



*Supporting communities
nationwide*

Directors' Annual Report and Accounts

2010-11

Registered Company: 3451979
Registered Charity: 1065552

**THE NATIONWIDE FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

Our Purpose

The Nationwide Foundation is a registered charity, set up and funded by the Nationwide Building Society. We make grants to other charities across the UK.

“The objects for which the Foundation was established are to promote such purposes being exclusively charitable according to the law of England and Wales as the trustees shall from time to time determine. In carrying out the objects the Foundation may make and receive donations.”

Our Vision

To be a leading funder, setting new high standards in the field of grant making in terms of outcomes and impacts.

Our Approach

We are dedicated to addressing all sides of a social issue, including:

- Initial research to identify the root causes of a problem and best practice to tackle it;
- A commitment to charities of long term core, development and project funding which is flexible, complemented by small grants;
- The promotion and support of partnership working amongst grantees to achieve greater impacts;
- Campaigning for change amongst policy makers to improve outcomes for beneficiaries;
- Independent evaluations to improve and promote good grant making practice and to raise awareness of the issues supported.

Our Strategic Aims

Our strategy for 2009-12 is called ‘Money Matters, Homes Matter, Families Matter’ and it encompasses the following aims:

1. To tackle financial exclusion affecting disadvantaged groups across the UK.
2. To address housing issues and homelessness among vulnerable groups in the UK.

Our Objectives

Following detailed research, the Foundation agreed funding objectives in support of helping older people and survivors of domestic abuse with their housing and finance issues.

The trustees confirm that they referred to the guidance contained within the Charity Commission’s general guidance on public benefit when reviewing the Foundation’s aims and objectives and in planning future activities and setting grant making policy.

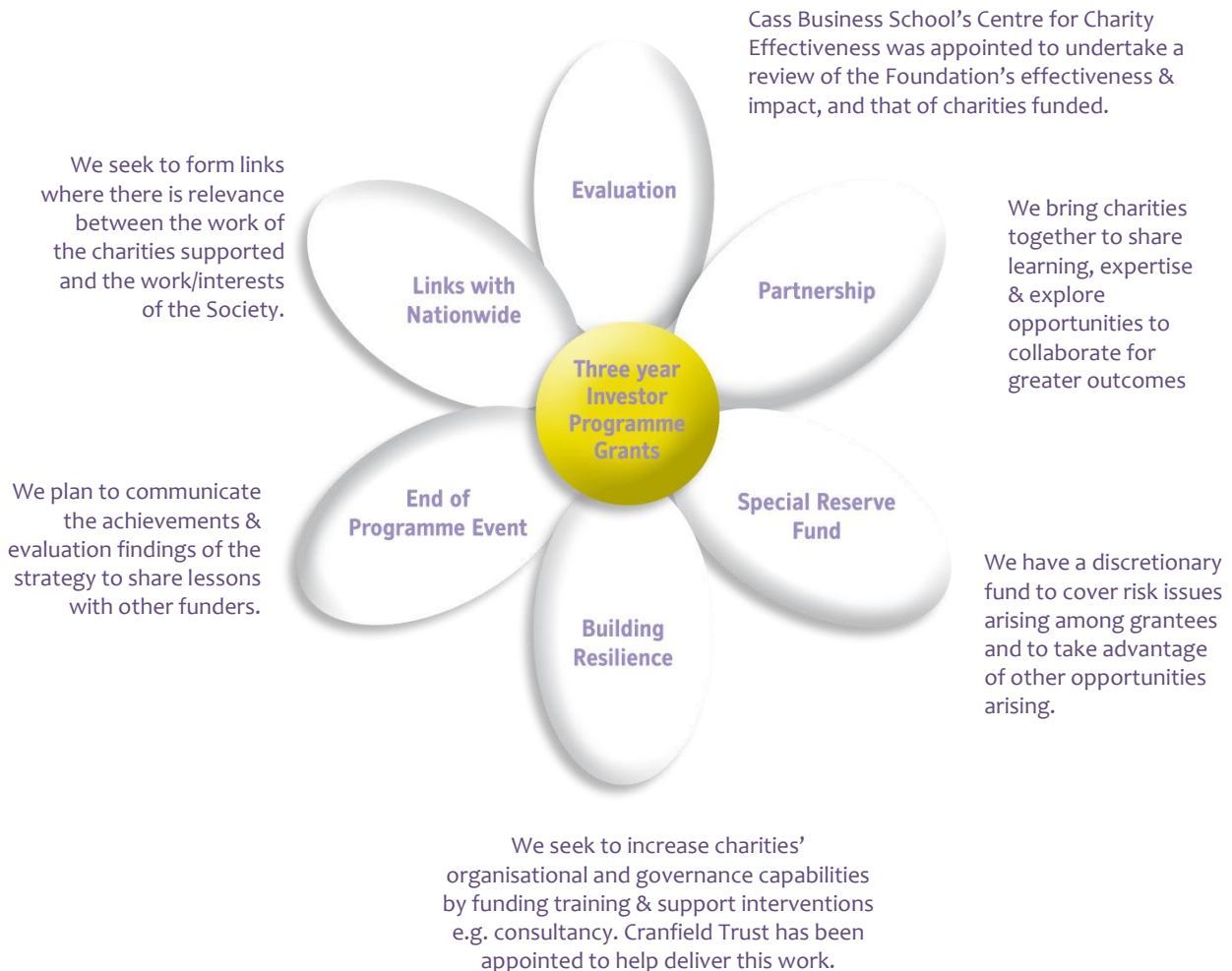
**THE NATIONWIDE FOUNDATION
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Our Activities

The 'Money Matters, Homes Matter, Families Matter' strategy, incorporates the Small Grants Programme and the Investor Programme, both of which provide grants to charities across the UK in accordance with the strategic aims and objectives. During the year, the Small Grants Programme made grants of up to £5,000 to over 100 charities, in support of over 2,300 people in need. The Investor Programme supported ten charities, each with three year grants of £300,000, which aim to support thousands of people in need. The charities supported are:

- | | |
|-----------------------------------|---------------------------------------|
| 1. Age UK Camden. | 6. Money Advice Plus Services (maps). |
| 2. Age UK Wirral. | 7. Rowan Alba. |
| 3. Centre for Policy on Ageing. | 8. Runnymede Trust. |
| 4. Centre for Sustainable Energy. | 9. Rural Media Company. |
| 5. The Haven, Wolverhampton. | 10. Thanet Citizens Advice Bureau. |

The Investor Programme was designed to provide charities with a legacy of support which extends beyond the grant and so encompasses additional support, including independent evaluation, consultancy and training to help build the organisational resilience of the charities funded. The Investor Programme and all elements of its additional support interventions are depicted in our Daisy Grant Making Model:



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Examples of Work Supported with our Grants

<p>Mearns Costal and Healthy Living Network was awarded £5,000 from the Small Grants Programme towards services for older people which help them to live independently at home. The service included home delivery shopping, provision of a handyperson and transport to doctors' appointments.</p>	<p>Stevenage and North Herts Women's Resource Centre was awarded £4,682 to run four one-day budgeting and finance advice workshops, and associated support, for women who had suffered domestic abuse.</p>
<p>Age UK Wirral is supported through the Investor Programme to address the housing and finance needs of people aged over 50 years who are living with dementia in the Wirral. The charity supports sufferers and their families as the illness takes hold, to make decisions around dealing with significant decreases in income, maintaining homes and arranging power of attorney.</p>	<p>Centre for Sustainable Energy is supported through the Investor Programme. It is working with local Care and Repair agencies to help older people living in rural Somerset to get home improvements and energy efficiency measures. The work tackles fuel poverty, provides debt and welfare advice and helps older people to remain in their homes for longer.</p>

What we Supported Grant Recipients to Deliver

Improved financial security of 136 older people from the Somali community in Camden.

Income maximisation health checks were conducted with 70 sufferers of dementia in the Wirral and 58 advocacy clinics were held to support families of dementia sufferers with housing and finance issues.

86 rurally isolated older people in Somerset received home visits on how to tackle fuel poverty and 2,024 rurally isolated older people received information on addressing fuel poverty.

27 survivors of domestic abuse from the Edinburgh area were provided with resettlement services to help them settle in a new permanent home safe from violence.

503 rurally isolated older people across rural Kent received financial and housing advice.

Money and debt advice was provided by phone to 141 survivors of domestic abuse from the South East.

35 female survivors of domestic abuse in Wolverhampton received one to one financial advice.

Research into the effectiveness of US style Daily Money Management Programmes and current practice in the UK prior to piloting such projects to help prevent the financial abuse of older people.

Two research studies were completed into financial issues affecting people from black and ethnic minorities: "Financial Implications of 'Return' to Mother Country" and "Review/Forecasting of the BME Older People's Population".

10 innovative solutions to the housing and finance problems facing rurally isolated older people, were filmed as part of a larger awareness raising campaign taking place in 2011-12.

During the year it was reported that the Small Grants Programme helped over 55,000 older people and over 4,500 survivors of domestic abuse, with a variety of housing and finance issues.

During the year it was reported that the Investor Programme had raised almost £300,000 in benefits for older people and survivors of domestic abuse.

**THE NATIONWIDE FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

Case Studies of Beneficiaries Helped with our Grants

<p>Age UK Wirral's Support of Mr and Mrs D. Mrs D (58yrs) developed early onset dementia and as a consequence lost her job, resulting in her husband (56yrs) being solely responsible for paying all the household bills and the mortgage. The charity helped the couple to reduce the amount of council tax they had to pay, made adaptations to their house to assist Mrs D whilst Mr D was at work and secured welfare benefits for the couple. The charity worked also with Mr and Mrs D to help them complete Lasting Power of Attorney and to assist them with managing personal care budgets from the council.</p>	<p>Rowan Alba's Support of Miss P Miss P had a long history of abusive relationships and had used drugs to cope. After escaping from her abusive partner she moved into temporary accommodation and the charity began to support her to stabilise her life. She was helped to move into permanent accommodation, a process that she found overwhelming and frightening, and was helped to refurbish her home and set up utilities. The charity assisted her to manage her debts, maximise her income and access support for her drug issues. Miss P's life has become more stable, she has successfully lived alone for one year and she has reconnected with her children.</p>
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Our Other Achievements

What we Planned to Do	What Happened
Identify a minimum of four 'building resilience' opportunities to benefit the charities funded through the Investor Programme.	Seven building resilience opportunities were funded benefitting grantees, including training for staff on finance, membership of support organisations ACEVO and NCVO, conference fees and strategy away days. In addition, the Foundation developed a more robust strategy to 'build resilience' and formed a partnership with the Cranfield Trust to help the Foundation implement the strategy and provide relevant consultancy to grantees.
Hold a minimum four partnership meetings / learning and sharing forums with the charities funded through the Investor Programme.	This was met . High profile speakers presented at the events including representatives from Demos, the Financial Inclusion Task Force and Consumer Financial Education Body. In addition, a more robust partnership strategy was developed and approved by the Foundation's board, following advice from the independent evaluators.
Achieve a minimum of four joint activities with Nationwide Building Society.	11 activities have taken place, including: Information stands at Society retail events and their AGM; support of their new volunteering policy; and liaising with Nationwide branches where grants were made locally.
Spend the Small Grants Programme allocated budget at bi-monthly assessment sessions.	This was achieved , the budget of £500,000 was fully awarded to 104 charities across the UK.
To achieve a rejection rate of not more than 65% for the Small Grants Programme.	This was achieved at 55.5% .
A minimum of 90% of grantees to score 4-5 out of five for the effectiveness of the Foundation's application procedures.	100% of grantees scored the Foundation's processes accordingly.
To monitor the grants made under the Bridging Fund (a grants programme which bridged between the current and former three year strategies), through six monthly visits and aim for all charities funded to achieve 80-120% of their agreed outputs. Grants monitored during the year were held by Volunteering England, Community Land Trust Fund and the Prison Reform Trust.	This was met . Funding provided to the Community Land Trust Fund was made in accordance with a new Programme Related Investment Policy approved by the board. The policy allows such investments to be made in exceptional circumstances where they will help to meet the Foundation's charitable objects. In line with this grant, the Foundation held a roundtable breakfast briefing with MPs at the Palace of Westminster about the issues faced by community land trusts.
Maintain cost/income ratio not exceeding 15% averaged across 2009-2012. (This refers to running costs to date vs the total budget managed for 09-12).	This was achieved - 7.76% against a pro-rata target of 7.87%.

**THE NATIONWIDE FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

Our Awards

In recognition of the Foundation's work, we were delighted to have been shortlisted for a number of awards during 2010-11. These were:

- Charities' Evaluation Services Awards – highly commended in the Funder category;
- Third Sector Excellence Awards 2010 – shortlisted in the category Innovation by Trusts and Foundations;
- Directory of Social Change Prize 2010 – shortlisted in the Great Giving Funders category;
- The Business Charity Awards – shortlisted in the Corporate Foundation category.

Feedback from our Evaluators

- *As far as support for grantees goes, it is our view that the Foundation compares extremely well with the very best funders. There are few funders who offer more in the way of support both practical and monetary. - Cass Business School's Centre for Charity Effectiveness.*
- *The Foundation is seen to be a leading funder on the topics it addresses; it has a high reputation amongst stakeholders and applicants. - Cass Business School's Centre for Charity Effectiveness.*
- *In most cases, beneficiaries attribute Foundation funded work as lifesaving and life changing. – EdComs.*

**THE NATIONWIDE FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

What Next – Our Future Plans

The 'Money Matters, Homes Matters, Families Matter' strategic aims, objectives and grant programmes continue into 2011-12 with ongoing support for the ten charities funded through the Investor Programme. The Small Grants Programme also continues, and aims to make approximately 50 grants of up to £5,000, during the year. Key performance indicators agreed by the board for 2011-12 include:

Investor Programme

- The charities funded will be supported to achieve at least 80% of their agreed outputs for the year.
- We aim to identify a minimum of four building resilience opportunities among the charities funded to help improve their financial management, governance, strategic planning and operations.
- We aim to hold a minimum of four partnership meetings / learning and sharing forums with the charities funded, with at least one external speaker presenting on a relevant key topic.
- We aim to help the charities funded to develop and deliver at least four partnership activities together, for the benefit of their shared beneficiaries, who are either older people or survivors of domestic abuse, in need of help with housing and/or finance issues. For example, joint responses to government consultations about how their beneficiaries' needs can be better addressed; and commissioning research to evidence the problems their beneficiaries face and identify effective solutions to address them, which can be used to help influence policy and improve practice.
- To deliver at least three joint activities with Nationwide Building Society where there are mutual benefits to be gained, as a result of the Foundation supporting charities which tackle housing and finance issues.

Small Grants Programme

- We aim to fully use the Small Grants Programme budget at bimonthly assessment sessions.
- We aim to decline not more than 65% of applications we receive.
- We aim for at least of 90% of grantees to score four or five out of five for the effectiveness of our application procedure.

In addition, during 2011-12, the board aims to commence a strategic review to determine a new three year grant making strategy.

**THE NATIONWIDE FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

Our Governance

The Nationwide Foundation is a company limited by guarantee (no. 3451979) and a registered charity (no. 1065552). It operates in accordance with Articles of Association and Revised Memorandum, adopted on 6 November 1997 and amended on 9 December 2010.

The Foundation is governed by a board of ten trustees who set the policies and strategy of the Foundation and approve large grants. Three trustees are appointed by the Nationwide Building Society and seven are appointed by the board, following open advertisement and interview. Trustees are appointed for a three year term and are eligible to be re-elected by the board for a second three year term. All trustees undergo an induction with the chief executive and are offered training opportunities throughout the year. The board has four advisory committees and groups to which it delegates various aspects of the Foundation's work, with oversight and ratification from the board:

1. Finance & Risk Committee (comprises five trustees, the chief executive and accountant)
- Advises on the audit, risk oversight, budget and investments.
2. Governance & Stakeholder Relations Advisory Group (comprises five trustees including at least one Society appointed trustee who is included in the quorum)
- Advises on the good governance of the Foundation and ensures positive relationships with the Nationwide Building Society and other stakeholders.
3. Nominations & Remunerations Committee (comprises five trustees including the chair and vice chair)
- Advises on the appointment of trustees, and the appointment and remuneration of the chief executive.
4. Programme Advisory Group (comprises five trustees and the chief executive)
- Advises on the implementation of the grants programmes and supports strategy development.

The board reviews its effectiveness every two years and did so in 2010-11. The Foundation complies with the Good Governance Code for the Voluntary Sector.

"The major risks to which the Foundation is exposed, as identified by the trustees, have been reviewed and procedures have been established to manage those risks."

Our Staff

The trustees have appointed a chief executive who is supported by a manager and two grants officers. The staff implement the policies and strategies set by the board and the chief executive approves small grants.

A conflicts of interest policy exists for both trustees and staff and a register of declarations is maintained. trustees declare any conflicts of interest at the start of each meeting and withdraw from decisions where there is a conflict. A code of conduct also exists for the trustees.

Our Key Relationships

- Nationwide Building Society is our main benefactor and supplier of in-kind support including offices.
- We are members of the following networking and support organisations: Association of Charitable Foundations (ACF), Association of Chief Executives of Voluntary Organisations (ACEVO), National Council of Voluntary Organisations (NCVO).
- We work with the following consultants to help us to improve our support to charities: Cass Business School's Centre for Charity Effectiveness and the Cranfield Trust.
- Buzzacott Computer Services supplies and maintains our grants database.

Statement of trustees' responsibilities

The trustees (who are also directors of The Nationwide Foundation for the purposes of company law) 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 which 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 income and expenditure, of the charity for that period. In preparing these 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 operation.

The trustees are responsible for keeping proper 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

**THE NATIONWIDE FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

Financial Review for the Year Ended 31 March 2011

Our Income and Expenditure

The Nationwide Foundation is principally funded by donations from the Nationwide Building Society. These are provided within three year rolling agreements, enabling three year grant making strategies to be operated in accordance with the Foundation's objects. The Foundation also generates a small proportion of its income from investments. The Foundation's total income for 2010-11 was £1,152,619 (31 March 2010: £2,092,713). In addition, the Foundation received donated services from the Society including offices and technology support.

The Foundation's expenditure for 2010-11 was £2,034,922 (31 March 2010: £2,053,264) and primarily related to the delivery of the 2009-12 strategy 'Money Matters, Homes Matter, Families Matter'. Expenses included staff salaries and three year grants payable from the Investor Programme. These were paid to charities in quarterly instalments with the release of each year's instalments subject to the trustees approving satisfactory progress reports on the work funded. Other expenditure included a 'programme related investment' to the Community Land Trust Fund of £262,500. This funding had previously been pledged and designated from a former grant making budget called the Bridging Fund, from which a small number of grants were made, whilst the strategy for 2009-12 was being developed.

"Programme related investments (also known as social investments) are made directly in pursuit of the organisation's charitable purposes. Although they can generate some financial return (funding may or may not be provided on commercial terms), the primary motivation for making them is not financial but to further the objects of the funding charity."

Our Investment Policy

The trustees aim to maximise the financial return on the Foundation's investments while minimising the Foundation's exposure to risk. They seek to create a financial return which is both prudent and competitive, to enable the Foundation to carry out its grant-making programmes effectively. Investments are limited to short term cash deposits as determined by the Foundation's governing documents, which also allow the trustees to appoint an Investment Manager. The Investment Policy determines that cash deposits must not exceed £1m per institution and identifies a limited number of institutions with which investments may be made, subject to their credit rating meeting a satisfactory level.

Ethical Investment Policy

The Foundation's investments are limited to cash deposits. The trustees review on an annual basis the institutions with which funds are deposited, considering both ethical and financial issues.

Our Reserves Policy

The trustees seek to ensure the prudent management of the Foundation. They review and agree the reserves policy every year whilst setting the annual budget, in accordance with the strategy. The trustees have agreed to designate the Foundation's unrestricted reserves as follows:

- o £1,627,890 – for the 2009-12 strategy. This primarily represents all existing grant commitments from the Investor Programme; funds towards the Small Grants Programme for 2011-12; costs of evaluating the strategy and funds towards the running costs required to implement the grant programmes and strategy during 2011-12;
- o £240,860 in a new Future Grant Making Fund with a target level of at least £500,000, to be built up over 2011-12 from surplus funds and cost savings. This fund will be invested in a future grant making strategy to be launched during 2012-13;
- o £575,000 - a contingency fund.

Guarantees

The members of the charity, who are also the trustees, guarantee an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2011 was 10 (31 March 2010: 9). The members are only entitled to voting rights and do not have a beneficial interest in the charity.

Auditors

The auditors, Sayer Vincent were re-appointed during the year and have expressed their willingness to continue in office.

Approved by the board of trustees on 4 October 2011 and signed on behalf of the board of trustees by the chairman and another trustee:

Chairman

John Kingston

Trustee.....

Benedict Stimson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONWIDE FOUNDATION

We have audited the financial statements of The Nationwide Foundation for the year ended 31 March 2011 which comprise the statement of financial activities, balance and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 auditors' 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 opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out in the report of the trustees, 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 report of the trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report [**only applicable if small**]

Judith Miller (Senior statutory auditor)

10 October 2011

for and on behalf of Sayer Vincent, Statutory Auditors

Sayer Vincent, 8 Angel Gate, City Road, LONDON EC1V 2SJ

**THE NATIONWIDE FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £	2010 £
INCOMING RESOURCES			
Generated funds:			
Voluntary income - Donations	2	1,000,000	2,000,100
Activities for generating funds:			
Investment and other income		77,683	92,613
Incoming resources from charitable activities:			
Donated services	3	74,936	87,153
Total incoming resources		1,152,619	2,179,866
EXPENDITURE			
Charitable activities by objective:			
‘Money Matters, Homes Matter, Families Matter’ grant making strategy (2009-12)			
Investor Programme		1,299,237	1,193,227
Small Grants programme		586,176	437,280
‘Supporting Families’ grant making strategy (2005-10)			
Investor Programme grants			
Strategy aim 1 - Domestic Violence		25,482	17,978
Strategy aim 2 - Prisoners’ Families		22,561	142,472
Strategy aim 3 -Young Offenders		17,740	151,339
Governance costs		83,726	110,968
Total resources expended	4	2,034,922	2,053,264
Net (outgoing)/incoming resources for the year	7	(882,303)	126,602
Reconciliation of funds			
Balances brought forward		3,326,053	3,199,451
Fund balances carried forward	13	2,443,750	3,326,053

All income is unrestricted. All amounts relate to continuing operations.

There were no recognised gains or losses other than the net outgoing resources for the year in the Statement of Financial Activities (2010: nil).

**THE NATIONWIDE FOUNDATION
BALANCE SHEET
AS AT 31 MARCH 2011**

	Notes	2011 £	2010 £
CURRENT ASSETS			
Debtors	10	58,756	39,055
Cash at bank and short term deposits		2,944,584	3,878,728
		3,003,340	3,917,783
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	(559,590)	(591,730)
NET ASSETS		2,443,750	3,326,053
FUNDS			
Designated fund	13	2,443,750	2,751,053
Other unrestricted funds		-	575,000
		2,443,750	3,326,053

The financial statements were approved by the board of trustees on 4 October 2011 and signed on behalf of the board of trustees by the chairman and another trustee

} Chairman – John Kingston
}

} Trustee – Benedict Stimson
}

**THE NATIONWIDE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

1. Accounting policies

(i) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. In preparing the financial statements the charity complies with the requirements of the Statement of Recommended Practice (“SORP”) 2005 – ‘Accounting and Reporting by charities’ and the Companies Act 2006’.

(ii) Income receivable

Both donation income and interest income are credited to the Statement of Financial Activities on an accruals basis.

(iii) Grants

Grants are charged to the Statement of Financial Activities when an unconditional commitment has been made to provide the donation.

(iv) Donated goods and services

Donated goods and services represent Nationwide Building Society specialist staff services and accommodation costs which have not been directly charged to the Foundation.

(v) Allocation of expenditure

Staff costs have been apportioned on the basis of the approximate time allocated by the chief executive and other officers between the Foundation’s charitable objectives and governance. Where possible, other costs are allocated on an individual basis to the relevant objective or to governance costs. If costs are not directly attributable to particular objective(s) or to governance they are apportioned using the same basis as the staff costs. The allocation methodology is reviewed annually to ensure that it is still applicable.

(vi) Designated funds

The designated fund incorporates costs earmarked by the trustees for the 2009-12 strategy, ‘Money Matters, Homes Matter, Families Matter’, including:

- Grant commitments from the Investor Programme payable during 2011-13. Some of the designated funds are for future pledges which are dependent on the fulfilment of certain conditions by the grant recipient. The trustees retain the option to discontinue future instalments if these conditions are not fulfilled.
- Funds towards the Small Grants Programme for 2011-12, running costs associated with delivering the strategy during 2011-12 and costs of evaluating the strategy.

The designated fund also includes a contingency fund and a future grant making fund to be put towards a new grant making strategy, to be launched in 2012.

(See the reserves policy in the Director’s Annual Report and note 13.)

(vii) Irrecoverable VAT

Irrecoverable VAT is charged to the Statement of Financial Activities.

(viii) Cash flow statement

The Nationwide Foundation qualifies as a small company and as such is exempt from the requirement to prepare a cash flow statement under FRS1 (revised) Cash Flow Statements.

(ix) **Pension costs**

The officers of the Foundation are part of the Nationwide Group defined benefit scheme. The only pension costs to the Foundation are the employers' pension scheme contributions which are re-charged to the Foundation. Pension scheme liabilities are borne by The Society.

2. Voluntary income - donations	2011	2010
	£	£
Nationwide Building Society	1,000,000	2,000,000
Other	-	100
	1,000,000	2,000,100

3. Incoming resources from charitable activities	2011	2010
	£	£
Donated services from Nationwide Building Society	74,936	87,153

Donated services are analysed in note 4 (c)

4. Analysis of total resources expended	Staff costs	Support costs	Grants	Donated services	Total
	£	£	£	£	£
(a) Charitable activities by objective					
‘Money Matters, Homes Matter, Families Matter’ grant making strategy (2009-12):					
Investor Programme	106,971	64,371	1,083,218	44,677	1,299,237
Small Grants programme	43,583	24,391	500,000	18,202	586,176
‘Supporting Families’ grant making strategy (2005-10) Investor Programme grants:					
Strategy aim 1 - Domestic Violence	1,981	19,853	2,821	827	25,482
Strategy aim 2 - Prisoners’ Families	1,981	19,853	(100)	827	22,561
Strategy aim 3 - Young Offenders	1,981	19,853	(4,921)	827	17,740
Governance costs	41,601	32,549	-	9,576	83,726
	198,098	180,870	1,581,018	74,936	2,034,922

For further analysis of support costs see note 5. For further analysis of staff costs see note 6.

(b) Analysis of Governance costs	2011	2010
	£	£
Staff costs	41,601	61,351
Trustees’ expenses	2,219	4,042
Audit costs	8,340	7,637
Other administration costs	21,990	28,839
Donated services	9,576	9,099
	83,726	110,968

4. Analysis of total resources expended (continued)

(c) Donated services	2011	2010
	£	£
Specialist staff services	30,936	29,553
Accommodation costs	44,000	57,600
	74,936	87,153

Donated services represent the cost of specialist staff services and accommodation which have not been directly charged to the Foundation by Nationwide Building Society. In addition, Nationwide Building Society provides the Foundation with other services such as IT support which cannot be readily quantified. (IT costs for the maintenance of the Foundation's grants administration system are paid by the Foundation and are included in support costs.)

5. Support costs

	Administration & IT	Evaluation	Total
	£	£	£
'Money Matters, Homes Matter, Families Matter' grant making strategy (2009-12):			
Investor Programme	39,626	24,745	64,371
Small Grants programme	16,143	8,248	24,391
'Supporting Families' grant making strategy (2005-10)			
Investor Programme grants:			
Strategy aim 1 - Domestic Violence	734	19,119	19,853
Strategy aim 2 - Prisoners Families	734	19,119	19,853
Strategy aim 3 - Young Offenders	734	19,119	19,853
Governance costs	32,549	-	32,549
	90,520	90,350	180,870

These represent costs incurred in supporting charitable activities.

6. Staff costs

The officers of the Foundation are employed by Nationwide Building Society but assigned to the Foundation for the duration of their employment under the terms of the Framework Agreement between the Society and the Foundation. The amounts charged as direct staff costs comprised:-

	2011	2010
	£	£
Salaries	148,601	152,879
Social security	12,362	13,848
Pensions contribution	37,135	37,776
Total staff costs recharge	198,098	204,503

The average number of persons employed by the Society who acted as officers of the Foundation was 4 (2010: 4). The number of employees of the Society who acted as an officer of the Foundation receiving emoluments of over £60,000 was nil (2010: nil). All staff receive emoluments, including benefits in kind, in accordance with Nationwide Building Society employment policies. For details of pensions costs see note 1(ix).

The average number of employees during the year was made up as follows:-

	2011	2010
'Money Matters, Homes Matter, Families Matter' grant making strategy (2009-12):		
Investor Programme	1	1
Small Grants Programme	1	1
'Supporting Families' grant making strategy (2005-10):		
Investor Programme	1	1
Governance	1	1
	<hr/> 4	<hr/> 4

During the year, the Foundation's employees have worked together on all of the Foundation's charitable objectives.

Trustees' expenses

Trustees are reimbursed for travel expenses when claimed. During the year 9 trustees (2010: 8) received reimbursements of personal travel and subsistence expenditure amounting to £2,219 (2010: £4,042).

7. Net (outgoing) /incoming resources for the year

Net (outgoing) /incoming resources for the year are stated after charging:

	2011	2010
	£	£
Trustees' reimbursed expenses	2,219	4,042
Auditors' remuneration:		
▪ Audit services – current year	8,340	8,050
▪ Release of accrual relating to prior year	-	(413)
	<hr/> 8,340	<hr/> 12,489

None of the trustees received any emoluments in respect of services to the Foundation (2010: nil).

8. Grants payable

The Nationwide Foundation paid the following grants during the year related to its former and current strategies (incorporating the Small Grants Programme and the Investor Programme) and related to the Bridging Fund, from which the trustees agreed grants whilst the current strategy was under development.

	2011 £	2010 £
‘MONEY MATTERS, HOMES MATTER, FAMILIES MATTER’ GRANT MAKING STRATEGY (2009-12); INVESTOR PROGRAMME:		
Age Concern Camden	90,018	90,313
Age Concern Wirral	70,132	87,240
Centre For Policy On Ageing	38,111	88,222
Centre For Sustainable Energy	94,662	118,456
The Haven Wolverhampton	-	100,794
Money Advice Plus Services	102,497	92,933
Rowan Alba Limited	50,138	102,392
The Runnymede Trust	101,005	102,045
The Rural Media Company	118,082	109,917
Thanet District Citizens Advice Bureau	65,528	100,300
Building Resilience (including a grant to the Cranfield Trust)	76,783	5,157
Special Reserve Fund	9,234	-
Partnership	2,528	2,494
Total Investor Programme	818,718	1,000,263
‘MONEY MATTERS, HOMES MATTER, FAMILIES MATTER’ GRANT MAKING STRATEGY (2009-12):		
Small Grants Programme	500,000	350,988
‘SUPPORTING FAMILIES’ GRANT MAKING STRATEGY (2005-10) INVESTOR PROGRAMME GRANTS:		
Strategy aim 1 - Domestic Violence – partnership	2,821	-
Strategy aim - 2 Prisoners’ Families:		
Castle Gate Family Trust	-	22,249
NIACRO	-	5,744
Prisoners’ Families partnership	(100)	66,270
Total strategy aim - 2 Prisoners Families	2,721	94,263
Strategy aim 3 - Young Offenders		
Addaction	(3,831)	4,000
Young Offenders partnership	(1,090)	56,630
Total strategy aim - 3 Young Offenders	(4,921)	60,630
BRIDGING FUND:		
Toynbee Hall	2,000	-
Prison Trust Reform	-	5,000
Community Land Trust Fund (Programme Related Investment)	262,500	37,500
Total Bridging Fund	264,500	42,500
	1,581,018	1,548,644

The ‘Money Matters, Homes Matter, Families Matter’ grant making strategy (2009-12) supports ten charities with three year grants, paid in annual instalments, subject to certain conditions. The Haven’s grant shows nil as it was approved in April 2011. The strategy included grants for partnership initiatives amongst the charities supported and grants to help the charities build their organisational resilience. Also as a part of the strategy, £500,000 was donated from the Small Grants Programme, comprising 104 grants to charities.

Grants of £2,721 were donated and pledged grants of £4,921 were released from the previous Investor Programme under the ‘Supporting Families’ grant making strategy (2005-10).

£264,500 was paid to two charities from the Bridging Fund which was set up by the trustees in 2008 to enable the Foundation to continue giving funds for charitable purposes whilst undertaking a strategic review to develop the current strategy. Most of these funds had been pledged previously. In particular, the payment to the Community Land Trust Fund represented a programme related investment. The Fund makes loans to community land trusts which seek to create permanently affordable housing in the UK for disadvantaged people. In addition to providing public benefit, a financial return on the investment from the sale of affordable housing, is anticipated in future years.

Future payments

The 'Money Matters, Homes Matter, Families Matter' strategy supports 10 charities with three year grants, made from the Investor Programme. The grants are paid in annual instalments following receipt, from the grant recipient, of a satisfactory report on how the previous year's grant was used. The trustees have designated £1,441,354 of Investor Programme grant payments which are expected to be payable during 2011-13.

In addition, funds have been designated for future payments for partnership initiatives and interventions to help build the resilience of the charities supported through the Investor Programme. These funds are expected to be committed by September 2012.

For further information see note 13.

9. Taxation

Corporation tax payable for the year ended 31 March 2011 was £nil (2010: £nil).

10. Debtors

	2011	2010
	£	£
Accrued interest	46,917	29,009
Other debtors and prepayments	11,839	10,046
	58,756	39,055

11. Creditors: amounts falling due within one year

	2011	2010
	£	£
Amount due to Nationwide Building Society	15,095	16,723
Grants payable to charities	526,253	525,920
Accruals	18,242	49,087
	559,590	591,730

12. Analysis of net assets between funds

	Designated Fund		Other Unrestricted Funds	
	2011	2010	2011	2010
	£	£	£	£
Current assets	3,003,340	2,751,053	-	1,166,730
Current liabilities	(559,590)	-	-	(591,730)
	2,443,750	2,751,053	-	575,000

13. Designated funds

The designated funds, represented below, are allocated as per the reserves policy described in the Directors Report and as per note 1(vi).

	'Money Matters, Homes Matter, Families Matter' grant making strategy (2009-12):				'Supporting Families' Grant Making Strategy (2005-10) Investor Programme Grants:			Other Designated Funds			Total
	Investor Programme	Small Grants	Evaluator Costs	Running costs	Domestic Violence	Prisoners Families	Young Offenders	Bridging Fund	Contingency Fund	Future Grant Making Fund	
	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2010	2,232,901	-	188,195	11,205	-	28,204	9,739	280,809	-	-	2,751,053
New designation	-	500,000	-	256,319	2,821	-	-	-	575,000	240,860	1,575,000
Utilised	(818,718)	(500,000)	(90,349)	(210,936)	(2,821)	100	4,921	(264,500)	-	-	(1,882,303)
Transferred	27,171	41,666	2,231	(11,795)	-	(28,304)	(14,660)	(16,309)	-	-	-
Designated fund at 31 March 2011	1,441,354	41,666	100,077	44,793	-	-	-	-	575,000	240,860	2,443,750

The designated fund for evaluator costs at 1 April 2010 included £57,357 in relation to evaluator costs for the previous 'Supporting Families' grant making strategy, which was paid during the year.

14. Related parties

The Foundation was set up and is funded by the Nationwide Building Society. However, it is an independent legal entity and does not form part of the Nationwide Group. A Framework Agreement sets out the working relationship between the Society and the Foundation and encompasses the provision of donated services including office space and technology support. All financial donations and donated services are disclosed in the financial statements.

During 2010-11 the Foundation's governing documents were amended. Prior to their amendment, the Society had the ability to appoint six of the Foundation's ten trustees. The amended documents permit the Society to appoint three of ten trustees. In the opinion of the trustees, there is no ultimate controlling party of the Foundation.

During the year, the following related party transactions were registered by the Foundation's trustees and employees:

- One trustee (John Kingston) was employed by the Charities Aid Foundation (CAF). The Foundation held accounts with CAF Bank and during the year made a programme related investment in the Community Land Trust Fund, which is a partnership set up in October 2008, including Esmee Fairbairn Foundation, Tudor Trust and CAF.
- One employee (Lisa Suchet) and one trustee (John Kingston) were both trustees of the Association of Charitable Foundations (ACF), of which the Foundation is a member. One trustee (Fiona Ellis) was also an occasional employee of ACF.

None of these trustees or staff were involved in any decisions taken in relation to any of these parties.

15. Post balance sheet events

In May 2011 a £725,000 donation was received from the Nationwide Building Society in respect of funding for the year 2011-12. These funds were designated as per the reserves policy in the Directors' Report.



*Supporting communities
nationwide*

Trustees/Directors

John Kingston OBE (Chairman) * ∞ °
Richard Davies (Vice Chairman. Re-elected 30 September 2011) ∞ °
Fiona Ellis (Appointed 29 September 2010) ◇ *
Lucy Gampell OBE (Re-elected 24 September 2011) ◇ *
Graeme Hughes (appointed 8 February 2011) † °
Simon Law (Re-elected 29 June 2011) † * ◇
Karen McArthur (Re-elected 15 September 2011) ◇ ∞
Michael McCarthy (Re-elected 11 September 2011) ◇ °
Jennifer McKeivitt (Resigned 7 June 2010) ◇ * °
Chris Rhodes (appointed 28 June 2010) † ∞ °
Benedict Stimson (Re-elected 15 September 2011) * ∞
Maxine Taylor (Resigned 7 February 2011) † ◇ °

† Appointed by the Society
* Member of the Finance and Risk Committee
◇ Member of the Programme Advisory Group
∞ Member of the Governance and Stakeholder Relations Advisory Group
° Member of the Nominations and Remunerations Committee

Staff and External Professionals

Chief Executive	Lisa Suchet
Company Secretary	Philip Vinall (resigned 28 September 2010); Julyan Paul (appointed 28 September 2010 and resigned 7 April 2011); Karen Philp (appointed 7 April 2011)
Accountant	Nicola Davidson
Auditors	Sayer Vincent, 8 Angel Gate, City Road, London, EC1V 2SJ
Bankers	CAF Bank, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ
Solicitors	Bates, Wells and Braithwaite, 2-6 Cannon Street, London, EC4M 6YH

‘The Nationwide Foundation’ is registered with the Charity Commission for England and Wales (number 1065552) and is a company limited by guarantee (number 3451979). Registered office address: Nationwide House, Pipers Way, Swindon, SN38 1NW (principal office postcode: SN38 2SN).