

COMPANY REGISTRATION NUMBER: 6946097
CHARITY REGISTRATION NUMBER: 1132051

Action Foundation
Company Limited by Guarantee
Unaudited Financial Statements
31 March 2018



STEPHENSON COATES LIMITED

Chartered Accountants
West 2, Asama Court
Newcastle Business Park
Newcastle upon Tyne
NE4 7YD

Action Foundation
Company Limited by Guarantee
Financial Statements
Year ended 31 March 2018

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Action Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 March 2018

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 March 2018.

Reference and administrative details

Registered charity name	Action Foundation
Charity registration number	1132051
Company registration number	6946097
Principal office and registered office	The CastleGate Melbourne Street Newcastle upon Tyne NE1 2JQ
The trustees	W A Coulson (Treasurer) R L Evans I D Galloway S Hagos (Appointed 1 February 2018) P Maiden J P Powell A C Smith (Chair)
Company secretary	J L Prior
Accountants	Stephenson Coates Limited Chartered accountants West 2, Asama Court Newcastle Business Park Newcastle upon Tyne NE4 7YD
Chief executive officer	J L Prior
Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB The Co-operative Bank P.O. Box 250 Delf House Southway Skelmersdale WN8 6WT

Action Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2018

Structure, governance and management

Governing document

Action Foundation is a company limited by guarantee, governed by its Memorandum and Articles of Association. The charitable company was incorporated on 27 June 2009 with registration number 6946097. It has been registered as a charity with the Charity Commission, number 1132051 since 9 October 2009. There are currently seven members, each of whom agree to contribute £1 in the event of the charitable company winding up.

Appointment and retirement of directors

The number and skills of directors are regularly reviewed, and any gaps identified. Existing members then approach suitable candidates who are invited to attend meetings, initially as observers, before being formally invited to join the board following discussion and references. Directors shall hold office for a term of four years but shall be eligible to hold office for further terms of four years indefinitely. At least one trustee must be an elder of City Church, Newcastle.

Organisation

The charitable company is organised so that the directors meet regularly to review its affairs and set objectives. There is a full-time Chief Executive supported by a Director of Operations, to manage day to day activities. There is a close relationship with City Church Newcastle who founded the charity and provide ongoing support with office space and facilities at their building, CastleGate, as well as having a requirement to have at least one City Church elder as a Trustee of Action Foundation.

Risk management

The directors have agreed to examine, on an annual basis, the major risks faced by the charitable company. These risks include financial, operational and regulatory. Systems are in place to minimise these risks, including preparation of regular financial reports, maintenance of insurance and management reviews. These systems are reviewed periodically to ensure the needs of the charitable company are being met.

Action Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2018

Objectives and activities

The charitable company's objects are:

1. The prevention and/or relief of poverty by the provision of advice and assistance to the public including to refugees, asylum seekers, migrant workers and their dependents, particularly by the provision of education and training with a view to facilitating job creation and work opportunities for such persons and by the provision of housing and accommodation for persons in need of such provision and the improvement of housing and living conditions for such persons.
2. The advancement of education (including mental, physical, social and health education) by the provision of schooling, training and advisory services.
3. The advancement of environmental protection or improvement particularly by educating the public in the conservation, protection and improvement of the physical and natural environment, and by the promotion of waste reduction, recycling and by addressing the causes of climate change.
4. The relief of those in need by reason of their youth, age, ill health, disability, financial hardship or other disadvantage, particularly by supporting or assisting persons suffering or recovering from substance abuse, eating disorders, prostitution or persons in similar situations who are in need of charitable support.
5. The promotion of human rights particularly by the support of those suffering from human rights abuses and/or issues of injustice perpetrated by individuals, groups or governments on the grounds of race, religion, colour, sex, sexual orientation, disability, political views/activities, ethnicity or medical or other condition.

The main activities undertaken in relation to these objects are:

Action Housing - provides free accommodation and support to destitute asylum seekers with no recourse to public funds to try and resolve their immigration status:

Action Hosting – recruits, trains, and matches volunteer 'hosts' with a spare bedroom with destitute asylum seekers to live with them for a short period of time;

Action Letting - manages property and lets them to homeless refugees with support to maintain their tenancy and move on to independent living;

Action Language - provides free English language classes to migrants that cannot reasonably access mainstream ESOL provision and more intensive English classes for those individuals and organisations that can afford to pay for it, to contribute to the costs of running our free classes.

In setting our objectives and planning our activities, the directors have regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. All directors are unpaid volunteers to ensure that all available funds are used to support our service users.

Action Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2018

Achievements and performance

During the year we have continued to develop and grow our services both by project area and geography, increasing the numbers of beneficiaries accessing our support. Through our English language school and three supported housing projects we have supported 1,676 refugees, asylum seekers and other migrants with the help of 224 volunteers.

In August we moved our base in Sunderland from The Place to 90 Coronation Street which better met our needs and had a third classroom enabling us to increase our Action Language capacity. We have continued to provide supported accommodation to refugees and destitute asylum seekers in Sunderland through our four properties and work closely with a number of other agencies in the city to ensure we are reaching those most vulnerable. In December 2017, after a long period of discussions and information gathering, we were granted Exempt Accommodation Status in Sunderland enabling us to receive a higher rate of Housing Benefit in recognition of the support we provide in addition to accommodation. This was a great achievement for Action Letting and evidenced the value placed on our service by the Local Authority.

Since we accommodated our first destitute asylum seeker through our Action Hosting project in November 2016 we have provided over 2,500 nights of accommodation through the generosity of our volunteer hosts. The project has continued to be of interest to the media and over the Christmas period we were featured on BBC Look North TV and BBC Radio Newcastle.

In July we launched our pilot project LET (Learn English Together) funded by the Paul Hamlyn Foundation and North East Migration Partnership to explore, for the first time, enabling other organisations to deliver English classes to migrants. We recognised that many organisations would like to support migrants in this way but needed some help to get started. Through LET we equip small community groups across the North East with training and resources to enable them to deliver their own English classes to refugees, asylum seekers and other migrants within their community.

Over the past year we have worked hard to diversify our income streams to increase the sustainability of all projects. In August we were contracted by Newcastle and Gateshead Local Authorities to deliver English sessions to Syrians as part of the Vulnerable Persons Resettlement Scheme. We are also in discussion with the Home Office, UNHCR, Detention Action and other partners about the possibility of developing an 'Alternatives to Detention' pilot housing project.

We have focussed on increasing our community fundraising and in September, for the first time, we had four runners who took part in the Great North Run raising support and funds for Action Foundation. This event was a great success with over £3,000 raised against a target of £1,200. This year interest in supporting us has been even higher and we have 14 runners running in September 2018.

To celebrate Refugee Week in June we held a film night in partnership with The Comfrey Project where we showed the film 'Grow Your Own' which covered issues of asylum, mental health and the barriers to integration facing refugees and asylum seekers in the UK.

To end the year, we held our annual Christmas celebration for our volunteers, beneficiaries, learners and supporters. This was another excellent event attended by over 180 guests who came along for an afternoon of games, food and entertainment together.

Our CEO has continued to Chair the Board of Trustees of NACCOM, a national network of 50+ organisations that provide supported accommodation for destitute asylum seekers. In December NACCOM were one of three organisations chosen to be recipients of The Guardian and Observer Christmas appeal. In addition to being awarded £500k, of which approximately £400k will be distributed across its members through a grants scheme, it also gained significant coverage of the issues facing destitute asylum seekers in the UK. The balance of the money from the appeal will be used by NACCOM to increase its staff capacity to be able to support the growing number of member organisations in the network to be more effective and sustainable.

Action Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2018

Action Language

During the past year we enrolled 1,258 learners onto our free Skills for Life classes in Newcastle City Centre, 475 more than last year. We provided 28 classes per week to over 280 learners of 99 different nationalities. In addition, we have also continued to provide a beginner's literacy class and have introduced a weekly conversation group. Our volunteers have continued to be essential in enabling us to deliver so many classes. 182 volunteers have been involved with Action Language over the past 12 months providing support to students, maximising learning opportunities and ensuring classes are social and informative.

In Sunderland demand for our classes has steadily increased. Over the past 12 months we enrolled 288 learners and, with the support of 26 volunteers were able to increase our delivery from four classes to 12 per week.

To reach those most isolated we have continued to work with a number of partner organisations across Newcastle including the West End Women and Girls Centre and The Angelou Centre where we have provided mixed-level English courses to their service users with the support of grants from The Community Foundation – serving Tyne and Wear and Northumberland.

"I have been in the UK for three months. This is the first conversation I have had in any language. This is the best day!" (Action Language student)

In July we launched our pilot project LET (Learn English Together). This project equips small organisations with the skills, resources and confidence to deliver English sessions to their local community, often reaching those in more isolated parts of the North East where there is no formal ESOL provision. To date we have trained 30 volunteers across five groups who have delivered classes to 40 learners. We also have another four groups that are in the process of being recruited and trained as part of this project.

We are now in Year 3 of our 4 year grant from Big Lottery Reaching Communities Fund. Part of this fund has enabled us to conduct an external evaluation of Action Language to evidence project need and impact. This study has followed 97 learners over a two and a half year period conducting interviews every six months to understand how Action Language has impacted upon their lives. This study is due to be completed in September 2018.

To increase the sustainability of the project we have engaged in new opportunities to increase our unrestricted, earned income. Our Action Language PRO project provides intense, high-level English courses to fee-paying, advanced learners who wish to study at university or work for a professional organisation such as the NHS. We have also completed contracts with Newcastle and Gateshead Local Authorities to support with their delivery of English classes to Syrian refugees who were struggling to engage in mainstream English provision.

Action Housing & Hosting

During the year we have provided supported accommodation to 17 destitute asylum seekers through our Action Housing project. Due to their immigration status this extremely vulnerable group are unable to work or access any form of government support and are entirely reliant on charity to survive. In March 2018 we opened our fifth Action Housing property in Newcastle in partnership with Westgate Baptist Church, increasing our total capacity to 16 bed spaces.

During the year we benefitted greatly from a volunteer (Newcastle University Law graduate) working with us to review the access our residents have to legal support to resolve their immigration status. This research has provided us with a clear analysis of the barriers our residents face in accessing legal support and has informed our discussions on how we can help them overcome these challenges (see 'plans for future periods' section on page 7).

Over the past 12 months the link between our Housing and Hosting projects have strengthened. Action Hosting matches volunteers offering a spare room in their home with a destitute asylum seeker to provide short-term accommodation placements. Since supporting our first asylum seeker in November 2016 we have provided over 2,500 nights of accommodation to 10 destitute asylum seekers and trained 42 volunteer hosts. As spaces have become available within our Housing project we have been able to move 2 beneficiaries from our Hosting project to one of our housing properties providing them with more stable and longer-term accommodation.

Action Foundation

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2018

"Before I was hosted I was anxious about the future, I didn't sleep, I was feeling very depressed. I wasn't feeling happy and I didn't know what to do. I was unsure about who could help me. But since going to the host I sleep very well, straight from the first night" (Action Hosting Guest)

Action Letting

Through our Action Letting project we provided safe and secure accommodation and support to 89 new refugees across 15 properties in Newcastle, Gateshead and Sunderland. Residents were aged between 19 and 49 and of nationalities including Syrian, Sudanese and Eritrean. We have continued to provide all residents with support to increase their employability, gain new skills, integrate, improve their health and well-being and move on to live independently.

In December 2017 we secured a grant from The Nationwide Building Society to increase our capacity to provide support and learning to our Action Letting residents. This grant enabled us to recruit a Resident Support Trainer to work in partnership with Open Door North East who provide a similar housing service in Teesside. This new role will enable us to provide the residents of both organisations with pro-active, tailored training and support across a range of practical areas including property maintenance, recycling, personal hygiene and access to services.

Over the past 6 months we have been able to provide additional move-on support to Action Letting residents through a grant from Help the Homeless. This grant enabled us to purchase essential move-on items including fridges, carpets and cookers for four residents moving into unfurnished local authority properties.

"Thank you for all of the help. Action Foundation have helped to make my house comfortable and I can live in it now and I am very happy" (Action Letting resident)

Over the year our Director of Operations has been working closely with the Housing, Letting and Hosting teams to create a tailored 'Inform' database to improve our monitoring and evaluation. This programme will enable us to capture information more efficiently to evidence the impact of our services and how they may need to respond to future needs going forward.

In April 2017, after many weeks of negotiations we purchased our first property with the support of two low interest loans and some grants/donations. This provided an additional five bedrooms to increase the capacity of our Action Letting project for new refugees at risk of homelessness. Owning a property gives us more control to be able to use the house in the way and for the length of time needed, and we hope it will be the first of many properties that we purchase in the future.

Action Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 March 2018

Financial review

Our income increased on the previous year by 16% to £988,868. This has been due to new grant awards from Trusts and Foundations and an increase in the income from Housing Benefit for Action Letting residents. As last year, this figure also takes into account gifts in kind which cover volunteer's time, houses donated or those that we manage at below a market rent as well as office and classroom space which has continued to be provided at a subsidised rate by City Church who own the building. We have calculated the value of these gifts in kind to be £162,362.

Our costs for delivering Action Language in Sunderland reduced part-way through the year as we moved to a new office with a lower rent rate. We have also made savings in salary costs due to a few staff changes in our Action Housing/Letting/Hosting projects. However, in order for the charity to become more sustainable in the future we took on a Head of Trust fundraising to release our CEO to be able to develop new projects and a sustainable income for the charity so that we become less grant dependant in the future.

Our free reserves have decreased during the year from £68,475 to £65,960 at 31 March 2018.

Plans for future periods

Over the next year we will continue to focus on developing our income generation projects to diversify income streams, increase sustainability and decrease our reliance on Trusts and Foundations. Over the past 12 months we have made positive steps towards achieving this goal and are engaged in discussions about exciting prospects for the next year.

New developments include;

- the possibility of developing an Alternative to Detention pilot in partnership with The Home Office
- purchasing more properties with social investment
- developing our LET pilot to deliver a more comprehensive service and expand its reach geographically
- responding to the findings of our two and a half year research into the impact of our Action Language service
- implementing an improved service to help Action Housing and Hosting residents move on including greater access to legal support.
- sharing our learning and innovations more widely through the NACCOM network
- contributing to consultations, raising awareness and influencing policy that affects our residents and learners

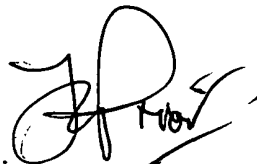
Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on Thursday 14 June 2018 and signed on behalf of the board of trustees by:



W A Coulson
Trustee



J L Prior
Charity Secretary

Action Foundation

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of Action Foundation

Year ended 31 March 2018

I report to the trustees on my examination of the financial statements of Action Foundation ('the charity') for the year ended 31 March 2018.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with my examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.



John Oswald BA FCA
STEPHENSON COATES LIMITED
Chartered accountants

West 2, Asama Court
Newcastle Business Park
Newcastle upon Tyne
NE4 7YD

14 June 2018

Action Foundation

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

31 March 2018

		Unrestricted funds £	2018 Restricted funds £	Total funds £	2017 Total funds £
	Note				
Income and endowments					
Donations and legacies	5	277,311	394,665	671,976	566,968
Charitable activities	6	135,104	168,926	304,030	277,812
Other trading activities		12,862	—	12,862	3,420
Investment income		—	—	—	46
Total income		<u>425,277</u>	<u>563,591</u>	<u>988,868</u>	<u>848,246</u>
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	7	52,234	2,700	54,934	42,867
Expenditure on charitable activities	8,9	382,359	467,143	849,502	828,494
Total expenditure		<u>434,593</u>	<u>469,843</u>	<u>904,436</u>	<u>871,361</u>
Net income/(expenditure)		<u>(9,316)</u>	<u>93,748</u>	<u>84,432</u>	<u>(23,115)</u>
Transfers between funds	15	30,000	(30,000)	-	-
Net movement in funds		<u>20,684</u>	<u>63,748</u>	<u>84,432</u>	<u>(23,115)</u>
Reconciliation of funds					
Total funds brought forward		68,672	102,353	171,025	194,140
Total funds carried forward		<u>89,356</u>	<u>166,101</u>	<u>255,457</u>	<u>171,025</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 12 to 22 form part of these financial statements.

Action Foundation
Company Limited by Guarantee
Statement of Financial Position

31 March 2018

		2018	2017
		£	£
Fixed assets			
Tangible fixed assets	16	125,000	197
Current assets			
Debtors	17	19,556	17,489
Cash at bank and in hand		218,826	164,660
		<u>238,382</u>	<u>182,149</u>
Creditors: amounts falling due within one year	18	<u>6,321</u>	<u>1,321</u>
Net current assets		<u>232,061</u>	<u>180,828</u>
Total assets less current liabilities		<u>357,061</u>	<u>181,025</u>
Creditors: amounts falling due after more than one year	19	<u>101,604</u>	<u>10,000</u>
Net assets		<u><u>255,457</u></u>	<u><u>171,025</u></u>
Funds of the charity			
Restricted funds		166,101	102,353
Unrestricted funds		89,356	68,672
Total charity funds	21	<u><u>255,457</u></u>	<u><u>171,025</u></u>

For the year ending 31 March 2018 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 14 June 2018, and are signed on behalf of the board by:

W.A. Coulson

W A Coulson
Trustee

The notes on pages 12 to 22 form part of these financial statements.

Action Foundation
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Net income/(expenditure)	84,432	(23,115)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	197	997
Other interest receivable and similar income	–	(46)
Interest payable and similar charges	1,604	–
Accrued income	–	(16,127)
<i>Changes in:</i>		
Trade and other debtors	(2,067)	19,669
Cash generated from operations	<u>84,166</u>	<u>(18,622)</u>
Interest paid	–	–
Interest received	–	46
Net cash from/(used in) operating activities	<u>84,166</u>	<u>(18,576)</u>
Cash flows from investing activities		
Purchase of tangible assets	(125,000)	–
Net cash used in investing activities	<u>(125,000)</u>	<u>–</u>
Cash flows from financing activities		
Proceeds from borrowings	95,000	10,000
Net cash from financing activities	<u>95,000</u>	<u>10,000</u>
Net increase/(decrease) in cash and cash equivalents	54,166	(8,576)
Cash and cash equivalents at beginning of year	164,660	173,236
Cash and cash equivalents at end of year	<u>218,826</u>	<u>164,660</u>

The notes on pages 12 to 22 form part of these financial statements.

Action Foundation
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31 March 2018

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is The CastleGate, Melbourne Street, Newcastle upon Tyne, NE1 2JQ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

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

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

Income generated by the charitable company is accounted for on an accruals basis. Voluntary income is accounted for as received by the company. Donated facilities and services are measured at the value it would cost on the open market.

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of raising funds comprise the costs associated with attracting donations, grants and legacies and the costs of trading for fundraising purposes.

Tangible assets

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

Fixtures, fittings and equipment - 20% - 33% straight line

Land & buildings – not depreciated

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

The charity initially recognises and measures concessionary loans at the amounts received. The carrying amount is adjusted in subsequent years to reflect repayments and any accrued interest.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Limited by guarantee

Action Foundation is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

5. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
5. Donations and legacies			
	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Donations			
Donations	32,738	1,020	33,758
Gift Aid	4,719	–	4,719
Donated facilities and services ^	162,362	–	162,362
Legacies	–	–	–
Grants			
AB Charitable Trust	7,100	12,900	20,000
Garfield Weston Foundation	30,000	–	30,000
Henry Smith Charity	–	21,600	21,600
Big Lottery Fund Grant	–	105,098	105,098
Porters Trust	10,000	–	10,000
The Clothworkers Foundation	–	16,000	16,000
Lloyds Bank Foundation for England & Wales	–	24,950	24,950
Middlesbrough Council	–	10,000	10,000
Changing Lives (from Newcastle City Council)	–	17,126	17,126
The 29th May 1961 Charitable Trust	–	4,000	4,000
Pea Green Boat Community First Fund *	–	10,272	10,272
Paul Hamlyn Foundation	–	60,000	60,000
Jill Franklin Trust	–	2,000	2,000
Erasmus+	–	7,897	7,897
NE Migration Partnership	–	4,800	4,800
The Hospital of God at Greathan	–	1,000	1,000
Redevco	30,392	–	30,392
The Evan Cornish Foundation	–	10,000	10,000
Pattinson Estate Agents Fund	–	500	500
Persula Foundation	–	4,000	4,000
Help Homeless Ltd	–	2,000	2,000
Nationwide Building Society	–	49,502	49,502
Leslie Aldridge Trust	–	30,000	30,000
	<u>277,311</u>	<u>394,665</u>	<u>671,976</u>

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2018

5. Donations and legacies (continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Donations			
Donations	26,015	15,126	41,141
Gift Aid	2,651	–	2,651
Donated facilities and services ^	177,006	–	177,006
Legacies	22,750	–	22,750
Grants			
AB Charitable Trust	15,000	–	15,000
Northern Rock Foundation (Fresh Ideas Fund 2015)	–	25,000	25,000
Henry Smith Charity	–	26,500	26,500
Big Lottery Fund Grant	–	104,059	104,059
Porters Trust	10,000	–	10,000
Virgin Money Foundation	–	48,931	48,931
Lloyds Bank Foundation for England & Wales	–	17,473	17,473
Newcastle University	5,139	–	5,139
Church Urban Fund	–	1,200	1,200
Changing Lives (from Newcastle City Council)	–	23,500	23,500
The 29th May 1961 Charitable Trust	–	4,000	4,000
Sir James Knott Trust	–	4,500	4,500
Newcastle Brown Ale Fund	–	2,640	2,640
Quaker Housing Trust	–	21,700	21,700
P & G Community Fund *	–	7,500	7,500
Pea Green Boat Community First Fund *	–	6,278	6,278
	<u>258,561</u>	<u>308,407</u>	<u>566,968</u>

* Grants administered through the Community Foundation serving Tyne and Wear and Northumberland.

^ Included in the above income is an total of £162,362 (2017: £177,006) for donated facilities and services. This amount includes £98,757 (2017: £102,906) for volunteer teachers and assistants time and £63,605 (2017: £74,100) for market value rent.

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Action Language	12,778	–	12,778
Action Letting	122,326	168,926	291,252
	<u>135,104</u>	<u>168,926</u>	<u>304,030</u>

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

6. Charitable activities *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Action Language	18,378	–	18,378
Action Letting	76,292	183,142	259,434
	<u>94,670</u>	<u>183,142</u>	<u>277,812</u>

7. Costs of raising donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Wages and salaries	39,363	2,700	42,063
Employer's NIC	3,775	–	3,775
Pension costs	3,959	–	3,959
Fundraising costs	5,137	–	5,137
	<u>52,234</u>	<u>2,700</u>	<u>54,934</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Wages and salaries	36,381	–	36,381
Employer's NIC	3,300	–	3,300
Pension costs	2,406	–	2,406
Fundraising costs	780	–	780
	<u>42,867</u>	<u>–</u>	<u>42,867</u>

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Action Language	105,395	157,615	263,010
Action Housing	120,199	14,376	134,575
Action Letting	61,495	287,082	348,576
Action Language Pro	41,935	1,428	43,363
Donations	5,386	–	5,386
Support costs	47,949	6,642	54,592
	<u>382,359</u>	<u>467,143</u>	<u>849,502</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Action Language	92,257	110,982	203,239
Action Housing	40,220	77,337	117,557
Action Letting	42,857	273,528	316,385
Action Language Pro	–	82,459	82,459
Donations	4,505	–	4,505
Support costs	104,349	–	104,349
	<u>284,188</u>	<u>544,306</u>	<u>828,494</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2018 £	Total fund 2017 £
Action Language	263,010	20,653	283,663	244,452
Action Housing	134,575	11,359	145,934	140,223
Action Letting	348,576	21,224	369,800	355,535
Action Language Pro	43,363	–	43,363	82,459
Donations	5,386	–	5,386	4,505
Governance costs	–	1,356	1,356	1,320
	<u>794,910</u>	<u>54,592</u>	<u>849,502</u>	<u>828,494</u>

Included in the above expenditure is a total of £162,362 (2017: £177,006) for donated facilities and services. This amount includes £98,757 (2017: £102,906) for volunteer teachers and assistants time and £63,605 (2017: £74,100) for market value rent.

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2018

10. Analysis of support costs

	Action Language £	Action Housing £	Action Letting £	Total 2018 £	Total 2017 £
Staff costs	—	—	—	—	53,664
Premises	3,938	2,166	3,742	9,846	13,431
General office	7,647	4,206	7,264	19,117	10,445
Governance costs	1,356	—	—	1,356	1,320
Conferences & training	1,473	810	1,399	3,682	2,671
Legal & professional fees	2,488	1,368	2,363	6,219	2,550
Travel	395	218	376	989	3,790
Marketing	3,258	1,791	3,094	8,143	13,933
Bank charges	537	295	509	1,341	1,140
Misc expenses	918	505	872	2,295	1,405
Loan interest	—	—	1,604	1,604	—
	<u>22,010</u>	<u>11,359</u>	<u>21,223</u>	<u>54,592</u>	<u>104,349</u>

11. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	<u>197</u>	<u>997</u>

12. Independent examination fees

	2018 £	2017 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>1,356</u>	<u>1,320</u>

13. Staff costs

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

	2018 £	2017 £
Wages and salaries	336,148	342,441
Social security costs	27,210	28,255
Employer contributions to pension plans	21,891	20,422
	<u>385,249</u>	<u>391,118</u>

The average head count of employees during the year was 15 (2017: 17). The average number of full-time equivalent employees during the year is analysed as follows:

	2018 No.	2017 No.
	<u>15</u>	<u>17</u>

No employee received employee benefits of more than £60,000 during the year (2017: Nil).

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

14. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees. £275 (2017: £365) was paid to trustees in the year to cover travel expenses.

Amounts paid to key management personnel during the year:

	2018	2017
	£	£
Chief Executive Officer	44,474	42,132
Director of Operations	39,200	33,878

The above amount includes gross salary with non-contributory pension contribution of 6%. The Director of Operation was employed for the full year in 2018, but only 11 months in 2017.

15. Transfers between funds

The transfer relates to a grant received in the year, in order to purchase a property. The income was shown as restricted to reflect the purpose that the grant was given. The grant was paid direct to the solicitor for the purchase of the property, so the restricted income has been transferred to unrestricted funds.

16. Tangible fixed assets

	Land and buildings £	Equipment £	Total £
Cost			
At 1 April 2017	–	10,471	10,471
Additions	125,000	–	125,000
At 31 March 2018	<u>125,000</u>	<u>10,471</u>	<u>135,471</u>
Depreciation			
At 1 April 2017	–	10,274	10,274
Charge for the year	–	197	197
At 31 March 2018	<u>–</u>	<u>10,471</u>	<u>10,471</u>
Carrying amount			
At 31 March 2018	<u>125,000</u>	<u>–</u>	<u>125,000</u>
At 31 March 2017	<u>–</u>	<u>197</u>	<u>197</u>

17. Debtors

	2018	2017
	£	£
Other debtors	<u>19,556</u>	<u>17,489</u>

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2018

18. Creditors: amounts falling due within one year

	2018	2017
	£	£
Loan	5,000	–
Other creditors	1,321	1,321
	<u>6,321</u>	<u>1,321</u>

19. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Loan	<u>101,604</u>	<u>10,000</u>

The loans due at 31 March 2018 are analysed as follows:

	£	£
Within one year	5,000	–
Between one and two years	5,000	–
Between three and five years	25,000	10,000
After more than five years	<u>71,604</u>	<u>–</u>

20. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £21,891 (2017: £20,422).

21. Analysis of charitable funds

Unrestricted funds

	At 1 April 2017	Income	Expenditure	Transfers	At 31 March 2018
	£	£	£	£	£
General funds	<u>68,672</u>	<u>425,277</u>	<u>(434,593)</u>	<u>30,000</u>	<u>89,356</u>

Restricted funds

	At 1 April 2017	Income	Expenditure	Transfers	At 31 March 2018
	£	£	£	£	£
Action Language	28,882	212,867	(161,700)	1,200	81,249
Action Housing	–	33,600	(15,838)	–	17,762
Action Letting	73,471	311,724	(289,605)	(31,200)	64,390
Fundraising	–	5,400	(2,700)	–	2,700
	<u>102,353</u>	<u>563,591</u>	<u>(469,843)</u>	<u>(30,000)</u>	<u>166,101</u>

Action Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

22. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Tangible fixed assets	125,000	—	125,000	197
Current assets	72,281	166,101	238,382	182,149
Creditors less than 1 year	(6,321)	—	(6,321)	(11,321)
Creditors greater than 1 year	(101,604)	—	(101,604)	—
Net assets	<u>89,356</u>	<u>166,101</u>	<u>255,457</u>	<u>171,025</u>