

Community Foundation

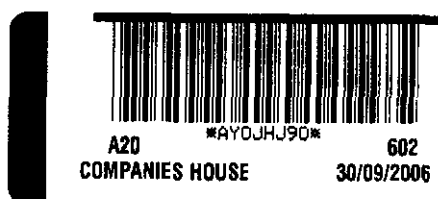
serving Tyne & Wear and Northumberland

(A company limited by guarantee)

Directors' report and accounts for the year ended 31 March 2006

Registered company number 2273708

Registered charity number 700510



Community Foundation
serving Tyne & Wear and Northumberland
(A company limited by guarantee)

Directors' report and accounts
for the year ended 31 March 2006

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Community Foundation

serving Tyne & Wear and Northumberland

Annual report for the year ended 31 March 2006

Introduction

The Charity's full name is Community Foundation serving Tyne & Wear and Northumberland, referred to hereafter as The Community Foundation.

The Charity registration number is 700510 and the limited company number is 2273708. The principal office and registered office is Cale Cross, 156 Pilgrim Street, Newcastle NE1 6SU.

The Community Foundation comprises several separate organisations whose accounts and activities are consolidated within the Group. They are:-

- Community Foundation serving Tyne & Wear and Northumberland – A Limited Company and main operating Charity;
- Tyne & Wear Foundation Trust – a charitable trust, which holds donations of permanent endowment to the Community Foundation. This has enabled several historic charitable trusts to be transferred to the Group;
- Tyne & Wear Foundation Limited – a trading company whose profits are covenanted to Community Foundation. The trading company is mainly used for specific large fundraising events such as bi-annual Sunday for Sammy Concerts;
- Joseph Brough Charitable Trust – an endowed trust making grants in the historic counties of Durham and Northumberland, of which the Community Foundation is sole trustee.

Community Foundation activities also encompass 3 projects; The Sponsors Club for Arts & Business, Tiny Lives and The Evening Chronicle Sunshine Fund. These have separate aims and objectives but are not registered charities in their own right, and form part of the Community Foundation. All 3 projects are accounted for under restricted funds.

The Community Foundation also administers The Fred Clay Trust which has its own trustees and reports separately to the Charity Commission.

The Community Foundation is a member and active supporter of Community Foundation Network which promotes good practice between community foundations in the United Kingdom. The Chief Executive has this year completed a five-year term as a Board member. The Community Foundation manages two Fairshare programmes on contracts from Community Foundation Network but is not otherwise subject to any governance arrangements with Community Foundation Network.

**Community Foundation serving Tyne & Wear and Northumberland
(A company limited by guarantee)**

Annual report for the year ended 31 March 2006 (continued)

Advisers:

Independent Auditors

PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Bankers

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

Investment Managers

Investec Asset Management
2 Gresham Street
London
EC2V 7QP

Wise Speke
Commercial Union House
39 Pilgrim Street
Newcastle upon Tyne
NE1 6RQ

Gerrard Management Services Ltd
Cross House
Westgate Road
Newcastle upon Tyne
NE1 4XX

Solicitors

John O'Neill & Co.
8 Portland Terrace
Jesmond
Newcastle upon Tyne
NE2 1QQ

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2006 (continued)

Structure, Governance and Management

The Community Foundation is a limited company governed by Memorandum and Articles of Association drawn in 1988 and amended in 1990 and 2000. The Articles and Memorandum allow for four categories of members as follows:-

Category A - voluntary organisations

Category B – individuals

Category C - statutory authorities

Category D - companies/businesses

Members have voting rights at the Annual General Meeting and receive regular information about Community Foundation activities throughout the year. Members may nominate candidates for election to the Board. Each membership category elects three members to the Board except for Category D where Board members are appointed by mutual consent. The Board may co-opt a further nine members and is required to ensure adequate representation throughout the area of benefit.

Board members serve for a three-year term and may be elected for two further periods of three years each. However, Board members do not normally stand for a third term in order to ensure adequate rotation of membership, unless they have been elected as honorary officers.

There are arrangements for induction and training of Board members, which are reviewed by the Governance Committee. Each new Board Member is now given a standard induction pack and attend an induction session with the executive officers and Chair if available. The Governance committee review training needs of the trustees and arrange training as required.

The full Board meets four times a year. One of these meetings is normally a longer meeting for reflection and forward planning. Within the annual cycle, the Board:-

- Agrees an operating budget
- Receives quarterly management accounts
- Agrees annual objectives
- Reviews five year objectives
- Monitors performance within agreed targets
- Considers a risk assessment
- Receives an equality and diversity report
- Considers strategic issues
- Receives reports and minutes from all sub committees listed below

Board meetings normally include at least one presentation on a significant area of operating activities which, in the last year, have included Youth Homelessness, Community Ventures, Change Up and Acorn Funds.

The Board appoints sub committees, which are responsible for more detailed review of operational activities. The current sub committees are:-

- Governance Committee (Gov)
- Audit Committee (Audit)
- Development Committee (Dev)
- Equality & Diversity Committee (E&D)
- Finance & General Purposes Committee (F&GP)
- Grants Strategy Committee (Grants)
- Investment Committee (Inv)

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2006 (continued)

Members of the Board who served during the year and the committees on which they served are:-

Hugh Welch - Chair co-opted October 2001, elected 2003	(F&GP, Dev, Gov)
Michael Worthington OBE – Deputy Chair co-opted October 2000	(F&GP, Grants, E&D)
John Josephs – Treasurer elected October 2003	(F&GP, Inv, E&D)
Sally Black MBE co-opted November 1999, retired October 2005	(Grants)
Steve Brown co-opted October 2000, elected 2001, retired October 2005	(Dev)
Lisa Charlton elected October 2004	(Grants, E&D)
Sheila Davidson elected October 2005	(Grants, E&D)
Pamela Denham CB DL co-opted October 2001	(Dev, F&GP, Gov)
Alan Ferguson co-opted October 2000, elected 2001, re-elected 2004	(Dev, Audit)
Rodney James co-opted 2005	(Grants)
Andrew Kerr appointed 2005 to represent local authorities	
John Marsden appointed 2004 to represent local authorities, resigned May 2005	
Parmjit Mattu elected October 2002, re-elected 2004	(Grants)
Richard Maudslay CBE co-opted October 2003	(Dev)
Roy McLachlan appointed November 1999 to represent health authorities	(F&GP, Grants, Audit)
John Mowbray co-opted October 2001	(Dev)
John Sands elected 2005	(Development)
Trevor Shears co-opted October 2003	(Inv)
Michael Spriggs co-opted October 2003	(Dev)
John Squires OBE, DL appointed 2002 to represent North Music Trust	(Audit, Inv, Gov)
Shobha Srivastava co-opted October 2003	(Grants)
Jane Streather elected October 2002, re-elected 2004	(Grants)
William Teasdale elected October 2002, re-elected 2005	(F&GP, Dev, Inv)
Jan Worters co-opted October 2000	(F&GP, Grants)

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2006 (continued)

Neil Brimer and Grigor McClelland are ex officio members of the Board.

The following members of the Board served during the year but resigned before the year end, Sally Black, Steve Brown, John Marsden. Members that will retire at 2006 Annual General meeting are Alan Ferguson, Roy McLachlan and Mike Worthington. The following members retire by rotation and are eligible for re-election. John Josephs and Parmjit Mattu.

The Board also appoints a President. Vice Presidents and Patrons in recognition of their distinguished service to the community or contributions to the Community Foundation. These are honorary positions with no formal powers or duties and the office holders are listed in the yearbook.

The senior members of staff responsible for day to day management of the Charity as delegated by the Charity trustees are:-

George Hepburn	Chief Executive
Sandra King	Development Director
Derry Nugent	Grants Director
Sonia Waugh	Finance Director

At the year end there was a total of 23 core staff and 7 project staff. The core staff are divided into three operational teams for development, grantmaking and finance and administration.

Members of the Board are supported by a number of grants panels responsible for recommending individual grant awards from the different funds held at the Community Foundation. Panel members either provide local knowledge – for example, members of the Neighbourhood Renewal Community Chests - or represent donors interests – for example a number of corporate donors have staff committees. Grants panels recommend grant awards which are ratified by the Grants Strategy Committee on behalf of the Board. In this way, about 150 people are involved in grantmaking at the Community Foundation and provide invaluable expertise.

Risk Assessment

The Board receives an annual assessment of risk prepared by the Executive Directors and agrees steps to minimise risk. Board members are involved in a more comprehensive risk assessment undertaken every third year and due in the coming financial year. The main risks identified in the last year were:-

- Loss and non payment of government contracts
- Grant fraud
- Adverse publicity

The board is satisfied that appropriate procedures are in place to mitigate these risks to an acceptable level, within the resource constraints of the Foundation.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2006 (continued)

Objectives and activities

The Community Foundation's mission is to help build stronger communities by encouraging local giving. It offers a cost-effective way for donors to make a long-term difference to the causes close to their heart. Through its understanding of local issues, the Community Foundation can make perceptive and well-targeted grants that secure the future for generations to come.

The Community Foundation is established for the support or promotion of any charitable purpose for the relief of poverty the advancement of education (including training for employment or work) the advancement of religion or any other charitable purpose for the benefit of the community in the area of Tyne & Wear and its immediate neighbourhood. Since extending its activities into Northumberland in 1993, Community Foundation's area of benefit has been Tyne & Wear and Northumberland.

The Community Foundation is a generalist grantmaker to a wide range of community groups. Some of the funds have more restricted purposes – for example The Lyndhurst Fund only makes grants in one area of Gateshead. The Community Foundation accommodates donors' wishes in respect of grant awards wherever possible. The Board has agreed certain exclusions for grants awarded with its general funds and these are detailed in grant application materials available on request.

The Board agreed a five year development plan in 2004 and works within these objectives which are:-

- To recruit more donors and involve them more effectively
- To become a more effective and influential grantmaker
- To become a well governed and cost effective organisation

The predominant activity is grantmaking but the Community Foundation also devotes resources to development and donor education which aim to increase local philanthropy. It also manages a small number of projects that contribute to tackling urgent social needs such as Youth Homelessness and Men's Health as part of a commitment to play a wider role in the community.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2006 (continued)

Achievements and performance

The Community Foundation awarded 2,705 grants (2005: 2,300) totalling £9.9m (2005: £7.5m) during the year which represented a significant increase on the previous year. These increases were mainly due to managing the Change Up programme for Government Office North East which involved a few large awards to develop infrastructure in the voluntary sector.

The grants total includes a number of grant programmes managed for statutory bodies and for The Henry Smith Charity as shown in the table below.

Programme	No of grants	Total awards
Change Up	68	£2,049,795
Community Foundation Funds	1,479	£3,482,070
Included Communities	185	£1,310,641
Local Network Fund	261	£1,140,827
Neighbourhood Renewal Community Chest	680	£1,341,311
Henry Smith Charity	32	£859,800
Total grants awarded by the full group	2,705	£10,184,444

The majority of grants continued to be for amounts of under £5,000 and to provide practical support for small community groups. The Community Foundation works with outreach partners to ensure that grants are available to new and grass roots projects.

Specific targets for the year included reviewing the organisation of the Local Giving Fund and encouraging donors to make larger and more strategic grants which were both accomplished. Monitoring visits to groups were increased during the year and tighter policies to prevent fraud were agreed.

The Community Foundation regards £3,926,272 of income to be new gifts to endowment and revenue funds received in the year for development target purposes against a target of £4.3m. Included in this figure is £1.1m from the Northumberland Group to fund educational projects. A number of new funds were set up including Grainger Charitable, Specials Laboratory and SMDHydrovision Funds. Several personal funds were set up anonymously such as Tess, Carrie Reay and Star Funds.

In the autumn of 2005, the Community Foundation launched Acorn Funds to provide a way for a wider range of people to set up their own charitable funds over a number of years. The idea has been well received and 13 funds were established by the year end. The Community Ventures Scheme entered a second year and increased in size with 15 partners providing practical business support to selected voluntary groups.

The Community Foundation completed a five year project on young people and homelessness and entered the final year of a five year project on men's health which is supported by William Leech Charity. It has continued to be a strong supporter of the Invest 2006 Campaign which aims to develop strategies to overcome loss of funding to the voluntary sector when the current European programmes came to an end in March 2006.

The Annual General Meeting was held at Primrose Community Centre, Jarrow and attended by 150 members and guests. The guest speaker was the Rt Hon David Miliband MP who spoke about the role of voluntary agencies in building stronger communities. Other events included a seminar on Environmental Grantmaking chaired by Ian Gregg, Gregg Charitable Trust. Sandwich lunches on a wide range of social issues were held for donors throughout the year.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2006 (continued)

The Community Foundation set new targets for equality and diversity during the year and agreed a policy on volunteering to encourage staff to be involved in outside activities. Staff were all involved in an intensive IT programme which included a week long training school on our computer management system with an external trainer.

The Community Foundation maintains contacts with community foundations in the United States. The Chief Executive completed a six year membership of Transatlantic Community Foundation Network and the Development Director attended the annual Development Network Conference in Austin, Texas. The President, New Hampshire Community Foundation, visited Newcastle in July as keynote speaker for a conference on social capital and also led a workshop for Community Foundation staff.

Financial Review

Net Assets at 31 March 2006 were £45.7m (2005: £36m). £41.4m of the assets related to endowment funds (2005: £33.2m). There were new donations to the endowment funds during the year of £1.8m, market growth of £7.5m and fees and transfers out of endowment of £1.1m. The expendable endowment fund is treated by the Directors as a long term capital fund to provide income for future grantmaking. The investments are managed by Investec Asset Management and Wise Speke to achieve maximum total returns and provide an agreed amount annually for grantmaking. The Investment Committee meet with Investec and Wise Speke on a quarterly basis and monitor their performance in relation to the WM unconstrained charity benchmark. Clear guidelines have been agreed in relation to asset allocation and these are also reviewed by the Investment Committee on a quarterly basis or when the market has been particularly volatile. Overall the Investment Committee was satisfied with investment performance over the year that kept pace with the benchmark. It is planned to link withdrawals from endowment based on the value of the fund at 1st January 2006 to the retail price index from April 2006 in order to provide a more consistent income stream. There is separate provision for donors who wish to invest ethically. The Community Foundation continued to hold a facility at Gerrards for donors who prefer their investments to be held there.

Incoming resources for the year totalled £13.8m (2005: £17.2m). The main sources of income were new donations, grants from public bodies and investment income. The main resources expended were for charitable grants of £9.9m. There were additional costs involved for the Sponsors Club, Sunshine Fund and Tiny Lives projects and for outreach contracts and investment charges. After deducting these costs, the proportion of expenditure for support costs, development costs, management and administration was 9% of total expenditure (2005: 11%).

Reserves

The Statement of Financial Activities shows the movement in the year of the Community Foundation's (group) 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 Unrestricted Funds balance at 31 March 2006 of £1,077,476 an amount of £635,839 is set aside for designated funds which are solely for future grantmaking, and the balance of £441,637 (2005: £315,956) as a general reserve available to meet future administration and development expenditure. The Board's reserve policy is that administrative reserves should be more than 3 months' but not more than six months' running costs. The reserves figure at the year end amounted to nearly 6 months' running costs. The Board will review the reserve levels quarterly and allocate any surpluses beyond the required level to grant making.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2006 (continued)

Plans for future periods

The Community Foundation believes that there is still considerable potential to attract new donors and to increase assets and has an overall objective of increasing assets to £60m by 2009. Grant awards have been increased in the last three years through managing government grants contracts. Some of these contracts came to an end in this year and others finish in the current year which means that the high level of grants awarded in the year to March 2006 may not be sustainable at this level.

The Community Foundation is committed to contributing to pressing social issues. It has been commissioned by ONE North East, in partnership with Regeneration Exchange, to manage a two year project on building social capital. It is also likely to take an initiative on environmental grant making during the coming year from an awareness that a greater proportion of its funds should be committed to environmental issues.

Since the year end the Board and staff have been involved in reviewing the five year plan and targets have been amended for the 2nd half of the plan period.

Directors' responsibilities

The directors are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP 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



Hugh Welch
Chair

14 September 2006

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Independent auditors' report to the members of Community Foundation serving Tyne & Wear and Northumberland

We have audited the financial statements of Community Foundation serving Tyne & Wear and Northumberland for the year ended 31 March 2006 which comprise the consolidated statement of financial activities, the balance sheets, the summary consolidated income and expenditure account, the consolidated cash flow statement and the related notes, which have been prepared in accordance with the accounting policies set out in the statement of accounting policies.

Respective responsibilities of trustees and auditors

The trustees are also directors of Community Foundation serving Tyne & Wear and Northumberland for the purposes of Company Law. As described in the Statement of Director's Responsibilities the directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. We report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements. We also report to you, if in our opinion, 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.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of opinion

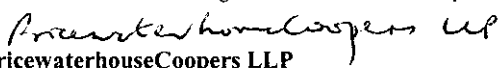
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and the group at 31 March 2006 and of the net incoming resources, including its income and expenditure, and cash flows of the group for the year then ended;
- and the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees Report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne
14 September 2006

**Consolidated statement of financial activities
for the year ended 31 March 2006**

	Note	Unrestricted funds	Restricted funds	Endowment funds	Total 2006	Total 2005 as restated
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds:						
Voluntary income:						
Donations		483,759	2,859,093	1,833,130	5,175,982	11,488,087
Grants from public bodies		132,400	6,990,469	-	7,122,869	4,751,323
Activities for generating funds:						
Fundraising events		-	236,015	-	236,015	100,287
Investment income	1	450,863	827,198	-	1,278,061	870,331
Other incoming resources		20,289	-	-	20,289	14,079
Total incoming resources		1,087,311	10,912,775	1,833,130	13,833,216	17,224,107
Resources expended						
Costs of generating funds:						
Costs of generating donations	3	201,075	114,820	-	315,895	276,084
Costs of fundraising events	4	15,549	118,658	-	134,207	47,170
Investment managers' fees		-	2,965	139,647	142,612	84,570
Charitable activities	5	1,300,677	9,721,899	-	11,022,576	8,320,240
Governance costs	6	76,857	6,387	-	83,244	61,876
Other resources expended		20,289	-	-	20,289	14,079
Total resources expended		1,614,447	9,964,729	139,647	11,718,823	8,804,019
Net incoming resources before transfers		(527,136)	948,046	1,693,483	2,114,393	8,420,088
Gross transfers between funds	13-15	704,360	250,120	(954,480)	-	-
Net incoming resources before taxation		177,224	1,198,166	739,003	2,114,393	8,420,088

**Consolidated statement of financial activities
for the year ended 31 March 2006 (continued)**

	Note	Unrestricted funds	Restricted funds	Endowment funds	Total 2006	Total 2005 as restated
		£	£	£	£	£
Net incoming resources before taxation		177,224	1,198,166	739,003	2,114,393	8,420,088
Taxation	12	-	-	-	-	10,730
Net incoming resources before other recognised gains/losses		177,224	1,198,166	739,003	2,114,393	8,409,358
Gains & losses on investment assets	8	-	89,402	7,511,274	7,600,676	1,910,649
Net movement in funds		177,224	1,287,568	8,250,277	9,715,069	10,320,007
Fund balances brought forward at 1 April 2005		900,252	1,976,140	33,151,873	36,028,265	25,708,258
Fund balances carried forward at 31 March 2006		1,077,476	3,263,708	41,402,150	45,743,334	36,028,265

All of the above results are derived from continuing operations. All gains and losses, which were incurred in the year are included above. There is no difference between the net incoming resources before other recognised gains/losses above and the historical cost equivalent.

**Consolidated income and expenditure account
for the year ended 31 March 2006**

	Note	2006 £	2005 as restated £
Income - continuing operations			
Donations		3,342,852	2,792,422
Grants from public bodies		7,122,869	4,751,323
Fundraising events		236,015	100,287
Investment income		1,278,061	870,331
Other income		20,289	14,079
		12,000,086	8,528,442
Expenditure - continuing operations			
Grants	5	10,157,018	7,483,522
Staff costs	7	769,362	691,650
Other costs		652,796	546,808
		11,579,176	8,721,980
Net surplus for the year before transfers, investment asset disposals and taxation			
		420,910	(193,538)
Transfer from endowment fund		954,480	408,576
Realised gains/(losses) on investments		4,254	(5,953)
Taxation	12	-	-
Net surplus for the year		1,379,644	209,085

The total income of £12,000,086 comprises £1,087,311 for unrestricted funds and £10,912,775 for restricted funds as shown in the statement of financial activities. The total expenditure of £11,579,176 comprises £1,614,447 for unrestricted funds and £9,964,729 for restricted funds as shown in the statement of financial activities.

Community Foundation
serving Tyne & Wear and Northumberland

Balance sheets as at 31 March 2006

	Note	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Fixed assets					
Endowment fund investments	8	41,362,384	32,874,295	39,701,972	31,845,632
Investments	8	544,755	458,318	544,855	458,418
Tangible assets	9	28,614	36,529	28,614	36,529
		41,935,753	33,369,142	40,275,441	32,340,579
Current assets					
Debtors	10	83,526	199,228	106,958	197,989
Cash on short term deposit		1,282,959	1,328,431	1,282,959	1,328,431
Cash at bank and building society		3,904,029	2,523,917	3,833,580	2,291,558
Total current assets		5,270,514	4,051,576	5,223,497	3,817,978
Creditors: amounts falling due within one year	11	(1,462,933)	(1,392,453)	(1,462,759)	(1,395,296)
Net current assets		3,807,581	2,659,123	3,760,738	2,422,682
Total assets less current liabilities		45,743,334	36,028,265	44,036,179	34,763,261
Capital funds					
Endowment fund	13	41,402,150	33,151,873	39,715,807	31,904,140
Income funds					
Restricted	14	3,263,708	1,976,140	3,242,896	1,958,869
Unrestricted	15	1,077,476	900,252	1,077,476	900,252
Total funds		45,743,334	36,028,265	44,036,179	34,763,261

The accounts on pages 11 to 37 were approved by the Board on 14 September 2006 and were signed on their behalf by:



Hugh Welch

Chair



John Josephs

Treasurer

Consolidated cashflow statement for the year ended 31 March 2006

	Note	Group 2006 £	Group 2005 as restated £
Net cash outflow from operating activities	21	(786,863)	(1,175,589)
Returns on investments and servicing of finance			
Investment income		1,103,578	710,981
Interest receivable		174,483	159,350
		1,278,061	870,331
Taxation			
Tax paid		(10,730)	-
Capital expenditure and financial investment			
Payments to acquire fixed assets		(5,108)	(20,928)
Purchase of investments		(25,152,010)	(26,687,381)
Proceeds from sale of investments		24,178,160	18,841,633
		(978,958)	(7,866,676)
Management of liquid resources			
Decrease/(Increase) in short term deposits		45,472	(166,279)
Financing			
Receipts of Endowment Funds		1,833,130	8,695,665
Increase in cash in year		1,380,112	357,452
Analysis of net funds			
	1 April 2005 £	Cashflow £	31 March 2006 £
Cash at bank and building society	2,523,917	1,380,112	3,904,029
Short term deposits	1,328,431	(45,472)	1,282,959
Net funds	3,852,348	1,334,640	5,186,988

Accounting Policies

Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of listed investments and freehold property, and in accordance with applicable accounting standards, including the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities published in 2005, and the Companies Act 1985. The statement of financial activities (SOFA), Income and Expenditure account and Balance Sheet consolidate the accounts of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. No separate SOFA has been presented for the charity alone as permitted by section 230 of the Companies Act 1985 and paragraph 422 of the SORP.

The charity has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

Change in accounting policies

The charity has adopted the Statement of Recommended Practice (SORP 2005) in these financial statements for the first time. The adoption of SORP 2005 represents a change in accounting policy and the comparative figures have been restated accordingly.

The adoption of SORP 2005 has involved the re-analysis of certain items of expenditure, primarily support costs. This re-analysis has had no impact on the net incoming resources for the year ended 31 March 2005 or the total funds at 31 March 2005.

Listed and unlisted investments

Listed investments are stated at market value as at 31 March 2006.

Unlisted investments are quoted at cost. Freehold property is stated at directors' estimate of market value.

One of the properties under freehold property was revalued by the directors in September 2002 and the directors still consider this to be a reasonable value. A property donated to the Community Foundation in 2005 year end was valued by property consultants in November 2004, and the directors still consider it to be a reasonable value. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. No depreciation is charged on investment properties.

Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiaries, The Joseph Brough Charitable Trust, Tyne & Wear Foundation Limited and Tyne & Wear Foundation Trust, on a line by line basis.

Grant commitments

Grants payable are charged in the year when the offer is approved and conveyed to the recipient. Cancelled grants are re-credited at the point the decision is made not to pay out the grant or when a refund has been received.

Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives on a straight line basis, at the following rates:

Furniture and equipment	-	20% and 25% per annum
Office improvements	-	Over period of lease

Accounting Policies (continued)

Fixed asset investments, including property, are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Costs relating to raising voluntary donations, fundraising, grant costs and governance have been allocated direct to those cost headings and support costs have been apportioned on the basis of staff time spent on each area.

Pensions

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

Incoming resources

Income is recognised in the period in which it is receivable unless the charity has to fulfil conditions before becoming entitled to it or if the donor has specified that the income is to be expended in a future period, in which case it is deferred. Donations are accounted for in the period in which they are received or receipt is certain.

Investment income is recognised on an accruals basis.

Grants from the government and other agencies have been included as income from activities in furtherance of the charity's objects where these amount to a contract for services.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Operating leases

Rentals applicable to operating leases are charged to the SOFA and Income and Expenditure Account over the period in which the cost is incurred.

Fund accounting

Funds held by the charity are:

Unrestricted general funds: these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Unrestricted designated funds: these are funds which the Directors regard as unrestricted because they are used for general charitable grantmaking purposes in the Community Foundation's area of benefit although grants may still be made on recommendations from the donor.

Restricted funds: these are funds that can only be used for particular restricted purposes within the objects of the charity.

Accounting Policies (continued)

Endowment funds are invested and the income from these funds is applied to the relevant restricted or unrestricted income funds.

Investment income is allocated to the income funds on a "total return" basis for the Charity. A total of £773,930 was transferred from the endowment fund to restricted (£535,773) and unrestricted (£238,157) funds in the year. Withdrawals from the endowment fund have been made at a rate of 6% which the Directors review annually and consider it to be a reasonable total return withdrawal rate.

Liquid resources

Liquid resources for cashflow purposes consist of cash held at banks in current and deposit accounts and petty cash

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts
for the year ended 31 March 2006

1 Investment Income

	2006	2005
	£	£
		as restated
Dividends & interest from endowment fund assets	1,103,578	710,981
Interest received on cash deposits	174,483	159,350
	1,278,061	870,331

2 Allocation of support costs and overheads

Support costs and overheads have been apportioned using the basis of staff time spent on the various activities.

	Donated income costs £	Fundraising events £	Charitable activities £	Governance £	Total £
Staff costs	38,561	6,875	98,809	5,978	150,223
Overhead costs	53,373	8,718	118,865	11,745	192,701
	91,934	15,593	217,674	17,723	342,924

Included in overhead costs are the following:	2006	2005
	£	£
Operating lease rentals – land and buildings	63,500	51,000
Depreciation	13,023	15,833

3 Donated income costs

	2006	2005
	£	as restated
Staff costs	169,826	141,817
Direct costs	54,135	53,020
Support costs	91,934	81,247
	315,895	276,084

Notes to the accounts (continued)

4 Fundraising events costs

	2006 £	2005 as restated
Staff costs	27,165	19,327
Direct costs	91,449	16,370
Support costs	15,593	11,473
	134,207	47,170

5 Charitable activities

The Community Foundation serving Tyne & Wear and Northumberland undertakes its charitable activities through grant making.

	2006 £	2005 as restated
Grants payable	10,157,018	7,483,522
Staff costs	382,267	352,266
Outreach & evaluation costs	179,192	172,287
Direct costs	86,425	94,424
Support costs	217,674	217,741
	11,022,576	8,320,240

Grants were awarded in the year to other charities, voluntary organisations and individuals as follows:

	2006 £	2006 Number	2005 £	2005 Number
Grants approved for payment:				
Other charities & voluntary organisations	10,044,471	2,380	7,414,778	2,117
Individuals	139,973	325	113,947	252
Grants cancelled	(27,426)		(45,203)	-
Total grant expenditure	10,157,018	2,705	7,483,522	2,369

A breakdown of grants awarded is shown on page 7. A full listing of grants awarded in the financial year can be found on our website: www.communityfoundation.org.uk.

At the year end there was a contingent liability of £650,000 relating to an exceptional conditional grant approved in March 2006 to North Music Trust from The Sage Gateshead fund.

Notes to the accounts (continued)

6 Governance

	2006 £	2005 as restated
Staff costs	39,880	34,020
Auditors remuneration:		
- Audit services	7,000	4,000
-Non –audit services	-	-
Legal & professional	9,660	3,792
Trustee expenses	566	682
Direct costs	8,415	2,309
Support costs	17,723	17,073
	83,244	61,876

7 Staff costs

Staff costs comprise the following:	2006 £	2005 £
Salaries	676,234	610,387
Social security costs	66,517	59,430
Other pension costs	26,610	21,833
	769,361	691,650

The average number of employees, excluding directors, employed by the group during the year was 30 (2005: 28).

None of the directors received any remuneration during the year (2005: Nil). Five of the directors received reimbursements for expenses during the year (2005: 5). The total of the reimbursements amounted to £566 (2005: £682).

During the year employees with emoluments over £60,000 were in the following band:

	2006 Number	2005 Number
£60,001 to £70,000	1	1

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

8 Investments

Endowment fund investments - Group

At valuation	Listed investments £	Deposit & other cash balances £	Freehold property £	Total £
At 31 March 2005	31,055,012	1,615,282	204,001	32,874,295
Additions in the year	25,389,672	(297,796)	-	25,091,876
Disposals in the year	(24,115,061)	-	-	(24,115,061)
Realised gains arising in the year	1,054,572	-	-	1,054,572
Unrealised gains arising in the year	6,456,702	-	-	6,456,702
At 31 March 2006	39,840,897	1,317,486	204,001	41,362,384
At cost				
At 31 March 2006	31,731,729	1,317,486	173,001	33,222,216
At 31 March 2005	27,898,435	1,615,282	173,001	29,686,718

Other investments - Group

At valuation	Listed investments £	Deposit & other cash balances £	Total £
At 31 March 2005	404,436	53,882	458,318
Additions/(deductions) in the year	74,410	(14,276)	60,134
Disposals in the year	(63,099)	-	(63,099)
Realised gains in the year	4,254	-	4,254
Unrealised gains arising in the year	85,148	-	85,148
At 31 March 2006	505,149	39,606	544,755
At cost			
At 31 March 2006	396,125	39,606	435,731
At 31 March 2005	385,387	53,882	439,269
Listed investments are detailed as follows:-		2006 Market Value £	2005 Market Value £
UK Fixed Interest		3,762,206	3,988,190
UK Equities		25,804,461	21,323,683
Property		306,913	-
Overseas Fixed Interest		856,292	-
Overseas Equities		9,616,174	6,147,575
		40,346,046	31,459,448

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

8 Investments (continued)

Endowment fund investments - Charity

At valuation	Listed investments £	Deposit & other cash balances £	Freehold property £	Total £
At 31 March 2005	30,026,349	1,615,282	204,001	31,845,632
Additions/(deductions) in the year	24,290,152	(297,796)	-	23,992,356
Disposals in the year	(23,351,053)	-	-	(23,351,053)
Realised gains arising in the year	1,022,502	-	-	1,022,502
Unrealised gains arising in the year	6,192,535	-	-	6,192,535
At 31 March 2006	38,180,485	1,317,486	204,001	39,701,972

At cost				
At 31 March 2006	30,432,078	1,317,486	173,001	31,922,565
At 31 March 2005	27,061,365	1,615,282	173,001	28,849,648

Other investments - Charity

At valuation	Unlisted investments £	Listed investments £	Cash £	Total £
At 31 March 2005	100	404,436	53,882	458,418
Additions in the year	-	74,410	(14,276)	60,134
Disposals in the year	-	(63,099)	-	(63,099)
Realised gains in the year	-	4,254	-	4,254
Unrealised gains arising in the year	-	85,148	-	85,148
At 31 March 2006	100	505,149	39,606	544,855

At cost				
At 31 March 2006	100	396,125	39,606	435,831
At 31 March 2005	100	385,387	53,882	439,369

	2006 Market Value £	2005 Market Value £
Listed investments are detailed as follows:-		
UK Fixed Interest	3,623,138	3,825,209
UK Equities	24,719,917	20,659,672
Property	260,062	-
Overseas Fixed Interest	842,179	-
Overseas Equities	9,240,338	5,945,904
	38,685,634	30,430,785

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

8 Investments (continued)

Listed investments under other investments are all listed on the London Stock Exchange or in respect of overseas equities these are listed on the relevant stock exchange of the country of origin.

Unlisted investments held by the charity relate to £100 (2005: £100) investment in the subsidiary company Tyne & Wear Foundation Limited at cost.

At 31 March 2006, the charity owned all of the ordinary share capital, consisting of 100 ordinary shares, of Tyne & Wear Foundation Limited, a company registered in England and Wales which raises funds through fundraising events.

9 Tangible fixed assets

Group and Charity	Furniture & equipment £	Office improvements £	Total £
Cost			
At 31 March 2005	188,850	20,269	209,119
Additions	5,108	-	5,108
At 31 March 2006	193,958	20,269	214,227
Depreciation			
At 31 March 2005	162,066	10,524	172,590
Charge for the year	10,996	2,027	13,023
At 31 March 2006	173,062	12,551	185,613
Net book value			
At 31 March 2006	20,896	7,718	28,614
At 31 March 2005	26,784	9,745	36,529

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

10 Debtors

	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Amounts due from subsidiary undertaking	-	-	82,351	-
Sundry debtors	63,026	176,586	4,585	176,586
Dividends and interest receivable	19,033	21,175	18,555	19,936
Prepayments	1,467	1,467	1,467	1,467
	83,526	199,228	106,958	197,989

11 Creditors: Amounts falling due within one year

	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Amounts due to subsidiary undertaking	-	-	426	4,893
Millennium Commission grants programme	11,663	11,620	11,663	11,620
Taxation	-	10,730	-	10,730
Sundry creditors and accruals	195,801	164,060	195,801	164,060
Grants payable	1,238,469	1,178,543	1,237,869	1,176,493
Deferred income	17,000	27,500	17,000	27,500
	1,462,933	1,392,453	1,462,759	1,395,296

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

12 Taxation

As registered charities, the Community Foundation, Joseph Brough Charitable Trust and Tyne & Wear Foundation Trust are entitled to the exemptions from taxation in respect of income and capital gains received within categories covered by s505 Income and Corporation Taxes Act 1988 and s256 Taxation of Chargeable Gains Act 1992, to the extent that the income/gains received are applied for charitable purposes only. They are therefore not normally liable to UK Income Tax, Corporation Tax, or Capital Gains Tax. However, during the prior year bonds were donated to the Community Foundation which incur a taxation charge on the realised gains. Tyne & Wear Foundation Limited does not have charitable status, but has gift aided all of its profit in the year to its parent company/charity; Community Foundation.

	2006 £	2005 £
Corporation tax payable	-	10,730

13 Endowment fund

The expendable endowment fund is treated by the Directors as a long term capital fund to provide income for future grantmaking. Endowment donations received are allocated between unrestricted and restricted funds in accordance with the policy for each income fund. Joseph Brough Charitable Trust and Tyne & Wear Foundation Trust both hold permanently endowed funds.

	Group £	Charity £
At 1 April 2005	33,151,873	31,904,140
Transfers between funds:		
Total returns endowment withdrawal	(773,930)	(773,930)
Transfers to endowment from income funds	3,646	3,646
Exceptional withdrawal from endowment funds	(184,196)	(184,196)
Net incoming resources for the year including gains losses on investment assets	9,204,757	8,766,147
At 31 March 2006	41,402,150	39,715,807

The Community Foundation (charity) operates a total returns investment strategy and withdraws income from the endowment funds at a rate of 6% per annum to credit income funds to pay for grants and running costs. The difference between the actual endowment income received on the investments and the total withdrawal figure was £773,930 and is shown as a transfer from the endowment fund. The Board agreed to make withdrawals of £1,084,196, for exceptional circumstances, which included up to £1m from The Sage Gateshead fund, of which at 31st March 2006 £100,000 had been transferred.

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

14 Income funds - restricted

The Community 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 in consultation with people and companies who have set up funds within the Community Foundation for grants from their funds.

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. Since the year end the funds in deficit at 31 March 2006 have received sufficient funds to return them to credit.

	At 1 April 2005	Income and transfers	Grants	Other outgoings and transfers	At 31 March 2006
	£	£	£	£	£
ABC Fund	3	-	-	3	-
Akzo Nobel International Paint	11,751	16,214	19,353	1,300	7,312
Alcan Primary Metal – Europe	8,867	15,000	13,100	1,325	9,442
Amec Offshore	14,509	6,572	8,000	-	13,081
Anne Coleman	72,728	3,235	42,412	-	33,551
Anonymous	(29,807)	30,000	-	-	193
Arriva	3,986	6,000	3,385	600	6,001
Asian	586	2,769	6,660	(3,330)	25
Asylum Seekers' Hardship	-	3,500	1,400	(2,500)	4,600
Baines	4,903	3,007	-	-	7,910
Nancy Barbour Award	3,606	5,260	7,266	-	1,600
Sir Jeremy Beecham	136	1,233	1,700	-	(331)
Barbara & Chris Beith	560	221	370	-	411
Bellingham	(281)	2,189	1,807	-	101
Berwick Community Support	40	-	-	-	40
Big Appeal	5,300	200	-	-	5,500
Bird Family	405	1,190	1,275	-	320
Canford Audio	431	328	-	-	759
CarbonNeutral	21,441	18,786	40,228	-	(1)
Change up – Northumberland	-	592,981	591,079	-	1,902
Change up - Regional	-	616,270	597,221	-	19,049
Change up – Tyne & Wear	(240,000)	1,227,354	864,294	-	123,060
Chapman	1,430	22,593	14,095	-	9,928
Community Arts	232	-	-	-	232
Community Leaders	4,836	-	-	-	4,836
Community Ventures	24,173	52,991	21,805	(2,528)	57,887
Sir Tom Cowie	7,360	33,139	31,669	-	8,830
Duncan & Sarah Davidson	(361)	2,478	2,000	-	117
Durham	997	2,172	2,592	-	577
Enact	685	-	-	-	685
Evangelical	(3,900)	5,058	2,000	-	(842)
Fair Share- Blyth	52,080	-	52,080	-	-
Fair Share - Wansbeck	50,000	-	-	-	50,000
FARNE	17,758	11,918	25,842	-	3,834
Fergusons of Blyth	3,227	5,590	5,249	-	3,568
Four Acre Trust	-	53,350	4,500	-	48,850
Gateshead Community Chest	17,494	214,585	200,315	31,764	-
Gateshead Community Learning Chest	14,885	48,993	53,813	10,065	-
David Goldman Awards	1,001	25,562	33,063	-	(6,500)
Allison Greenlees Continuation	745	4,874	4,000	-	1,619
Carried forward	71,806	3,035,612	2,652,573	36,699	418,146

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

14 Income funds - restricted (continued)

	At 1 April 2005	Income and transfers	Grants	Other outgoings and transfers	At 31 March 2006
	£	£	£	£	£
Brought forward	71,806	3,035,612	2,652,573	36,699	418,146
Green Scheme	1,145	3,739	3,808	-	1,076
Grounds Family	30	-	-	-	30
Hays Travel	1,395	1,000	2,250	-	145
Henry Smith Charity	338,701	1,037,300	859,800	-	516,201
Heyman Scholarships	572	2,601	1,965	65	1,143
Joy Higginson	-	796	-	-	796
High Sheriff of Northumberland	1,462	20,421	19,980	-	1,903
Included Communities	15,621	1,757,253	1,310,641	79,330	382,903
Jackie Haq Fund for Scotswood	442	1,370	1,312	70	430
Jim Smail Tree	9,513	-	3,173	-	6,340
Josephs Family	340	500	-	-	840
Journal Millennium	47	-	-	47	-
JPMorgan	2,016	4,104	4,000	-	2,120
Kellett	22,185	322,585	283,565	31	61,174
Lady Grey Memorial	167	113	-	-	280
Latterford	166	315	250	-	231
Liam Cuffe	1,350	-	-	1,350	-
Lyndhurst	159,540	7,897	40,783	4,035	122,619
George Loggie	1,060	1,589	6,000	-	(3,351)
Men's Health	2,679	117	2,600	-	196
Men's Initiative	19,229	85,000	83,413	1,180	19,636
NBS Members	651	592	592	-	651
Newcastle Community Chest	9,624	226,791	209,302	27,054	59
Newcastle Community Learning Chest	-	34,600	34,600	-	-
Mary & Enid Noble	94,110	9,640	44,725	-	59,025
North East e-Learning	34,308	89,103	75,000	-	48,411
Northern Angel	2,500	3,910	2,500	500	3,410
North Tyneside	992	1,140	2,000	-	132
North Tyneside Community Chest	5,416	157,064	136,909	25,571	-
North Tyneside Community Learning Chest	2,541	35,459	34,250	3,750	-
Northumberland Group	5,634	628,687	-	-	634,321
Northumberland Local Network	433	322,289	261,206	50,429	11,087
Northumbrian Water Chill Out	60,242	45,468	92,155	1,000	12,555
Northumbrian Water Pipeline	-	158,373	150,873	7,500	-
Northumbria Probation	261	-	261	-	-
P&G Arts & Business Cards	785	-	-	-	785
Percy Family	3,329	3,740	4,164	-	2,905
Readman Foundation	625,581	112,885	30,576	6,357	701,533
Carrie Reay	-	8,735	-	500	8,235
Jane Robertson Alnwick	-	505	-	-	505
Brian Roycroft	1,009	9,344	4,071	841	5,441
Sage Gateshead	8,834	648,646	1,177,480	(100,000)	(420,000)
Sammy Johnson Memorial	4,647	109,631	12,224	48,502	53,552
Share Family	921	1,424	5,500	(27,466)	24,311
Carried forward	1,511,284	8,890,338	7,554,501	167,345	2,679,776

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

14 Income funds - restricted (continued)

	At 1 April 2005	Income and transfers	Grants	Other outgoings and transfers	At 31 March 2006
	£	£	£	£	£
Brought forward	1,511,284	8,890,338	7,554,501	167,345	2,679,776
Smail Family	1,248	1,829	1,550	-	1,527
SMDHydrovision	-	30,000	9,163	2,250	18,587
Snowdrop Garden	(12)	-	-	(12)	-
South Tyne Valley	5,366	36,206	31,432	-	10,140
South Tyneside	500	-	-	500	-
South Tyneside Community Chest	5,973	284,788	240,000	50,761	-
South Tyneside Community Learning Chest	470	40,104	33,350	7,224	-
Sponsors Club for Arts & Business	56,785	180,163	42,533	135,686	58,729
Sport Relief	18,000	85,000	81,672	5,300	16,028
Sunderland Community Chest	(695)	248,156	197,268	50,193	-
Sunderland Community Learning Chest	1,010	67,590	55,188	13,412	-
Evening Chronicle Sunshine	165,748	159,318	78,902	61,347	184,817
Taylor	-	4,919	-	-	4,919
Three Valleys	474	779	500	-	753
Tiny Lives	84,359	228,676	49,646	77,881	185,508
Tyne & Wear High Sheriff Awards	2,793	20,821	20,050	912	2,652
Tyne & Wear Local Network	67,256	966,009	873,214	127,048	33,003
Wansbeck Community Chest	(4,671)	153,919	126,809	22,439	-
Wansbeck Community Learning Chest	21,207	(3,736)	14,903	2,568	-
Ted Weekes	5,530	5,964	4,030	-	7,464
UK Land Estates	1,150	10,000	8,160	1,990	1,000
Women's	4,017	14,119	14,066	-	4,070
Women's Emergency	42	-	-	42	-
Young Musician's	1,036	44,377	2,597	14,919	27,897
YouthBank	9,999	20,050	16,164	7,859	6,026
Total Community Foundation	1,958,869	11,489,389	9,455,698	749,664	3,242,896
Joseph Brough Charitable Trust	11,188	26,308	22,500	-	14,996
Tyne & Wear Foundation Trust	6,083	22,253	22,520	-	5,816
Total Group	1,976,140	11,537,950	9,500,718	749,664	3,263,708

Income and transfers include credits of £535,773 transferred from the endowment fund to distribute as income on a total returns basis and £89,402 relating to gains on fixed asset investments. Other outgoings include transfers between funds of £285,653, staff costs of £169,326, outreach & evaluation costs of £127,219, investment managers fees £2,965 and other fund expenses and fundraising event costs of £164,501. The Women's Fund includes income from People of Ward Hadaway in memory of Sue Watts fund. Sunshine Fund includes income from Muriel Campbell fund and Brian Roycroft fund includes income from the Tessa Hide fund.

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Notes to the accounts (continued)

15 Income Funds -unrestricted

As well as a general administrative unrestricted fund (included below for completeness) the Community Foundation holds the following designated funds which the Directors regard as unrestricted because they are used for general charitable purposes in the Community Foundation's area of benefit although grants may still be made on recommendations from the donor. The funds are to be used for grantmaking and grants are awarded throughout the year when committees meet and make recommendations to the Board. Since the year end the funds in deficit at 31 March 2006 have received sufficient funds to return them to credit.

	At 1 April 2005 £	Income and transfers	Grants £	Other outgoings and transfers £	At 31 March 2006 £
Anonymous	721	-	720	-	1
Anonymous	1,545	2,663	1,750	-	2,458
Bank of England	700	1,000	700	700	300
John Bell	7,431	30,239	35,904	1,000	766
Bellway	1,604	1,124	2,350	-	378
Peter Barratt's Garden Centres	5,000	14,231	6,800	1,500	10,931
Benfield Motors	2,759	2,107	-	-	4,866
Bonas Machine Company	211	773	700	-	284
Bowey Homes	531	577	750	-	358
Carr-Ellison Charitable Trust	986	11,646	11,765	500	367
Roland Cookson	39,502	37,471	44,730	2,000	30,243
Equitable Charitable Trust	2	-	-	-	2
Muscular Skeleto	2,074	-	-	-	2,074
Garrod Family	(2,774)	-	(2,774)	-	-
Grainger Charitable	-	30,000	2,175	2,250	25,575
HSBC	107	119	-	226	-
Hugonin Family	(1,500)	3,000	1,200	300	-
HYPF	9,329	5,475	-	11,731	3,073
I'Anson Family	517	1,326	-	-	1,843
William Leech Charity	39,240	23,651	34,909	1,000	26,982
Leech Challenge	(239)	2,828	-	-	2,589
Linden Family	10,000	-	8,830	-	1,170
Maudslay Family	2,086	414	1,500	-	1,000
G S May Family	1,725	4,702	5,510	-	917
Frederick Millburn	(6,500)	6,500	-	-	-
Mitford Fund for Northumberland	962	-	-	-	962
North East Brewers Association	649	3,211	3,500	-	360
Newcastle Brown Ale	1,648	2,250	874	-	3,024
NBS Community	35,221	89,080	100,384	20,875	3,042
Northern Electric	4,483	7,615	11,892	-	206
Northumbrian Water	3,258	3,553	3,730	-	3,081
N.E.M.S. Warehousing	1,000	11,164	-	11,164	1,000
PricewaterhouseCoopers	4,312	1,514	1,000	-	4,826
P&G	61,021	-	61,021	-	-
Guy Readman	1,905	1,965	2,700	-	1,170
Ridley Family Fund	26,097	43,000	41,884	3,000	24,213
Ringtons	11,257	14,033	21,991	-	3,299
Robert Muckle	35,364	7,980	20,000	-	23,344
Rolls-Royce	330	1,049	1,000	-	379
Carried forward	302,564	366,260	427,495	56,246	185,083

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

15 Income Funds - unrestricted (continued)

	At 1 April 2005 £	Income and transfers £	Grants £	Other outgoings and transfers £	At 31 March 2006 £
Brought forward	302,564	366,260	427,495	56,246	185,083
Joseph Rowntree Charitable Trust	19,091	12,481	-	-	31,572
St Cuthbert's	3,130	890	-	-	4,020
Sage Community	104,563	50,000	55,925	(81,696)	180,334
Johnnie & Tricia Smith	163	439	500	-	102
Specials Laboratory	-	22,000	13,430	2,000	6,570
Barry & Faga Speker	1,100	3,515	-	2,146	2,469
Staff Giving	-	1,576	1,219	(2,357)	2,714
TESS	-	359	-	-	359
Universal Building Society	(414)	1,569	2,413	-	(1,258)
Vaux	945	7,567	6,081	-	2,431
Ward Hadaway	4,532	667	3,224	-	1,975
Watkin Family	3,224	2,433	5,500	-	157
Wear1	-	7,000	6,000	1,000	-
Willis Charitable	1,904	1,192	2,280	-	816
Other general grantmaking funds	143,494	248,801	132,233	41,567	218,495
Total designated funds	584,296	726,749	656,300	18,906	635,839
Administrative fund	315,956	598,719	-	473,038	441,637
Total unrestricted funds	900,252	1,325,468	656,300	491,944	1,077,476

Income and transfers include £238,157 transferred from the endowment fund to distribute as income on a total returns basis.

Other outgoings and transfers consist of credits of £466,203 transfers between funds, less £600,036 staff costs, £51,973 outreach & evaluation costs, £3,731 designated fund expenses and other administrative costs of £284,907.

A number of funds contribute to the Community Foundation's general unrestricted grant fund, including Ian and Jane Gregg, Greggs plc, Sir James Knott Trust, Mitford, Northern Rock plc, Templeton, Tyne Tees Television, Tolent, and two anonymous funds. In addition to the funds listed in restricted and unrestricted funds there were 13 acorn funds established during the year a number of which currently donate their income to other funds. A full listing of acorn funds can be found in the 2006 yearbook and they will appear in the above analysis once they reach maturity.

Notes to the accounts (continued)

16 Analysis of group net assets between funds

	Unrestricted funds	Restricted funds	Endowment funds	2006 Total
	£	£	£	£
Investments	-	544,755	41,362,384	41,907,139
Tangible fixed assets	28,614	-	-	28,614
Current assets	1,232,121	3,911,394	126,999	5,270,514
Current liabilities	(183,259)	(1,192,441)	(87,233)	(1,462,933)
Total net assets	1,077,476	3,263,708	41,402,150	45,743,334

17 Financial commitments

At 31 March 2006 the group had annual commitments under non-cancellable operating leases as follows:

	Land & buildings 2006 £	Land & buildings 2005 £
Expiry date:		
Within two to five years	63,500	51,000
Over five years	-	-
	63,500	51,000

18 Pensions

The Foundation contributes to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Foundation in independently administered funds. The pension charge represents contributions by the Foundation to the funds and amounted to £26,611 (2005: £21,833). Outstanding contributions at 31 March 2006 were £800 (2005: £1,381).

Community Foundation
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Notes to the accounts (continued)

19 Subsidiary company and charities

These accounts are consolidated to include the financial transactions of the following as required under the Statement of Recommended Practice:

Tyne & Wear Foundation Limited – wholly owned subsidiary

The Joseph Brough Charitable Trust – sole trustee

Tyne & Wear Foundation Trust – sole trustee

As permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the SORP, no separate statement of financial activities has been presented for the Community Foundation serving Tyne & Wear and Northumberland. As permitted by section 230 of the Companies Act 1985, and by paragraph 422 of the Statement of Recommended Practice 2005, the Company's Statement of Financial Activities has not been included within these financial statements. The company's gross income for the year was £13,574,081 (2005 £17,210,028) and its net incoming resources for the year were £1,968,478 (2005: £8,215,233).

The company made an unrealised gain on investments of £6,277,633 (2005: £1,871,486). The company's net increase in funds was £9,272,917 (2005: £9,973,827).

The Community Foundation owns the whole of the issued share capital of Tyne & Wear Foundation Limited, a company registered in England. The subsidiary is used to carry out fundraising events on behalf of the charity. The total net profit of the subsidiary is gifted to the Community Foundation. A summary of results of the subsidiary company is shown below:

	Total	Total
	2006	2005
	£	£
Turnover	133,342	-
Cost of sales	64,606	-
Operating profit	68,736	-
	Total	Total
	2006	2005
	£	£
The aggregate of the assets and liabilities was:		
Assets	67,466	100
Liabilities	(67,366)	-
Net Assets (representing 100 ordinary shares of £1 each)	100	100

Community Foundation
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Notes to the accounts (continued)

19 Subsidiary company and charities (continued)

The Community Foundation is sole trustee of The Joseph Brough Charitable Trust, a registered charity. All activities of the charity have been consolidated on a line by line basis in the SOFA. A summary of the results of The Joseph Brough Charitable Trust is shown below:

	Total	Total
	2006	2005
	£	£
Investment income	31,308	26,887
Charitable expenditure	(29,762)	(34,144)
Gains and losses on investments	232,776	70,632
Net movement in funds	234,322	63,375

The aggregate of the assets, liabilities and funds was:

	Total	Total
	2006	2005
	£	£
Assets	1,197,638	965,316
Liabilities	-	(2,000)
Funds	1,197,638	963,316

Represented by:

	Total	Total
	2006	2005
	£	£
Permanent endowment fund	1,182,642	952,128
Restricted funds	14,996	11,188
Funds	1,197,638	963,316

Community Foundation
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Notes to the accounts (continued)

19 Subsidiary company and charities (continued)

The Community Foundation is also sole trustee of Tyne & Wear Foundation Trust, a registered charity. All activities of the charity have been consolidated on a line by line basis in the SOFA. A summary of the results of Tyne & Wear Foundation Trust is shown below:

	Total	Total
	2006	2005
	£	£
Donations	164,078	285,832
Investment income	16,053	2,112
Charitable expenditure	(35,763)	(4,523)
Gains and losses on investments	63,461	(616)
Net movement in funds	207,829	282,805

The aggregate of the assets, liabilities and funds was:

	Total	Total
	2006	2005
	£	£
Assets	525,102	301,738
Liabilities	(15,585)	(50)
Funds	509,517	301,688

Represented by:

	Total	Total
	2006	2005
	£	£
Permanent endowment fund	503,701	295,605
Restricted funds	5,816	6,083
Funds	509,517	301,688

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Notes to the accounts (continued)

20 Related party transactions

In the ordinary course of the Charity's activities, it has awarded grants and outreach contracts to other charities or organisations that have common Trustees/Directors with Community Foundation serving Tyne & Wear and Northumberland or are employed by that organisation. All grants and outreach contracts have been awarded using the same guidelines as any other grant or contract. Directors are always required to declare their interest in any organization being considered for a grant and do not take part in any such decisions. Because of the Community Foundation's involvement in The Sage Gateshead, John Squires represents the Community Foundation on the Board of North Music Trust. Full details are given below of grants awarded and outreach payments made during the year.

Organisation	Director involved	Relationship	Total grants £	Total outreach £
Gateshead CAB	Lisa Charlton	Employee	45,000	-
Different Strokes NE	Lisa Charlton	Treasurer	3,326	-
Tyneside Recreation Club For the Blind	Lisa Charlton	Trustee	2,945	-
Bridge Women's Education & Support Project	Sheila Davidson	Employee	12,750	-
Age Concern Newcastle	Pamela Denham CB,DL	Trustee	10,000	-
Wansbeck CVS	Rodney James	Trustee	115,530	12,321
Barbara Priestman School	Roy McLachlan	Governor (now resigned)	44,725	-
DIVA	Parmjit Mattu	Employee	2,000	-
Brinkburn Music	Richard Maudslay CBE	Chairman	2,200	-
North Music Trust	John Squires OBE, DL	Director	1,210,543	-
STRIDE	Shobha Srivastava	Member	-	28,127
Bliss- Ability	Shobha Srivastava	Trustee	13,679	-
Hindu Nari Sangh	Shobha Srivastava	Chair	1,200	-
South Tyneside CAB	Shobha Srivastava	Trustee	27,000	-
North Tyneside VODA	Jan Worters	Employee	119,193	23,991
VONNE	Jan Worters	Director	143,000	-

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Notes to the accounts (continued)

21 Cashflow information for the group

(a) Reconciliation of net incoming resources to net cash outflow

	2006 £	2005 £ as restated
Net incoming resources before revaluations and taxation	2,114,393	8,420,088
Investment income	(1,103,578)	(710,981)
Interest receivable	(174,483)	(159,350)
Receipts of endowment funds	(1,833,130)	(8,695,665)
Depreciation	13,023	15,833
Decrease/(increase) in debtors	115,702	(162,204)
Increase in creditors	81,210	116,690
Net cash outflow from operating activities	(786,863)	(1,175,589)

(b) Reconciliation of net cashflow to movement in net funds

	2006 £
Increase in cash in period	1,380,112
Increase in short term deposits	(45,472)
Movement in net funds in the year	1,334,640
Net funds at 1 April 2005	3,852,348
Net funds at 31 March 2006	5,186,988

22 Ultimate controlling party

The Directors do not consider that the Community Foundation has an ultimate controlling party because the Community Foundation has a large and wide ranging membership.