparator figures. As such caution should be used when comparing between periods.

## 9. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	Direct cost	Support cost	2023 £	2022 £
Gross wages and salaries	1,034,630	517,904	1,552,534	1,296,479
Employers national insurance	77,912	44,082	121,994	89,564
Employers pension	20,184	11,719	31,903	24,866
<b>TOTAL STAFF COSTS</b>	<b>1,132,726</b>	<b>573,705</b>	<b>1,706,431</b>	<b>1,410,909</b>

The average monthly number of employees during the year was as follows:

	Direct staff	Support staff	2023	2022
Health Improvement	20	1	21	21
Health Promotion	18	2	20	20
ZoneWorks	10	0	10	8
Other	7	22	29	35
<b>TOTAL EMPLOYEES</b>	<b>55</b>	<b>25</b>	<b>80</b>	<b>84</b>

No employee received employee benefits of more than £60,000 during the year (2022: nil).

The Memorandum of Association prohibits the Trustees from receiving a salary or any other financial benefit from their role. There were no Trustees' remuneration, other benefits, or expenses paid for the year ended 31 March 2023 (2022: nil).

The Key Management Personnel of the charity comprises the Trustees and the Executive Team (being the CEO, the Deputy CEO, the Director of Health Promotion, the Director of Operations, and the Director of Finance and Business Development). The total employee benefits of the Executive Team were £230,451 (2022: £203,050).

## 10. Net (income) / expenditure

Net (income) / expenditure is stated after charging:

	2023 £	2022 £
<i>Auditor's remuneration comprising:</i>		
Audit of the financial statements	3,500	3,500
Other accounting services	-	1,000
Depreciation and impairment	55,176	41,880
Operating lease of plant and machinery	4,554	6,526
Receipts under the Coronavirus Job Retention Scheme	-	(10,969)

## 11. Tangible fixed assets

	Long Leasehold	Plant & Machinery	Fixtures & Fittings	Computer Equipment	Total
<b>Cost</b>					
At 1 April 2022	1,529,693	31,122	185,132	266,502	2,012,449
Additions	-	9,211	8,589	8,088	25,888
Disposals	-	(33,753)	(122,636)	(220,844)	(377,233)
Reclassification	-	40,082	(38,829)	(1,253)	-
<b>At 31 March 2023</b>	<b>1,529,693</b>	<b>46,662</b>	<b>32,256</b>	<b>52,493</b>	<b>1,661,104</b>
<b>Depreciation</b>					
At 1 April 2022	(313,969)	(31,122)	(157,643)	(235,756)	(738,490)
Charge for the year	(32,211)	(5,763)	(3,522)	(12,138)	(53,634)
Impairment	-	-	-	(1,542)	(1,542)
Disposals	-	33,753	122,636	220,844	377,233
Reclassification	-	(19,510)	20,475	(965)	-
<b>At 31 March 2023</b>	<b>(346,180)</b>	<b>(22,642)</b>	<b>(18,054)</b>	<b>(29,557)</b>	<b>(416,433)</b>
<b>Carrying amount</b>					
<b>At 31 March 2023</b>	<b>1,183,513</b>	<b>24,020</b>	<b>14,202</b>	<b>22,936</b>	<b>1,244,671</b>
At 31 March 2022	1,215,724	-	27,489	30,746	1,273,959

All tangible fixed assets are held for the purposes of the charity. The accounting policy for depreciation has been changed with effect from 1 April 2022: plant and machinery are now depreciated over 10 years as opposed to 5. This change has been made to better reflect the useful economic life of this asset class. The impact on the depreciation charge for the year is a reduction of £4,044.

The Health Resource Centre has a legal charge on its premises between the Charity, Newcastle City Council, and the Secretary of State for Health. This legal charge places an obligation to the Charity to return grant funding to Newcastle City Council and the Secretary of State for Health in the event that the Health Resource Centre is no longer to be used for the furtherance of the charitable objectives as set out in the Charity's governing documents.

The amount of grant funding to be returned in this event is £1,255,000

## 12. Debtors

	2023 £	2022 £
Trade debtors	26,069	83,322
Other debtors	9	28,144
Prepayments and accrued income	81,305	28,242
	<b>107,383</b>	<b>139,708</b>

### 13. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	(12,733)	(41,811)
Other creditors	(43,604)	(6,282)
Accruals and deferred income	(396,183)	(313,290)
Amounts due to HMRC & pension provider in respect of payroll	(30,755)	(23,583)
Amounts due to HMRC in respect of VAT	(49,955)	(40,424)
	<b>(533,230)</b>	<b>(425,390)</b>

Included within creditors is an amount of £326,075 (2022: £268,056) related to deferred grant where funding has been received and not all conditions have been met. The full amount of £268,056 has been released to the SOFA from the previous accounting period and grant income totalling £326,075 has been deferred at the end of the current accounting period.

### 14. Pensions and other post-retirement benefits

The Charity offers a defined contribution pension scheme to all employees. It has never offered a defined benefit pension scheme. As such, there is no ongoing obligation beyond the amount recognised in the SOFA as an expense for employer contributions to the scheme of £31,903 (2022: £24,866). Further details of the scheme offered are available at <https://thepeoplespension.co.uk/>

## 15. Analysis of charitable funds

	At 1 April 2022	Income	Expenditure	Transfers	At 31 March 2023
<b>Unrestricted funds</b>					
General funds	2,002,057	2,148,444	(2,114,248)	-	2,036,253
<b>Restricted funds</b>	-	-	-	-	-
	At 1 April 2021	Income	Expenditure	Transfers	At 31 March 2022
<b>Unrestricted funds</b>					
General funds	731,812	1,681,716	(1,699,151)	1,287,680	2,002,057
<b>Restricted funds</b>					
Capital Health Resource Centre	1,010,859	-	(10,140)	(1,000,719)	-
Sure Start Refurbishment	265,727	-	-	(265,727)	-
TLC Playgroup	21,234	-	-	(21,234)	-
	<b>1,297,820</b>	<b>-</b>	<b>(10,140)</b>	<b>(1,287,680)</b>	<b>-</b>

## 16. Related parties

Healthworks uses Cheviot Insurance Services Ltd (#09303679) as an insurance broker. Mr Joel Hanoch Marks is both a person with significant control of that entity and a Trustee of Healthworks.

Healthworks reviews its insurance requirements annually and Mr Marks was not involved in the decision to renew the relationship with Cheviot, nor in the subsequent selection of which insurance product is purchased through Cheviot.

Healthworks has agreed to pay Aviva plc £10,959 for commercial insurance for the year ended February 2024 (2022: £12,515). This agreement was brokered by Cheviot. The amount still payable to Aviva plc at the reporting date was £9,133 (2022: £9,066).

There were no other related party transactions during the year ended 31 March 2023 to report.

[www.healthworksnewcastle.org.uk](http://www.healthworksnewcastle.org.uk)