

*Clonky Lorna*

Charity Registration No. 514733

Company Registration No. 1781525 (England and Wales)

**DISABILITY NORTH**  
**EXECUTIVE COMMITTEE REPORT AND GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2005**



## **DISABILITY NORTH**

### **LEGAL AND ADMINISTRATIVE INFORMATION**

**Executive Committee**

A Scott  
R Abrahams  
R C Spoor OBE  
M Taylor  
J Nicklin  
M Macourt  
S Wheatley  
C Lossing – Rangecroft  
R M Kalbag  
A Blackburn  
S Knox  
T Williams  
S Taylor  
J T Pye  
D W Jenkins

**Secretary**

S Cooke

**Charity number**

514733

**Company number**

1781525

**Principal address and  
Registered office**

The Dene Centre  
Castle Farm Road  
Newcastle upon Tyne  
NE3 1PH

**Auditors**

Ryecroft Glenton  
32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

**Bankers**

Lloyds TSB Bank plc  
High Street, Gosforth  
Newcastle upon Tyne  
NE3 1JQ

**Solicitors**

Watson Burton LLP  
1 St James Gate  
Newcastle upon Tyne  
NE99 1YQ

**Investment advisors**

Wise Speke  
39 Pilgrim Street  
Newcastle upon Tyne  
NE1 6RQ

**DISABILITY NORTH**  
**EXECUTIVE COMMITTEE REPORT AND GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2005**

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## DISABILITY NORTH

### EXECUTIVE COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2005

The Executive Committee present their report and financial statements for the group for the year ended 31 March 2005. *The group comprises the charitable company Disability North and two trading subsidiaries to which various activities of Disability North were transferred during the year. Further information in respect of these subsidiaries can be found in note 11 to the financial statements.*

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

#### Objects of the charitable company

The charitable company is limited by guarantee. The charitable company's objects are:-

- (i) To promote the relief of disabled people and their inclusion within society, in the geographical area covered by the City of Newcastle upon Tyne, the Counties of Cumbria, Durham, Northumberland, Tyne and Wear and areas adjacent thereto.
- (ii) To support disabled people by addressing the disadvantage or restriction of activity they experience as a result of social attitudes and environmental barriers.
- (iii) To promote and support research of social welfare issues related to disability and to publish the results of such research.

#### Review of Activities

A full and objective review and clarification of the values and mission of Disability North was conducted in July 2004 and the development of resources and services in pursuance of the mission continued throughout the financial year. The Executive Committee is ultimately responsible for the activities of the organisation and the Executive Committee Finance & General Purposes Sub-Group facilitates the greater involvement of individual Executive Committee members.

The Executive Committee are of the opinion that the charitable company's assets are at all times sufficient to cover the obligations of the Charity.

#### Quality:

The achievement and maintenance of recognised standards of quality and excellence in all areas of activity remains a major priority. The requirements of the Investors in People and Legal Services Quality Mark have accordingly continued to be met, with successful audits of both being conducted during the year. In addition, training courses are designed to attract appropriate accreditation.

#### Information & Advice and Independent Living Services:

These represent the original services of Disability North. The services are funded by the statutory sector, supplemented by income generated by Disability North's fundraising activities. The services have established a reputation for excellence over twenty years and the potential demand far exceeds current capacity. The future funding strategy for these services is regarded as being central to Disability North's development. A number of development options are being pursued, including partnership/sponsorship arrangements with commercial equipment supply companies to generate additional income.

## **DISABILITY NORTH**

### **EXECUTIVE COMMITTEE REPORT - CONTINUED FOR THE YEAR ENDED 31 MARCH 2005**

#### **Disability North Events (DNE):**

Disability North's Events role is to raise the organisation's profile, further its mission and generate unrestricted funds. The range of conferences and events is continuously developed to reflect relevant issues and opportunities. Conferences held during the year included: 'Disability Issues in Employment', held at Jury's Inn, Newcastle, in April 2004 along with a number of training and 'Essence of Care' events for Newcastle PCT. A number of smaller training events/conferences were also held in London, Bournemouth, Birmingham and Liverpool. The main event, as always, was the annual Disability North Exhibition (DNEX), which again exceeded all previous attendance figures. DNEX 2006 is to be held at the Newcastle Metro Arena, which reflects the increased interest and success of the event. Following advice taken on the issue of corporation tax and trading Disability North Events was set up as a new, wholly owned trading arm of Disability North from 1<sup>st</sup> January 2005.

#### **Training and Audit (Disability North Direct (DND)):**

The team delivers disability equality and related training, and an access audit and consultancy service, to the statutory, voluntary and commercial sectors. The Community Fund provided part funding to 31<sup>st</sup> July 2004, with the remainder being generated by commercial revenue. In anticipation of there being a robust response from the private sector to the implementation of the Disability Discrimination Act in October 2004, Training and Audit became a new, wholly-owned trading arm of Disability North (Disability North Direct) with effect from 1<sup>st</sup> January 2005. Commercial demand for the service has unfortunately not been as strong as projected, with reaction to the implementation of the Disability Discrimination Act in October 2004 being very muted. This has necessitated a downsizing of DND in order to achieve financial stability.

#### **Direct Payments Project:**

This project is funded wholly by Newcastle City Council Social Services Department to promote and support the uptake of Direct Payments by residents of the City. The project has continued to incur staff sickness issues and these are being resolved in consultation with the City Council. Due to the hard work and commitment of the team, all the main project targets have been met and the funding is now going to be covered by a three-year renewable Service Level Agreement. A new post designated to work with disabled children and their families has recently been approved. This will be implemented in Autumn/Winter 2005.

#### **Department of Health Direct Payments:**

This project is funded by the Department of Health to address the barriers to the uptake of Direct Payments by older people, people with mental health issues and people with learning disabilities. The work is being conducted in partnership with Skills for People, Age Concern Newcastle and Mental Health Concern and whilst the funding is specifically to cover Newcastle, the findings may have relevance to other localities. The project was completed on 31<sup>st</sup> March 2005, with the final report due by end May 2005.

#### **Newcastle Special Needs Network:**

The Network was established in 2000 to provide advice and support to the parents, carers and families of children with learning disabilities in Newcastle. The Community Fund substantially funds the service, with small contributions coming from special events. The Network has successfully met or exceeded all its targets. A main focus for 2005/2006 will be the strategic development of the service post 2006, when the current funding ends. The network also won the Regional Lottery Award 2005 as voted for by the public, which is a great achievement for the project as it is public recognition for hard work of the staff and parents.

## DISABILITY NORTH

### EXECUTIVE COMMITTEE REPORT - CONTINUED FOR THE YEAR ENDED 31 MARCH 2005

#### **Health Action Zone (HAZ):**

During this, the second year of the three-year HAZ project, all of the Work Plan targets were either met or exceeded. These included the delivery of training to various groups of NHS staff and the conducting of access audits on a number of NHS premises. The work of the Disability Area of Special Action was promoted and a number of disability-related events and seminars were also held, involving NHS staff at all levels. A video and training pack relating to disability equality was also produced.

#### **The Dene Centre:**

The Executive Committee recognises its ongoing commitment to maintain and develop the Dene Centre site. The Centre is now twenty years old and major components such as the heating/ventilation plant, certain electrical equipment and the car park are to be monitored for wear. The building exterior was completely repainted to an appropriate specification in 2004.

Disability North continues to rent space within the Dene Centre to: The Chair Shop, the Newcastle Disability Forum, the Newcastle Parent Partnership, Contact a Family and Whizz Kidz. In addition, retail space is now rented to BCA Direct, an equipment retailer with appropriate ethical credentials with whom Disability North has entered into a trial commercial arrangement.

#### **Strategic Planning:**

A detailed Business/Development Plan is prepared annually and reviewed six monthly by the Executive Committee. This Plan sets strategies and targets for one, three and five years, relating to service development and financial sustainability.

#### **Acknowledgement:**

The Executive Committee wishes to record its gratitude to all those authorities, organisations, bodies and individuals that provide support to Disability North in the furtherance of its mission, including:-

##### **Donations:-**

Mrs L Spence  
Ward Hadaway  
G.W. Stott  
The Dickon Trust  
Joseph Strong Trust  
W.A. Handley Trust  
Tyneside Charitable Trust  
N. Jowett

##### **Sponsorship:-**

One North East  
Browell Smith & Co.  
Freelift  
AquaJoy

## DISABILITY NORTH

### EXECUTIVE COMMITTEE REPORT - CONTINUED FOR THE YEAR ENDED 31 MARCH 2005

#### Executive Committee

The Executive Committee, who are also the directors for the purpose of company law, who served during the year were:

S Skedge	(resigned 26 May 2005)
A Scott	(Temporary Chair / Vice President)
R Abrahams	(Vice Chair)
R C Spoor OBE	(Vice President)
M Taylor	(Vice President)
J Nicklin	(Vice President)
M Macourt	(Vice President)
S Wheatley	
C Lossing – Rangecroft	
S Knox	(Treasurer)
R M Kalbag	(Vice President)
A Blackburn	
S Cooke	(Secretary)
T Williams	
S Taylor	(resigned 9 November 2004)
J T Pye	(appointed 26 October 2004)
D W Jenkins	(appointed 26 October 2004)

None of the Executive Committee has any beneficial interest in the charitable company. All of the Executive Committee are members of the charitable company and guarantee to contribute £1 in the event of a winding up.

Members of the Executive Committee, who must be members of Disability North, are elected by the members in general meeting or appointed by the Executive Committee until the next annual general meeting when the person so appointed is eligible for re-election by the members.

The senior executives of the charitable company attend the meetings of the Executive Committee but are not eligible to vote. The Vice Presidents have no voting rights (voting rights were extended from 21<sup>st</sup> September 2004).

The Executive Committee delegate the day to day running activities of the charitable company to executive directors.

#### Review of financial position

Incoming resources have decreased by £208,386 to £839,579, this decrease being attributable mainly to a decrease in restricted project income. Charitable expenditure has increased by 5 ½% to £1,019,219. Total expenditure including the costs of generating funds amounted to £1,030,404. The total movement in funds, after adjusting for the movement in market value of investments was a decrease of £191,059 and of this, £79,881 is a decrease in the unrestricted funds available for the general purposes of the charitable company.

The audited financial statements show a deficit of net outgoing/ incoming resources of £190,825. This is a measure of cash flow funding and partly reflects restricted income received in previous years now being expended as explained in last year's report. This is in accordance with accounting practice as applied to charities and as explained in note 1 to the financial statements.

**DISABILITY NORTH****EXECUTIVE COMMITTEE REPORT - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2005****Review of financial position - continued**

The charitable company has a written Investment Policy that the Executive Committee regularly reviews. This policy addresses the requirements for financial security and performance as well as compatibility with the ethical objectives of the charitable company.

To reverse the trend of declining funds the Executive Committee in June 2005 took the decision to declare redundancies in management and support services. There will be a reduction of £60,000 in salary costs in 2006/7 with a reduction of £30,000 in the current financial year. The financial implications of the Trading Arms are under continuous review.

**Reserves policy**

The Reserves Policy is formally reviewed and adopted annually and determines the targets necessary for the achievement of appropriate financial underpinning to ensure that the charitable company's statutory financial objections are capable of being met.

**Risk factors**

The Executive Committee has assessed the major risks to which the charitable company is exposed, and are satisfied that systems and controls are in place to mitigate exposure to the major risks. The formal Risk Assessment Policy, which covers every area of activity, is formally reviewed by the Executive Committee every six months.

**Asset cover for funds**

Note 17 sets out an analysis of the assets attributable to the restricted and unrestricted funds and note 16 provides a description of those funds. These assets are sufficient to meet the charitable company's obligations to restricted donors on a fund by fund basis.

**Statement of Executive Committee responsibilities**

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of both the charitable company's and the group's state of affairs at the end of the year and of their income and expenditure for that period.

In preparing those financial statements, the Executive Committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Executive Committee are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

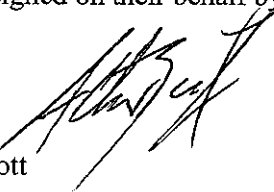


**DISABILITY NORTH****EXECUTIVE COMMITTEE REPORT - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2005****Auditors**

A resolution proposing that Ryecroft Glenton be re-appointed as auditors will be put to the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Approved by the Executive Committee on 25 October 2005  
and signed on their behalf by: -

A Scott  
Chair

A handwritten signature in black ink, appearing to read 'A Scott', is written over the printed name and title.

**DISABILITY NORTH**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF DISABILITY NORTH**

We have audited the group's financial statements of Disability North for the year ended 31 March 2005 set out on pages 9 to 22. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 13 and 14.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Executive Committee and auditors**

As described on page 5, the executive committee, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Executive Committee Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we required for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the executive committee report concerning major risks to which the charitable company is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charitable company's risk management and control procedures.

We read other information contained in the Executive Committee Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Executive Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

**DISABILITY NORTH**  
**INDEPENDENT AUDITORS' REPORT - CONTINUED**  
**TO THE MEMBERS OF DISABILITY NORTH**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 2005 and of the incoming resources and application of resources including income and expenditure of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**RYECROFT GLENTON**  
**Chartered Accountants**  
Registered Auditor

32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

24 November 2005

**DISABILITY NORTH**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	Unrestricted funds £	Restricted funds £	Total 2005 £	Total 2004 £
<b>Incoming resources</b>					
Donations and legacies	2	9,883	30,000	39,883	39,030
Activities in furtherance of the Charitable company's objects	3	469,848	276,442	746,290	944,157
Activities for generating funds	4	34,637	-	34,637	29,409
Investment income	5	11,515	-	11,515	7,540
Other incoming resources	6	7,254	-	7,254	27,829
<b>Total incoming resources</b>		<u>533,137</u>	<u>306,442</u>	<u>839,579</u>	<u>1,047,965</u>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Trading costs	4	1,943	-	1,943	2,259
Fundraising and publicity costs	4	9,242	-	9,242	7,112
		<u>11,185</u>	<u>-</u>	<u>11,185</u>	<u>9,371</u>
<b>Net incoming resources available</b>		<u>521,952</u>	<u>306,442</u>	<u>828,394</u>	<u>1,038,594</u>
<b>Charitable expenditure</b>					
Information and advisory service		76,414	-	76,414	102,062
Independent Living resource		94,644	-	94,644	117,509
Training and audit		93,090	52,745	145,835	171,619
Projects		(1,159)	347,648	346,489	314,476
Exhibitions, courses and conferences		156,853	-	156,853	143,565
Management and administration		198,984	-	198,984	114,900
<b>Total charitable expenditure</b>		<u>618,826</u>	<u>400,393</u>	<u>1,019,219</u>	<u>964,131</u>
<b>Total resources expended</b>	7	<u>630,011</u>	<u>400,393</u>	<u>1,030,404</u>	<u>973,502</u>
<b>Net (outgoing)/incoming resources before Transfers</b>		(96,874)	(93,951)	(190,825)	74,463
Transfers between funds		<u>16,993</u>	<u>(16,993)</u>	<u>-</u>	<u>-</u>
<b>Net (outgoing)/incoming resources</b>		(79,881)	(110,944)	(190,825)	74,463
Losses on investment assets		<u>-</u>	<u>(234)</u>	<u>(234)</u>	<u>(703)</u>
<b>Net movement in funds</b>		(79,881)	(111,178)	(191,059)	73,760
Fund balances at 1 April 2004		<u>160,013</u>	<u>646,922</u>	<u>806,935</u>	<u>733,175</u>
<b>Fund balances at 31 March 2005</b>		<u>80,132</u>	<u>535,744</u>	<u>615,876</u>	<u>806,935</u>

The notes on pages 13 to 22 form part of these financial statements.

**DISABILITY NORTH**  
**SUMMARY CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

	2005 £	2004 £
Total income	839,579	1,047,965
Total expenditure from income funds	<u>1,030,404</u>	<u>973,502</u>
<b>Net (expenditure)/income for the year</b>	<u><b>(190,825)</b></u>	<u><b>74,463</b></u>

The summary income and expenditure account is derived from the statement of financial activities on page 9 which, together with the notes on pages 13 to 22, provides full information on the movements during the year on all funds of the group.

The charitable company has taken advantage of S230 of the Companies Act 1985 not to include a statement of financial activities or an income and expenditure account within these financial statements. The charitable company's net expenditure for the year was £180,343 (2004 net income: £74,463).

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2005 £	2004 £
Net (expenditure)/income for the year	(190,825)	74,463
Unrealised losses on investment assets held by income funds	<u>(234)</u>	<u>(703)</u>
	<u><b>(191,059)</b></u>	<u><b>73,760</b></u>

**DISABILITY NORTH**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2005**

		2005	2004
		£	£
	Notes		
<b>FIXED ASSETS</b>			
Tangible assets	10	429,699	445,550
Investments	11	29,664	29,898
		<u>459,363</u>	<u>475,448</u>
<b>CURRENT ASSETS</b>			
Stocks		1,116	550
Debtors	12	41,624	78,199
Cash at bank and in hand		172,424	330,767
		<u>215,164</u>	<u>409,516</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(58,651)</u>	<u>(78,029)</u>
<b>NET CURRENT ASSETS</b>		<u>156,513</u>	<u>331,487</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>615,876</u></u>	<u><u>806,935</u></u>
<b>INCOME FUNDS</b>			
Restricted funds	16	535,744	646,922
Unrestricted funds		80,132	160,013
		<u><u>615,876</u></u>	<u><u>806,935</u></u>

The financial statements were approved by the Executive Committee on 25 October 2005 and signed on their behalf by: -

  
**A SCOTT**  
 Chair

  
**S KNOX**  
 Treasurer

The notes on pages 13 to 22 form part of these financial statements.

**DISABILITY NORTH**  
**CHARITABLE COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2005**

		2005		2004	
		£	£	£	£
	Notes				
<b>FIXED ASSETS</b>					
Tangible assets	10		429,699		445,550
Investments	11		29,666		29,898
			<u>459,365</u>		<u>475,448</u>
<b>CURRENT ASSETS</b>					
Stocks		1,116		550	
Debtors	12	92,179		78,199	
Cash at bank and in hand		<u>172,424</u>		<u>330,767</u>	
		265,719		409,516	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(98,726)</u>		<u>(78,029)</u>	
<b>NET CURRENT ASSETS</b>			<u>166,993</u>		<u>331,487</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>626,358</u>		<u>806,935</u>
<b>INCOME FUNDS</b>					
Restricted funds	16		535,744		646,922
Unrestricted funds			<u>90,614</u>		<u>160,013</u>
			<u>626,358</u>		<u>806,935</u>

The financial statements were approved by the Executive Committee on 25 October 2005 and signed on their behalf by: -

  
**A SCOTT**  
Chair

  
**S KNOX**  
Treasurer

The notes on pages 13 to 22 form part of these financial statements.

# DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of fixed asset investments. These consolidated financial statements of the charitable company include the financial statements of two active wholly owned subsidiary companies, Disability North Events Limited and Disability North Direct Limited.

The financial statements have been prepared in accordance with the Statement of Recommended Practice; "Accounting and Reporting by Charities" issued in October 2000 and comply with the Companies Act 1985.

#### 1.2 Incoming resources

All grants receivable and other income to fund projects and purchases of fixed assets are recognised when the charitable company is legally entitled to the income and the amounts can be quantified with reasonable accuracy. No incoming resources have been deferred and no incoming resources are net of expenditure.

#### 1.3 Resources expended

Resources expended are recognised in the period in which the expenditure is incurred. Expenditure is allocated to the activity to which it relates. Any costs that cannot be directly allocated to a specific activity are apportioned across the projects and other departments of the charitable company on the basis of estimated staff time.

#### 1.4 Tangible fixed assets and depreciation

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

Leasehold land	over the remaining period of the lease
Leasehold buildings	40 years
Motor vehicles, furniture and equipment	1 to 10 years

#### 1.5 Investments

Fixed asset investments are stated at market value.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Pensions

The charitable company participates in a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company. The scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities within the scheme. Consequently, the charitable company accounts for pensions transactions within this scheme as if it were a defined contribution scheme, in accordance with FRS 17 "Retirement Benefits". Amounts charged in the profit and loss account represent the contributions payable to the scheme in respect of the accounting period.



## DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2005

## 1. ACCOUNTING POLICIES - CONTINUED

## 1.8 Accumulated funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Included within Restricted Funds is a capital fund. This fund includes capital grants received in connection with the leasehold buildings. Each year, an amount is transferred from capital funds to income funds equal to the depreciation charged on long leasehold buildings.

2.	GROUP DONATIONS AND LEGACIES	2005 £	2004 £
	Donations	<u>39,883</u>	<u>39,030</u>
	<b>Unrestricted funds:</b>		
	Charitable Trusts	5,500	35,950
	Businesses and other organisations	1,000	560
	Individuals	<u>3,383</u>	<u>2,520</u>
		<u>9,883</u>	<u>39,030</u>
	<b>Restricted funds:</b>		
	Charitable trust (BCA Direct)	<u>30,000</u>	<u>-</u>

## 3. GROUP ACTIVITIES IN FURTHERANCE OF THE CHARITABLE COMPANY'S OBJECTS

	Unrestricted funds £	Restricted funds £	Total 2005 £	Total 2004 £
Grants receivable for charitable activities	190,335	276,442	466,777	548,274
Exhibitions and courses	176,960	-	176,960	160,403
Rents receivable	22,246	-	22,246	20,920
Training and audit team generated income	68,706	-	68,706	206,760
Direct payments generated income	<u>11,601</u>	<u>-</u>	<u>11,601</u>	<u>7,800</u>
	<u>469,848</u>	<u>276,442</u>	<u>746,290</u>	<u>944,157</u>

## Grants receivable for charitable activities

	2005 £	2004 £
<b>Unrestricted funds:</b>		
The Health Consortium	99,690	99,690
North East Local Authorities	90,645	84,333
Other grants receivable	<u>-</u>	<u>7,888</u>
	<u>190,335</u>	<u>191,911</u>

## DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2005

## 3. GROUP ACTIVITIES IN FURTHERANCE OF THE CHARITABLE COMPANY'S OBJECTS - CONTINUED

	2005 £	2004 £
<b>Restricted funds:</b>		
Newcastle City Council	62,000	61,520
Newcastle Healthy City Project	54,000	31,500
The Big Lottery Fund	85,751	52,774
New Deal	-	110,383
Joseph Rowntree Foundation	1,926	46,968
Department of Health	70,400	33,768
BCA Direct	-	19,450
Other organisations	2,365	-
	<u>276,442</u>	<u>356,363</u>

Training and audit team unrestricted income is self-generated income from access audit and web-audit services provided to organisations.

Rents receivable are obtained from organisations with similar objectives to the charitable company, and from organisations with trading objectives that further the charitable objectives of the charitable company.

## 4. GROUP ACTIVITIES FOR GENERATING FUNDS

	Income £	Expenditure £	2005 £	2004 £
Shop turnover	2,027	(1,943)	84	465
Conference room hire	16,764	(5,541)	11,223	9,562
Fundraising events	15,846	(3,701)	12,145	10,011
	<u>34,637</u>	<u>(11,185)</u>	<u>23,452</u>	<u>20,038</u>

## 5. GROUP INVESTMENT INCOME

	2005 £	2004 £
Income from listed investments	1,779	1,779
Interest receivable	9,736	5,761
	<u>11,515</u>	<u>7,540</u>

## 6. OTHER GROUP INCOMING RESOURCES

	2005 £	2004 £
Other income	<u>7,254</u>	<u>27,829</u>

## DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2005

## 7. TOTAL GROUP RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total 2005 £	Total 2004 £
<b>Costs of generating funds:</b>					
Trading costs	-	-	1,943	1,943	2,259
Fundraising and publicity	-	-	9,242	9,242	7,112
	<u>-</u>	<u>-</u>	<u>11,185</u>	<u>11,185</u>	<u>9,371</u>
<b>Charitable expenditure:</b>					
Information and advisory	64,407	3,982	8,025	76,414	102,062
Independent Living resource	55,236	11,320	28,088	94,644	117,509
Training and audit	110,262	2,474	33,099	145,835	171,619
Projects	159,911	2,308	184,270	346,489	314,476
Exhibitions, courses and conferences	51,903	1,959	102,991	156,853	143,565
Management and administration	165,026	3,635	30,323	198,984	114,900
	<u>606,745</u>	<u>25,678</u>	<u>386,796</u>	<u>1,019,219</u>	<u>964,131</u>
	<u>606,745</u>	<u>25,678</u>	<u>397,981</u>	<u>1,030,404</u>	<u>973,502</u>

## Management and administration expenditure

2005

£

## Other costs comprise:

Advertising and marketing	4,053
Auditors' fees – audit and accounts preparation	7,354
Auditors' fees – tax and other advice	800
Accountancy	4,770
Bank charges and interest	1,472
Entertainment	989
Conference room hire	1,652
Heating and lighting	5,849
Insurances	10,377
Legal and professional fees	9,996
Additional pension contributions	8,001
Printing, postage and stationery	14,413
Rates and water	1,767
Recruitment expenses	3,241
Repairs and maintenance	28,706
Subscriptions	3,511
Sundries and cleaning	9,656
Telephone	6,104
Training	2,670
Travel expenses	7,784
Loss on disposal of fixed assets	525
Allocated to exhibitions, courses and conferences	(10,755)
Allocated to charitable activities	(92,612)

Total management and administration

30,323

## DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2005

## 8. EXECUTIVE COMMITTEE

None of the Executive Committee (or any persons connected with them) received any remuneration for their services as directors during the year, however, 4 of them were reimbursed a total of £621 travelling expenses during the year (2004 – 3 were reimbursed £1,459).

Mr S. Knox, Treasurer, received payments from the charitable company of £3,570 for accountancy services. Payments to directors, for services are authorised in the memorandum of Association of the Charitable Company.

The charitable company has purchased annual insurance to protect itself and its Executive Committee from loss arising from the neglect or default of its Executive Committee, employees and agents. The cost of this insurance to the charitable company is £1,071 (2004: £1,443)

## 9. GROUP EMPLOYEES

	Full-time equivalents	
	2005	2004
<b>Number of employees</b>		
The average monthly number of employees during the year was:		
Direct charitable services	16	18
Fund raising and publicity	3	3
Management and administration of the charitable company	7	6
	<u>26</u>	<u>27</u>
<b>Employment costs</b>		
	2005	2004
	£	£
Wages and salaries	523,522	559,283
Social security costs	39,422	35,029
Other pension costs	43,801	46,193
	<u>606,745</u>	<u>640,505</u>

There were no employees whose annual emoluments were £50,000 or more.

## DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2005

10.	TANGIBLE FIXED ASSETS	Long leasehold land £	Long leasehold buildings £	Motor vehicles, furniture & equipment £	Total £
	<b>Group and charitable company</b>				
	<b>Cost</b>				
	At 1 April 2004	50,847	687,335	149,216	887,398
	Additions	-	-	11,752	11,752
	Disposals	-	-	(8,552)	(8,552)
		<hr/>	<hr/>	<hr/>	<hr/>
	At 31 March 2005	50,847	687,335	152,416	890,598
		<hr/>	<hr/>	<hr/>	<hr/>
	<b>Depreciation</b>				
	At 1 April 2004	-	332,482	109,366	441,848
	Charge for the year	484	17,743	7,451	25,678
	On disposals	-	-	(6,627)	(6,627)
		<hr/>	<hr/>	<hr/>	<hr/>
	At 31 March 2005	484	350,225	110,190	460,899
		<hr/>	<hr/>	<hr/>	<hr/>
	<b>Net book value</b>				
	At 31 March 2005	<u>50,363</u>	<u>337,110</u>	<u>42,226</u>	<u>429,699</u>
	At 31 March 2004	<u>50,847</u>	<u>354,853</u>	<u>39,850</u>	<u>445,550</u>

All tangible fixed assets are held for direct charitable purposes. Parts of the building are let to organisations with related objectives.

11.	FIXED ASSET INVESTMENTS	Cost £	Market value £
	UK Managed Bond		
	At 1 April 2004	24,442	29,898
	Change in value in the year	-	(234)
		<hr/>	<hr/>
	<b>At 31 March 2005 - Group</b>	<u>24,442</u>	<u>29,664</u>
	Addition - Investment in subsidiary companies	2	2
		<hr/>	<hr/>
	<b>At 31 March 2005 - Company</b>	<u>24,444</u>	<u>29,666</u>

**DISABILITY NORTH**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED 31 MARCH 2005**

**11. FIXED ASSET INVESTMENTS - continued**

Subsidiary undertakings	Country of registration or incorporation	Shares held	
		Class	%
Disability North Events Limited	England and Wales	Ordinary	100
Disability North Direct Limited	England and Wales	Ordinary	100

Disability North Events Limited provides an annual exhibition event.

Disability North Direct Limited provides training and access auditing services.

Both companies commenced trading on 4 January 2005.

The results for the three months and summary of assets and liabilities of these companies as at 31 March 2005 are as follows:-

	Disability North Events Limited 2005 £	Disability North Direct Limited 2005 £
Turnover	42,830	14,236
Cost of sales	(21,106)	(1,071)
Administrative expenses	(15,588)	(31,838)
Other income	2,054	-
	<hr/>	<hr/>
Profit/ (loss) on ordinary activities before donation to charitable company	<u>8,190</u>	<u>(18,673)</u>
Total assets	36,613	2,438
Total liabilities	(28,423)	(21,111)
	<hr/>	<hr/>
Shareholder's funds	<u>8,190</u>	<u>(18,673)</u>

# **DISABILITY NORTH**

## **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED 31 MARCH 2005**

### **12. DEBTORS**

	Group 2005 £	Charitable Company 2005 £	Group 2004 £	Charitable Company 2004 £
Trade debtors	26,594	15,095	-	-
Other debtors	1,560	1,560	41,110	41,110
Prepayments and accrued income	13,470	75,524	37,089	37,089
	<u>41,624</u>	<u>92,179</u>	<u>78,199</u>	<u>78,199</u>

### **13. CREDITORS: Amounts falling due within one year**

	Group 2005 £	Charitable Company 2005 £	Group 2004 £	Charitable Company 2004 £
Trade creditors	20,639	16,658	22,652	22,652
Owed to group undertakings	-	27,555	-	-
Taxes and social security costs	17,178	12,178	16,744	16,744
Accruals	12,669	34,170	38,633	38,633
Other creditors	8,165	8,165	-	-
	<u>58,651</u>	<u>98,726</u>	<u>78,029</u>	<u>78,029</u>

### **14. PENSION COSTS**

#### **Defined benefit scheme**

The charitable company's employees belong to a Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The agreed contribution rates for future years are 9% plus £7,392 for employers and 4% for employees. The pensions cost is assessed in accordance with the advice of a qualified actuary.

The most recent valuation was at 31 March 2004 and showed it to be in deficit. Disability North is required to make contributions to the deficiency over 13 years from 1 April 2004. The next three years deficiency payments, which are in addition to the normal pensions cost, will be 2005/06: £8,105, 2006/07: £19,971 and 2007/08: £31,837.

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the LGPS is a multi employer pension scheme. The charitable company is not able to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charitable company has taken advantage of the exemption provided by FRS 17 and upon full adoption of the accounting standard will account for its contributions to the scheme as if it were a defined contribution scheme.

The defined benefits scheme was closed to new entrants on 1 April 2004. A money purchase stakeholder pension scheme is offered to new employees. The group made no contributions to this scheme during the year.

# DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2005

### 15. SHARE CAPITAL

The charitable company is a company limited by guarantee and not having a share capital. In the event of the company being wound up, members may be required to contribute an amount not exceeding £1.

### 16. RESTRICTED FUNDS

The funds of the charitable company include restricted funds comprising the following unexpended balances of donations and grants held for specific purposes:

	Balance at 1 April 2004 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2005 £
Training and Audit Team	16,148	36,597	52,745	-	-
Disability Equality Training Project	86,806	-	86,806	-	-
Direct Payments North	6,726	70,400	77,126	-	-
Direct Payments	2,822	63,926	57,078	-	9,670
YPDW	19,729	-	110	-	19,619
Newcastle Special Needs Network	12,775	67,269	60,883	-	19,161
Health Action Zone	12,584	35,250	32,646	-	15,188
BCA Direct	-	30,000	30,000	-	-
Other restricted funds	2,644	3,000	2,999	-	2,645
Capital assets	486,688	-	234	16,993	469,461
	<u>646,922</u>	<u>306,442</u>	<u>400,627</u>	<u>16,993</u>	<u>535,744</u>

The Training and Audit Team provides accessibility training and audit services to the voluntary and commercial sectors. Restricted grants are received to allow the team to provide reduced or nil cost services to certain sectors. Included within restricted grants is £20,847 from the Big Lottery Fund.

The Disability Equality Training Project is designed to deliver disability access and awareness training to the West End of Newcastle. The project was completed during the year; £54,686 of the total resources expended represents overpayments and unspent funds that were returned to the fund provider during the year.

Direct Payments North was a project funded by the Joseph Rowntree Foundation to conduct research into the uptake of Direct Payments in the North of England. The project is now closed.

Direct Payments is to promote and support the uptake of Direct Payments in Newcastle.



# DISABILITY NORTH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2005

### 16. RESTRICTED FUNDS - Continued

YPDW is designed to support young people in seeking development opportunities.

The Newcastle Special Needs Network provides advice and support to parents and families of disabled children. Income of £64,904 has been received from the Big Lottery Fund.

The Health Action Zone is a project funded by the Newcastle Primary Care Trust to tackle the barriers to making health service provision accessible for disabled people.

BCA Direct is a well-respected, medical appliance contractor, who genuinely believes that the patient should come before maximising profits. Their initial business is the supply of stoma and continence goods on prescription. They have a significant share of the marketplace and produces profits, which are donated to the NHS and related charitable associations. BCA's ethos of non-profit and people first, allows them to make such donations.

The Capital Fund was established on the acquisition of the Dene Centre building. Amounts are transferred to the income fund on an annual basis to match the rates at which the related assets are depreciated.

17	ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	Unrestricted funds £	Restricted funds £	Total £
	Fund balances at 31 March 2005 are represented by:			
	Tangible fixed assets	40,992	388,707	429,699
	Investments	2	29,662	29,664
	Current assets	97,789	117,375	215,164
	Creditors: amounts falling due within one year	(58,651)	-	(58,651)
		<u>80,132</u>	<u>535,744</u>	<u>615,876</u>

### 18. CONTINGENT LIABILITIES

The charitable company occupies the land and buildings at the Dene Centre under a 125 year lease from Newcastle City Council. In the event of the charitable company materially changing the Dene Centre's use or transferring the site then a sum of money is payable to Newcastle City Council based upon the value of the land in the lease for the remainder of the term. The Executive Committee have no plans which would result in any such sum of money becoming payable to Newcastle City Council.