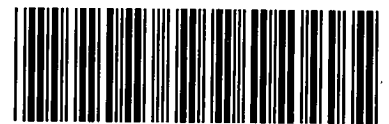


Registered Charity No. 1063906
Company No. 03416658

THE NORTHERN ROCK FOUNDATION
TRUSTEES' ANNUAL REPORT AND ACCOUNTS
For the period ended 30 April 2016

THURSDAY



A5C77GTI

A27

28/07/2016

#245

COMPANIES HOUSE

THE NORTHERN ROCK FOUNDATION

Contents

Trustees and their Committees	1
Chairman's Introduction	2
Awards List	3
Trustees' Report	4
Independent Auditor's Report	7
Statement of Financial Activities	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Financial Statements	12

THE NORTHERN ROCK FOUNDATION

Trustees

Alastair Balls (Chair)
Sir David Chapman Bt
David Faulkner
Dame Jackie Fisher
Dr Anthony Henfrey
Frank Nicholson
Dr Barbara O'Toole

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

Chief Executive

Penelope Wilkinson

Secretary

Ward Hadaway

Registered Office and Correspondence address

Philanthropy House
Woodbine Road
Gosforth
Newcastle upon Tyne
NE3 1DD

Registered Charity

Charity Commissioners' Reference Number 1063906

Company Limited By Guarantee

Registered Number 03416658

Telephone

0191 284 8412

Email

generaloffice@nr-foundation.org.uk

Web site

www.nr-foundation.org.uk

Independent Auditors

UNW LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

Lloyds Bank plc
Commercial, 5th Floor,
102 Grey Street,
Newcastle upon Tyne
NE99 1SL

Solicitors

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

THE NORTHERN ROCK FOUNDATION

Northern Rock Foundation Chairman's Report 2015-2016

In order to facilitate the orderly close down of the Foundation and to complete its work, the accounting period for this final chapter has been extended, and consequently these financial statements cover both 2015 and the early part of 2016. During 2015-2016 the Trustees made a series of major legacy awards to achieve long term positive impact on the lives of children and young people in the region and to support the sustainability and development of the voluntary and community sector.

The largest grant award was for a major campaign to improve children's literacy in the North East. The Foundation awarded a £5 million grant to the Education Endowment Foundation, which will be matched by them, to create a £10 million project over 5 years to tackle low literacy attainment levels amongst disadvantaged children in the North East. Other major awards supporting work with young people were £1 million towards the capital build costs of the Beacon of Light and £315,000 to the Community Foundation, Tyne and Wear & Northumberland towards the capital costs of developing an Onside Youth Zone in Sunderland. Three awards totalling £332,000 were also made to youth projects in Newcastle

In 2014 the Foundation had established the North East Social Investment Fund as a major part of its legacy, and agreed to loan £3 million to the North East Social Investment Community Interest Company (NESIC) for them to invest in the Fund. The Foundation's loan and grant commitments in relation to NESIC were transferred to the Community Foundation, Tyne & Wear and Northumberland in early 2016.

To support the development of social investment in Cumbria the Foundation gifted its share-holding in Charity Bank, of £500,000, to Cumbria Community Foundation.

Two grants totalling £3.5 million were made to the Northstar Foundation to enable the Fresh Ideas Fund to continue to operate in the North East for three years and in Cumbria for two years. The Northstar Foundation will work with the Community Foundation, Tyne & Wear and Northumberland and the Cumbria Community Foundation respectively to manage the Fresh Ideas Fund.

The wind down of the Foundation's activities was completed with the payment of all outstanding grants apart from a small number which were transferred to the Community Foundation, Tyne & Wear and Northumberland to be paid out by them over the next two years.

During 2015 Trustees pressed the government for information on the scale of the profits being made from the sale of the nationalised assets of Northern Rock plc, and made the case that a portion of those profits should be paid to the Foundation. The government declined to respond to requests for a response to these issues. In the absence of any other options for future funding for the Foundation, and having expended or committed all the remaining funds, Trustees took the decision to close the Foundation on 25th April 2016.

Trustees have agreed to donate the Foundation's records to Tyne and Wear Archives, based in Newcastle upon Tyne. The records include all published reports commissioned or produced by the Foundation as well as board papers and other business papers.

A review of the history, impact and achievements of the Foundation, commissioned by the Foundation and written by Professor Fred Robinson, was published in the summer. It is appropriate to end this very last report of the Trustees with Professor Robinson's conclusion:-

"The Foundation has made an important contribution to the well-being of the North East and Cumbria. It has helped to enrich the lives of many people.... The Foundation did well. Now others must do what they can to support the many disadvantaged people and communities in the North East and Cumbria."

Alastair Balls CB
31st May 2016

THE NORTHERN ROCK FOUNDATION

Awards List 2015-2016

Exceptional	£	
Education Endowment Foundation	5,000,000	For the North East Primary Literacy Campaign
Northstar Foundation	3,000,000	To run the Fresh Ideas Fund in the North East
Community Foundation (serving Tyne & Wear and Northumberland)	3,000,000	Transfer of North East Social Investment Company loan fund
Beacon of Light	1,000,000	Towards the capital build costs of the Beacon of Light
Northstar Foundation	500,000	To run the Fresh ideas Fund in Cumbria
Cumbria Community Foundation	500,000	Charity Bank Shares Transfer
Community Foundation Tyne & Wear and Northumberland	315,000	For the capital development costs of an OnSide Youth Zone in Sunderland
NE1	146,000	For the Space 2 youth project
Kids Kabin	95,000	Towards work with disadvantaged young people in Newcastle
Streetwise	91,000	To support youth work across Newcastle
Northumberland Domestic Abuse Service	30,000	Towards core costs
Hospice Care North Northumberland	26,000	Towards the development of a charity shop
Literary and Philosophical Society	25,000	For a creative development programme for young people
New Writing North	25,000	To set up the Northern Rock Foundation Talent Fund
Darlington Credit Union	7,500	For IT equipment
Hospitality and Hope	7,300	For governance and management development and training
Cumbria CVS	2,500	For work on Third Sector Trends data
17 Grants	£13,770,300	
Commission		
P3	30,498	To deliver a Cumbria Voluntary Sector Leadership Programme
1 Commission	£30,498	
Total 18 Grants and Commissions	£13,800,798	

THE NORTHERN ROCK FOUNDATION

Northern Rock Foundation

Trustees' report for the period ended 30 April 2016

As set out above in the Chairman's report, the final financial statements of the Foundation have been prepared for an extended period of account to include the final grant giving and wind down period.

Objectives and activities

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

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

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

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

Grant-making policy

As a large and engaged grant-maker with a wide range of interests, the Foundation has had numerous grant-making programmes and special initiatives, a set of policies for delivering them and detailed guidance for applicants. In 2014 the Foundation closed all its main grant programmes. In 2015 the Foundation made a series of legacy awards to achieve a long term positive impact on the lives of children and young people and to support the sustainability and development of the voluntary sector.

The Foundation continues to be confident that through grant making and other support it has positively affected the lives of individuals and communities in the North East and Cumbria.

Achievements and performance

During the period the Trustees and staff of the Foundation have worked to distribute the remaining funds of the Foundation in such a way as to provide a legacy of the Foundation's work over the 19 years of its existence. At the period end, all funds had either been distributed to the recipients, or passed to other bodies with the exception of a small amount of cash withheld to settle any remaining liabilities of the Foundation. Any residual monies will be gifted to charities of the Trustees choice at their discretion.

Social investment and loans to the voluntary sector

In December 2014 Northern Rock Foundation entered into an agreement with the North East Social Investment Company (NESIC) to loan £3 million to them for investment in the North East Social Investment fund. £265,813 was paid over to NESIC during the period, and the Foundation's responsibilities in this regard were transferred to the Community Foundation (serving Tyne & Wear and Northumberland) on 15 April 2016.

THE NORTHERN ROCK FOUNDATION

Financial report

During the period, the Trustees allocated £13,800,798 to beneficiaries under their legacy programme. Any remaining funds of the Foundation will be shared equally between charities chosen by the Trustees.

Risk statement

The Trustees have considered and identified risks to which the Foundation is subject and have in place measures to mitigate them. Any remaining risks identified are covered by insurance policies in place over the period of the Foundation's closure.

Investment policy and returns

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

Reserves policy

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

Closing reserves as at 30 April 2016 were £119,000 (2014: £14,393,000) and will be distributed to charitable causes chosen by the Trustees over the coming months.

Plans for the future

In April 2016 Trustees completed a programme of closure implemented in 2015. All outstanding liabilities of the Foundation have been met or provided for at the balance sheet date and plans are in place to distribute any residual funds as donations to a series of charities chosen by the Trustees.

Governance and management

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

The Trustees met to discuss the Foundation's business and to make main grants (those over £20,000) five times each year.

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

The Trustees of the Foundation at 30 April 2016, all of whom have been Trustees for the whole of the period ended on that date are listed on page 1 of this report.

THE NORTHERN ROCK FOUNDATION

Statement of Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business. As explained in note 1, the Trustees do not believe it is appropriate to prepare these financial statements on a going concern basis.

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

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

On behalf of the board of Trustees



Alastair Balls CB
Chairman – Board of Trustees

Date: 31st May 2016

THE NORTHERN ROCK FOUNDATION

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

We have audited the financial statements of The Northern Rock Foundation for the period ended 30 April 2016 set out on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 April 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - non going concern basis of preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which discloses the basis on which the financial statements have been prepared. As the operations of the charitable company have ceased, these financial statements have not been prepared on a going concern basis.

THE NORTHERN ROCK FOUNDATION

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



**Andrew Wilson BA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor**

Newcastle upon Tyne

31 May 2016

THE NORTHERN ROCK FOUNDATION

Statement of Financial Activities (incorporating an Income and Expenditure Account) for the period ended 30 April 2016

		Total funds 16 month period ended 30 April 2016 £'000	Total funds Year ended 31 December 2014 £'000
Income	Note		
Donations	2	-	1,015
Investment income	3	149	250
Total Income		149	1,265
Expenditure			
<i>Costs of raising funds</i>			
Investment management costs	4	11	3
<i>Expenditure on Charitable activities</i>			
Grant making activities	5	14,407	10,504
Total Resources Expended		14,418	10,507
Net Expenditure		(14,269)	(9,242)
Other Recognised Gains and Losses			
Net realised/unrealised gain on Investments	9	(6)	288
Net Movement in Funds		(14,275)	(8,954)
Balances brought forward		14,393	23,347
Balances carried forward		118	14,393

All of the above results are derived from discontinued activities.

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

The deficit for the period for Companies Act purposes comprises the net incoming resources for the period plus realised losses on investments of £6,000 (2014: £288,000 gain).

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

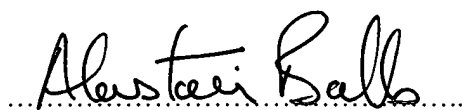
THE NORTHERN ROCK FOUNDATION

Northern Rock Foundation Balance Sheet as at 30 April 2016 Company Number - 03416658

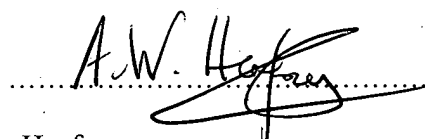
		30 April 2016 £'000	31 December 2014 £'000
Fixed Assets	Note		
Tangible fixed assets	8	-	4
Investments under fund management	9	-	16,472
Programme-related investments	10	-	1,000
		<hr/> -	<hr/> 17,476
Current Assets			
Debtors	11	-	58
Cash at bank and in hand	12	153	5,660
		<hr/> 153	<hr/> 5,718
Creditors (amounts falling due within one year)	13	(35)	(5,848)
Net Current Assets		<hr/> 118	<hr/> 130
Total Assets less Current Liabilities		<hr/> 118	<hr/> 17,346
Creditors (amounts falling due after more than one year)	14	-	(2,953)
Net Assets		<hr/> 118	<hr/> 14,393
Unrestricted Funds			
General Reserve		118	14,393
Revaluation Reserve		-	-
Income Funds	15	<hr/> 118	<hr/> 14,393

The notes on pages 12 to 21 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 31 May 2016



Alastair Balls



Anthony Henfrey

THE NORTHERN ROCK FOUNDATION

Northern Rock Foundation Cash Flow Statement for the period ended 30 April 2016

	Note	30 April 2016 £'000	31 December 2014 £'000
Net cash used in operating activities	16	(22,622)	(9,188)
Cash flows from investing activities			
Dividends and interest		149	250
Proceeds from the sale of tangible fixed assets		-	750
Proceeds from sale of investments		4,426	11,866
Proceeds from repayment of programme related investments		500	150
Net cash provided by investing activities		5,075	13,016
Change in cash and cash equivalents in the reporting period	16	(17,505)	3,828
Cash and cash equivalents at the start of the period		17,700	13,872
Cash and cash equivalents at the end of the period		153	17,700

THE NORTHERN ROCK FOUNDATION

Northern Rock Foundation

Notes to the Financial Statements for the period ended 30 April 2016

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of quoted investments which are included at market value. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The effects of transition to the new standard are set out in note 17.

Northern Rock Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Company status

Northern Rock Foundation (the Foundation) was established on 4 August 1997 as a company limited by guarantee. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees (including the Chairman) who were also members at 30 April 2016 was 7 and they are named on page 1.

On 25th April 2016, the Trustees took the formal decision to cease the operation of the Foundation following a gradual wind down of the grant making function after it became clear in 2014 that the Foundation would not receive any further core income. As the intention is to wind up the Foundation following settlement or transfer of the remaining net assets, the Trustees have not prepared these financial statements on a going concern basis. The Trustees have reconciled all asset and liability carrying values to be consistent with the discontinuation of operations, and not on a continuing use basis. As a consequence, all assets and liabilities of the Foundation are classified as current in these financial statements. The Trustees have met all the liabilities of the Foundation as they fell due, and will distribute the remaining reserves to charities of their choice in due course.

c) Fund accounting

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

d) Incoming resources

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

e) Investment Income and interest receivable

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

THE NORTHERN ROCK FOUNDATION

f) Resources expended

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

g) Grants

Grants authorised by the Trustees are provided for in the year of authorisation, irrespective of when paid. During 2015 the majority of outstanding grants awarded previously have been paid to recipients, with a residual amount transferred to the Community Foundation (serving Tyne & Wear and Northumberland) to administer in the future on behalf of the Foundation.

h) Overhead and support costs

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

i) Investments

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

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

j) Taxation

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

k) Pension costs

During its lifetime the Foundation has used staff seconded from Virgin Money plc. There were no such employees during 2015/16. Seconded staff participated in pension schemes provided by their employer. The charity met the cost of the employer contributions while the staff were on secondment at the charity. However, as confirmed, the charity is not a participating employer and is therefore not responsible for any of the past liabilities or any further liability which accrues in the defined benefit section of the scheme, while the staff are on secondment. Accordingly contributions, for both the defined benefit section and the defined contribution section, were charged to the statement of financial activities as they became payable.

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

THE NORTHERN ROCK FOUNDATION

m) Tangible fixed assets

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

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

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

2. Income

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Donation	-	1,000

The funding agreement with Virgin Money plc to provide 1% of pre-tax profits to the Foundation lapsed on December 2013 with no one-off donations made in the during the period (2014: £1m).

3. Investment Income

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Bank interest	128	-
Interest receivable on fixed-term deposits	-	92
Loan interest	20	20
Dividends receivable	1	138
	<u>149</u>	<u>250</u>

4. Investment management fees

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
	11	3

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

This appointment was terminated in January 2015.

THE NORTHERN ROCK FOUNDATION

5. Charitable activities

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

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Grants payable	13,888	9,528
Support costs	519	856
	<u>14,407</u>	<u>10,504</u>

a) Grants payable

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Grants authorised	10,270	9,486
Commissioned work	30	129
Charity bank shares gifted	500	-
Programme related investments transferred	3,000	-
Grants withdrawn or returned in current year	-	(1)
	<u>13,800</u>	<u>9,614</u>
Prior year grants returned/ amended	88	(237)
	<u>13,888</u>	<u>9,377</u>
Staff Matched Giving Scheme	-	151
	<u>13,888</u>	<u>9,528</u>

A full listing of all grants awarded in 2015 is shown on page 3.

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

b) Support costs

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Direct costs	35	153
Allocated costs		
Salaries	257	663
Other allocated costs	138	101
Legal and professional	71	46
Auditors' remuneration	18	12
Costs of Trustees' meetings	-	1
	<u>519</u>	<u>856</u>

THE NORTHERN ROCK FOUNDATION

Support costs comprise costs incurred directly in support of expenditure on the objects of the charity and include all costs relating to grant assessments, post-grant costs such as monitoring of grants and management and administration costs. A portion of support costs has been allocated to governance on the basis of staff time spent on governance issues. Included within support costs are £52,000 (2014: £165,000) of redundancy costs which have been paid during the period.

a) Total resources expended

	Grants payable £'000	Direct costs £'000	Salary allocation £'000	Overhead allocation £'000	16 month period ended 30 April 2016	Year ended 31 December 2014
Investment management fees	-	11	-	-	11	3
Grants payable	13,888	-	-	-	13,888	9,528
Support costs	-	124	257	138	519	856
	13,888	135	257	137	14,418	10,507

b) Staff costs

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Wages and salaries	165	410
Social security costs	17	44
Pension costs	19	39
Life cover insurance	4	5
Redundancy costs	52	165
	257	663

During the period, no employees earned emoluments, as defined for taxation purposes, over £60,000. (2014: one employee earned over £70,000)

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

	16 month period ended 30 April 2016 Number	Year ended 31 December 2014 Number
Support staff	4	9
Governance	-	1

THE NORTHERN ROCK FOUNDATION

7. Trustees' remuneration

The Trustees, who are also the directors of the Foundation, are not entitled to receive any remuneration from the Foundation. Out-of-pocket travel, meals and accommodation expenses totalling £186 (2014: £899) were reimbursed to one (2014: one) of the Trustees during the period.

8. Fixed Assets

	Freehold land and buildings £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2015	-	-	10	10
Disposals in year	-	-	-	-
At 30 April 2016	-	-	10	10
Accumulated Depreciation				
At 1 January 2015	-	-	6	6
On disposals	-	-	-	-
Charge for the period	-	-	4	4
At 30 April 2016	-	-	10	10
Net book value 30 April 2016	-	-	-	-
Net book value 31 December 2014	-	-	4	4

9. Fixed assets – Investments under fund management

	30 April 2016 £'000	31 December 2014 £'000
Market value at 1 January	4,432	16,011
Proceeds of investments sold	(4,426)	(11,867)
Net realised/unrealised gain	(6)	288
	-	4,432
Cash	-	12,040
Market value at end of period	-	16,472
	-	-
Historical cost of investments at end of period	-	16,576

THE NORTHERN ROCK FOUNDATION

10. Programme-related investments

	30 April 2016 £'000	31 December 2014 £'000
a) Charity Bank	-	1,000
b) Loans to the voluntary sector (net)	-	-
	<u>-</u>	<u>1,000</u>

a) Charity Bank

During 2004, the Foundation purchased £500,000 of tier 1 capital (zero coupon non-voting preference shares) in Charity Bank. During 2014 these preference shares were converted to ordinary shares and were subsequently gifted to the Cumbria Community Foundation. This gift is included within Charitable Activities (note 5a). A further investment of £500,000 was made in 2005 in a tier 2 capital issue of £1 million fixed rate subordinated unsecured notes due for repayment in 2015. These notes were repaid in full on 30 November 2015.

b) Loans to the voluntary sector

During 2014, a loan of £3m was awarded to the North East Social Investment Community Interest Company of which £265,813 was drawn down during the period (2014: £nil). The balance and responsibility for future management of the fund in line with the wishes of the Foundation, was transferred to Community Foundation (serving Tyne & Wear and Northumberland) in April 2016.

11. Debtors

	30 April 2016 £'000	31 December 2014 £'000
Prepayments and accrued interest	-	58

12. Cash Deposits

	30 April 2016 £'000	31 December 2014 £'000
Virgin Money Charity Deposit Account	-	5,236
Other accounts	195	424
	<u>195</u>	<u>5,660</u>

13. Creditors: amounts falling due within one year

	30 April 2016 £'000	31 December 2014 £'000
Accruals	35	12
PAYE & Salaries	-	22
Pension	-	2
Trade creditors	-	8
Grants authorised and not yet paid a)	-	5,804
	<u>35</u>	<u>5,848</u>

- a) Grants previously awarded by the Foundation but which cannot be paid to the recipients at present, as the grant conditions have not yet been met, have been transferred to the Community Foundation (serving Tyne & Wear and Northumberland) to administer on behalf of the Foundation. £160,165 was transferred on 29 January 2016 and a further £1,000,000 on 15 March 2016. An additional £1,236,880 in respect of the NESIC grant awarded in 2014 was transferred on xx April 2016.

THE NORTHERN ROCK FOUNDATION

14. Creditors: amounts falling due after more than one year

	30 April 2016 £'000	31 December 2014 £'000
Grants authorised and payable after 1 year	-	2,953

15. Summary of movements on funds

	Total funds £'000
Total funds at 1 January 2015	14,393
Incoming resources	149
Resources expended	(14,418)
Net investment losses	(6)
Total funds at 30 April 2016	118

The residual funds of the Foundation, once all outstanding liabilities in relation to its closure and winding up have been settled will be shared between the following organisations in accordance with the wishes of the Trustees.

- Tynedale Hospice at Home
- Music at Paxton
- Tees Valley Arts
- North East Theatre Trust Limited (Live Theatre)
- Hospitality and Hope
- Newcastle Women's Aid
- Durham Association of Boys and Girls Clubs
- Chester le Street Sea Cadets
- Durham Shopping Extravaganza
- Newcastle NE1 Ltd for the Space 2 youth project

16. Cash flow

a) Reconciliation of net income/ expenditure to net cash flow from operating activities

	2016 £'000	2014 £'000
Net expenditure for the period (as per the statement of financial activities)	(14,269)	(9,242)
Depreciation charges	4	27
Loss on sale of assets	-	18
Dividends and interest	(149)	(250)
Transfer of shares to beneficiary	500	-
Decrease/(increase) in debtors	58	(38)
Decrease in creditors	(5,772)	(957)
Decrease /(increase) in long-term creditors	(2,995)	1,254
Net cash outflow from operating activities	(22,623)	(9,188)

THE NORTHERN ROCK FOUNDATION

b) Analysis of cash and cash equivalents

	2016 £'000	2014 £'000
Cash at bank and in hand	153	5,660
Managed cash	-	12,040
	153	17,700

17. Transition to FRS 102

In preparing these financial statements the Trustees have considered whether any restatement of previously reported figures was required. At the date of transition to the new standard (1 January 2014) there were no restatements required. However, Governance costs have been reclassified into Charitable Activities with the Statement of Financial Activities and consequently the movements to the previously reported statement are set out below:

	Year ended 31 December 2014 as previously reported £'000	Effect of transition to FRS102 £'000	Year ended 31 December 2014 as restated £'000
Income	£'000	£'000	£'000
Donations	1,015	-	1,015
Investment income	250	-	250
Total Income	1,265	-	1,265
Expenditure			
<i>Costs of raising funds</i>			
Investment management costs	3	-	3
<i>Expenditure on Charitable activities</i>			
Grant making activities	10,384	120	10,504
Governance costs	120	(120)	
Total Resources Expended	10,507	-	10,507
Net Expenditure	(9,242)	-	(9,242)
Other Recognised Gains and Losses			
Net realised/unrealised gain on Investments	288	-	288
Net Movement in Funds	(8,954)	-	(8,954)
Balances brought forward 1 January	23,347	-	23,347
Balances carried forward 31 December	14,393	-	14,393

THE NORTHERN ROCK FOUNDATION

18. Related party transactions

Certain grants have been made to other charities and organisations that have common Trustees with the Foundation. All such grants awarded have been made using the same guidelines applied to all applications, and the Trustees neither take part in the decision-making process nor benefit from the giving of such grants. During the year the Foundation also awarded a grant to the Northstar Foundation which contracts services from a private company with which a Trustee was associated, as listed below.

Trustee	Company	Position	Service	£'000
A Henfrey	Northstar Ventures	Chairman	Consultancy	116