

Registered Charity No. 1063906  
Company No. 03416658

**THE NORTHERN ROCK FOUNDATION**  
**TRUSTEES' ANNUAL REPORT AND ACCOUNTS**  
**For the year ended 31 December 2014**

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## Trustees

Alastair Balls (Chair)  
Sir David Chapman Bt  
David Faulkner  
Dame Jackie Fisher  
Dr Anthony Henfrey  
Frank Nicholson  
Lorna Moran (retired 13 May 2014)  
Christopher Jobe (retired 13 May 2014)  
Dr Barbara O'Toole  
Julie Shipley (retired 13 May 2014)

The Trustees have the powers and obligations of Directors as set out in the Companies Act 2006.

## Foundation Directors

**Chief Executive** Penelope Wilkinson

**Director of Finance and Resources** Ian Rutter

**Secretary** Ian Rutter

**Registered Office and Correspondence address** The Old Chapel, Woodbine Road, Gosforth, Newcastle upon Tyne NE3 1DD

**Registered Charity** Charity Commissioners' Reference Number 1063906

**Company Limited By Guarantee** Registered Number 03416658

**Telephone** 0191 284 8412  
**Fax** 0191 284 8413  
**Email** [generaloffice@nr-foundation.org.uk](mailto:generaloffice@nr-foundation.org.uk)  
**Web site** [www.nr-foundation.org.uk](http://www.nr-foundation.org.uk)

**Independent Auditors** UNW LLP, Citygate, St James' Boulevard, Newcastle upon Tyne NE1 4JE

**Bankers** Lloyds TSB Bank plc, Commercial, 5<sup>th</sup> Floor, 102 Grey Street, Newcastle upon Tyne NE99 1SL  
Virgin Money plc, Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL

**Solicitors** Ward Hadaway Solicitors, Sandgate House, 102 Quayside, Newcastle upon Tyne NE1 3DX

**Investment Managers** Aberdeen Asset Managers Limited, 10 Queen's Terrace, Aberdeen, Scotland, AB10 1YG

## **Committee Members**

### **Finance, Audit, Investment and Risk Committee**

Dr Anthony Henfrey (Chair)

Christopher Jobe (retired 13 May 2014)

David Faulkner

Frank Nicholson

Dr Barbara O'Toole

Ian Rutter (Secretary)

### **Staff Matters Committee**

Lorna Moran (Chair) (retired 13 May 2014)

Dame Jackie Fisher

Dr Barbara O'Toole

## Northern Rock Foundation Chairman's Report 2014

The Foundation's future has been uncertain since the collapse of Northern Rock bank in September 2007. With the purchase of part of Northern Rock by Virgin Money in January 2012 the Foundation's Trustees had hoped to agree with them a viable long term solution to secure the Foundation's future. Virgin Money indicated its support for the Foundation when it took over the bank and confirmed it would maintain the existing commitment to provide 1% of pre-tax profits to Northern Rock Foundation up to the end of 2013. Although this commitment did not result in any payments, Virgin Money did make donations to the Foundation in 2013 and in 2014 totalling £1.5 million.

In April 2014, despite two years of discussions between the Foundation and Virgin Money, it was announced that Virgin Money would not commit further funding. In May 2014, following significant public concern at the impact of this decision on the Foundation, Virgin Money offered the Foundation £1 million per year for five years, on condition that this was matched by the Foundation raising £3 million per year from the private sector locally. This was considered very seriously by the Foundation's Trustees. Virgin Money and Northern Rock Foundation together looked at many different ways in which this offer could help to generate an income for the Foundation including reviewing the current funding environment and canvassing views from private, public and voluntary sector bodies. Eventually Virgin Money and the Foundation each concluded that, given the existing charitable commitments and links with other local funders of many other businesses in the region, this was not a viable option for the Foundation; no other offer of funds to the Foundation was made by Virgin Money. Trustees had already explored a range of other possible routes for funding and finally approached the government for support to avert potential closure, but to no effect. It was with deep regret that Trustees announced in September 2014 that they believed there were no funding routes left to pursue, although they would be open to viable approaches, and that they must begin to prepare for the Foundation's now likely eventual closure. However no final decision on closure has yet been made

In 2014 the Foundation entered the final stages of its strategy 2011 – 2015. The focus of work in 2014 was the completion of the main grant programmes, with an emphasis on ensuring, as far as possible, that organisations receiving grants were capable of sustaining their work beyond the end of the Foundation's funding. There was also an emphasis on training and development support and a final round of leadership training for voluntary sector staff was confirmed. An evaluation of the Foundation's strategy was carried out mid-year which concluded that the Foundation did achieve its objectives to strengthen the resilience and sustainability for the long term of the voluntary organisations it had funded.

It had been decided by Trustees in December 2012 that regardless of the outcome of funding discussions the main grant programmes would come to a close in their current form at the end of 2014, to ensure a managed end to this phase of the Foundation's grant making. Final grants were made in December and the total awarded in grants and commissions in 2014 was £9.6 million. The closure of the Foundation's grant programmes has highlighted the need for national funders to increase their funding to the region. The Foundation has been working to raise the level of awareness of and involvement in the region of national grant funders, and has built stronger links especially with the Esmée Fairbairn Foundation and the Garfield Weston Foundation and with 12 other national funders involved with the Foundation in the Child Sexual Exploitation Funders' Alliance. This year the Foundation also created a joint fund, with Comic Relief and the north east based Ballinger Trust, to support dementia projects bringing additional national funds into the region.

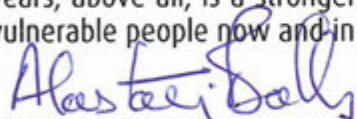
A priority in 2014 was to ensure that the expertise and learning accumulated and created by the Foundation is made available for the future. A report on the Foundation's approach to resourcing grant making, produced in collaboration with the Institute for Voluntary Action Research, was published during the year and a history of the Foundation was commissioned. Two significant research studies funded by the Foundation were published this year; Teesside Adult Sex Markets

research and Dementia 2014, a North East Perspective. A third major study on domestic violence perpetrators was published in January 2015. The final phase of the longitudinal Third Sector Trends Study also began this year and early findings were published in December. All research and reports commissioned by the Foundation will remain available on the Foundation's website for at least five years from 2015.

A major success this year, and the culmination of three years' work, was the establishment of the North East Social Investment Fund. Initial investors and key partners are Big Society Capital and the Esmee Fairbairn Foundation and the North East Social Investment Community Interest Company (NESIC). The Foundation has agreed to loan £3 million to NESIC to invest into the Fund. The Fund aims to achieve a capital fund of £11.5 million for investment and re-investment over ten years in the voluntary, community and social enterprise sector.

2014 was a particularly challenging year for the Foundation's Trustees and staff. I would like to thank my fellow Trustees and especially Chris Jobe, Lorna Moran and Julie Shipley who left the Board this year. I would also like to thank the nine staff who left this year as a result of the reduction in the Foundation's activities and its expected closure. They worked tirelessly to ensure as far as possible that the service and support provided to voluntary organisations was not affected by the changes and uncertainty the Foundation was going through. Four staff remain in 2015 to manage the next phases of the Foundation's work.

During 2014 Trustees developed plans for a programme of work in 2015 and agreed in principle to a series of special awards and projects to achieve long term positive impact on the lives of children and young people in the region, and also to support the development and sustainability of voluntary organisations. These projects, alongside the North East Social Investment Fund, will leave a significant legacy. The long term impact and benefit of the work of the Foundation over seventeen years, above all, is a stronger voluntary sector, better able to meet the needs of disadvantaged and vulnerable people now and in the future.



Alastair Balls CB  
April 2015

## Awards List 2014

<b>Safety and Justice for Victims of Abuse Grants</b>		
<b>Child Abuse</b>		
The Children's Society	£150,539	To employ a specialist CSE young men's worker at SCARPA, to work across Tyne and Wear.
University of Bedfordshire, International Centre	£100,000	Toward the evaluation of a Hub and Spoke model of provision to address Child Sexual Exploitation across England.
Trinity Youth Association	£64,452	To increase the organisation's capacity to provide support to develop LGBT youth work across the North East.
Barnardo's SECOS Project	£60,000	Toward extending the Child Sexual Exploitation Hub and Spoke service to Stockton.
<b>Domestic Abuse</b>		
My Sister's Place	£50,000	Toward the cost of purchasing and refurbishing extended premises for this domestic abuse service in Middlesbrough.
SixtyEightyThirty	£20,000	Toward core costs whilst further funding is sought for this domestic abuse project in Hexham.
Barnardo's	£17,000	For phase 2 of the evaluation of Circles 2 which works with families affected by domestic abuse.
Tees Valley Inclusion Project CIC	£6,500	To undertake a study to demonstrate the need for a BME refuge in the Tees Valley
Respect	£6,000	To evaluate and identify good practice lessons from the Impact project pilot of a perpetrator programme for women in South Shields.
Springfield	£4,871	To further develop domestic abuse training and outreach in South Lakes.
Impact Family Services	£4,129	To continue funding for a domestic abuse support worker, whilst further funding is sought for this service in South Tyneside.
<b>Hate Crime</b>		
Tyne and Wear Anti-Fascist Association	£6,960	Towards an evaluation of the organisation's work to address hate crime.
<b>Sexual Violence</b>		
Changing Lives	£202,582	Toward three support workers for women involved in sex work and sexual exploitation in Gateshead, South Tyneside and Sunderland.
ARCH	£150,261	To provide specialist support to people involved in sex work, working closely with other agencies, to improve their access to justice across the North East.
The Angelou Centre	£141,126	To develop an independent North East Violence Against Women and Girls network.
Safety Net Advice and Support Centre	£55,000	To provide capacity to develop a Third Sector Consortia to deliver sexual violence services across Cumbria.
A Way Out	£34,968	To undertake participatory peer research exploring the hidden lives of sex workers living, across Teesside.
ARCH	£20,000	For a national sexual violence conference and ISVA training.
University of Sunderland	£19,770	For a third seminar series, aimed at practitioners, academics and policy-makers, Tackling Interpersonal Violence.
Changing Lives	£19,527	To fund a support worker, multi-agency training and peer research costs, to establish a support service for women involved in sex work, in Durham.
School of Applied Social Sciences, Durham University	£18,004	To organise and host the next five North East Conferences on Sexual Violence, 2015-20.

Changing Lives	£18,000	To host three annual North East Sex Work Forum Regional Learning days.
Rape Crisis Tyneside and Northumberland	£5,000	To undertake an external evaluation of the Tyneside service.
<b>Total 23 Grants</b>	<b>£1,174,689</b>	

<b>Enabling Independence and Choice Grants</b>		
<b>Learning Disabilities</b>		
Your Voice Counts	£90,000	Toward the core costs of the organisation which supports people with learning disabilities in Tyne and Wear.
Middlesbrough First	£65,472	Toward the core costs and salary of the project officer of this organisation which supports people with learning disabilities in Middlesbrough.
Barnardo's	£59,498	To establish and evaluate Circles, a project, to support mothers with learning disabilities.
Your Voice Counts	£24,660	Towards a review of future development options for the service.
Them Wifies Limited	£16,535	To provide programme of sexual health and wellbeing work with young people with learning disabilities in Newcastle.
<b>Mental Health</b>		
Sunderland Mind	£86,917	To employ a co-ordinator to support existing outreach services and develop services in at least three new locality areas in Sunderland.
Carlisle Eden Mind Limited	£80,000	To fund running costs of a 24 hour mental health helpline for Cumbria.
Tyneside Mind	£78,433	To recruit a development officer to develop services for people with mental health problems in Newcastle.
Mind in Furness Limited	£74,925	To convert and renovate properties to provide rental accommodation for people with mental problems.
Blyth Star Enterprises	£65,034	To employ a development worker to support people with mental health problems and people with learning disabilities in South East Northumberland.
Tyneside Mind	£61,980	To employ a part-time development officer to develop services in Northumberland
Hartlepool and East Durham MIND	£37,523	To develop a programme of mental health resilience courses and a new model for volunteering in East Durham.
South Tees Advocacy in Mental Health Project	£36,756 & £19,998	Two grants towards the core costs of this organisation which offers independent advocacy support to people with mental health problems on Teesside.
<b>Older People</b>		
Comic Relief	£300,000 & £22,990	Two grants to develop a joint fund with Comic Relief to support people with dementia and their carers in the North East and Cumbria.
Alzheimer's Society	£77,124	To use sporting and reminiscence activities to support men and younger people with dementia and their carers in County Durham and Newcastle.
Equal Arts	£75,959	To develop a network that shares best practice between artists and care home professionals working with people with dementia.
Age UK Sunderland	£73,440	To support the introduction and use of new technology to support people with dementia across Sunderland.
Aapna Services Ltd	£70,000	To assist BME people with dementia to live independently in the community.
Gentoo Group Limited	£65,426	To scale up This is My Life which aims to assist residents in Sunderland who are living with dementia to plan for end of life care

		and support.
Age UK Darlington	£59,475	To employ a full-time dementia worker and develop a dementia pathway and signposting service in Darlington.
Greater Walker Community Trust	£41,800	Toward the core costs of the organisation and to employ a part-time member of staff to support service users with dementia.
Age UK North Tyneside	£39,249	To test a six week programme of support for carers and people with dementia.
Age UK Newcastle upon Tyne	£25,000	Toward the core costs of this organisation working with older people.
Remembering the Past, Resourcing the Future	£3,200	To deliver training to volunteers to support reminiscence activities for people with dementia in North Tyneside and Newcastle.
<b>Total 26 Grants</b>	<b>£1,651,394</b>	

<b>Having a Home Grants</b>		
Aquila Way	£280,000	Towards the purchase and refurbishment of properties to let to homeless people.
Francis C. Scott Charitable Trust	£250,000	Toward the capital cost of a dual access Foyer in Barrow-in-Furness.
East Cleveland Youth Housing Trust	£150,000	Toward the purchase and refurbishment of eight properties to provide employment, training and accommodation for homeless young people.
Hope North East (a company limited by guarantee)	£150,000	Towards core costs.
South Tyneside Churches' Key Project	£150,000	Towards the purchase of three flats to provide supported shared living for young people at risk of homelessness.
Homeless Link	£114,050	To create an on-going learning network of frontline workers working with homeless people across the North East and Cumbria.
Barnardo's	£75,600	Toward a young parents' housing support worker.
Barnardo's	£50,000	Towards a project providing supported lodgings for homeless young people in Northumberland.
Centrepoint / Youth Homeless North East	£19,562	To a research project on the impact of welfare reform on young homeless people.
700 Club	£16,250	Towards the refurbishment costs of rental properties for homeless people.
<b>Total 10 Grants</b>	<b>£1,255,462</b>	

<b>Managing Money Grants</b>		
Tees Credit Union	£150,000	To enable the credit union to become financially self-sustaining.
Prince Bishops Community Bank	£150,000	To provide a cheaper alternative to high cost credit suppliers to social housing tenants in Durham.
Northern Money Limited	£148,870	To create an online loan application system for credit unions.
South Tyneside Credit Union Ltd	£98,000	To enable the credit union to become financially self-sustaining.
Barrow and District Credit Union	£10,422	To support an upgraded IT system.
Darlington Credit Union	£7,500	To assess the feasibility of merger with another credit union.

<b>6 Grants</b>	<b>£564,792</b>	
<b>Commissions</b>		
Niall Alexander Consultant	£7,825	To carry out a feasibility study into the potential for a merger between local credit unions.
<b>1 Commission</b>	<b>£7,825</b>	
<b>Total 7 Grants and Commissions</b>	<b>£572,617</b>	

<b>Changing Lives Grants</b>		
<b>Prejudice and Discrimination</b>		
AWAZ (Cumbria) CIC	£90,000	To employ a development officer for this organisation supporting BME people, in Cumbria.
Regional Refugee Forum North East	£79,638	To enable and facilitate the region's refugee led and refugee assisting VCS organisations.
Hart Gables	£64,740	To employ an LGBT youth development/outreach worker, across Teesside.
Society for the Promotion and Advancement of Romany Culture	£20,000	Towards the core costs of this community organisation working with Gypsies and Travellers, in Middlesbrough.
Blyth Valley Citizens Advice Bureau	£20,000	Towards salary costs for a project worker supporting Gypsies, Roma and Travellers in Northumberland and carry out an evaluation of the work.
Northern Roots	£20,000	To further develop a mentoring project.
Tees Valley Arts	£20,000	To continue creative and supportive activities through the Wider World 2 project.
Friends of the Drop-in for Asylum Seekers and Refugees	£18,385	Toward the running costs of this organisation that supports refugees and asylum seekers in Sunderland.
Methodist Asylum Project, Middlesbrough (M.A.P.)	£14,110	To provide additional opening hours to enable greater access to social, educational and/or healthy living activities for asylum-seeker women and families.
<b>Substance Misuse</b>		
Northern Engagement into Recovery from Addiction Foundation	£100,000	To employ the director of the organisation supporting substance misusers based in Sunderland.
A Way Out	£79,998	To provide outreach and recovery services for vulnerable women trapped by substance misuse, sexual exploitation and homelessness.
Bishop Auckland Community Partnership	£20,000	To support young offenders who may also misuse drugs and alcohol.
<b>Offenders</b>		
Writers in Prison Network Ltd	£14,000	To disseminate, nationally, lessons learned from The Melting Pot project at HMP Frankland.
<b>Total 13 Grants</b>	<b>£560,871</b>	

<b>Fresh Ideas Grants</b>		
Kidsafe UK	£50,000	To bring the Kidsafe programme to 180 schools in the North East.
A Way Out	£50,000	To develop a social licence based on the women's community engagement model - Reach.
Barnabas Safe & Sound	£50,000	To provide three new supported accommodation units for homeless young people in Ashington.
Show Racism the Red Card	£50,000	To develop a Business Friends network to diversify the organisation's funding base and widen access to resources to generate further income.
Tyneside Women's Health	£49,989	To develop a range of business initiatives trading services in: workplace wellbeing, community education and professional skills training.
The Angelou Centre	£49,970	To develop a social enterprise delivering childcare to BME children under five in Newcastle upon Tyne.
Moving On (Durham) Ltd	£49,959	To develop a supported accommodation scheme for homeless young people.
Eva Women's Aid Ltd	£49,866	Toward the purchase of a safe house.
Depaul Trust	£49,635	To establish the feasibility of utilising empty properties to provide accommodation for homeless young people.
Helix Arts	£49,150	To develop a new arts-based resource package and training programme.
Action Foundation	£49,008	Toward the provision of accommodation and support for homeless refugees, in Sunderland.
Dementia Care Partnership	£48,000	Toward development and marketing of training products for care providers and carers to support delivery of best practice care for people with dementia.
Self Harm Awareness for the Furness	£48,000	To support development/creation of new training packages and become the host venue for external trainers.
Real Lives: Real Choices	£46,815	To support the development of a project supporting the relationships and sexuality of adults with learning disabilities within a social firm structure.
Tees Valley Inclusion Project CIC	£45,200	To develop toolkit on the issue of forced marriage.
Washington Mind	£43,985	To extend 'A Life Worth Living' training and to develop and license a sustainable model to sell to other mental health providers.
Age UK Teesside	£43,356	To commission a feasibility study and assist the development of a paid for dementia service in four unitary authority areas enabling self-sustainability.
The Children's Society	£41,800	To structure the Fast Forward Scheme to enable it to generate income.
The Skill Mill	£41,600 & £8,400	Two grants to employ ex-young offenders to reduce flood risk and improve habitats in watercourses across the North East.
AWAZ (Cumbria) CIC	£29,500	To develop a training and consultancy function specialising in equality and hate crime.
Bill Quay Farm Association	£21,287	To support staffing costs.
Redcar and Cleveland Mind	£20,000	To pilot a pop-up charity shop for 12 months within the HotSpot cafe to provide employment, training and volunteer placements for ex-prisoners.
<b>Total 23 Grants</b>	<b>£985,520</b>	

<b>Policy and Research Grants</b>		
IVAR	£10,000	For a study on the Foundation's approach to resourcing its grant making.
Institute for Public Policy Research	£3,000	Towards the State of the North report.
<b>2 Grants</b>	<b>£13,000</b>	
<b>Commissions</b>		
St Chad's College – University of Durham	£32,088	Towards phase three of the Third Sector Trends Study.
Bright Purpose	£19,200	To complete a final impact evaluation of the Foundation's work.
<b>2 Commissions</b>	<b>£51,288</b>	
<b>Total 4 Grants and Commissions</b>	<b>£64,288</b>	

<b>Training and Development</b>		
<b>Grants</b>		
Learning and Support Small Grants	£103,953	50 grants to help organisations address management and governance issues or to engage in learning.
Skillsbridge	£25,000	To support core salary and operating costs of this training organisation providing business mentoring for voluntary organisations.
<b>51 Grants</b>	<b>£128,953</b>	
<b>Commission</b>		
Newcastle University	£42,500	To deliver leadership training to voluntary sector senior staff.
<b>1 Commission</b>	<b>£42,500</b>	
<b>Total 52 Grants and Commissions</b>	<b>£171,453</b>	

<b>Exceptional</b>		
North East Social Investment Community Interest Company (NESIC)	£1,350,000	For the core costs of NESIC over 20 years.
Cumbria Community Foundation	£375,000	For the creation of a new grant making fund.
County Durham Community Foundation	£375,000	For the creation of a new grant making fund.
Tees Valley Community Foundation	£375,000	For the creation of a new grant making fund.
Community Foundation Tyne & Wear and Northumberland	£375,000	Towards the purchase of the Old Chapel to provide new office accommodation for the organisation.
The Children's Society	£50,000	Towards the Neither Here Nor There project working with young people at risk of sexual exploitation.
Newcastle Women's Aid	£50,000	Towards the salary of a children's worker for this refuge, in Newcastle.
Crossings	£50,000	Towards salary and core costs of this organisation in Newcastle

		working with refugees.
Hospitality and Hope	£45,000	Towards the refurbishment of a property to provide accommodation for vulnerable adults and a community cafe in South Tyneside.
Chester-le-Street Sea Cadets	£25,000	Towards development of an engineering workshop and purchase of a minibus.
Durham Association of Boys & Girls Clubs	£25,000	Towards purchase of IT equipment and delivery of activities.
Literary and Philosophical Society	£24,000	For audience development projects and building improvements.
North East Social Investment Community Interest Company NESIC	£18,000	Towards the costs of setting up the North East Social Investment Fund.
Sunderland Bangladeshi Community Centre	£9,611	For a marketing strategy to re-brand this community centre.
Northumbria Coalition Against Crime	£5,000	Towards the core costs of the organisation.
<b>15 Grants</b>	<b>£3,151,611</b>	
<b>Commission</b>		
Sheffield Hallam University	£26,940	Towards research on the demand for small scale social investment funding in Cumbria.
<b>1 Commission</b> <b>£26,940</b>	<b>£26,940</b>	
<b>Total 16 Grants and Commissions</b>	<b>£3,178,551</b>	

<b>Total 5 Commissions</b>	<b>£128,553</b>
<b>Total 169 Grants</b>	<b>£9,486,292</b>
<b>Grants and Commissions</b>	
<b>Grand Total</b>	<b>£9,614,845</b>

**Northern Rock Foundation  
Trustees' report for the year ended 31 December 2014**

**Governance and management**

The Foundation is a charitable company limited by guarantee and was set up on 4 August 1997. It is governed by a memorandum and articles of association revised and adopted at the Foundation's AGM on 12 May 2008. The governance, terms of appointment and appointment to the Trustee Board of the Foundation are the responsibility of the Trustees. The Chairman has established an appraisal system for Trustees. As a consequence, the Trustees believe that they have available to them all the necessary skills to manage the Foundation's affairs.

The Trustees meet to discuss the Foundation's business and to make main grants (those over £20,000) five times each year. The two committees of the board dealing with finance, audit investment and risk and staff matters were dissolved at the meeting of the Board on 9 December 2014; all such matters will now be dealt with at the main board meetings.

Responsibility for making grants up to and including £20,000 each is delegated to the Foundation's Chief Executive and any one Trustee. All such grant decisions are reported to the Board at the meeting following the decision. Awards for under £2,500 are given at the discretion of the Programme Managers from a budget set by the Trustees for that purpose; they form part of the organisation's attempt to improve the knowledge and capacity of the sector. These decisions are ratified by the full Board at subsequent meetings. Day-to-day management of administration of grants and the processing and assessment of applications prior to Trustees' consideration is delegated to the Foundation's Chief Executive and staff team.

The Trustees of the Foundation at 31 December 2014, all of whom have been Trustees for the whole of the year ended on that date unless otherwise stated, are listed on page 2 of this report.

**Statement of Trustees' responsibilities**

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the Trustees are required to:

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

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

### **Objectives and activities**

The Foundation's Objective, according to its governing document, is "to pay or apply the income or (if and when the Trustees, as hereinafter defined, shall see fit) the whole or any part of the capital of the Foundation to any charitable institutions, bodies or funds or for any charitable purposes (according to the laws of England and Wales from time to time) principally in, but not limited to, the United Kingdom."

Normally, and with only rare exceptions, the Foundation's Trustees have elected to confine their activities to the north of the UK and more specifically the North East of England and Cumbria. For operational purposes, the primary objective of the Northern Rock Foundation is to provide public benefit by tackling disadvantage and improving the quality of life in Cumbria, Northumberland, Tyne and Wear, County Durham and the Tees Valley.

The Foundation pursues this primary objective through investing in non-profit-distributing organisations. It also directly provides or commissions services, conducts research by commissioning others and provides loans on a variety of terms.

The Trustees confirm that they have taken due regard of the Charity Commission's general guidance on public benefit.

### **Grant-making policy**

As a large and engaged grant-maker with a wide range of interests, the Foundation has had numerous grant-making programmes and special initiatives, a set of policies for delivering them and detailed guidance for applicants. In 2014 the Foundation operated five main grant programmes: Managing Money, Having a Home, Enabling Independence and Choice, Safety and Justice for Victims of Abuse and Changing Lives. Funding for training and development as well as for research and commissions, also continued. The Foundation also operated the Fresh Ideas Fund, which provided funding for early stage development of new business ideas to help charities to grow in size, increase their impact and improve their long term sustainability.

The Foundation worked with grant-holders and other partners to help them to build their ability to be able to capture and demonstrate their value and impact, and to learn from the work they are doing to continually improve the projects they are delivering. Evaluation evidence was collected and used on the achievements of the projects, supported by grants and wider forms of assistance, to help inform grant making and other support. The Foundation continues to be confident that through grant making and other support they have positively affected the lives of individuals and communities in North East and Cumbria.

The Foundation sought to share what it does and what is learned from its work through its website, e-newsletters and published research and reports. Details of all the grants made are included on pages six to twelve.

## Achievements and performance

Programme/activity	Summary of progress/achievements in 2014
Changing Lives	13 projects were funded. All priority groups within the programme received support, although the majority of grants given were for work with refugees and asylum seekers, to ensure a base level of support, advocacy and legal advice in Tyne and Wear and Teesside.
Enabling Independence and Choice	All priority groups within the programme received support and 26 grants were made. Two grants totaling £322,990 were made to Comic Relief as a contribution to a joint fund with them and with the Ballinger Trust to fund projects in the North East and Cumbria to support people with dementia.
Safety and Justice for Victims of Abuse	All priority groups within the programme received support and 23 projects were funded.
Managing Money	Six grants were given to support the development of credit unions.
Having a Home	10 projects were funded with an emphasis on capital grants for the purchase of property to provide accommodation for homeless people.
Fresh Ideas Fund	23 projects were funded.
Policy and Research	The third and final stage of the Third Sector Trends Study was commissioned and work to assess the nature and impact of the Foundation's grant making was also funded.
Training and Development	50 Learning and Support grants were given and a programme of leadership development for voluntary sector workers was commissioned

### 2014 Approved Grants:

Programme	Amount awarded £'000	% of amount awarded	% Success rate of eligible applications
Enabling Independence and Choice	1,651	17	95
Changing Lives	561	6	92
Safety and Justice for Victims of Abuse	1,175	13	100
Having a Home	1,255	13	93
Managing Money	565	6	100
<b>Grants awarded under main programmes</b>	<b>5,207</b>	<b>55</b>	<b>-</b>
Fresh Ideas	986	11	33
Training and Development grants	129	1	100
Policy grants	13	-	100
Exceptional awards	3,151	33	100
<b>Grand Total</b>	<b>9,486</b>	<b>100</b>	<b>-</b>

### Eligibility

In 2014, the Foundation received 209 new requests for grants and there were 3 pending applications at the end of 2013. Of these 212 requests, 2 were withdrawn by applicants. Of the 210 remaining requests: 1 was ineligible; 169 were successful; 37 were rejected by Trustees and 3 were pending at the end of the year.

## Geographical distribution of grants awarded

Geographical area	Number of grants	% Success rate of eligible applications	Amount approved (£'000)	Amount approved %	Population ('000)	Amount approved per capita (£)
Cumbria	12	89	1,022	11	498	2.05
Durham	11	67	801	8	516	1.55
North East	35	70	2,666	28	2611	1.02
North East & Cumbria	2	100	149	2	3109	0.05
Northumberland	12	67	540	6	316	1.71
Tees Valley	40	77	1,809	19	665	2.72
Tyne and Wear	57	80	2,499	26	1114	2.24
<b>Total</b>	<b>169</b>	<b>78</b>	<b>9,486</b>	<b>100</b>	<b>3109</b>	<b>3.05</b>

## Range of grant awards

Of the 169 grants awarded in 2014, 65% were for amounts below £60,000 and 14% were for amounts of £100,000 or more.

Range of grant awards	Number of awards	Average grant £'000	Median grant £'000	Total grants £'000
£100,000 +	21	264	150	5,537
£60,000 - £99,999	21	75	76	1,577
£30,000 - £59,999	33	47	50	1,566
£10,000 - £29,999	32	20	20	632
£1 - £9,999	62	3	3	174
<b>Total</b>	<b>169</b>	<b>56</b>	<b>20</b>	<b>9,486</b>

## Work commissioned by the Foundation

The total value of work commissioned in 2014 is £129k, which represents 1% of the amount authorised by Trustees overall. Details of the work commissioned in 2014 can be found in the Annual Review 2014.

The number and value of awards is presented in the table below.

Fund	Number of commissions	Total commissions £'000	% of amount awarded
Changing Lives	-	-	-
Managing Money	1	8	6
Policy	2	51	46
Exceptional	1	27	33
Training and Development Initiatives	1	43	15
<b>Total</b>	<b>5</b>	<b>129</b>	<b>100</b>

## Staff match giving

The Foundation continued to support Virgin Money's staff match giving scheme in 2014. Virgin Money's corporate charity was Cancer Research UK. £96,282 was raised for Cancer Research UK through corporate and individual fundraising to the end of December 2014 and this was matched by the Foundation, providing a total donation of £192,564. Individual fundraising or payroll giving of

£53,725 was also matched by the Foundation up to a maximum of £500 per person. In total, in 2014 the staff match scheme generated £246,289 for charities.

### Social investment and loans to the voluntary sector

The Trustees established a loan scheme in 2003 to run in tandem with the grant programmes administered jointly by the Foundation's staff and Charity Bank. No new loans were made in 2014, and no loans remain on the loan book.

In December 2013 Northern Rock Foundation and Big Society Capital announced their intention to create an £11.5m social investment fund for the North East of England to support the development and expansion of voluntary and community organisations and social enterprises. In February 2014 the North East Social Investment Community Interest Company (NESIC) was set up to champion the development of social investment in the region and to oversee the running of the fund during its life, supported by a grant of £1.35m over twenty years from the Foundation. In April 2014 the Foundation entered into an Establishment Agreement with Big Society Capital and NESIC setting out the commitments and relationships between the three organisations relating to the proposed North East Social Investment Fund. In December 2014 a limited partnership was established between the investors in the Fund including NESIC and BSC, and Northstar Ventures were appointed as the fund manager to operate the Fund. In December 2014 Northern Rock Foundation entered into an agreement with NESIC to loan £3 million to them for investment in the North East Social Investment Fund. This loan will be drawn down over up to ten years and then re-paid to the Foundation or a designated body over up to ten years.

### Risk statement

The Foundation has adequate reserves of £14,393,000 to meet its current plans in 2015.

The Trustees have considered and identified risks to which the Foundation is subject and have in place measures to mitigate them.

Internal controls have been established to ensure effective management and monitoring of the charity's operation.

Trustees review the risk management strategy at least annually; during 2014, the Trustees monitored the strategy at regular intervals and updated it as necessary.

### Investment policy and returns

The Foundation's Finance, Audit, Investment and Risk Committee appointed Aberdeen Asset Managers Limited to be their fund manager in 2007. This appointment was reaffirmed during 2012.

Aberdeen Asset Managers Limited invested the Foundation's funds in Common Investment Funds with a mix of equity, fixed interest and cash investments in the portfolio to deliver a real rate of return of 3.5% per annum (measured against the Retail Prices Index) over a rolling five-year period.

Performance in 2014 has been monitored by the Finance, Audit, Investment and Risk Committee which considers it to have been satisfactory, under the prevailing circumstances.

Asset class	Benchmark %	Range %	Actual %
UK Equities	60	45-75	43
Global Equities ( ex UK)	10	0-20	6
UK Fixed Interest and Index Linked	30	15-45	24
Cash	-	0-10	27
<b>Total</b>	<b>100</b>		<b>100</b>

The portfolio was progressively liquidated during 2014; this process completed in January 2015 and the appointment of Aberdeen Asset Management was terminated.

### Reserves policy

With the expected closure of the Foundation reserves are planned to be fully expended by mid-2016. Control systems exist to ensure the level of reserves is monitored at least monthly to enable the Foundation's final programme of work to be put in place.

Closing reserves as at 31 December 2014 were £14,393,000 (2013: £23,347,000).

### Financial report

Virgin Money made a donation of £1m to the Foundation.

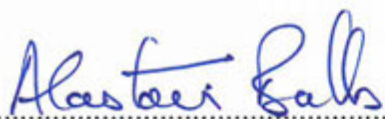
During the year, the Trustees allocated £9,486,000 to beneficiaries of their grant programmes for revenue grants which were for a term of between one and four years.

The Trustees incurred expenditure of £976,000, being £120,000 (2013: £93,000) in governance costs and £856,000 (2013: £818,000) in costs relating to grant awards and policy and development work.

### Plans for the future

In 2015 Trustees will implement a plan agreed by the board in December 2014 to apply its remaining reserves to its charitable objects. The Foundation expects to make the majority of outstanding grant payments still due during 2015 and to transfer responsibility for any residual grants and assets to other suitable bodies following any decision to close in due course. The Foundation has adequate funds in reserves to deliver this programme and to meet all outstanding grant commitments, operational and any closedown costs in 2015.

### On behalf of the board of Trustees



Alastair Balls CB  
Chairman – Board of Trustees

Date: 27/04/2015

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORTHERN ROCK FOUNDATION**

We have audited the financial statements of The Northern Rock Foundation for the year ended 31 December 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also the directors of the 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept in respect of the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records and returns; or
- certain disclosures of Trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Wilson BA FCA (~~Senior~~ statutory auditor)  
for and on behalf of UNW LLP, Statutory auditor

27 April 2015

**Northern Rock Foundation**  
**Statement of Financial Activities**  
(incorporating an Income and Expenditure Account)  
for the year ended 31 December 2014

	Note	Total funds 2014 £'000	Total funds 2013 £'000
<b>Incoming Resources</b>			
<i>Incoming resources from generated funds:</i>			
Donations	2	1,000	500
Investment income	3	250	412
<i>Other incoming resources:</i>			
Voluntary income		15	-
<b>Total Incoming Resources</b>		<u>1,265</u>	<u>912</u>
 <b>Resources Expended</b>			
<i>Cost of generating funds:</i>			
Investment management costs	4	3	78
<i>Charitable activities</i>	5	10,384	8,356
<i>Governance costs</i>	6	120	93
<b>Total Resources Expended</b>		<u>10,507</u>	<u>8,527</u>
<b>Net Expenditure</b>		<u>(9,242)</u>	<u>(7,615)</u>
 <b>Other Recognised Gains and Losses</b>			
Net realised/unrealised gain on Investments	10	288	1,959
<b>Net Movement in Funds</b>		<u>(8,954)</u>	<u>(5,656)</u>
Balances brought forward 1 January		23,347	29,003
<b>Balances carried forward 31 December</b>		<u>14,393</u>	<u>23,347</u>

All of the above results are derived from continuing activities.

There were no gains or losses recognised in the current year that were not reflected in the increase in fund balances carried forward, therefore no separate statement of total recognised gains and losses has been prepared.

The deficit for the year for Companies Act purposes comprises the net incoming resources for the year plus realised gains on investments of £288,000 (2013: £1,425,000 gain).

The Trustees consider that all of the Foundation's funds are unrestricted.

**Northern Rock Foundation**  
**Balance Sheet at 31 December 2014**  
**Company Number - 03416658**


	Note	2014 £'000	2013 £'000
<b>Fixed Assets</b>			
Tangible fixed assets	9	4	797
Investments under fund management	10	16,472	22,090
Programme-related investments	11	1,000	1,150
		<u>17,476</u>	<u>24,037</u>
<b>Current Assets</b>			
Debtors	12	58	20
Cash at bank and in hand	13	5,660	7,793
		<u>5,718</u>	<u>7,813</u>
<b>Creditors (amounts falling due within one year)</b>	14	(5,848)	(6,804)
<b>Net Current Assets</b>		<u>130</u>	<u>1,009</u>
<b>Total Assets less Current Liabilities</b>		<u>17,346</u>	<u>25,046</u>
<b>Creditors (amounts falling due after more than one year)</b>	15	(2,953)	(1,699)
<b>Net Assets</b>		<u>14,393</u>	<u>23,347</u>
<b>Unrestricted Funds</b>			
General Reserve		14,393	18,479
Revaluation Reserve		-	4,868
<b>Income Funds</b>	16	<u>14,393</u>	<u>23,347</u>

The notes on pages 24 to 31 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 27 April 2015 and signed on its behalf by:



Alastair Balls



Anthony Henfrey

**Northern Rock Foundation**  
**Cash Flow Statement for the year ended 31 December 2014**

	Note	2014 £'000	2013 £'000
<b>Net cashflow from operating activities</b>	17	(9,188)	(9,181)
<b>Returns on investment and servicing of finance</b>			
Dividends on investment income		138	272
Interest on cash and short-term deposits		92	120
Interest on loans		20	20
		<u>250</u>	<u>412</u>
<b>Capital expenditure and financial investments</b>			
Purchase of tangible fixed assets		-	-
Sale of tangible fixed assets		750	-
Decrease in loans		150	8
Purchase of investments		-	-
Sale of investments		<u>11,867</u>	<u>11,741</u>
<b>Net cashflow from capital expenditure and financial investment</b>		<b>12,767</b>	<b>11,749</b>
<b>Management of liquid resources</b>			
Decrease in short-term deposits		-	2,002
(Increase)/decrease in managed cash funds		<u>(5,961)</u>	<u>(4,027)</u>
<b>Increase/(Decrease) in cash</b>	17	<u>(2,133)</u>	<u>955</u>

**Northern Rock Foundation**  
**Notes to the Financial Statements for the year ended 31 December 2014**

**1. Accounting policies**

**a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, with the exception of quoted investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, the Companies Act 2006 and applicable Accounting Standards. The financial statements have been prepared under the going concern assumption, as no decision to close has yet been taken. Trustees consider that the Foundation has taken adequate resources to meet all ongoing liabilities as they fall due.

**b) Company status**

Northern Rock Foundation (the Foundation) was established on 4 August 1997 as a company limited by guarantee. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chairman) who were also members at 31 December 2014 was 7 and they are named on page 2.

**c) Fund accounting**

All funds are unrestricted and are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

**d) Incoming resources**

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified accurately.

**e) Investment Income and interest receivable**

Dividends are included when receivable. Interest receivable on fixed interest securities and bank deposits is included on an accruals basis. Associated tax credits are accrued as income tax recoverable.

**f) Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Costs are included gross of irrecoverable VAT. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

**g) Grant**

Grants authorised by the Trustees are provided for in the year of authorisation, irrespective of when paid.

**h) Overhead and support costs**

Overhead and support costs include all costs incurred in the pursuance of the Foundation's charitable activities, with the exception of those allocated to the governance of the charity.

#### **i) Governance costs**

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. They include costs related to statutory audit and legal fees together with an apportionment of overhead costs, allocated on a time basis.

#### **j) Investments**

Investments under fund management are stated at market value at the balance sheet date. The SOFA includes net gains and losses arising on revaluations and disposals throughout the year.

Other investments include social investments in the nature of interest-free loans and other similar amounts to charitable organisations, and are recorded at cost less any provisions to reflect the non-recoverability of such amounts. The interest foregone on interest-free loans and other similar amounts is not treated as a donation to the recipient due to inherent difficulties in determining a valuation of the donation.

#### **k) Taxation**

As a registered charity the Foundation is not liable to UK Income Tax, Corporation Tax and Capital Gains Tax as long as the income it receives is applied for charitable purposes. There is therefore no tax charge in the accounts. It is unable to recover input value added tax on goods and services.

#### **l) Pension costs**

Unless they opt out, seconded employees participate in the Virgin Money (2011) Pension Scheme which was established from 1 January 2011 to provide retirement benefits for staff. The assets of the Scheme are held in Trustee-administered personal accounts which are invested separately from the assets of Virgin Money plc.

Up to 1 January 2011, seconded employees who joined a previous scheme before 1 July 1999 participated in a funded, contracted-out, defined benefit section of the previous scheme unless they opted out. Other seconded employees, including those employed at 1 July 1999, but not members of the defined benefit section of the previous scheme at that date, together with seconded employees employed from 1 July 1999, participated in the contracted-in defined contribution section of the previous scheme unless they opted out.

The charity meets the cost of the employer contributions while the staff are on secondment at the charity. However, as confirmed, the charity is not a participating employer and is therefore not responsible for any of the past liabilities or any further liability which accrues in the defined benefit section of the scheme, while the staff are on secondment. Accordingly contributions, for both the defined benefit section and the defined contribution section, are charged to the statement of financial activities as they become payable.

For staff employed by the charity, defined employer pension contributions are paid into the individual pension plans of employees. Contributions are charged to the statement of financial activities as they become payable.

## m) Tangible fixed assets

The cost of fixed assets is their purchase price, together with any incidental costs of acquisition. The minimum value for capitalisation is £500. Depreciation is charged so as to write off the cost over the estimated life of the asset on a straight line basis and the principal rates are as follows:

Land and buildings	50 years
Computers and equipment	5 years
Fixtures and fittings	10 years

Tangible fixed assets are reviewed for impairment at the end of each reporting period.

### 2. Income

	2014 £'000	2013 £'000
Donation	<u>1,000</u>	<u>500</u>

The funding agreement with Virgin Money plc to provide 1% of pre-tax profits to the Foundation lapsed on December 2013, however Virgin Money plc made a £1m donation to the Foundation in 2014.

### 3. Investment Income

	2014 £'000	2013 £'000
Interest receivable on call accounts	-	21
Interest receivable on fixed-term deposits	92	99
Loan interest	20	20
Dividends receivable	138	272
	<u>250</u>	<u>412</u>

### 4. Investment management fees

	2014 £'000	2013 £'000
	<u>3</u>	<u>78</u>

Aberdeen Asset Managers Limited is the appointed fund manager for the Foundation. Fees are calculated quarterly in arrears, based on the market value of the portfolio on the last business day of the quarter. The rebate between the charge intrinsic within the common investment funds and that payable by the Foundation is automatically reinvested into the portfolio in line with the investment guidelines.

This appointment was terminated in January 2015.

### 5. Charitable activities

Expenditure on charitable activities consists of grants payable together with the support costs incurred in making those awards.

	2014 £'000	2013 £'000
Grants payable	9,528	7,538
Support costs	856	818
	<u>10,384</u>	<u>8,356</u>

a) Grants payable

	2014 £'000	2013 £'000
Grants authorised	9,486	7,298
Commissioned work	129	328
Grants withdrawn or returned in current year	(1)	(5)
	<u>9,614</u>	<u>7,621</u>
Prior year grants returned	(237)	(214)
	<u>9,377</u>	<u>7,407</u>
Staff Matched Giving Scheme	151	131
	<u>9,528</u>	<u>7,538</u>

Details of grants payable across the different grant programmes are analysed on page 15 and a full listing of all grants awarded in 2014 is shown on pages 6 to 12.

The Staff Matched Giving Scheme relates to employees of Virgin Money plc.

b) Support costs

	2014 £'000	2013 £'000
Direct costs	153	178
Allocated costs		
- Salaries	608	549
- Other allocated costs	95	91
	<u>856</u>	<u>818</u>

Support costs comprise costs incurred directly in support of expenditure on the objects of the charity and include all costs relating to grant assessments, post-grant costs such as monitoring of grants and management and administration costs. A portion of support costs has been allocated to governance on the basis of staff time spent on governance issues. The increase in support costs is due to £164,000 of redundancy costs which have been paid.

6. Governance

	2014 £'000	2013 £'000
Legal and professional	46	13
Auditors' remuneration	12	16
Costs of Trustees' meetings	1	2
Allocated costs		
- Salaries	55	56
- Other allocated costs	6	6
	<u>120</u>	<u>93</u>

## 7. Total resources expended

	Grants payable £'000	Direct costs £'000	Salary allocation £'000	Overhead allocation £'000	Total 2014 £'000	Total 2013 £'000
Investment management fees	-	3	-	-	3	78
Grants payable	9,528	-	-	-	9,528	7,538
Support costs	-	153	608	95	856	818
Governance costs	-	59	55	6	120	93
	<b>9,528</b>	<b>215</b>	<b>663</b>	<b>101</b>	<b>10,507</b>	<b>8,527</b>

### Staff costs

	2014 £'000	2013 £'000
Wages and salaries	410	494
Social security costs	44	54
Pension costs	39	51
Life cover insurance	5	6
Redundancy costs	165	-
	<b>663</b>	<b>605</b>

During the year, one employee earned emoluments, as defined for taxation purposes, of between £70,000 and £80,000. This also attracted a £7,766 employer contribution to the employee's personal pension scheme. (2013: one employee earned over £70,000)

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2014 Number	2013 Number
Support staff	9	11
Governance	1	1

During 2014 four staff directly employed by the Foundation were made redundant and the secondments of five staff were terminated. As at 1 January 2015 four staff were employed directly by the Foundation and there were no seconded staff.

## 8. Trustees' remuneration

The Trustees, who are also the directors of the Foundation, are not entitled to receive any remuneration from the Foundation. Out-of-pocket travel, meals and accommodation expenses totalling £899 (2013: £916) were reimbursed to one (2013: two) of the Trustees during the year.

## 9. Fixed Assets

	Freehold land and buildings £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	1,005	75	114	1,194
Disposals in year	(1,005)	(75)	(104)	(1,184)
31 December 2014	-	-	10	10
<b>Accumulated Depreciation</b>				
At 1 January 2014	221	69	107	397
On disposals	(240)	(71)	(107)	(418)
Charge for the year	19	2	6	27
At 31 December 2014	-	-	6	6
<b>Net book value 31 December 2014</b>	-	-	4	4
Net book value 31 December 2013	784	6	7	797

## 10. Fixed assets – Investments under fund management

	2014 £'000	2013 £'000
Market value at 1 January	16,011	25,793
Proceeds of investments sold	(11,867)	(11,741)
Net realised/unrealised gain	288	1,959
	4,432	16,011
Cash	12,040	6,079
<b>Market value at 31 December</b>	<b>16,472</b>	<b>22,090</b>
Historical cost of investments at 31 December	16,576	17,222

### Geographical analysis of investments under fund management:

	2014 £'000	2013 £'000
Sterling Fixed Interest	4,432	5,207
UK Equities	-	9,452
Overseas Equities	-	1,352
Cash	12,040	6,079
<b>Total</b>	<b>16,472</b>	<b>22,090</b>

## 11. Programme-related investments

	2014 £'000	2013 £'000
a) Charity Bank	1,000	1,000
b) Loans to the voluntary sector (net)	-	150
	<b>1,000</b>	<b>1,150</b>

### a) Charity Bank

During 2004, the Foundation purchased £500,000 of tier 1 capital (zero coupon non-voting preference shares) in Charity Bank. During 2014 these preference shares have been converted to ordinary shares. A further investment of £500,000 was made in 2005 in a tier 2 capital issue of £1 million fixed rate subordinated unsecured notes due for repayment in 2015. These notes are non-transferable and attract interest at a rate of 4% per annum. During 2010 the Trustees agreed to a one year extension of the subordinated loan.

**b) Loans to the voluntary sector**

During 2014, a loan of £3m was awarded to the North East Social Investment Community Interest Company but not yet drawn down. Of the £150,000 approved during 2011, this was converted into grant funding during 2014.

**12. Debtors**

	2014 £'000	2013 £'000
Prepayments and accrued interest	58	20

**13. Cash Deposits**

	2014 £'000	2013 £'000
Virgin Money Charity Deposit Account	5,236	5,650
Other accounts	424	2,143
	<u>5,660</u>	<u>7,793</u>

**14. Creditors: amounts falling due within one year**

	2014 £'000	2013 £'000
Accruals	12	16
PAYE & Salaries	22	27
Pension	2	3
Trade creditors	8	10
Grants authorised and not yet paid	5,804	6,748
	<u>5,848</u>	<u>6,804</u>

**15. Creditors: amounts falling due after more than one year**

	2014 £'000	2013 £'000
Grants authorised and payable after 1 year	2,953	1,699

**16. Summary of movements on income funds**

	General reserve £'000	Revaluation reserve £'000	Total income funds £'000
Income funds at 1 January 2014	18,479	4,868	23,347
Incoming resources	1,265	-	1,265
Resources expended	(10,507)	-	(10,507)
Net investment gains	5,156	(4,868)	288
Income funds at 31 December 2014	<u>14,393</u>	<u>-</u>	<u>14,393</u>

Of the total income funds of £14,393, £- relates to the revaluation reserve, as a result of realising assets during the period, thus releasing the accumulated gains on sale of investments.

## 17. Cash flow

### a) Reconciliation of net incoming resources to net cash inflow from operating activities

	2014 £'000	2013 £'000
Net outgoing resources	(9,242)	(7,615)
(Increase)/Decrease in debtors	(38)	97
Decrease in creditors	(957)	(628)
Increase/(Decrease) in long-term creditors	1,254	(656)
Interest on cash and short-term deposits	(92)	(120)
Dividends	(138)	(272)
Interest received on loans	(20)	(20)
Depreciation	27	33
Loss on sale of assets	18	-
<b>Net cash outflow from operating activities</b>	<b><u>(9,188)</u></b>	<b><u>(9,181)</u></b>

### b) Reconciliation of net cash inflow to movement in net funds

	2014 £'000	2013 £'000
Decrease/(Increase) in cash in the period	(2,133)	955
Increase in managed cash	5,961	4,027
Decrease in short-term deposits	-	(2,002)
<b>Change in net funds</b>	<b><u>3,828</u></b>	<b><u>2,980</u></b>
Net funds at beginning of period	<u>13,872</u>	<u>10,892</u>
<b>Net funds as at 31 December</b>	<b><u>17,770</u></b>	<b><u>13,872</u></b>

### c) Analysis of net funds

	1 January £'000	Cashflow £'000	31 December £'000
Cash at bank and in hand	7,793	(2,133)	5660
Managed cash	6,079	5,961	12,040
	<b><u>13,872</u></b>	<b><u>3,828</u></b>	<b><u>17,770</u></b>

## 18. Related party transactions

Certain grants have been made to other charities and organisations that have common Trustees with the Foundation. All such grants awarded have been made using the same guidelines applied to all applications, and the Trustees neither take part in the decision-making process nor benefit from the giving of such grants.

During the year the Foundation contracted services from private companies with which some Trustees are associated, as listed below. The contracts were awarded, on normal commercial terms, using our usual procurement procedures without any involvement from the Trustee.

Trustee	Company	Position	Service	£'000
A Henfrey	Northstar Ventures	Chairman	Consultancy	42