

COMMUNITY FOUNDATION
serving Tyne & Wear and Northumberland
(A company limited by guarantee)

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 2000

COMPANY NUMBER 2273708



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COMMUNITY FOUNDATION
serving Tyne & Wear and Northumberland
(A company limited by guarantee)

ANNUAL REPORT 2000

INTRODUCTION

The following information about the financial year 1999/2000 is presented in the form required by the Charity Commission. A fuller account of the year is given in the 2000 Yearbook which is a separate document available from the Foundation's office.

GOVERNING DOCUMENT

The Foundation is a company limited by guarantee No 2273708 and is governed by its memorandum and articles of association. It is a registered charity No 700510.

CHANGE OF NAME

By Special Resolution the charity changed its name on 1st October 1999 to Community Foundation serving Tyne & Wear and Northumberland. The new name reflects the wider area of benefit and adopts national practice to establish such organisations as "community foundations". The Community Foundation was advised and generously supported by Sage Group plc in changing its identity. The Foundation includes a number of specific funds, such as the Northumberland Fund, The Readman Foundation, Tiny Lives and the Evening Chronicle Sunshine Fund.

DIRECTORS

The Foundation has powers to appoint a President, Patron and Vice President who are listed in the Yearbook. The managing body is the Board of Directors who are the Trustees of the charity.

Directors who have served during the year are listed below. Membership of sub committees is indicated by the following abbreviations:

Finance and General Purposes Committee	(F&GP)
Grants Committee	(Grants)
Development Committee	(Dev)
Marketing Committee	(Mkt)
Northumberland Committee	(Nland)

Directors are elected or appointed by members of the Foundation, in four different membership categories, at the Annual General Meeting. The membership categories are:

- Category A - voluntary organisations
- Category B - individuals
- Category C - statutory authorities
- Category D - companies / businesses

Further directors may be co-opted by decision of the Board.

Margaret Barbour elected 1997 by category D members	(Dev)
Sally Black co-opted November 1999	(Grants)
Sir Tom Cowie OBE co-opted 1991	(Dev)
Barbara Dennis co-opted 1996 elected 1999	(Grants)

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DIRECTORS (continued)

Clare Dodgson appointed 1997 by category C members to represent health authorities retired November 1999	(Grants)
Dr David Francis (vice chair) co-opted 1991	(Grants, Nland)
Cllr George Gill Appointed November 1999 by category C members	
John Hamilton co-opted 1994	(Dev)
Joy Higginson elected 1997 by category A members	(Grants)
Brian Latham appointed 1993 by category C members to represent local authorities	(Grants)
Roy McLachlan appointed November 1999 by category C members to represent local authorities	(Grants)
His Grace the Duke of Northumberland co-opted 1994	(Nland)
Brian Roycroft CBE elected 1994 by category B members	(F&GP, Grants)
Guy Readman OBE co-opted 1996 elected 1997 by category B members	(F&GP, Dev)
Derek Smail OBE TD DL co-opted 1995	(Nland)
Nigel Smith elected 1997 by category D members	(F&GP, Dev, Mkt)
John Squires (Chair) elected 1991 by category D members	(F&GP, Dev)
Derek Tait Walker (Treasurer) Co-opted 1997 elected 1998 by category B members	(F&GP, Dev)

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DIRECTORS (continued)

Paul Walker
co-opted 2 February 1998 (Mkt)

Michael Worthington
appointed 1996 by category C members
retired 4 October 1999

Tricia Webb
elected 1998 by category A members (Grants, Mkt)

RETIREMENT OF DIRECTORS

Members of the Board are elected for three years and may stand for re-election up to a maximum of three consecutive terms. Co-opted members serve until the next Annual General Meeting.

At the Annual General Meeting to be held on 17th October 2000 Margaret Barbour, Joy Higginson and Brian Roycroft retire and are eligible for re-election. Sir Tom Cowie, David Francis and John Squires, all retire having served the maximum period of nine consecutive years. The Directors record their thanks for the distinguished service provided by their colleagues to the development and management of the Foundation.

OFFICE

The Foundation's registered office is Cale Cross House, 156 Pilgrim Street, Newcastle upon Tyne, NE1 6SU.

ADVISORS

Auditors:

PricewaterhouseCoopers
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

Bankers:

Barclays Bank plc
Newcastle Corporate Services
Barclays House
71 Grey Street
Newcastle upon Tyne
NE99 1LG

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ADVISORS (continued)

Investment Managers:

Barclays Private Bank Ltd
43 Brook Street
London
W1Y 2PB

Solicitors:

Stanton Croft
1 & 2 Lansdowne Terrace East
Gosforth
Newcastle upon Tyne
NE3 1HL

AIMS AND ACTIVITIES

The Foundation provides a service to individuals, companies and trusts who want to support the local community by managing charitable funds on their behalf. With these funds, the Foundation makes grants to a wide range of charitable groups who apply for assistance. The policies agreed to meet these aims are reviewed annually by the Board.

During the current year, a new marketing committee has been established, chaired by Nigel Smith to implement the development plan agreed by the Board in the previous year. It has overseen the change of identity and is preparing a Foundation website to be opened in Autumn 2000.

The Foundation continued to work with Henry Smith's Charity, a national grant making trust, to advise on grants in North East England. It also administered an awards scheme for the Millennium Commission in partnership with County Durham Foundation, which involved appointing 120 award fellows during the year who will receive bursaries of £450,000 mainly payable during the year.

DEVELOPMENTS

The Foundation launched a new fund for women, established by Margaret Barbour in the Autumn, which had assets and pledges of £350,000 by the year end. The Sage Group Plc established a fund to provide a focus for its local charitable giving and friends and colleagues of the actor the late Sammy Johnson held a gala concert in February to launch a fund in his memory that will benefit young actors.

The Foundation agreed to raise an endowment fund to benefit the new Music Centre at Gateshead Quays and began a two and a half year consultancy on behalf of the North Music Trust for this purpose. The Directors considered that the project was of sufficient importance to warrant this involvement.

A new bespoke software system was purchased which was being installed at the year end and additional office space was leased to provide extra accommodation and an office for the newly established Voluntary Organisation Network North East (VONNE).

ORGANISATION

The Annual General Meeting was held on 4th October 1999 at Alnwick Castle, Northumberland by kind permission of His Grace The Duke of Northumberland and included an interview with Dr John Bridge by the BBC Chief News Correspondent, Kate Adie O.B.E.

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ORGANISATION (continued)

There are three meetings of the full Board, which receive reports from the sub committees which meet more frequently. The Executive Director (who is not a member of the Board) is responsible for implementing Board policies and is supported by executive staff members, responsible for grant making, donor relations and development. There are five support staff.

The Foundation administers the Sponsors Club for Arts and Business, which promotes business involvement in the arts. The Club has always worked closely with the national organisation, Arts & Business and entered a formal arrangement with Arts & Business in early 2000 to deliver its services in the North East. The Foundation also administered Millennium Awards Scheme in partnership with County Durham Foundation which was managed by two members of staff also based at the Foundation and completed shortly after the year end.

Members of the Board act in a voluntary capacity and do not receive any remuneration. The honorary officers have considerable day to day involvement in the Foundation's affairs.

The Foundation gratefully acknowledges support received during the year from members who hosted events or provided help in kind including:- Callon Display, Sir Tom and Lady Cowie, Dickinson Dees, Duncan and Sarah Davidson, Eversheds, Fenwick Limited, Go-ahead Northern, Herrington Burn YMCA, Northumbrian Water, His Grace the Duke of Northumberland, Procter & Gamble, Reed Print, Gardiner Richardson, Ringtons, Sage Group Plc, Skills for People, Tait Walker, Ward Hadaway and Wise Speke.

In addition, Newcastle Breweries, Newcastle City Hall, Harbottle & Lewis, Showtime International Limited, The Publicity Connection, Trevor and Ann Newby all provided services for the gala concert in aid of Sammy Johnson.

INVESTMENT

The Memorandum of Association provides power of investment and the Foundation's assets are invested by the investment managers to provide an annual income for grant making. A new investment policy was implemented in April 1999 which required the investment managers to obtain best "total return" and remit an agreed cash requirement to the Foundation. After careful consideration of market conditions, the cash requirement was set up at 6% for this financial year, of which 5% was available for grant making and 1% retained for administrative expenses.

FINANCIAL POSITION

The format of the annual accounts and accounting policies conform to current statutory requirements and comply with the Foundations's governing documents. Quoted investments are included in the accounts at market value rather than at cost.

The Endowment fund at 31 March 2000 stood at £21,649,142 an increase over the year of £4,432,222 made up of new donations of £2,371,856 and investment gains of £2,060,366. Amounts pledged to the endowment fund but not received totalled £1,075,251.

The Foundation is also the trustee of the Joseph Brough Charitable Trust which had assets at market value of £1,165,933 at the year end. Including the Brough Trust the total assets received or pledged to the endowment fund totalled £23,890,326.

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FINANCIAL POSITION (continued)

The Statement of Financial Activities shows the movement in the year on the Foundation's Unrestricted and Restricted Funds. The year end balances on the Restricted Funds are available in their entirety for future grant making and other direct charitable expenditure. Of the Unrestrictive Funds balances at 31 March 2000 of £583,210 the directors regard £212,178 (1999 £164,995) as a general reserve available to meet future administration and development expenditure and therefore consider that the Foundation has adequate financial resources to secure its ongoing business.

OTHER CHARITIES

There is an associated charity Community Foundation serving Tyne & Wear and Northumberland Trust established specifically to receive gifts of permanent endowments which can not be held by the limited company. This Trust holds assets of £27,000.

The Foundation is sole trustee of Joseph Brough Charitable Trust which makes grants in the historic counties of Northumberland and Durham. It works closely with neighbouring community foundations serving Durham and Cleveland and is a member of the Association of Community Foundation Network and the Association of Charitable Foundations.

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 and the law applicable to charities in England and Wales, to prepare financial statements for each financial year which give a true and fair view of the Foundations's financial activities during the year and of its financial position at the end of the year.

The Directors consider that in preparing the financial statements on pages 9 to 26 , 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 to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

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 ascertain 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.

INTRODUCTION OF THE EURO

The Directors do not consider that the Foundation will have any material costs or expenditure as a consequence of any potential or actual future participation by the United Kingdom in the single currency, the euro.

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YEAR 2000 AND DATE RECOGNITION

As discussed at length in the media, many computers and microchips may encounter date-recognition problems, including those yet to emerge from the changeover to the Year 2000. The Foundation depends upon a computerised accounting system to prepare the accounts and record transactions. In addition, we could be affected by systems failures of our major advisers. As a result we could be at risk if other parties do not deal adequately with such date-recognition problems.

The Directors have assessed the risks to the Foundation resulting from date-recognition issues.

We have also assessed the possibility of date-recognition related failures in our significant suppliers and advisers, all of whom inform us that they are already dealing with the problem.

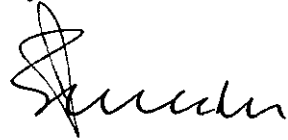
Work necessary to ensure compliance of all our computers and embedded systems was completed in good time for the Millennium. Over the Millennium weekend and since, there was no material disruption to the Foundation's operations.

It is impossible to guarantee that no date-recognition problems will remain. However, the Directors continue to monitor the Foundation's systems and believe that the Foundation will be able to deal promptly with any failures that might occur.

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed to members at the Annual General Meeting.

By Order of the Board



John Squires
Chair

**AUDITORS' REPORT TO THE MEMBERS OF
COMMUNITY FOUNDATION**
serving Tyne & Wear and Northumberland
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We have audited the financial statements on pages 9 to 26 which have been prepared under the historical cost convention as modified by the revaluation of listed investments and the accounting policies set out page 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors who also act as trustees for the charitable activities of the Community Foundation serving Tyne & Wear and Northumberland are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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 charitable company's circumstances, consistently 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 that 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 charitable company's state of affairs as at 31 March 2000 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

COMMUNITY FOUNDATION
serving Tyne & Wear and Northumberland
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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2000

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Endowment</u> <u>Funds</u> £	<u>2000</u> <u>Total</u> £	<u>1999</u> <u>Total</u> £
INCOMING RESOURCES					
Donations	742,516	769,209	2,291,197	3,802,922	2,425,224
Investment income	225,710	812,973	-	1,038,683	457,136
Grants from public bodies	7,178	-	-	7,178	7,000
Interest receivable	120,301	28,589	-	148,890	161,981
Other income	2,762	-	-	2,762	736
TOTAL	1,098,467	1,610,771	2,291,197	5,000,435	3,052,077
RESOURCES EXPENDED					
Direct charitable expenditure:					
Grants (Note 2)	536,332	909,882	-	1,446,214	938,595
Sponsors' club activities	-	63,392	-	63,392	54,171
Other expenditure:					
Grants administration	116,715	53,362	-	170,077	127,306
Development costs	156,527	-	-	156,527	130,950
General administration	61,277	-	-	61,277	61,597
TOTAL	870,851	1,026,636	-	1,897,487	1,312,619
NET INCOMING RESOURCES BEFORE TRANSFERS	227,616	584,135	2,291,197	3,102,948	1,739,458
Transfers between funds	(9,071)	(71,588)	80,659	-	-
NET INCOMING RESOURCES	218,545	512,547	2,371,856	3,102,948	1,739,458
Gains / (losses) on endowment fund assets / investments:					
Realised	-	95,261	1,169,111	1,264,372	421,670
Unrealised	-	(180,837)	891,255	710,418	(161,615)
NET MOVEMENT IN FUNDS	218,545	426,971	4,432,222	5,077,738	1,999,513
Fund balances brought forward at 1 April 1999	364,665	1,187,872	17,216,920	18,769,457	16,769,944
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2000	£583,210	£1,614,843	£21,649,142	£23,847,195	£ 18,769,457

All gains or losses which were incurred in the year are included above.

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**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000**

	2000 £	1999 £
INCOME - continuing operations		
Donations	1,511,725	1,140,581
Investment income	1,038,683	457,136
Grants from public bodies	7,178	7,000
Interest receivable	148,890	161,981
Other income	2,762	736
	<u>2,709,238</u>	<u>1,767,434</u>
 EXPENDITURE - continuing operations		
Grants (Note 2)	1,446,214	938,595
Staff costs (Note 3)	183,242	164,534
Other costs (Note 4)	268,031	202,192
	<u>1,897,487</u>	<u>1,305,321</u>
 NET INCOME FOR THE YEAR BEFORE TRANSFERS AND INVESTMENT ASSET DISPOSALS	811,751	462,113
Transfer to endowment fund	(80,659)	(49,460)
Realised gains on investments	95,261	4,793
 NET INCOME FOR THE YEAR	<u>£ 826,353</u>	<u>£ 417,446</u>

The total income of £2,709,238 comprises £1,098,467 for unrestricted funds and £1,610,771 for restricted funds as shown in the Statement of Financial Activities. The total expenditure of £1,897,487 comprises £870,851 for restricted funds and £1,026,636 for unrestricted funds as shown in the Statement of Financial Activities.

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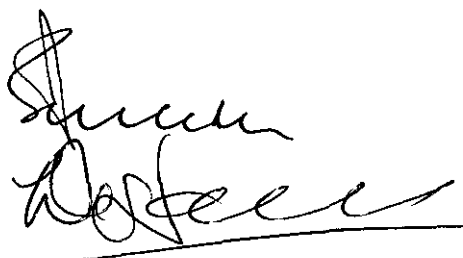
BALANCE SHEET
AS AT 31 MARCH 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Endowment Fund Investments	5		21,649,142		17,216,920
Investments	5		584,125		508,800
Tangible Assets	6		93,602		16,205
CURRENT ASSETS					
Debtors	7	41,925		68,950	
Cash at Bank and Building Society		3,218,978		2,756,317	
			<u>3,260,903</u>	<u>2,825,267</u>	
CREDITORS : Amounts falling due within one year	8	(1,740,577)		(1,797,735)	
NET CURRENT ASSETS			1,520,326		1,027,532
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£ 23,847,195</u>		<u>£ 18,769,457</u>
CAPITAL FUNDS					
Endowment Fund	10		21,649,142		17,216,920
INCOME FUNDS					
Unrestricted	11		583,210		364,665
Restricted			1,614,843		1,187,872
			<u></u>	<u></u>	<u></u>
TOTAL FUNDS	12		<u>£ 23,847,195</u>		<u>£ 18,769,457</u>

The financial statements on pages 9 to 26 were approved by the Board on 20 July 2000 and are signed on their behalf by:

John Squires, Chair

Derek Tait Walker, Treasurer



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000

1 ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of quoted and unquoted investments, and in accordance with applicable accounting standards, including the revised Statement of Recommended Practice: Accounting by Charities.

(b) Quoted and Unquoted Investments

(i) Quoted investments are stated at market value as at 31 March 2000.

(ii) Unquoted investments and freehold property are stated at directors' estimate of market value.

(c) Grant Commitments

Grants commitments are dealt with on an accruals basis.

(d) Depreciation

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

Furniture and Equipment	- 20% and 25% per annum
Alterations to Leasehold Property	- Over period of Lease

(e) Other Expenditure

Staff and other overhead costs have been allocated to the headings under other expenditure on the basis of time spent by staff on these activities.

(f) Pensions

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

(g) Income

Donations and legacies are accounted for on a cash receipts basis.

(h) Cash Flow Statement

The directors have taken advantage of the provisions of Financial Reporting Standard One (revised) which exempts small companies from the need to present a cash flow statement.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

2 GRANTS

	2000	1999
	£	£
Grants approved for payment	1,446,714	975,753
Grants cancelled	(500)	(37,158)
	<u>1,446,214</u>	<u>938,595</u>

3 STAFF COSTS

Staff costs comprise the following:	2000	1999
	£	£
Salaries	225,932	197,742
Social security costs	20,118	18,663
Other pension costs	8,970	8,682
	<u>255,020</u>	<u>225,087</u>
Less: Deducted from other income	(71,778)	(60,553)
	<u>183,242</u>	<u>164,534</u>

The average number of employees, excluding directors, employed by the company during the year was 14 (1999 12). This comprises 9 staff working on general foundation activities and 5 working on specific projects. The remuneration of the staff involved on specific projects which is included in the above analysis, aggregated £71,778 (1999 £60,553) and has been deducted from other income in the income and expenditure account.

The numbers of employees whose remuneration exceeded £40,000 was 1 (1999 1).
None of the directors received any remuneration during the year (1999 Nil).
2 of the directors received reimbursement for expenses during the year (1999 2).

4 OTHER COSTS

The other costs represent the general costs during the year including office costs, running costs, depreciation and Value Added Tax. They also include some costs specifically attributed to individual projects as follows the cost of which have been covered by related income.

	2000	1999
	£	£
Sponsors Club	63,392	54,171
Sunshine Fund	19,771	13,519
Youthbank	12,205	-
Newcastle Building Society	11,066	-
Readman Foundation	7,860	7,540
Bertlesmann	915	-

The auditors received £875 (1999 £800) remuneration during the year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

5 ENDOWMENT FUND INVESTMENTS

	<u>Unquoted</u> <u>Investments</u>	<u>Quoted</u> <u>Investments</u>	<u>Deposit and</u> <u>Other Cash</u> <u>Balances</u>	<u>Freehold</u> <u>Property</u>	<u>Total</u>
	£	£	£	£	£
At valuation					
At 31 March 1999	300,000	14,876,944	2,020,975	19,001	17,216,920
Additions/(deductions) in the year	-	7,441,308	(144,905)	-	7,296,403
Sales in the year	(300,000)	(3,455,436)	-	-	(3,755,436)
Unrealised gains arising in the year	-	891,255	-	-	891,255
At 31 March 2000	-	19,754,071	1,876,070	19,001	21,649,142
At cost					
At 31 March 2000	-	16,766,921	1,876,070	19,001	18,661,992
At 31 March 1999	300,000	10,614,990	2,020,975	19,001	12,954,966

OTHER INVESTMENTS

	<u>Quoted</u> <u>Investments</u>	<u>Total</u>
	£	£
At valuation		
At 31 March 1999	508,800	508,800
Additions in the year	448,742	448,742
Sales in the year	(192,580)	(192,580)
Unrealised loss arising in the year	(180,837)	(180,837)
At 31 March 2000	584,125	584,125
At cost		
At 31 March 2000	667,636	667,636
At 31 March 1999	411,475	411,475

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FOR THE YEAR ENDED 31 MARCH 2000 (continued)

**5 ENDOWMENT FUND INVESTMENTS AND
OTHER INVESTMENTS (continued)**

Quoted investments are all listed on the London Stock Exchange or held through authorised unit trusts.

The unquoted investment comprised 31,395 ordinary shares in Washington Holdings Limited, a company incorporated in England.

There are no investments which comprise more than 5% of total market value of investments at 31 March 2000.

6 TANGIBLE FIXED ASSETS

	<u>Furniture and Equipment</u>	<u>Office Improvements</u>	<u>Total</u>
Cost	£	£	£
At 31 March 1999	62,895	-	62,895
Additions	43,718	52,901	96,619
At 31 March 2000	106,613	52,901	159,514
Depreciation			
At 31 March 1999	46,690	-	46,690
Charge for the year	17,900	1,322	19,222
At 31 March 2000	64,590	1,322	65,912
Net Book Value			
At 31 March 2000	42,023	51,579	93,602
At 31 March 1999	16,205	-	16,205

7 DEBTORS

	2000	1999
	£	£
Subscriptions	5,000	7,500
Sundry debtors	12,269	44,019
Dividends and interest receivable	22,234	15,009
Prepayments	2,422	2,422
	41,925	68,950

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NOTES TO THE FINANCIAL STATEMENTS
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8 CREDITORS (Amounts due within one year)

	2000	1999
	£	£
The Henry Smith's Charity grants programme	1,157,524	1,152,416
Millennium Commission grants programme	29,054	53,451
Sundry creditors and accruals	43,486	42,566
Grants payable	510,513	549,302
	<u>1,740,577</u>	<u>1,797,735</u>

The Foundation manages a grants programme on behalf of Henry Smith's Charity. During the year grants of £819,299 were paid and £1,157,524 was outstanding at the year end.

The Foundation also manages a grants programme on behalf of the Millennium Commission. During the year the Foundation received £338,705 and paid out grants of £314,154 and other outgoings of £76,339 in respect of the Millennium Commission. The balance outstanding of £29,054 is held in a designated bank account.

9 TAXATION

As a registered charity the company 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.

10 ENDOWMENT FUND

As the Foundation is a limited company the endowment fund cannot for technical reasons have the legal status of "permanent endowment", but it is the policy of the Directors to treat it in all respects as though it were a permanent endowment. The endowment fund is represented by the endowment fund investments.

11 INCOME FUNDS

The Foundation receives income and donations both for general charitable purposes and also for more specific areas and issues. All grants are approved by the Board and recommendations from people and companies who have set up funds within the Foundation for grants from their funds are always welcomed and usually followed.

Funds are deemed to be restricted either if they have been donated for a specific purpose or appeal or if the donor has made a request that they are applied in one area or field.

The movement in the year on the restricted funds is tabulated over on pages 17 and 18:

COMMUNITY FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

11 INCOME FUNDS (continued)

	<u>At 1 April</u>			<u>Other</u>	<u>At 31 March</u>
	<u>1999</u>	<u>Income</u>	<u>Grants</u>	<u>Outgoings</u>	<u>2000</u>
	£	£	£	£	£
Akzo International	12,434	11,566	12,745	-	11,255
Alcan	1,312	7,000	3,135	-	5,177
Amec	4,243	18,070	19,000	-	3,313
Anonymous	48,525	251,662	84,800	-	215,387
Baines	-	35,157	31,000	-	4,157
Barbour	4,447	1,812	6,259	-	-
Beecham	2,546	1,680	-	-	4,226
Beith	13	151	160	-	4
Bellingham	584	2,949	3,500	-	33
Bird Family	-	17	2,250	-	(2,233)
Canford Audio	123	696	-	-	819
Changemakers	2,000	16,470	1,220	12,205	5,045
Chapman	2,099	19,339	18,954	-	2,484
Choysez	19,461	83,961	92,700	-	10,722
Anne Coleman	-	150,000	-	-	150,000
Sir Tom Cowie	12,220	58,529	62,587	-	8,162
Davidson	377	4,534	4,000	-	911
Durham	7,656	3,046	9,941	-	761
Enact	-	1,050	1,000	-	50
Farne	-	30,823	25,268	-	5,555
Ferguson	378	1,108	165	-	1,321
Lady Grey Memorial	(16)	240	-	-	224
Grounds	22	3,746	2,500	-	1,268
Jackie Haq	688	2,680	778	-	2,590
Journal Mellennium	-	13,238	-	-	13,238
Kellet	34,546	358,000	159,075	1,798	231,673
Liam Cuffe	-	-	-	(1,750)	1,750
North Tyneside	(75)	2,412	1,900	-	437
Northumberland High Sheriff	751	15,922	15,750	-	923
Northumberland TEC	1,843	2,117	2,700	-	1,260
Percy Family	2,225	4,093	4,625	130	1,563
Readman Foundation	889,874	26,674	158,965	7,860	749,723
Roycroft (incorporating					
Tessa Hide)	1,757	8,250	9,100	427	480
Sammy Johnson	-	39,009	-	2,680	36,329
Save & Prosper	2,352	2,704	3,000	-	2,056
Share	8,945	10,130	4,000	-	15,075
Snowdrop	-	-	-	(251)	251
Jim Smail Tree	13,048	1,538	1,504	235	12,847
Smail	1,153	3,564	-	-	4,717
Carried Forward	1,075,531	1,193,937	742,581	23,334	1,503,553

COMMUNITY FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

11 INCOME FUNDS (continued)

	<u>At 1 April</u>			<u>Other</u>	<u>At 31 March</u>
	<u>1999</u>	<u>Income</u>	<u>Grants</u>	<u>Outgoings</u>	<u>2000</u>
	£	£	£	£	£
Brought forward	1,075,531	1,193,937	742,581	23,334	1,503,553
South Tyneside	2,022	1,416	2,000	708	730
South Tyne Valley	1,054	17,202	17,765	-	491
Sponsors Club	48,570	107,811	46,283	63,392	46,706
Sunshine	29,693	68,825	34,737	19,771	44,010
Three Valleys	-	614	500	-	114
Tiny Lives (see over)	27,065	99,978	35,885	80,505	10,653
Tyne & Wear High Sheriff	1,546	23,010	23,500	1,068	(12)
Visage	785	1,959	2,500	-	244
Womans	-	5,928	-	(436)	6,364
Young Musicians	1,606	4,515	4,131	-	1,990
	<u>1,187,872</u>	<u>1,525,195</u>	<u>909,882</u>	<u>188,342</u>	<u>1,614,843</u>

Other outgoings include charges for grant making and general administration. Tiny Lives include transfers to the Endowment Fund of £ 79,659 .

Since the year end the funds in deficit at 31 March 2000 have all received sufficient income to put them into credit.

A number of funds contribute to the Foundation's general unrestricted fund, including Benfield Motors Charitable Trust, J Barbour and Sons Limited, Ian and Jan Gregg, Greggs plc, Hadrian Trust, Sir James Knott Trust, R W Mann Trustees, Northern Rock plc, Tyne Tees Television, Tolent, and two anonymous funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

11 INCOME FUNDS (continued)

As well as general unrestricted funds the Foundation holds the following specific funds which the Directors regard as unrestricted because they are used for general charitable purposes in the Foundation's area of benefit although grants may still be made on recommendations from the donor.

	<u>At 1 April</u>			<u>Other</u>	<u>At 31 March</u>
	<u>1999</u>	<u>Income</u>	<u>Grants</u>	<u>Outgoings</u>	<u>2000</u>
	£	£	£	£	£
Anonymous L	-	2932	3,000	(2,912)	2,844
Anonymous R	777	3,632	3,250	-	1,159
Bellway	869	2,376	1,195	-	2,050
Bonas	322	1,640	1,552	-	410
Carr-Ellison	85	2,876	2,070	-	891
Freeman Hospital	2,719	-	400	-	2,319
Garrod	32	348	-	-	380
Leech	(720)	28,876	27,500	-	656
Millburn	5,000	6,000	10,050	500	450
NEBA	3,890	6,564	-	-	10,454
Newcastle Breweries	5,027	4,760	5,631	283	3,873
Newcastle Building Society	83,601	83,124	107,528	11,066	48,131
Northern Electric	8,408	15,064	13,400	59	10,013
Northumbrian Water	588	6,246	4,300	-	2,534
PricewaterhouseCoopers	448	364	-	-	812
Procter & Gamble	27,469	169,518	119,532	163	77,292
Ringtons	4,509	14,083	17,689	-	903
Robson Brown	302	-	-	302	-
Rolls Royce	5,899	2,220	3,500	-	4,619
Rowntree	(2,004)	14,376	13,000	-	(628)
Sage Plc	-	50,000	-	-	50,000
J&T Smith	1,366	2,547	3,000	-	913
Swallow Hotels	2,304	9,584	-	-	11,888
Universal Building Society	252	552	-	-	804
Watkin Family	1,254	-	-	-	1,254

Other outgoings include charges for grant making and general administration.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>	<u>Endowment</u> <u>Funds</u>	2000 <u>Total</u>
	£	£	£	£
Investments	-	584,125	21,649,142	22,233,267
Tangible Fixed Assets	93,602	-	-	93,602
Current Assets	1,690,618	1,570,285	-	3,260,903
Current Liabilities	(1,201,010)	(539,567)	-	(1,740,577)
Total Net Assets	583,210	1,614,843	21,649,142	23,847,195
Unrealised Gains/(Losses) Included Above On Investment Assets	-	(83,511)	2,687,150	2,603,639
Total Unrealised Gains at 31 March 2000	-	(83,511)	2,687,150	2,603,639
Reconciliation of Movements in Unrealised Gains on Investment Assets				
Unrealised Gains at 31 March 1999	-	97,325	4,261,954	4,359,279
Deduct in Respect of Disposals in Year	-	1	(2,466,059)	(2,466,058)
Add: Net Gains/(Losses) Arising on Revaluations in	-	97,326 (180,837)	1,795,895 891,255	1,893,221 710,418
Unrealised Gains/(Losses) at 31 March 2000		(83,511)	2,687,150	2,603,639

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

13. GRANTS AWARDED

The list shows all grants awarded of £ 1000 and during the year.

1st Hexham Scout Group	2,000.00
22:25 Films	2,200.00
6th Cramlington Guide Unit	1,000.00
8th Whitley Bay Scout Group	1,000.00
Adapt	42,000.00
Air Training Corps	1,000.00
Amble Development Trust	1,500.00
Amble Youth Project	1,000.00
Angelou Centre	30,000.00
Apna Ghar	1,000.00
Aquila Housing Association	2,000.00
Art Studio	1,000.00
Arthritis Care in North England	2,300.00
Arthurs Hill Advice & Information Project	7,000.00
Artis's Agency	1,000.00
Astley Junior Youth Initiative	1,000.00
Baby Conor Appeal	2,000.00
Balliol Youth Centre	1,000.00
Barbara Priestman School	3,500.00
Battle Hill Community Development Project	3,333.00
Beadnell Village Hall Trust	2,000.00
Beamish Museum Education Department	2,500.00
Bede's World	6,876.00
Bellingham Community Trust	1,000.00
Berwick upon Tweed Corporation	10,000.00
Blind Society	8,000.00
Bliss-Ability	2,700.00
Blyth Detached Project	3,360.00
Brandling Hall Community Association	1,000.00
British Red Cross	2,000.00
Bubble Appeal	10,000.00
Business in the Community	7,500.00
Calvert Trust Kielder	5,000.00
Cancer Bridge	2,000.00
Castle Morpeth CAB	4,447.00
Chester le Street Leisure Services Childrens Festival	2,000.00
Children North East	3,841.00
Children's Society	1,000.00
Chopwell Community Association	1,000.00
Chopwell Sports Association	1,000.00
Cleadon Community Project	7,000.00
Cleveland College of Art & Design	1,000.00
Coanwood Community Room Committee	2,000.00
Common Purpose	1,500.00

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

13. GRANTS AWARDED (continued)

Contact a Family	30,000.00
Cue & Review	3,990.00
Cullercoats Skater Hockey Club	1,000.00
De La Salle	1,000.00
Deckham Community Centre	2,148.00
Depaul Trust	32,100.00
Doncaster Lawn Tennis Club	3,500.00
Duchess's Community High School	2,000.00
Durham Light Infantry Museum Appeal	1,000.00
Durham University Business School	4,000.00
Dyspraxia Foundation	1,400.00
Eden Arts	5,000.00
Edward Eccles Community Hall	2,000.00
Employment Opportunities	1,955.00
Endeavour Training	2,700.00
English Heritage	3,500.00
English Partnerships	1,500.00
English Speaking Union	2,500.00
Euryalus Phab Club	10,000.00
Fairbridge in Tyne & Wear	11,000.00
Felstead School	3,500.00
Fencehouses YMCA	2,000.00
Folkworks	14,719.00
Footlight Theatre Productions	1,000.00
Ford & Pennywell Legal Centre	13,000.00
Freeman Hospital Disablement Centre	1,250.00
Friends of Barbara Priestman School	1,000.00
Friends of Rothbury First School	1,025.00
Friends of Walker Park	2,000.00
Funding Information North East	3,000.00
Gateshead East Crime Prevention Panel	3,500.00
Gateshead MBC Youth Award Scheme	1,500.00
Gateshead MBC Youth Orchestra	1,000.00
Gateshead Sea Cadets	1,000.00
Geordie Sport	5,000.00
Glendale Gateway Trust	4,000.00
Grange Road Methodist Church	5,000.00
Greenhead Village Hall	1,000.00
Gurukul	1,000.00
Hadston Force	2,000.00
Hadston Fun Club	1,000.00
Haltwhistle Bowling Club	2,500.00
Haltwhistle Partnership Ltd	2,000.00
Haltwhistle Youth Initiative	1,000.00
Hancock Museum	2,500.00

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

13. GRANTS AWARDED (continued)

Harraton & District Community Association	1,000.00
Harraton Toddlers Club	1,000.00
Hartlepool & District Hospice	1,344.00
Hartlepool Maritime Festival 2000	2,500.00
Hartlepool Women's Aid	30,000.00
Haydon Bridge High School	2,500.00
Hebburn & North Jarrow Youth Panel	1,000.00
Hirst Newbiggin Road Estate Community Association	1,400.00
Holy Cross Parochial Church Council	3,000.00
Holy Trinity Church Embleton	1,000.00
Homeless Action Programme	1,085.00
Humbledon Outdoor Activities Association	1,000.00
Individual	1,000.00
Individual	1,200.00
Individual	1,500.00
Individual	2,000.00
Individual for carer support costs	2,500.00
Individual general donation	2,500.00
Into Work (Sunderland) Ltd	2,500.00
King's Hall Tynemouth	10,000.00
Lakeland Sinfonia Concert Society	2,000.00
Lazarus Centre	1,000.00
Lee Adamson Memorial Fund	2,000.00
Lions Club of Sunderland	1,577.00
Lions Youth Centre	3,000.00
Little Sisters of the Poor	3,000.00
Longbenton Families Activity Group	2,500.00
Longbenton Youth Project	26,000.00
Marie Curie Centre	1,250.00
Meadow Well Mind	1,400.00
Mityana Experience 2000	1,000.00
Mobex North East	45,000.00
Moorside Community Group	2,250.00
Multi Cultural Information Centre	1,300.00
National Glass Centre	1,000.00
National Trust	1,500.00
NEPACS	1,500.00
New Life Natural Health Care	1,200.00
Newbiggin Hall Detached Youth Work Project	2,204.00
Newcastle CAB	2,500.00
Newcastle CVS	1,500.00
Newcastle Disability Forum	8,000.00
Newcastle Jellicoe Sea Cadets	1,000.00
Newcastle upon Tyne Church High School	50,000.00
NEWTS	1,000.00
North East Maritime Alliance	3,000.00

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

13. GRANTS AWARDED (continued)

North Shields YMCA	2,500.00
North Tyneside Arts	1,500.00
North Tyneside Challenge	12,000.00
North Tyneside Motor Project	1,000.00
Northern Initiative on Women & Eating	5,000
Northern Pinetree Trust	3,000
Northern Roots	1,000
Northern Sinfonia	4,700
Northumberland Association for Visual Handicap	2,000
Northumberland Child Safety Workshops	1,000
Northumberland Out of Schools Initiative	2,500
Northumbria Coalition Against Crime	37,000
NSPCC	1,000
NTC Touring Theatre Company	1,000
Oakleigh Gardens Special School	2,000
On With Learning	7,000
Opera North	2,500
Ouseburn Trust	15,000
Owton Manor Baptist Church	1,000
Oxclose & District Young People's Project	30,000
Pennywell Youth Project	1,500
Percy Park Youth Trust	2,500
Peter Saint Football Academy	1,500
Primrose Hill Hospital	2,000
Procter & Gamble Employees Benevolent Fund	20,156
Project M2720	1,000
Pyramid Project	1,000
Queens Hall Arts Centre	2,000
Relate Sunderland	6,390
Revival	1,000
Riding for the Disabled	1,000
Riverside Community Health Project	2,000
Royal Grammar School	2,000
Royal Victoria Infirmary	2,000
RSC	5,000
Ryton, Crawcrook & District Youth Centre	1,581
Samling Foundation	2,000
Scotswood Area Strategy	9,000
Seaton Burn Community College	2,500
Shafto Centre	2,000
Shiney Advice & Resource Project	30,429
Simonside Youth Centre	1,500
Skills for People	26,545
South Tyneside District Hospital	3,000
Sponsors Club	7,500
Sports Aid Northern	1,500

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2000 (continued)

13. GRANTS AWARDED (continued)

Springwell Dene School Fund	8,150
SSAFA	1,000
St Benedict's Hospice	1,552
St Cuthberts Church	3,000
St Oswald's Hospice	2,000
Stephenson Community Group	1,300
Stepney Bank Stables	5,000
Stepping Stones	2,500
Stocksfield Avenue Primary School	1,000
Stockton Borough Council Internaitonal Riverside Festival	2,500
Streetwise	3,000
Sunderland Carers Centre	26,000
Sunderland District Scout Association	3,000
Sunderland Hillview Crusaders	1,500
Sunderland Kidney Patients Group	1,000
Sunderland Mind	4,165
Sunderland Pace	5,000
Sunderland Sports Council	1,000
Sunderland Women's Centre	1,000
Sunderland YMCA	2,000
T S Tenacity	1,500
The Hub	3,000
Them Wifies	2,000
Tiny Lives	35,908
Trinity House Social Centre	5,000
Turning Point	1,000
Tyne & Wear Museums Fantasy Football	2,500
Tyne & Wear Museums Norwegian Folk Costumes	1,000
Tyne Sound News	3,600
Tynedale Care Centre	4,600
Tynedale Hearing Loss Support Service	1,000
Tynemouth Blind Welfare Society	2,435
Tyneside Cinema	1,500
Tyneside Cinema	5,000
Understanding Industry Trust Ltd	5,000
Unity Organisation	1,000
University of Sunderland	5,000
Viking Youth Club	1,000
VODA	7,000
Wade Associates	2,500
Walker Central Football Club	3,000
Wallsend Sea Cadets	4,000
Wayout in Gateshead	5,000
WEA Northern District	10,000
West End Health Resource Centre	2,000
Weston Spirit	1,000

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NOTES TO THE FINANCIAL STATEMENTS
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13. GRANTS AWARDED (continued)

Whitley Bay Playhouse	2,500
Y Care International	2,000
YMCA Herrington Burn	28,834
Young Enterprise	4,000

Total	£ 1,132,899
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