

**THE ASSOCIATION OF NORTH EAST COUNCILS LIMITED**  
**(A Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 MARCH 2024**

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**THE ASSOCIATION OF NORTH EAST COUNCILS LIMITED****(A Company Limited by Guarantee)****REGISTERED NUMBER: 05014821**

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**BALANCE SHEET  
AS AT 31 MARCH 2024**

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	Note	2024 £	2023 £
<b>Fixed assets</b>			
Intangible assets		2,788,051	1,781,610
		<u>2,788,051</u>	<u>1,781,610</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	2,257,291	2,391,949
Cash at bank and in hand	7	8,157,351	7,077,654
		<u>10,414,642</u>	<u>9,469,603</u>
Creditors: amounts falling due within one year	8	(2,493,455)	(2,054,202)
<b>Net current assets</b>		<u>7,921,187</u>	<u>7,415,401</u>
<b>Total assets less current liabilities</b>		<u>10,709,238</u>	<u>9,197,011</u>
Pension asset	9	1,702,000	1,657,000
<b>Net assets</b>		<u><u>12,411,238</u></u>	<u><u>10,854,011</u></u>
<b>Capital and reserves</b>			
Profit and loss account		12,411,238	10,854,011
		<u><u>12,411,238</u></u>	<u><u>10,854,011</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 October 2024.

**Michael Mordey**

Director

The notes on pages 3 to 11 form part of these financial statements.

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**THE ASSOCIATION OF NORTH EAST COUNCILS LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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	<b>Profit and loss account £</b>	<b>Total equity £</b>
<b>At 1 April 2022 (as previously stated)</b>	<b>3,422,991</b>	<b>3,422,991</b>
Prior year adjustment - new accounting policy	<u>1,292,332</u>	<u>1,292,332</u>
<b>At 1 April 2022 (as restated)</b>	<b>4,715,323</b>	<b>4,715,323</b>
<b>Comprehensive income for the year</b>		
Profit for the year	753,688	753,688
Actuarial gains on pension scheme	5,385,000	5,385,000
<b>Total comprehensive income for the year</b>	<u>6,138,688</u>	<u>6,138,688</u>
<b>At 1 April 2023</b>	<b>10,854,011</b>	<b>10,854,011</b>
<b>Comprehensive income for the year</b>		
Profit for the year	1,459,227	1,459,227
Actuarial gains on pension scheme	98,000	98,000
<b>Total comprehensive income for the year</b>	<u>1,557,227</u>	<u>1,557,227</u>
<b>At 31 March 2024</b>	<u><u>12,411,238</u></u>	<u><u>12,411,238</u></u>

The notes on pages 3 to 11 form part of these financial statements.

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## THE ASSOCIATION OF NORTH EAST COUNCILS LIMITED

(A Company Limited by Guarantee)

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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#### 1. General information

The Association of North East Councils Limited is a private company limited by guarantee incorporated in England and Wales, registered number 05014821. The registered office is City Hall, Sunderland City Council, Plater Way, Sunderland, SR1 3AA

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The following principal accounting policies have been applied:

##### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue comprises subscriptions receivable from the members of the association, and rebates receivable from suppliers relating to associate members, exclusive of Value Added Tax.

Subscriptions are recognised on a straight line basis over the period covered.

Rebates are recognised when due to the company under the supplier agreement. This is based on the date on which the member or associate member incurs the expenditure.

##### 2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

##### 2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024

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2. Accounting policies (continued)

2.5 Pensions

**Defined benefit pension plan**

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

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

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

The fair value of plan assets is measured in accordance with the FRS102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

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

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Capitalised costs relating to a new e-procurement system have not yet been brought into use and are not yet amortised as the system is not yet in use and is still under development.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

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**2. Accounting policies (continued)**

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash held in a current bank account and funds held by Gateshead MBC on behalf of the Company.

**2.9 Creditors**

Short term creditors are measured at the transaction price.

**3. Judgements in applying accounting policies 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 company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme 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 12, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 March 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**4. Employees**

The average monthly number of employees, including directors, during the year was 44 (2023 - 35).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**5. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 April 2023	<b>1,781,610</b>
Additions	<b>1,006,441</b>
At 31 March 2024	<u><b>2,788,051</b></u>
<b>Net book value</b>	
At 31 March 2024	<u><b>2,788,051</b></u>
<i>At 31 March 2023</i>	<u><u><i>1,781,610</i></u></u>

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**THE ASSOCIATION OF NORTH EAST COUNCILS LIMITED****(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

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**6. Debtors**

	<b>2024</b>	2023
	<b>£</b>	£
Other debtors	<b>2,075,162</b>	2,199,331
Prepayments and accrued income	<b>182,129</b>	192,618
	<b><u>2,257,291</u></b>	<u>2,391,949</u>

Other debtors includes suppliers rebates due to the company of £1,849,267 (2023: £2,070,287).

**7. Cash and cash equivalents**

	<b>2024</b>	2023
	<b>£</b>	£
Cash at bank and in hand	<b>8,157,351</b>	7,077,654
	<b><u>8,157,351</u></b>	<u>7,077,654</u>

**8. Creditors: Amounts falling due within one year**

	<b>2024</b>	2023
	<b>£</b>	£
Trade creditors	<b>347,148</b>	8,593
Other taxation and social security	<b>150,641</b>	111,452
Other creditors	<b>1,784,365</b>	1,687,807
Accruals and deferred income	<b>211,301</b>	246,350
	<b><u>2,493,455</u></b>	<u>2,054,202</u>

Other creditors includes £1,747,165 (2023: £1,648,135) due to Local Authority members in respect of supplier rebates collected on behalf of member Authorities.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

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**9. Pension commitments**

The Company operates a Defined Benefit Pension Scheme.

The pension cost and provision for the year ended 31 March 2024 are based on the advice of a professionally qualified actuary. The most recent triennial valuation is dated 31 March 2022, which has been updated to reflect conditions at the balance sheet date. The assumptions that have the most significant effect on the results of the valuation are the discount rate applied to the defined benefit liability and those relating to the rate of increase in salaries and pensions. It was assumed that salary increases would average 4.1% per year (2023: 4.2%) and that present and future pensions would increase at the rate of 2.6% (2023: 2.7%) per year. The discount rate was assumed to be 4.8% p.a. (2023: 4.7%).

Reconciliation of present value of plan liabilities:

	<b>2024</b>	2023
	<b>£</b>	£
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	<b>12,351,000</b>	17,418,000
Current service cost	<b>235,000</b>	476,000
Interest cost	<b>574,000</b>	467,000
Actuarial gains/losses	<b>(539,000)</b>	(5,793,000)
Contributions	<b>111,000</b>	81,000
Benefits paid	<b>(476,000)</b>	(298,000)
Asset Ceiling applied	<b>631,000</b>	-
	<hr/>	<hr/>
<b>At the end of the year</b>	<b><u>12,887,000</u></b>	<u>12,351,000</u>

**THE ASSOCIATION OF NORTH EAST COUNCILS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**9. Pension commitments (continued)**

Reconciliation of present value of plan assets:

	<b>2024</b>	2023
	<b>£</b>	£
At the beginning of the year	<b>14,008,000</b>	14,211,000
Interest income	<b>654,000</b>	381,000
Actuarial gains/losses	<b>190,000</b>	(408,000)
Contributions	<b>213,000</b>	122,000
Benefits paid	<b>(476,000)</b>	(298,000)
	<u><b>14,589,000</b></u>	<u>14,008,000</u>

Composition of plan assets:

**Total plan assets**

	<b>2024</b>	2023
	<b>£</b>	£
Fair value of plan assets	<b>14,589,000</b>	14,008,000
Present value of plan liabilities	<b>(12,887,000)</b>	(12,351,000)
	<u><b>1,702,000</b></u>	<u>1,657,000</u>

**Net pension scheme liability**

The amounts recognised in profit or loss are as follows:

	<b>2024</b>	2023
	<b>£</b>	£
Current service cost	<b>(235,000)</b>	(478,000)
Interest on obligation	<b>(572,000)</b>	(467,000)
Interest income on plan assets	<b>652,000</b>	383,000
	<u><b>(155,000)</b></u>	<u>(562,000)</u>

**Total**

The Company expects to contribute £107,000 to its Defined Benefit Pension Scheme in 2025.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

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**9. Pension commitments (continued)**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<b>2024</b>	<i>2023</i>
	%	%
Discount rate	<b>4.8</b>	4.7
Future salary increases	<b>4.1</b>	4.2
Future pension increases	<b>2.6</b>	2.7
Inflation assumption	<b>2.6</b>	2.7
Mortality rates		
- for a male aged 65 now	<b>21.0</b>	21.6
- at 65 for a male aged 45 now	<b>22.3</b>	22.9
- for a female aged 65 now	<b>24.2</b>	24.6
- at 65 for a female member aged 45 now	<b>25.6</b>	26.1

**10. Company status**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

**11. Related party transactions**

The company transacts with the following local authorities, who are related parties by virtue of being members of the company, and having the ability to appoint one director each to the board of the company.

The company paid rent, service and room hire charges of £41,317 (2023 - £38,078) to Gateshead Metropolitan Borough Council.

The company paid National Non Domestic Rates of £9,401 to Gateshead Metropolitan Borough Council.

The company paid other services charges of £14,805 to North Tyneside Council, £41,554 to Gateshead Council, £308 to Sunderland City Council, £675 to North Tyneside Council, and £2,562 to Durham County Council.

No balances were due to or from related parties at the year end.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

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**12. Auditors' information**

The auditors' report on the financial statements for the year ended 31 March 2024 was unqualified.

The audit report was signed on 4 December 2024 by Detlev Anderson (Senior Statutory Auditor) on behalf of Kinnair Associates Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.