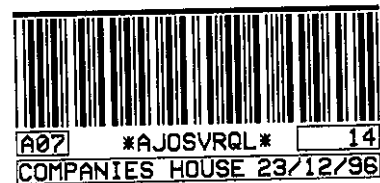


TYNE & WEAR FOUNDATION
(A company limited by guarantee)

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 1996

COMPANY NUMBER 2273708



TYNE & WEAR FOUNDATION
(A company limited by guarantee)

DIRECTORS' REPORT

The Directors submit their report and audited financial statements for the year ended 31 March 1996.

ENDOWMENT FUND

Receipts during the year amounted to £627,252 (1995 - £468,583). At the year end the Fund balance was £4,630,696 (1995 - £3,951,136). Investment of the Fund was handled by professional fund managers and the position at 31 March 1996 is summarised in Note 5 to the accounts. The Directors have reserved the right to make a charge for costs of investment management and grant making and this year £41,468 has been charged (1995 - £32,262).

Amounts pledged to the endowment fund but not yet received, totalled £718,226 (1995 - £750,000).

The Foundation is also sole trustee of the Joseph Brough Charitable Trust, which had assets at market value of £768,369 (1995 - £680,000) at the year end.

INCOME AND EXPENDITURE ACCOUNT

Expenditure for the year amounted to £205,115 (1995 - £181,579). Income from all sources amounted to £657,577 (1995 - £1,018,664). Grant appropriations for the year were £298,351 (1995 - £795,220), including £87,719 (1995 - £573,757) for designated projects.

At 31 March 1996 the balance on the accumulated fund was £265,110 (1995 - £110,999). The directors consider that £114,272 (1995 - £95,674) was a general reserve. The balance of £150,838 (1995 - £15,325) is available for the future grant appropriation. This includes £41,204 for the Tiny Lives Fund and £30,612 for the Sunshine Fund.

DIRECTORS

The Directors who served during the year were:

AG Balls CB
A Brown
A Caldwell
Sir Tom Cowie OBE
HP Florek
DR Francis
JL Hamilton
PRM Harbottle
CA Howells
B Latham
P Mattu (retired 28 March 1996)
Cllr S Murray CBE
P Nelson
EB Roycroft
His Grace, Duke of Northumberland
A Share
DJR Smail OBE TD DL (appointed 29 November 1995)
J Squires
JA Wardropper
MJ Worthington
AJ Winder

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

DIRECTORS' REPORT (Continued)

DIRECTORS (continued)

A Caldwell, PRM Harbottle and AJ Winder retire under the articles of association and, being eligible, offer themselves for re election. AG Balls, Councillor S Murray and B Latham also retire and their nominating authorities will be entitled to reappoint them. A Brown, Sir T Cowie OBE, DR Francis, J Hamilton, His Grace, Duke of Northumberland, A Share, DJR Smail OBE TD DL, and MJ Worthington are co-opted members who retire at the Annual General Meeting and are eligible for reappointment.

TANGIBLE FIXED ASSETS

The movement in tangible fixed assets is shown in Note 6 to the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985, to prepare financial statements which give a true and fair view of the state of the affairs of the Foundation as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 11, the Foundation has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Foundation keeps accounting records which disclose with reasonable accuracy the financial position of the Foundation and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Foundation and to prevent and detect fraud and other irregularities.

The Directors have responsibility to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed to members at the Annual General Meeting.

By Order of the Board

G Hepburn
Company Secretary



11 July 1996

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
TYNE & WEAR FOUNDATION
(A company limited by guarantee)**

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Registered Auditors
11 July 1996

89 Sandyford Road
Newcastle upon Tyne

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

**INCOME AND EXPENDITURE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 1996**

	<u>1996</u>	<u>1995</u>
INCOME		
Investment income	238,890	203,182
Donations	167,185	69,739
Grants for designated projects	87,719	573,757
Grants for administration	39,025	46,257
Grants for Sponsors' Club	43,649	25,427
Consultancy fees	18,947	32,515
Interest receivable	<u>62,162</u>	<u>67,787</u>
	<u>657,577</u>	<u>1,018,664</u>
EXPENDITURE		
Staff costs (Note 2)	109,646	98,535
Office costs (Note 3)	40,103	36,790
Promotional costs (Note 4)	11,717	20,827
Sponsors' Club	<u>43,649</u>	<u>25,427</u>
	205,115	181,579
	<u> </u>	<u> </u>
Balance available for grant appropriation:	452,462	837,085
Grants appropriated: (Note 11)		
Designated projects	87,719	573,757
Other	<u>210,632</u>	<u>221,463</u>
	<u>(298,351)</u>	<u>(795,220)</u>
Surplus of income over expenses and grant appropriation (Note 13)	154,111	41,865
Fund balance brought forward	<u>110,999</u>	<u>69,134</u>
Fund carried forward	<u>£265,110</u>	<u>£110,999</u>

The directors consider that the nature of the company's activities is such that the format shown above is more informative than that recommended by the Companies Act 1985.

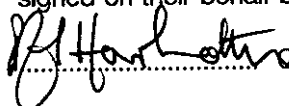
There are no material differences between reported results and historical cost results.

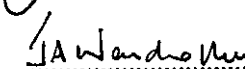
TYNE & WEAR FOUNDATION
(A company limited by guarantee)

BALANCE SHEET - 31 MARCH 1996

	<u>1996</u>	<u>1995</u>
ENDOWMENT FUND INVESTMENTS (Note 5)	4,630,696	3,951,136
TANGIBLE FIXED ASSETS (Note 6)	8,997	4,838
CURRENT ASSETS		
Debtors (Note 7)	43,650	50,131
Cash:		
Bank balances	688,541	69,238
Building societies	<u>86,472</u>	<u>1,278,010</u>
	818,663	1,397,379
CREDITORS: Amounts due within one year (Note 8)	<u>(562,550)</u>	<u>(996,431)</u>
NET CURRENT ASSETS	<u>256,113</u>	<u>400,948</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	4,895,806	4,356,922
CREDITORS: Amounts due after more than one year (Note 9)	<u>-</u>	<u>(294,787)</u>
	<u>£4,895,806</u>	<u>£4,062,135</u>
RESERVES		
Accumulated Fund	265,110	110,999
Endowment Fund (Note 12)	<u>4,630,696</u>	<u>3,951,136</u>
	<u>£4,895,806</u>	<u>£4,062,135</u>

The financial statements on pages 4 to 11 were approved by the Board on 11 July 1996 and are signed on their behalf by:

 Chair

 Treasurer

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1996

	<u>1996</u>	<u>1995</u>
Surplus for the financial year (Note 13)	154,111	41,865
Endowment fund receipts (Note 12)	627,252	468,583
Profit on sale of Endowment Fund investments (Note 12)	52,308	226,437
Total recognised gains and losses relating to the year	<u>£833,671</u>	<u>£736,885</u>

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

1 ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives at the following rates:

Furniture and Equipment 25% per annum

(c) Investments

Investments are recorded at cost and the cost of donated investments is taken to be the market value as at the date of the gift.

(d) Grant Appropriation

Grants for designated projects are recorded for appropriation when the related grant income is received. Other grants are recorded for appropriation when approved by the Directors. Grants approved not paid are treated as a liability of the Foundation.

(e) Sale of Endowment Investments

Profits and losses on the sale of investments in the Endowment Fund are taken directly to the fund and do not pass through the Income and Expenditure Account.

(f) Pensions

The Foundation makes contributions on behalf of certain staff to a number of independently controlled pension schemes. Contributions are charged to the income and expenditure account over the period to which they relate.

2 STAFF COSTS

	<u>1996</u>	<u>1995</u>
Salaries	177,912	156,405
Social security costs	17,911	15,720
Other pension costs	7,791	6,853
	203,614	178,978
Less: Deducted from Consultancy Fees	<u>(93,968)</u>	<u>(80,443)</u>
	£109,646	£98,535

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2- STAFF COSTS (continued)

During the year the Foundation engaged five people to carry out specific consultancy assignments. Their remuneration, which is included in the above analysis, aggregated £93,968 (1995 - £80,443) and has been deducted from consultancy fees in the income and expenditure account. Including these five people the average number of people, excluding directors, employed by the company during the year was 10 (1995 : 9). The directors did not receive any remuneration during the year (1995 - £Nil).

3 OFFICE COSTS	<u>1996</u> £	<u>1995</u> £
Office costs include:		
Auditor's remuneration	800	800
Depreciation	5,498	3,176

4 PROMOTIONAL COSTS

Promotional costs are shown net of sponsors' contributions of £19,816 (1995: £8,750).

5 ENDOWMENT FUND INVESTMENTS	<u>1996</u>	<u>1995</u>
Quoted investments at cost (market value at 31 March 1996 £5,240,904 and at 31 March 1995 £3,814,415)	4,386,200	3,664,880
Freehold property	19,000	19,000
Deposit and other cash balances	<u>225,496</u>	<u>267,256</u>
	<u>£4,630,696</u>	<u>£3,951,136</u>

6 TANGIBLE FIXED ASSETS

	<u>Furniture and Equipment</u>
<u>Cost</u>	
At 31 March 1995	25,499
Additions	<u>9,657</u>
At 31 March 1996	<u>£35,156</u>
<u>Depreciation</u>	
At 31 March 1995	20,661
Charge for the year	<u>5,498</u>
At 31 March 1995	<u>£26,159</u>
<u>Net Book Amount</u>	
At 31 March 1996	£8,997
	<u> </u>
At 31 March 1995	£4,838
	<u> </u>

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7- DEBTORS

	<u>1996</u>	<u>1995</u>
Consultancy debtors	688	12,641
Other debtors	20,169	4,856
Dividends and interest receivable	<u>22,793</u>	<u>32,634</u>
	<u>£43,650</u>	<u>£50,131</u>

8 CREDITORS (Amounts due within one year)

	<u>1996</u>	<u>1995</u>
Sundry creditors and accruals	68,486	215,414
Grants payable (Note 11)	<u>494,064</u>	<u>781,017</u>
	<u>£562,550</u>	<u>£996,431</u>

9 CREDITORS (Amounts due after more than one year)

	<u>1996</u>	<u>1995</u>
Grants payable (Note 11)	<u>£-</u>	<u>£294,787</u>

10 TAXATION

The Company by being a registered charity 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.

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 GRANTS

Grants activity for the year is summarised as follows:

	<u>1996</u>	<u>1995</u>
Balance at 1 April	1,075,804	999,385
Grants approved:		
Designated projects	87,719	573,757
Other	<u>231,182</u>	<u>232,759</u>
	1,394,705	1,805,901
Grants cancelled	<u>(20,550)</u>	<u>(11,296)</u>
	1,374,155	1,794,605
Grants paid	<u>(880,091)</u>	<u>(718,801)</u>
Grants payable	<u>£494,064</u>	<u>£1,075,804</u>
Of which:		
Due less than one year	494,064	781,017
Due more than one year	<u>-</u>	<u>294,787</u>
	<u>£494,064</u>	<u>£1,075,804</u>

12 ENDOWMENT FUND

	<u>1996</u>	<u>1995</u>
Fund at 1 April	3,951,136	3,256,116
Received during the year (Note 13)	627,252	468,583
Profit on sale of investments (Note 13)	<u>52,308</u>	<u>226,437</u>
Fund at 31 March	<u>£4,630,696</u>	<u>£3,951,136</u>

TYNE & WEAR FOUNDATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 RECONCILIATION OF MOVEMENT IN RESERVES

	<u>1996</u>	<u>1995</u>
Balance at 1 April	4,062,135	3,325,250
Accumulated fund surplus	154,111	41,865
Endowment fund receipts	627,252	468,583
Endowment fund profit on sale of investments	<u>52,308</u>	<u>226,437</u>
	<u>£4,895,806</u>	<u>£4,062,135</u>