

Charity Registration No. 1180693

Company Registration No. 11568263 (England and Wales)

INSPIRE NORTH

**CHAIR'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020**

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INSPIRE NORTH

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INSPIRE NORTH

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Management Committee

Chair

Claire Vilarrubi

Other Trustees:

Christopher Welch – Independent Trustee – Foundation
Damian Pocknell – Inspire North Group Trustee (Vice Chair)

Philip Turnpenny – Inspire North Group Trustee

Richard Parry – Inspire North Group Trustee

Cornelle Parker – Inspire North Group Trustee

David Strachan – Inspire North Group Trustee

Cielo Cartwright – Inspire North Group Trustee (resigned 27th March 2020)

Mark Simpson – Inspire North Group Trustee (resigned 1st April 2019)

Executive Officers

Chief Executive

Ruth Kettle

Director of Group Operations

Faye Oldroyd (appointed 16/09/2019)

Director of Operations (Housing)

Viki Whelan (resigned 13/9/2019);

Director of Development and Innovation

Paul Hardman (resigned 12/4/2019); Sinead Cregan (appointed 08/7/2019)

Director of Finance and Corporate Services

Caroline Watson

Director of People and Culture

Donna Gooby

Company Secretary & Registered Office

Ruth Kettle

3 Limewood Way

Seacroft

Leeds

West Yorkshire

LS14 1AB

Registration Numbers

Registered Company No.

11568263

Registered Charity No.

1180693

Auditor

RSM UK Audit LLP

Chartered Accountants

Central Square

5th Floor

29 Wellington Street

Leeds

LS1 4DL

INSPIRE NORTH

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Principal Bankers

Santander
Bridle Road
Bootle
Merseyside
L30 4GB

Principal Solicitors

Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

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CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Having been Chair of the Inspire North Group since its establishment, it gives me pleasure to present a review of Inspire North's first full financial year (the 2019 to 2020 period).

Formed as part of the merger of Foundation and Community Links (Northern) Ltd, Inspire North is the parent company of these two charities and their subsidiary organisations. The benefits of the merger have begun to be realised in this period.

Operational direction and management for Foundation and Community Links (Northern) Ltd has been centralised within Inspire North, with the transfer of employment of all Operational Managers across the group and the creation of one Director of Group Operations. Centralised operational direction and management has enabled greater sharing of best practice, expertise and experience, for the benefit of all services and employees within the group. It also offers more flexibility and access to operational resource, supporting business continuity and helping to overcome resource constraints.

In October, our new five-year Inspire North Strategy (2019 to 2024) was launched, which provides strategic direction for the whole group, whilst celebrating the distinct strengths of each of the Company's daughter charities.

Every aspect of Inspire North's work is guided by our group-wide values of People, Integrity, Passion and Collaboration. This is demonstrated by some of our key achievements in the period which include:

Foundation's new Horizons Service commenced in May 2019, commissioned by the Ministry of Justice (MOJ) and Ministry of Housing, Communities and Local Government (MHCLG) as part of the nationwide Offender Accommodation Pilot initiative. Adopting a through the gate approach to support, the service works with men prior to release from prison and supports their transition back into the community, importantly providing a safe and decent place for them to live. The service has afforded Foundation the opportunity to work closely with the MOJ, MHCLG, HMP Leeds, and partner organisations. The excellent results achieved to-date affirm Foundation's commitment to collaboration and passion.

In July 2019, Foundation secured SafeLives Leading Lights Accreditation for its Domestic Abuse Refuge in Redcar. Leading Lights is the mark of quality for domestic abuse services. Assessors reported that we demonstrated excellence across all standards, with particular areas of strength in multi-agency working and active participation within the local community.

Linking Leeds, the new city-wide social prescribing service for Leeds, was launched in September 2019. Bringing together seven organisations from the statutory and third sectors, Community Links leads a consortium of providers to deliver signposting and light-touch mental health and wellbeing support through Primary Care facilities across Leeds. It is Community Links privilege to be leading a diverse partnership, representative of the communities which we serve, to help people to navigate the abundance of activities and support available. The service also enables Community Links to play a role in developing more thriving communities within the City.

Inspire North has secured its first group-wide 2* Best Companies and Investors in People status. Showcasing the group's commitment to its people, these awards are further supported by Foundation becoming a Living Wage Employer, bringing it in line with the rest of the group, and Community Links being given 15th place at the Inclusive Top 50 Companies in the UK awards. These accolades are telling signs that our core values are upheld and lived across the group.

Foundation's wholly owned subsidiary, Foundation Stone Enterprises (Ltd), has undergone a year of review to reflect on achievements to date and establish a roadmap for its future. This has led its Social Lettings Agency, Foundation Living, to come under new management within our Operational Management Team.

Community Links' wholly owned subsidiary, Bridging the Gap PD Services Limited, has the principal activity of providing specialist services to men with personality disorders. During the period the team has been widely recognised for their excellence and innovation in delivery of psychological support for men with specialist needs. In September, the company's Lead Psychologist was invited to speak at a conference in Malta to deliver on masterclass on "assessing trauma in a community forensic setting", and the team have received praised by

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CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

external stakeholders for their excellent work adapting their service to become largely virtual as a result of the COVID-19 pandemic.

The challenges Inspire North has faced as a result of the COVID-19 pandemic have been met with speed, integrity and passion by employees, fellow Trustees, and partners. This not only demonstrates the excellence and flexibility of our services but also evidences the robust governance and excellent support infrastructure provided by Inspire North.

Over the coming months, we expect to be tested further, however, I have every confidence that the group will be able to meet the challenges that arise with the level of passion, innovation and integrity that I have come to expect.

As I look back over the last 12 months and reflect on all that has been accomplished, I would like to take the opportunity to share my thanks. My sincere gratitude goes to our Trustees for their commitment and the time freely given to help make our group a success. Their diverse yet complementary expertise and experience continues to provide the whole Inspire North group with vital specialist advice and strategic governance.

To close, I offer my thanks and admiration to those who enable us to achieve our charitable objectives - our senior leadership team, employees, volunteers, partners, funders and commissioners. During Inspire North's first full financial year since the merger, I have seen our group-wide values come to life. As the true impact of the COVID-19 pandemic is realised over the next year, our work to support people across our communities will be even more critical. I know that all our stakeholders can be relied on to ensure that whole Inspire North group continues to sustainably provide life-changing services across the North of England.

X 
C Vilarrubi

01 October 2020

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee presents its report and the audited financial statements of Inspire North ("the Company") for the year ended 31 March 2020.

Organisational Overview

Incorporation

Inspire North was incorporated on 13 September 2018. Formed to facilitate the coming together of the charity, Community Links (Northern) Limited, and the charity and Registered Social Landlord, Foundation, Inspire North is the parent company of these charities and enables them to share risks and benefits. On 17 October 2018, the charity became the sole member of the following charities/companies:

- Foundation (charity number 515517, company number 01829004, HCA registration 4688)
- Community Links (Northern) Limited (charity number 0514779, company number 01657652)
- Bridging the Gap PD Services Limited (company number 08372806)
- Foundation Stone Enterprises Limited (company number 08895921)

Principle Activities

The Company is governed under its Memorandum and Articles of Association, approved by the Charity Commission and subsequently adopted by the Charity on 17 October 2018. The charitable objects are set out in the Memorandum of Association and remained unchanged throughout the year. The Memorandum and Articles of Association of all companies within the group have been aligned.

The Directors have complied with the duty (set out in Section 4 of the Charities Act 2011) to have due regard to public benefit guidance published by the Charity Commission. The Directors have considered the public benefit delivered by the company and have made the following response:

"Our aim is to provide support and accommodation to people with mental health and other complex problems and to those at risk of homelessness. We have a range of services which focus on recovery and support and work collaboratively with individuals to achieve their goals. We do this by providing support which is appropriate to their needs. Our services value diversity and are non-judgemental."

Inspire North's Vision is "Creating a World Where Everyone Matters" and its Purpose is "Building Brighter Futures". Charities within the group have their own underlying purposes. Foundation provides life-changing housing, support and domestic abuse services across the North of England, working with people who require a helping hand to establish a full and independent life in their local community. Community Links provides life-changing mental health and wellbeing services. Community Links offers support for a wide range of mental health and well-being issues, including anxiety and depression, psychosis and difficulties arising from experiencing trauma. We provide services in both community and residential settings, working across the Yorkshire region.

Across the group, we offer personalised support, focused upon the life journey of each client/tenant. We operate a wide variety of services across the North of England working closely with local authorities, the National Health Service and other key partners from the statutory and Third Sectors to deliver outstanding services and achieve positive outcomes for our clients.

In discharging its duties, the Management Committee seeks to set a clear strategic framework for achieving these aims and to clarify the long- and short-term objectives of the charity. In particular, the Management Committee considers the guidance contained in the Charity Commission's general guidance on public benefit and how planned activities will contribute to the aims and objectives set.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Organisational structure

Trustees of Community Links and Foundation ratified the merger on 17 October 2018. This was achieved through the formation of a group structure, with the parent company (and registered charity) Inspire North being formed. Inspire North is the parent company and is the only member of Community Links (Northern) and Foundation who each respectively own their subsidiaries (Bridging the Gap PD Services Limited and Foundation Stone Enterprises Limited).

The Inspire North governance structure ensures that there is a quorate of independent Trustees for Community Links (minimum of three) and Foundation (minimum of three) to protect each company's assets and ensure continued delivery of its charitable objectives.

The Inspire North Group's Head Office is in Leeds and provides Community Links and Foundation with Senior Leadership, Operational Management and Professional Services.

Through the adoption of a group structure Community Links and Foundation can maintain their own identities and continue to deliver their frontline services, whilst the creation of a parent company affords the opportunity to create more comprehensive and efficient infrastructure and support services. This includes increased opportunity to access new markets and fully realise its potential.

Business Review

Details of the Company's performance for the year and its future plans are set out in the following sections of this report.

Objectives & Strategy

In October 2019, our first Inspire North Strategy (group-wide) was launched at our first group-wide Annual Conference. The Conference was held at the prestigious Headingley Stadium in Leeds and was attended by over 300 employees.

The five-year Strategy (2019 to 2024) was created following a series of nine roadshows across the North of England which saw the Chief Executive engage with over 250 employees, trustees and volunteers to gain their views and ideas for the future of the group. Employees also engaged directly with their clients to gather feedback which informed the development of the Strategy.

Alongside the Strategy, a new and co-produced Group Vision, Purpose and Values have been created, consistently adopted across the group.

Group Vision - Creating a World Where Everyone Matters

Group Purpose - Building Brighter Futures

Values –

- **People** are the heart of everything we do at Inspire North, and we strive every day to build brighter futures for the people who use our services. We engage our colleagues and people who use our services to build a sense of community and shared success. We want everyone to play a part in creating our vision.
- **Integrity** is our cornerstone; we will always do the right thing. We work hard to make sure our services offer the highest quality and professional standards, and that people are treated fairly and honestly.

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REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

- **Passion** is what fuels us. There's no better feeling in the world than making a positive difference, and that spurs us on to always go the extra mile – for the people who use our services, for each other, and for our vision of creating a world where everyone matters. We have the brightest and best innovative minds working every day to do more, and to do it better.
- **Collaboration** is how we came to be Inspire North. We were born out of the idea that working together, we can achieve more. Across our services we work with many partners, bringing together our expertise to meet varied needs in exceptional ways.

Our new group-wide approach creates a consistent ethos for our work and employees, which complements the objectives outlined within our Memorandum of Association.

Annual plans, developed by each service or department within the group, enables the Management Committee to monitor progress against strategic goals, alongside monitoring against the Corporate Performance Framework. Together, Annual Plans and the Corporate Performance Framework provide a robust mechanism for organisational accountability and challenge, whilst placing our values at the heart of our strategic objectives.

Performance against targets for 2019/20

Following the formation of the Inspire North Group, a core aim for the 2019 to 2020 period has been to co-produce a new group wide strategy, vision, purpose, values and branding, which has been fully achieved and implemented.

In addition, merger metrics have been in place for the group, with the overarching aim being to improve the quality and effectiveness of the services we deliver to our clients/tenants by sharing best practice across the group. As detailed below, the Inspire North group has succeeded in performing well against its merger metrics:

Retain Contracts

- Development have retained 100% of contracts across the Inspire North group that have been re-tendered since the merger (1st December 2018)
- One newly re-tendered contract has been secured during Quarter 3. Foundation has secured its place on the Our Way Leeds consortium (formerly Flagship) to deliver an enhanced Accommodation and Support Service for Young People in Leeds. The new Our Way Leeds contract is almost double the annual value of our original Flagship contract, pre-merger.
- Total annual value of re-tendered contracts now stands at more than £4 million, an increase of approximately £1.2 million since the merger took place.

Retain Talent

- Personal Development Review policy has been reviewed and a group wide rating system was rolled out from April 2020.
- Staff retention rates remain stable.

Productive Culture

- Inspire North Group rated as a 2-star Best Company
- Inspire North Group placed 29th at Top 100 Sunday Times award and received a special award for Learning and Development.

Evidence of Learning and Sharing

- A new role of Group Director of Operations was created in September 2019 to expediate joint learning and sharing of best practice.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

- Our first ever group-wide conference was held in October 2019.

Joined-Up Processes

- Joint system implementation is progressing well for the Client Management, Finance and HR Systems with Data Migration Plans in place
- The Inspire North Performance Framework is 80% complete
- Group Management Committee meetings are in place with separate but common reporting frameworks for each organisation within the group to enable oversight of individual company performance
- Phase 1 of the Group Intranet was launched in October 2019.

New Markets and New Models

- New Business Strategy will be launched in Autumn 2020, outlining detailed plans – including, housing markets, business partnerships, innovation grants and community fundraising.
- New Fundraising & Grants Lead post was created and appointed to in February 2020.

Following the launch of the new group five-year strategy in October 2019, the CEO gave a Call to Action for all services and departments within the group to develop their Annual Plan for 2020-21. By March 2020, every service and department had developed its own Annual Plan.

Service Contracts

Throughout 2019 to 2020, we were successful in retaining all our contracts which were re-tendered during the period. For Foundation, this includes Child Therapeutic Services and Action Towards Inclusion in North Yorkshire, Young People's Accommodation and Support Services in Leeds, Adult Accommodation and Support Services in Kirklees and Domestic Abuse Navigator Services in Durham and Redcar & Cleveland.

Throughout 2019 to 2020, we successfully launched a number of re-tendered services for Community Links, including the Linking Leeds Social Prescribing Service, Leeds Mental Wellbeing Service, and Live Well Leeds. We were also successful in securing an agreement to continue to provide services under the Leeds and York Partnership Foundation Trust's Mental Health Framework in Leeds and North Yorkshire.

We saw growth in our portfolio through an enhanced role in the delivery of key services, including the new Leeds Young People's Accommodation and Support Service (Our Way Leeds) for Foundation and the Leeds Mental Wellbeing Service for Community Links.

The year did see a re-prioritisation of some commissioner priorities with some smaller contracts brought to a close at the end of the contract, including our Female Offenders and Foundation 4 Change services in Redcar and Cleveland. Additionally, some of Community Links' smaller contracts came to a natural end, including the West Yorkshire Finding Independence (WY-FI) service in Kirklees and the Power of Communities grant in Leeds.

Tendering activity slowed towards the end of the year as a result of uncertainties arising from the COVID-19 pandemic. Consequently, this has led to some of Community Links and Foundation's key services being granted extensions up until at least 2021. These services include: the Offenders Support and Accommodation Service and Mental Health Supported Housing Service in North Yorkshire for Foundation, and Kirklees CHART service for Community Links. Community Links' long-standing Oakwood Hall service has also been extended for a further two-years following a light-touch procurement exercise by Leeds City Council.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Employees

Inspire North's employees are its primary asset. 2019 to 2020 has been a period of consolidation and continuous improvement, with investment in skills and active participation of employees throughout the year.

Key achievements have been:

- The appointment of a Group Director of Operations in September 2019, and the transfer of Operational Managers into Inspire North, has enabled a whole group culture to begin to develop across our Operational Teams in both Foundation and Community Links. Our group-wide Leadership Forums and Operational Forums have also been pivotal in this. The Leadership Forum meets quarterly and has a programme of training and development based around the concept of transformational leadership and innovative ways of working. The forum enables the sharing of good practice and consistency across the group.
- An agreed mandatory training package has been rolled out across the group which includes Safeguarding Adults and Children, Diversity & Inclusion, Co-production, Health & Safety and Professional Boundaries. In addition, Housing Management training and Trauma Informed training has been made widely available to employees. Additional service specific core training has been agreed alongside mandatory managerial training including such topics as Recruitment and Selection and Disciplinary Procedures.
- The creation of a new pay structure for employees of Inspire North to establish a fair and transparent pay and rewards package post-merger. As part of this process, Inspire North employees have undergone an independent Pay Review during the period to bring all comparative roles in line. Updated pay for Inspire North employees has come into effect from 1st April 2020.

Group-wide accreditations during 2019-20 show how much progress has been made in employee engagement through the year achieving Investors in People and Best Company 2* Accreditation. Inspire North were 29th in the Sunday Times list of 100 Best Not for Profit Company's to Work For in 2020 and won the Sunday Times Special Learning & Development Award 2020 (Not for Profit Company's to Work For) In relation to employment practices, Inspire North are a Disability Confident Leader, a Mindful Employer and a Living Wage Employer.

Furthermore, the Group has a comprehensive and well used employee assistance scheme available to all employees, providing advice and support on a wide range of employment, health and legal concerns.

Health and safety

Inspire North has a moral and legal responsibility to ensure, so far as is reasonably practicable, that it provides for the health, safety and welfare of its employees, clients/tenants and anyone coming into contact with its business activity who may be affected by the way in which it carries out its work. The Company attaches the greatest importance to Health and Safety matters which are part of each employee's induction and e-learning and prioritises compliance with current legislation. Inspire North's Estates and Facilities Manager leads on Health and Safety and is supported by a network of volunteer Health and Safety Champions across all offices and services.

The Company remains committed to the provision and maintenance of:

- A safe and healthy working environment
- A safe and healthy living environment for clients/tenants
- Supervision, advice and procedures as necessary for the safe performance of its operations
- Instructions, information and procedures, for safe systems of work
- Equipment fit for purpose and bespoke adaptations for staff who need them
- Appropriate training for employees within job requirements

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Employees (continued)

COVID-19 has presented specific challenges in relation to the Health & Safety of all our employees but particularly those working in front line services, including our residential services.

We responded promptly to the Government call for people to work from home wherever possible. The challenge of rapid office closures was dealt with efficiently and safely. Furthermore, our large investment in both IT infrastructure and equipment in 2018 to 2019, has enabled employees, as far as possible, to effectively work from home, minimising disruption and ensuring business continuity.

The group continues to follow Government guidelines in relation to the COVID-19 pandemic. Where possible, our employees work from home, have access to Personal Protective Equipment (PPE) as appropriate and we have initiated the process of undertaking COVID-19 specific risk assessments to enable us to safely and effectively continue to deliver our charitable work.

Future Plans

Ambitions for 2020-21

The new Inspire North Strategy (2019 to 2024) is an ambitious strategy which sets out how the group, including Foundation, will make a real difference to those it supports throughout the strategy period, making best use of its assets and the unique specialisms of its subsidiary companies.

Our four key aims are to:

- **Create Together:** We know the way to excellence is through sharing expertise. We will create our services with the people who use them to get the best possible outcomes. Our clients are the leading voice in everything we do, as they are experts in what they need.
- **Be a Great Place to Work:** We bring together a diverse workforce with a wealth of skills and decades of experience. We empower our colleagues to make decisions using their specialist knowledge of the communities they serve, always putting our values front and centre.
- **Innovate and Influence:** We will drive innovation and influence and be a catalyst for change. We will share best practice with colleagues, trustees, partners and local communities to develop high-quality services that reflect the increasingly varied and complex needs of our clients.
- **Build Sustainable Futures:** We will use an evidence-based approach to inform what we do and develop more effective practices that deliver better outcomes. We will seek out new funding sources and partners. We will lead the way on sustainable approaches to working and providing services.

In 2019 to 2020, the new strategy was rolled out across the group and it was a priority for Services and Departments to begin to develop their own planning to support delivery of the strategy.

In 2020-2021, it is the intention to further embed the strategy, initiate key activities and begin to monitor progress at team and organisational levels. Priorities for the next year include:

- Further embedding an inclusive, values-led culture across the group, supported by robust, joined-up governance arrangements.
- Drive innovation and new ways of working across our work focused on co-production and strategic partnerships.
- Set out clear plans for the group's long-term sustainability, factoring in social, environmental and financial considerations.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Principal Risks and Uncertainties

The Management Committee assume responsibility for on-going review of the risks facing the Company. In this context, we define risk as the potential to fail to achieve our objectives and for loss, whether financial or reputational, inherent in the environment in which we operate.

The Management Committee note the following specific areas that give rise to the potential major risk areas for the forthcoming financial year:

- Implementation of on-going cuts to Local Authorities arising from the policies of the Government and the cumulative impact of gradual, ongoing cuts to service budgets resulting in service closure or inability to re-tender for services.
- The current economic situation within the UK, largely but not exclusively as a result of the COVID-19 global pandemic, leading to a rise in demand for services coupled with cutbacks in spending and procurement plans from statutory agencies.
- The impact of another set of changes in accounting for the SHPS pension scheme on the company's balance sheet reducing our potential for borrowing and winning new business.
- The impact of BREXIT on both public services and employment opportunities for clients/tenants.
- The impact of COVID-19 on the safety, health and wellbeing of our employees and clients/tenants.

As noted in the statement of internal control on page 16-17 the Management Committee considers that Inspire North has procedures in place to maintain strong internal controls.

The major risks identified within the Risk Register are those associated with the effects of COVID-19: namely, the possibility of a deep recession, an accompanying period of austerity and an increased and wider need for our charitable work. Continuing excessive levels of competition within the marketplace also remains. These risks are managed carefully, and planning continues to mitigate the yet unknown impact of COVID-19.

Co-production

Across the Inspire North group, we aim to co-produce all aspects of work. We strive to involve stakeholders from all areas of the organisation (from clients to members of the Management Committee). There is currently a good level of co-production activity and several ways in which clients and tenants can be actively involved across the company:

- Local informal feedback from and through Support Workers
- Responding to text-based questions on quality and performance
- Annual satisfaction survey and report
- Tenant voice (representatives on our Board)
- Local co-production and activities groups
- Contributing to various working groups on quality, bidding for contracts and communications
- Clients/tenants involvement in end to end recruitment processes
- Clients/tenants attendance at tender interviews so that they can outline their experience of our services to commissioners
- Clients/tenants progressing to volunteer roles, offering peer support (including paid roles) and gaining employment within the group
- Group-wide Internal Grants Scheme, offering clients/tenants the opportunity to develop innovative ideas which could receive funding through donations given to charities within the group.

Co-production training is mandatory for all employees and volunteers across the group. We have established toolkits for both employees and clients/tenants to support effective co-production across our work. Inspire North believes clients/tenants bring skills, talents and real assets to the company which can be used for the benefit of their own journey, that of others, and for the wider work on the company.

A new group-wide Co-production Strategy is currently in development, working with employees and clients across the organisation. The Strategy will outline further steps and innovative approaches that the company will adopt to fully embed co-production within every aspect of our business.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Financial Review and Resources

Going Concern

These financial statements have been prepared on a going concern basis as the Management Committee have given due consideration to the forecasts, projections and level of resources required for future operations. Our services and funding continue to be at risk from ongoing cuts to Local Authority and National Health Service funding (and funding available from other statutory agencies). Whilst the operative environment will remain challenging, the Management Committee is confident that the reputation and competitiveness of the Company can contribute to modest growth in the next two years. Trustees believe the merger will open up further possibilities for new income streams. The development of clear sustainability plans for the Group, alongside investment in dedicated resource for fundraising and grants related activity and the launch of new funding-related initiatives in the 2019-20 period, supports this belief.

The two largest members of the group (Community Links (Northern) Limited and Foundation) are both members of the Social Housing Pension Scheme (SHPS) which has had a significant impact on the accounts of both Community Links and Foundation. These are the only two companies within the group with this liability. There is a scheme-wide plan in place to repay the deficit by March 2026. Whilst this represents a significant cash outflow for the group, the directors believe it is a going concern and is able to meet its obligations moving forwards. The group has adopted a robust approach to protecting its staff and clients during the covid-19 pandemic and as a result has incurred some costs. However Trustees were pleased to note that all contracts have been extended across the group until at least March 2021 which adds additional financial certainty.

Financial Performance and Position at End of Year

At the end of March 2020, the Group finished the year with a financial position of £3,809k. During the year, we generated an income of £20,910k and utilised this very effectively in aid of our charitable objectives, resulting in net income of £1,248k (2019: £252k combined). The retendering of several contracts combined with aggressive cost control across the business resulted in an operating surplus of £1,248k (2019: £252k.)

Cash flow remains a priority target for the company and is monitored regularly to ensure Inspire North can meet its liabilities.

Reserves

The Trustees regularly review the reserves of the charity, giving consideration to the nature of the income and expenditure streams, the need to match variable levels of income with fixed and planned commitments and the make-up of the reserves. Whilst the Trustees and management do not wish to hold reserves unnecessarily, in view of the current high risk of the public sector funding cuts and greater competition for available funding, we believe that a prudent policy is preserving and increasing our unrestricted reserves to a level which provides for six months of operating costs (including designated funds). Trustees recognise that this objective will not be achieved until the Pension Scheme deficit is cleared. General and designated reserves for the Company stood at £3,809k at the end of the period (2019: £-895k). The primary reason for the major swing is the revaluation of the defined pension scheme liability to £2,683k. Excluding the pension liability unrestricted funds amount to £6,492k. All funds of the group as at 31 March 2020 were unrestricted.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Investment policies

Inspire North has a policy whereby investments are held in a moderate portfolio managed by professional advisers. The Management Committee regularly considers the most appropriate policy for investing the limited funds available within its reserves, informed by regular cash flow forecasts. The funds arose from the sale of Foundation's head office. A formal investment policy was adopted by Trustees and Charles Stanley were appointed as professional investment advisers. Investment of the net sale proceeds in a low-moderate risk portfolio commenced in May 2018 with the aim of producing a return sufficient to protect the capital and generate income greater than cash deposit rates. This aim was achieved in 2018/19 and was on track in 19/20 until the fall in the stock market at the end of March arising from the Covid-19 pandemic. Performance has been improving since the financial year end.

Accounting policies

The Company's principal accounting policies are set out on pages 26 to 31 of the financial statements.

Pensions

Executive Officers do not have any different pension arrangements to other employees. Those who have joined the Company's pension schemes are members either of the 1/60th Final Salary Social Housing Pension Scheme (SHPS) or if they joined after 1 April 2007, the Career Average Re-valued Earnings scheme also part of SHPS and also using a 1/60th accrual rate. The SHPS defined benefit scheme was closed as at 31 March 2013 and all employees are now eligible to join the defined contribution scheme with SHPS. Auto enrolment was implemented in February 2014.

Donations and Sponsorship

The Group has made no financial donations or sponsorship in the year.

Payment of creditors

In line with government guidance, it is the Group's policy to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Financial instruments

The Group's approach to risk management is set out on pages 13-14 of this report.

Fixed assets

There have been tangible and intangible fixed asset additions amounting to £99k during the year.

Financial risk management

The Company's operations may expose it to a variety of financial risks, including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The Company does not have material exposures in any of the areas identified above and, consequently, does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise sterling cash and bank deposits and obligations under property leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Price Risk

The Company has no exposure to securities price risk, as it holds no listed equity investment. Most of the Company's income is contracted providing pricing visibility and the fixed nature of many of the related costs mitigates associated risk.

Credit Risk

The Company's principal financial assets are bank balances, cash and trade debtors, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its tenant debtors. Credit risk is managed by monitoring the aggregate amounts and duration of exposure to any other tenant depending upon their credit history. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of tenants.

Liquidity Risk

The Company holds most of its reserve in the form of bank and sterling money market deposits. It is therefore, not exposed to significant liquidity risk.

Interest bearing assets comprise cash and bank deposits, all of which earn interest at variable rates. There are no liabilities for loans or overdrafts.

Business Risk Register

The Company has a Business Risk Register identifying major risks and steps taken to mitigate the impact of likelihood of the risk occurring looking at operational, financial, governance and external risks. Risks are reviewed quarterly at board meetings. In relation to the key strands of our strategic plan, the key risks are:

- Loss of income through loss of contracts or funding cuts
- Inability to recruit suitably qualified or high calibre employees
- General Data Protection Regulation
- Impact of legal challenges
- Impact of changes in accounting treatment of pension scheme
- Impact of Covid-19

Governance

Trustees and Executive Officers

The current Trustees and Executive Officers are set out on page 1. Inspire North's Management Committee (at 31 March 2020) comprises six Trustees (with each of our daughter organisations having three independent Trustees each) with a range of relevant skills and experience. Individually and collectively they exercise independent and objective judgement.

During 2019, a review of the sub-committee structure took place and Trustees agreed to create three sub-committees to ensure sufficient time could be given to the activities of the group. Each Trustee serves on one of the three sub-committees:

- 1) Resources (chaired by the Treasurer);
- 2) Operations and Development (chaired by the Clinical Governance Lead); and
- 3) People and Culture (chaired by the Employee Well-being Champion).

To support the work of the Senior Leadership Team and adopt best practice, new champion roles have been introduced within the Management Committee:

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Champion	Trustee representative
Clinical Lead	Anne Worrall-Davies (Community Links - CL)
Co-production	Fawzia Mir (CL)
Diversity & Inclusion	Cornelle Parker (Inspire North - IN)
Employee Wellbeing	Jaqueline Hallam (CL)
Freedom to Speak Up	Philip Turnpenny (IN)
Safeguarding	Richard Parry (IN)
Value for Money	Lisa Bradley (Foundation - FN)
Volunteer	Chris Welch (Interim)

A Group Management Committee away day took place in October 2019 which was externally facilitated. This was an opportunity to review how far the group had come since the merger. As part of the day, a Meet and Greet was arranged between Trustees and employees from our services. This afforded colleagues the opportunity to share directly with Trustees what they thought was going well, what ideas they had for improvements and what more they hoping to achieve within their services.

Whilst Trustee appraisals are due to be carried out annually, due a review of the group's Performance and Development Review Framework and a delay in rolling out training as a result of COVID-19, these have been delayed until 2020-21. An up to date skills register is maintained and used to support trustee recruitment.

The Management Committee has overall responsibility for the governance and strategic direction of the Company and the constitution empowers the Management Committee to take such steps as are necessary to achieve the Company's objectives and make appropriate arrangements for the sound management of its business. When necessary, the Management Committee consider the need to take independent professional advice and trustees receive all internal audit reports undertaken through the year.

Day to day management responsibilities are delegated by the Management Committee to the Senior Leadership Team under the direction of the Chief Executive. The Chief Executive is appraised annually by the Chair of the Board including 360-degree feedback from all direct reports, trustees and external stakeholders. Working closely with the Board, the Senior Leadership Team continues to provide leadership and professional support across the group.

Recruitment, Appointment and Training of Trustees

New Trustees are recruited through open advert and interviewed to ensure that collectively the Management Committee maintains a broad range of varied backgrounds, skills and experience. We endeavour to ensure the needs of our beneficiaries are reflected by the diversity of the Management Committee in terms of the skills and interests represented. Following an open recruitment process in the summer of 2019, a new independent trustee of Foundation was appointed this year, Lisa Bradley.

Under Article 3.5 of the Articles of Association, Trustees are elected to serve for a period of three years, after which they must be re-elected at the next Annual General Meeting. Trustees may serve for a maximum of three consecutive terms.

Whilst the Management Committee may include Trustees who are ex-clients, the developing co-production strategy sees two separate roles developing, one of Trustee with lived experience who is recruited to the Management Committee specifically because they have lived experience and one of a "client/tenant voice". The latter role is specifically to give voice to current clients/tenants at Management Committee level without taking up a Trustee position. All Trustees receive the same induction but those with lived by experience would also have access to mentoring support from other Trustees, the Chief Executive and/or Group Director of Operations as required. Inspire North is actively looking to involve clients at Management Committee level.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

No Trustees had any other beneficial interest in any contract with the Company during the year. A declaration of interest register is kept, and all Trustees are expected to notify the Executive Assistant of any changes as they occur.

Conflict of interests are identified at the start of each Management Committee or Sub-committee meeting in relation to specific agenda items.

Clients/tenants invited to attend Management Committee meetings or take up other associated duties on behalf of the Company receive a nominal allowance in line with the Memorandum and Articles. Travel and other expenses incurred in the discharge of Trustee duties are reimbursed to all Trustees. No Trustee received any remuneration for services as a member of the Management Committee in 2019 to 2020.

Governance

The Trustees formally adopted the National Council for Voluntary Organisations' Code of Governance as being the most appropriate code to govern the activities of the Company.

Executive Remuneration

The Senior Leadership Team were part of a pay review during the period for Inspire North employees only. The Pay Review did not affect Foundation employees. In addition, where appropriate, the Executive Team have received pay rises in line with NJC pay agreements alongside all relevant employees within Inspire North. Terms and conditions of employment remained unchanged.

Internal controls assurance

The Management Committee acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Management Committee has adopted a risk-based approach to internal controls, which have been developed and embedded throughout the year through the normal management and governance process.

The Management Committee cannot delegate ultimate responsibility for the system of internal control, but it has delegated authority to the Resources Committee to regularly review the effectiveness of the system of internal control. The Management Committee receives the minutes of all Resources Committee meetings.

The group has invested heavily in improved technology and additional security measures such as Mimecast.

The following key procedures are adopted which are designed to achieve effective internal financial control:

Monitoring and corrective action

Risks are monitored regularly by the senior leadership team and significant variances reported to Board committees on a quarterly basis. Should any change in risk levels occur, the reasons for the change are established and the necessary action plans are developed and taken to the Board. In addition to a corporate Group risk register, each company in the group has an additional individual risk register in place to track risks which are specific to that company.

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Environment and control procedures

Foundation believes that environmental protection should form an integral part of standard operating procedures. The Company is concerned not only with its direct impact on the environment, but also any indirect effects caused by the Company's activities affecting its neighbours and the local community.

During the period, Inspire North achieved Environmental Accreditation ISO14001 and plans to roll this out across the group during 2020-21, monitoring the impact on our carbon footprint.

Foundation's current environmental action plan articulates the Company's commitment to sound environmental management.

This action plan will be implemented through the following activity:

- Encouragement of environmental responsibility amongst our stakeholders, including clients/tenants, contractors, suppliers, and colleagues.
- Conducting our Operations in a way that minimises our consumption of natural resources and manages waste through responsible disposal and the reuse and recycling of materials, where economically feasible.
- Development of a group environmental strategy

Information and financial reporting systems

Monthly accounts are prepared by the Inspire North Finance Team and distributed to Executive Officers, Senior Managers and Service or Project Managers, who report monthly on significant variances. Accounts are submitted to the Resources Subcommittee for review each quarter and then on to the main Management Committee, also quarterly.

Related parties

No Trustee had any beneficial interest in any contract with the Company in 2019 to 2020. Tenants are also on normal commercial terms.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation requires the Trustees to prepare financial statements for each financial period. Under that law Trustees (who are also Directors of the charitable company) have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 Company and of the surplus or deficit of the Company for that year. In preparing these financial statements the Board is required to:

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

INSPIRE NORTH

REPORT OF THE MANAGEMENT COMMITTEE INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee is responsible for ensuring that the report of the Board is prepared in accordance with the Housing SORP 2018 Statement of Recommended Practice for Social Housing Providers.

The Management Committee is also responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Annual general meeting

The annual general meeting will be held on 1 October 2020.

Statement as to disclosure of information to the auditor

The Management Committee, who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is not aware. The Management Committee have confirmed that they have taken all the steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

External auditor

The auditor, RSM UK Audit LLP has indicated their willingness to continue in office.

This report including Strategic report was approved by the Board on and signed on its behalf by:



Chair: Claire Vilarrubi

Date: 01 October 2020

INSPIRE NORTH

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Inspire North (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group Statement of Financial Activities (incorporating the Income and Expenditure Account), the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent charitable company's affairs as at 31 March 2020 and of the group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INSPIRE NORTH

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the trustees (who are also the directors of the charitable company 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 group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company 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.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INSPIRE NORTH

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

RSM UK Audit LLP

Andrew Allchin FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

13 October 2020

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

INSPIRE NORTH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019 Combined
		£'000	£'000	£'000	£'000
Income from:					
Charitable activities		9,614	-	9,614	8,493
Other trading activities		1,352	-	1,353	1,623
Investments	5	31	-	31	33
Social housing	3	4,555	-	4,554	4,735
Other social housing activities	3	5,358	-	5,358	5,200
Total income		20,910	-	20,910	20,084
Expenditure on:					
Charitable activities	6	9,509	-	9,509	8,551
Other		761	-	761	1,640
Social housing and social housing activities	3	9,392	-	9,392	9,641
Total Expenditure		19,662	-	19,662	19,832
Net income		1,248	-	1,248	252
Other recognised gains / (losses):					
Actuarial gains / (losses) on defined benefit pension schemes	20	3,456	-	3,456	(1,470)
Initial recognition of multi-employer defined benefit scheme					(2,047)
Net movement in funds before tax		4,704	-	4,704	(3,265)
Taxation	8	-	-	-	-
Net movement in funds after tax	7	4,704	-	4,704	(3,265)
Reconciliation of funds:					
Total funds brought forward		(895)	-	(895)	2,370
Total funds carried forward		3,809	-	3,809	(895)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

INSPIRE NORTH

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 Combined £'000
Fixed assets			
Intangible assets	11	46	14
Tangible assets	13	1,133	1,388
Housing Properties	12	1,022	876
Investments	14	561	607
		<u>2,762</u>	<u>2,885</u>
Current assets			
Debtors	15	3,228	1,887
Cash at bank and in hand		3,850	4,200
		<u>7,078</u>	<u>6,087</u>
Creditors: amounts falling due within one year	16	(3,207)	(3,121)
Net current assets		<u>3,871</u>	<u>2,966</u>
Total assets less current liabilities		<u>6,633</u>	<u>5,851</u>
Creditors: amounts falling due after more than one year	18	(141)	(143)
Provisions for liabilities			
Defined benefit pension scheme liability	20	(2,683)	(6,603)
Total Assets/(liabilities)		<u>3,809</u>	<u>(895)</u>
The funds of the charity:			
Restricted income funds	21	-	-
Unrestricted income funds	21	3,809	(895)
Total charity funds		<u>3,809</u>	<u>(895)</u>

The financial statements on pages 22 to 53 were approved by the board of directors and authorised for issue on 01 October 2020 and are signed on its behalf by:


C Vilarrubi
Director

INSPIRE NORTH

Company Registration No. 11568263

CHARITY BALANCE SHEET**AS AT 31 MARCH 2020**

	Notes	2020	2019
		£'000	£'000
Fixed assets			
Intangible assets	11	40	12
Other tangible assets		10	-
Investment	14		
		<u>50</u>	<u>12</u>
Current assets			
Debtors	15	228	118
Cash at bank and in hand		109	78
		<u>337</u>	<u>196</u>
Creditors: amounts falling due within one year	16	(368)	(262)
Net current liabilities		<u>(31)</u>	<u>(66)</u>
Total assets less current liabilities		<u>19</u>	<u>(54)</u>
Total Assets		<u>19</u>	<u>(54)</u>
The funds of the charity:			
Restricted income funds	21		
Unrestricted income funds	21	19	(54)
Total charity funds		<u>19</u>	<u>(54)</u>

Parent Statement of Financial Activities

As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent Charity is not presented as part of these financial statements. The Charity's surplus for the year was £73,184 (2019: (£54,371))

The financial statements on pages 22 to 53 were approved by the board of directors and authorised for issue on 01 October 2020 and are signed on its behalf by:



C Vilarrubi
Director

INSPIRE NORTH

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash (absorbed)/generated from operations	25		(220)		(610)
Interest paid			(103)		(82)
Income taxes paid			-		-
Net cash (outflow)/inflow from operating activities			(323)		(692)
Investing activities					
Purchase of intangible assets		(51)		(20)	
Purchase of tangible fixed assets		(48)		(345)	
Proceeds of disposal of tangible assets		9		-	
Purchase of other investments		46		(607)	
Interest received		17		33	
Net cash (used in)/generated from investing activities		(27)		(939)	
Net (decrease)/increase in cash and cash equivalents			(350)		(1,631)
Cash and cash equivalents at beginning of year			4,200		5,831
Cash and cash equivalents at end of year			3,850		4,200

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Charity information

Inspire North is a charitable company limited by guarantee (company number 11568263) and also a Charity registered in England and Wales (charity number 1180693). The registered office is 3 Limewood Way, Seacroft, Leeds, LS14 1AB.

The charity's objectives and aims are disclosed in the Board of Trustees and Strategic Report.

Accounting convention

The financial statements have been prepared in accordance with the charitable company's memorandum and articles of association, the Charities Act 2011 and "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 (FRS 102)" (as amended for accounting periods commencing from March 2018). The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are presented in Pound sterling £, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The charity constitutes a public benefit entity as defined by FRS102.

Going concern

The Trustees have prepared these financial statements on the going concern basis. The Trustees have prepared detailed annual forecasts and the company is included in the Group 5-year strategic plan. The Trustees believe that the Charity will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Trustees have further prepared a 5 Year Financial Plan to March 2023. Covid-19 is having a relatively small cost impact with investment in PPE and screens but security has come from having all our contracts extended until at least March 2021. Based on the information currently available in respect of the future, the Trustees consider that the Charity has the plans and resources to manage its business risks successfully

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (continued)

Basis of consolidation

The charity became the sole /member of the following charities/companies:

Foundation (charity number 515517, company number 01829004, HCA registration 4688)
Community Links (Northern) Limited (charity number 0514779, company number 01657652)
Bridging The Gap PD Services (company number 08372806)
Foundation Stone Enterprises Limited (company number 08895921)

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

Reduced disclosure

The charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The charity has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – presentation of a statements of cash flow and related notes and disclosures;

Departures from Charities SORP

The following notes to the accounts have been included in order to comply with the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" of which the subsidiary entity, Foundation, is compliant with:

- Particulars of income and expenditure from social housing lettings; and
- Accommodation in management and development.

Income

All income is recognised once the Charity has legal entitlement to the income, it is probable that the income will be received and the amount of which can be measured reliably. All income is received in £ sterling. Value Added Tax is not applicable to the principal sources of income.

Charitable activities

The Charity carries out work for government bodies and income under these contracts is recognised once performance conditions attached to income have been met. Incoming resources on government contracts are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (continued)

Investment income

Investment income consists of interest on deposits and is included when receivable.

Other trading activities

Other trading activities consists of rental income, contract income, grant income and, income from legal advice.

Rental income is recognised on a receivable basis. Payment received from guests in advance of their stay is recorded as deferred income.

Contract income is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

Grant income is recognised in the year in which entitlement exists and the amount can be measured with reasonable certainty and measurability.

Income from legal advice is recognised as the services are provided.

Social housing

Social housing income comprises rental and service charge income receivable in the period and is recognised as the service is provided. The charity reviews the costs of delivering its services to its customers on an annual basis and sets the charges based on these costs.

Expenditure

All expenditure is included in the Statement of Financial Activities on an accruals basis.

Charitable funds

Unrestricted reserve funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted reserve funds are funds which are to be used in accordance with specific restrictions imposed by the donors. The costs associated with the utilisation of management of those funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (continued)

Intangible Fixed Assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows: -

Purchased computer software	3 years
-----------------------------	---------

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Housing properties

Housing properties are carried on the balance sheet at cost. The estimated useful lives applied which are detailed below:

Building	100 years
Roof Tile	50 years
Windows and doors	30 years
Boiler and fire	15 years
Kitchen	20 years
Bathroom	30 years
Radiators	30 years
Wiring	30 years
Grant	25 years

Management have considered the impairment review rules and concluded that as there are no indicators of impairment, no formal review is required at the present time. Only three properties are let for social housing, the remaining six properties are managed by Foundation Stone and let to non-social housing tenants.

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Completed housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (continued)

Tangible fixed assets

Depreciation is provided on a straight-line basis in order to write tangible fixed assets down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to direct charitable expenditure: provision of accommodation. The principal annual rates used are:

Freehold buildings (excluding land)	over 25-50 years
Land	Not depreciated
Improvements to leasehold property	over 5-12 years of the lease term
Fixtures, fittings and equipment	over 3-5 years

A full year's depreciation is charged in the year of acquisition. No depreciation in the year of disposal.

The de-minimis level for capital expenditure is £2,000.

Pensions

Defined contribution scheme costs are accounted for in the period in which they are incurred. Any differences between costs incurred and cash payments made are included as accruals or prepayments.

Foundation and Community Links (Northern) Limited are members of the Social Housing Pension Scheme administered by The Pensions Trust. The current scheme is a Defined Contribution scheme as the Defined Benefit scheme was closed as at 31 March 2013. The Group is required to contribute to the deficit recovery plan for the defined benefit scheme. It was previously not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. However, sufficient information became available to identify this from 31 March 2019 and, consequently, the SHPS has since been accounted for as a defined benefit scheme. The FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on the issue.

The Group continues to operate a money purchase pension scheme for employees who were in the existing Scheme as at 1 January 1999 and did not wish to enter the SHPS. The assets of the Scheme are invested and managed independently of the finances of the Group. The pension cost charged to the statement of financial activities represents contributions payable in the year.

Operating leases

Rentals payable under property leases are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (continued)

Financial assets

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

Inspire North, Foundation and Community Links are registered charities and as such, are exempt from tax on income and gains falling within Chapter 3 Part II Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable object. The Group's trading subsidiaries are liable to corporation tax on their trading profits.

Investments

Investments in subsidiary are recorded at cost less any provision for impairment losses.

Investments in quoted investments are carried at valuation based on the market price at the year end date.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following key judgements and estimates were made in preparing the financial statements:

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Details of depreciation rates can be found in note 1 and the depreciation charge in notes 12-13.

Pension liability discount rate

The rate of discount detailed in Note 20 is that provided by TPT Retirement Solutions who administer the SHPS Pension Scheme which is based on the market yields on AA corporate bonds at the reporting date.

Defined benefit pension scheme

The present value of the Social Housing Pension Scheme (SHPS) defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. During the period, the SHPS is now able to be accounted for as a defined benefit scheme and the accounting has been changed from defined contribution scheme in the previous period.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3a Social housing and social housing activities

	Turnover £'000	2020 Operating Costs £'000	Operating Surplus/(Deficit) £'000	Turnover £'000	2019 Operating Costs £'000	Operating Surplus/(Deficit) £'000
Social housing activities						
Income and expenditure from lettings	4,555	(3,881)	674	4,735	(4,247)	488
Other social housing activities						
Supporting people contract income	5,358	(5,511)	(153)	5,196	(5,390)	(194)
Other social housing income and expenditure	-	-	-	4	(4)	-
	5,358	(5,511)	(153)	5,200	(5,394)	(194)
Total	9,913	9,392	521	9,935	(9,641)	294

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3b Particulars of income and expenditure from social housing lettings

	2020 Supported Housing £'000	2019 Supported Housing £'000
Turnover from social housing lettings		
Rent receivable	3,117	3,311
Void Costs	(276)	(312)
Service Charges Receivable	1,768	1,959
Debts written off	(54)	(223)
Net rental income	4,555	4,735
Other revenue grants	-	-
Turnover from social housing lettings	4,555	4,735
Expenditure on social housing lettings		
Rent	(2,276)	(2,460)
Costs relating to tenants	(17)	(20)
Light and heat	(55)	(68)
Routine maintenance	(139)	(135)
Planned maintenance	(692)	(624)
Staff costs	(626)	(765)
Other Costs	(34)	(206)
Bad Debts Provision	(42)	31
Operating costs on social housing Lettings	(3,881)	(4,247)
Operating Surplus on social housing lettings	674	488

4 Accommodation in management and development

At the end of the year, accommodation in management was as follows:

	2020 Units	2019 Units
Supported housing-owned	10	10
Supported housing managed	557	524
Total units	567	534

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Investment income

The Group's investment income of £31,000 (2019: £33,000) arises from money held in interest bearing deposit accounts and from quoted investments.

6 Analysis of expenditure on charitable activities

	2020 £'000	2019 £'000
Salaries and related costs	6,890	6,617
Consultant (External Services)	383	372
Rent and rates	285	258
Property repairs and maintenance	135	104
Voids and rent losses	13	9
Furnishing and decorating	84	106
Heating and lighting	68	55
Other property	16	125
Residents food and laundry	85	90
Client activities	98	85
Depreciation	66	79
Publicity	14	16
Telephone, printing	88	83
Legal and professional	5	125
General office expenses	230	379
Subscriptions and donations	11	20
Bank charges	4	3
Employee counselling	8	7
Governance costs	34	18
Central Overheads	992	-
	<u>9,509</u>	<u>8,551</u>

7 Net movement in funds

Net movement in funds is stated after charging:

	2020 £'000	2019 £'000
Auditor's remuneration:		
Audit fees	34	45
Accountancy services	4	5
Depreciation	139	155
Amortisation	30	9
Operating lease rentals – Land and buildings	476	451
(Profit)/Loss on disposal of fixed assets	-	-
Bank and loan interest payable	-	6
Release of Government Grant	(3)	(2)
	<u></u>	<u></u>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	-	-
Adjustment in respect of previous periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

The total tax charge for the year can be reconciled to the loss per the income statement as follows:

	2020 £'000	2019 £'000
Surplus/(Loss) for the period	4,704	(3,265)
	<hr/>	<hr/>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	894	(620)
Adjustments to tax charge in respect of prior periods	-	-
Non-taxable income	(894)	620
	<hr/>	<hr/>
Tax charge for the period	-	-
	<hr/>	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Charitable work and provision of supported accommodation	405	404
Support services	39	69
	<u> </u>	<u> </u>

	2020 £'000	2019 £'000
Employment costs		
Salaries	11,024	10,755
Social Security Costs	890	896
Other pension costs	379	318
	<u> </u>	<u> </u>
	12,293	11,969
	<u> </u>	<u> </u>

Number of employees

The average monthly number of people employed during the year expressed as full-time equivalents was:

	2020 Number	2019 Number
Full-time equivalent employees	386	421
	<u> </u>	<u> </u>

Redundancy payments of £9,452 (2019: £144,072) were paid in the year.

Executive Officers' and senior staff emoluments

	2020 £	2019 £
Aggregate emoluments paid to all Executive Officers, excluding pension contributions	329,021	437,982
Aggregate amount of all Executive Officers' pensions	14,087	55,648
Aggregate amount of all Executive Officers' Employer's NI Contribution	38,543	16,240
	<u> </u>	<u> </u>

Emoluments for the Officers fall into the following bands:

	2020 Number	2019 Number
More than £60k but not more than £70k	3	2
	<u> </u>	<u> </u>

No other employees received emoluments of more than £60,000. Executive officers are entitled to the same company pension contributions as all other employees. The Chief Executive and Executive Officers are deemed to be the key management personnel of the Charity.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Trustees

The Memorandum and Articles of the Charity allow the payment of reasonable reimbursed expenses to Board Trustees. During the year two Trustees were reimbursed expenses totalling £664. During the current and prior year, the directors received no remuneration.

11 Intangible assets

Group	Software £'000
Cost	
At 1 April 2019	252
Additions	51
Reclassification	161
Disposals	(65)
	<hr/>
At 31 March 2020	399
Amortisation	
At 1 April 2019	238
Charged in the year	30
Reclassification	150
Disposals	(65)
	<hr/>
At 31 March 2020	353
Net book value	
At 31 March 2020	46
	<hr/>
At 31 March 2019	14
	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Intangible assets (continued)

Charity	Software £'000
Cost	
At 1 April 2019	18
Additions	51
	<hr/>
At 31 March 2020	69
	<hr/>
Amortisation	
At 1 April 2019	6
Charged in the year	23
	<hr/>
At 31 March 2020	29
	<hr/>
Net book value	
At 31 March 2020	40
	<hr/>
At 31 March 2019	12
	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Tangible fixed assets – housing properties

Group

Social housing properties held for letting £'000

Cost

At 1 April 2019 1,166

Additions 19

Reclassification 281

Disposals (6)

At 31 March 2020 1,460

Depreciation

At 1 April 2019 290

Charge for year 38

Reclassification 113

Disposals (3)

At 31 March 2020 438

Net book value

At 31 March 2020 1,022

At 31 March 2019 876

Included in the above is a property in Scarborough with a net book value of £127,090 (2019: £129,367). There is a 30-year charge on the property that is being used to house vulnerable people.

The charity had no housing property fixed assets as at 31 March 2020.

Reclassification of fixed assets register was done during the year to provide comprehensive fixed asset register. A Separate category for IT tangibles, IT intangibles and housing properties and office equipment's has been created replacing Improvement to leased properties

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Tangible fixed assets

Group

	Freehold land and Buildings	Improvements to leased property	Fixtures, Fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	1,484	473	353	2,310
Additions	-	3	26	29
Disposals	-	(3)	(11)	(14)
Reclassification	(205)	(308)	71	(442)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	1,279	165	439	1,883
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2019	269	324	329	922
Charged in the year	26	36	39	101
Disposals	-	(1)	(11)	(12)
Reclassification	(35)	(195)	(31)	(261)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	260	164	326	750
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2020	1,019	1	113	1,133
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	1,215	149	24	1,388
	<hr/>	<hr/>	<hr/>	<hr/>

Reclassification of fixed assets register was done during the year to provide comprehensive fixed asset register. A Separate category for IT tangibles, IT intangibles and housing properties and office equipment's has been created replacing Improvement to leased properties

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Fixed asset investments

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Listed investments	561	607	-	-
Investments in subsidiaries	-	-	-	-
	<u>561</u>	<u>607</u>	<u>-</u>	<u>-</u>

Through the controlling interest in Foundation and Community Links respectively, investments in subsidiaries represent the 100% holdings in Foundation Stone Enterprises Limited and Bridging the Gap PD Services Limited, both companies incorporated in England and Wales with a registered office at 3 Limewood Way, Seacroft, Leeds, LS14 1AB.

Foundation Stone Enterprises Limited delivers housing related legal services to a social lettings agency. Bridging the Gap PD Services Limited provides specialised services to men with personality disorders.

Listed investments

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Market value at 1 April	607	-	-	-
Additions	-	600	-	-
Fees and charges	(5)	(3)	-	-
Income received	14	7	-	-
Market movement	(55)	3	-	-
	<u>561</u>	<u>607</u>	<u>-</u>	<u>-</u>

Quoted investments consist of a portfolio of low risk equity and debt holdings managed by Charles Stanley.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Debtors

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	1,778	918	35	22
Rents receivables	392	386	-	-
Other debtors	47	28	4	1
Amounts due to group undertakings	-	-	32	-
Prepayments and accrued income	1,011	555	157	95
	<u>3,228</u>	<u>1,887</u>	<u>228</u>	<u>118</u>

Rents receivable is stated after provision for bad debt of £210K (2019: £131k).

16 Creditors: amounts falling due within one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	599	612	95	62
Grants and funding in advance	122	3	20	29
Other creditors	99	70	7	1
Other taxation and social security	233	212	36	-
Amounts due to group undertakings	-	-	149	133
Accruals and deferred income	2,154	2,216	61	37
	<u>3,207</u>	<u>3,121</u>	<u>368</u>	<u>262</u>

17 Deferred government grant

Group

	Deferred income		Government grant	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Brought forward	1,338	1,696	146	-
Additions	4,516	1,828	-	148
Released during the year	(4,651)	(2,186)	(3)	(2)
	<u>1,203</u>	<u>1,338</u>	<u>143</u>	<u>146</u>

The charity had no government grants at 31 March 2019 and 2020

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Creditors: amounts falling due after more than one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Grants and funding in advance	141	145	-	-
	<u>141</u>	<u>145</u>	<u>-</u>	<u>-</u>

19 Financial instruments

Financial assets measured at amortised cost

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	1,778	918	35	22
Rent receivable	392	386	-	-
Amounts due to group undertakings	-	-	32	-
Accrued income	550	267	1	1
Other debtors	47	-	-	-
	<u>2,767</u>	<u>1,571</u>	<u>68</u>	<u>23</u>
Financial assets measured at fair value	<u>561</u>	<u>607</u>	<u>68</u>	<u>23</u>

Financial liabilities measured at amortised cost

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	599	612	95	62
Other creditors	455	78	27	29
Amounts due to group undertakings	-	-	148	133
Accruals	951	732	52	27
	<u>2,005</u>	<u>1,422</u>	<u>322</u>	<u>251</u>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Pension

Social Housing Pension Scheme (SHPS)

Within the group, Foundation and Community Links (Northern) Limited participate in the multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK and subject to funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Reconciliation of opening and closing provisions

	2020	2019	2018 combined
	£'000	£'000	£'000
Provision at start of period	6,603	3,550	4,130
Unwinding of the discount factor (interest expense)	147	137	52
Deficit contribution paid	(635)	(625)	(585)
Expenses	24	24	-
Remeasurements – impact of any change in assumptions	(3,456)	1,470	(47)
Recognition as defined benefit pension scheme	-	2,047	-
	<hr/>	<hr/>	<hr/>
Provision at the end of period	2,683	6,603	3,550
	<hr/>	<hr/>	<hr/>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Pension (continued)

Income and expenditure impact

	2020	2019	2018
	£'000	£'000	combined £'000
Interest expense	147	137	51
Expenses	24	24	-
Provision at the end of period	171	161	51

Assumptions	2020 % per annum	2019 % per annum	2018 % per Annum
Rate of discount	2.36	2.33	1.72

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The liabilities set out in this note have been calculated by an independent actuary based on the most recent full actuarial valuation. The results of the calculations and the assumptions that have been adopted are shown below.

Key assumptions

	2020 £'000
Discount rate	2.36
Inflation (RPI)	2.58
Inflation (CPI)	1.58
Salary growth	2.56

Mortality assumptions

Assumed life expectations on retirement at age 65:

	2020 Periods
Retiring today	
Male	21.5
Female	23.3
Retiring in 20 years	
Male	22.9
Female	24.5

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Pension (continued)

Amounts recognised in the Income and Expenditure account:

	2020 £'000
Expenses	24
Net interest on defined benefit liability	147
	<hr/> 171

Amounts taken to other recognised gains/(losses):

	2020 £'000
Experience gain on plan assets	41
Experience gain on plan liabilities	77
Effect of changes in demographic assumptions	209
Effect of changes in the financial assumptions	3,129
	<hr/> 3,456

Total actuarial loss

The amounts included in the statement of balance sheet arising from the group's obligations in respect of defined benefit plans are as follows:

	2020 £'000
Present value of defined benefit obligation	21,359
Fair value of plan assets	18,676
	<hr/>
Deficit in scheme	(2,683)

Movements in the present value of defined benefit obligations:

	2020 £'000
Liabilities at 1 April 2019	24,650
Expenses	24
Interest cost	569
Actuarial gains due to scheme experience	(77)
Actuarial losses due to changes in demographic assumptions	(209)
Actuarial losses due to changes in financial assumptions	(3,129)
Benefits paid	(469)
	<hr/>
At 31 March 2020	21,359

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Pension (continued)

Movements in the fair value of plan assets:

	2020 £'000
Fair value of assets at 1 April 2019	18,047
Interest income	422
Experience on plan assets	41
Contributions by the employer	635
Benefits paid	(469)
	<hr/>
At 31 March 2020	18,676
	<hr/>

The actual return on plan assets was £463,000.

The analysis of the scheme assets at the reporting date were as follows:

	2020 £'000
Global equity	2,731
Absolute return	973
Distressed opportunities	360
Credit relative value	512
Alternative risk premia	1,306
Fund of hedge funds	11
Emerging markets debt	566
Risk sharing	630
Insurance-linked securities	573
Property	412
Infrastructure	1,390
Private debt	376
Opportunistic illiquid Credit	452
Corporate bond fund	1,065
Liquid Credit	8
Long lease property	323
Secured income	709
Liability driven investment	6,199
Net current assets	80
	<hr/>
	18,676
	<hr/>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Analysis of movement between funds

	Balance at 1 April 2019	Net Income/ (expenditure)	Transfer	Balance at 31 March 2020
	£'000	£'000	£'000	£'000
General funds				
Unrestricted funds	5,254	784	12	6,050
Pension reserve	(6,603)	3,920	-	(2,683)
	(1,349)	4,704	12	3,367
Designated funds:				
St Peter's Building	320	-	(6)	314
Innovation and Project				
Development	4	-	(4)	-
Scarborough Property	130	-	(2)	128
			-	
Total general funds	(895)	4,704	-	3,809
Restricted funds				
Community fund represented by cash	-			
	(895)	4,704	-	3,809

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Analysis of movement between funds (continued)

	Balance at 1 April 2018 Combined £'000	Net Income/ (expenditure) Combined £'000	Transfer £'000	Balance at 31 March 2019 combined £'000
General funds				
Unrestricted funds	5,450	(208)	12	5,242
Pension reserves	(3,549)	(3,054)	-	(6,603)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,901	(3,262)	12	(1,361)
Designated funds:				
St Peter's Building	326	-	(6)	320
Innovation and Project Development	8	-	(4)	4
Scarborough Property	132	-	(2)	130
	<hr/>	<hr/>	<hr/>	<hr/>
Total general funds	2,367	(3,262)	-	(895)
Restricted funds				
Community fund represented by cash	3	(3)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,370	(3,265)	-	(895)
	<hr/>	<hr/>	<hr/>	<hr/>

The Charity net funds are all unrestricted funds and arose following net income of £73k in the year.

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Analysis of movement between funds (continued)

The Community Fund reserve is a restricted reserve and represents cumulative surplus from activities funded by the Community Fund. The funds can only be used to fund activities for which the lottery monies received were originally granted.

While the amounts included in designated funds are not contractually committed at the year end, the Directors have earmarked the funds for the purposes listed below:

The St Peter's Building Fund has been designated by the Directors in respect of the five properties gifted by St Peter's Christian Project.

The Innovation and Project Development Fund comprises a specific legacy for a North Yorkshire team and is being used for specialised training and related activities.

The Scarborough Property Fund is a property comprising three flats which was donated to Foundation.

Group	Unrestricted £'000	Restricted £'000	Total £'000
Fund balances at 31 March 2020 are represented by:			
Fixed assets	2,762	-	2,762
Current assets	7,078	-	7,078
Current liabilities	(3,207)	-	(3,207)
Non-Current liabilities	(141)	-	(141)
Pension provision	(2,683)	-	(2,683)
	<u>3,809</u>	<u>-</u>	<u>3,809</u>

	Unrestricted £'000	Restricted £'000	Total £'000
Fund balances at 31 March 2019 are represented by:			
Fixed assets	2,885	-	2,885
Current assets	6,087	-	6,087
Current liabilities	(3,121)	-	(3,121)
Non-Current liabilities	(143)	-	(143)
Pension provision	(6,603)	-	(6,603)
	<u>(895)</u>	<u>-</u>	<u>(895)</u>

Charity	Unrestricted £'000
Fund balances at 31 March 2020 are represented by:	
Fixed assets	50
Current assets	337
Current liabilities	(368)
	<u>19</u>

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Statement of financial activities – comparative note

	Unrestricted Funds 2019 combined £'000	Restricted Funds 2019 combined £'000	Total Funds 2019 combined £'000
For the year ended 31 March 2019			
Income			
Charitable activities	8,493	-	8,493
Other trading activities	1,623	-	1,623
Investments	33	-	33
Social housing	4,735	-	4,735
Other social housing activities	5,200	-	5,200
Expenditure			
Charitable activities	8,548	3	8,551
Other	11,281	-	11,281
Net Income/(Expenditure)	255	(3)	252
Other recognised gains / (losses):			
Actuarial gains/(losses) on defined benefit pension schemes	(1,470)		(1,470)
Initial recognition of multi-employer defined benefit scheme	(2,047)		(2,047)
Net movement in funds before tax	(3,262)	(3)	(3,265)
Taxation	-	-	-
Net movement in funds after tax	(3,262)	(3)	(3,265)
Total funds as at 1 April 2018	2,367	3	2,370
Total funds as at 1 April 2019	(895)	-	(895)

INSPIRE NORTH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Commitments Operating Leases

The Company has the following annual commitments under non-cancellable leases as follows:

	2020 £'000	2019 £'000
Within one year	230	271
Within two to five years	350	561
After more than five years	-	-
	<u>580</u>	<u>832</u>

24 Related party transactions

Details of the executive officer's remuneration, who are considered to be key management personnel, are disclosed in Note 9.

During the period costs amounting to £1,038,345 were recharged from Inspire North to Foundation. At the yearend there was an amount of £30,543 owing by Foundation to Inspire North.

During the period costs amounting to £995,710 were recharged from Inspire North to Community Links. At the yearend there was an amount of £148,537 owing by Inspire North to Community Links.

25 Net cash flow from operations

Group

	2020 £'000	2019 £'000
Net income for the year	1,248	252
Income tax expense	-	-
Finance costs	103	82
Profit/(loss) on disposal of tangible assets	4	-
Depreciation and amortisation	169	164
Investment income	(17)	(33)
Pension scheme non-cash movement	(464)	(463)
(Increase)/decrease in debtors	(1,341)	(587)
Increase/(decrease) in creditors	78	(25)
	<u>(220)</u>	<u>(610)</u>