

**THE WATERLOO FOUNDATION
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2010**

Charity Number 1117535

CARSTON & CO LIMITED
Chartered Accountants & Statutory Auditor
1st Floor, Tudor House
16 Cathedral Road
Cardiff
CF11 9LJ

THE WATERLOO FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2010

The trustees present their report and the financial statements of the charity for the year ended 31 December 2010.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	The Waterloo Foundation
Charity registration number	1117535
Principal office	46 - 48 Cardiff Road Llandaff Cardiff CF5 2DT

THE TRUSTEES

The trustees who served the company during the period were as follows:

Mrs H. V. Stevens
Mr D.G. Stevens
Ms J.V. Alexander
Mrs C.A. Oakes

Senior management	Janice Matthews (finance manager)
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Auditor	Carston & Co Limited Chartered Accountants & Statutory Auditor 1st Floor, Tudor House 16 Cathedral Road Cardiff CF11 9LJ
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Investment adviser	Merrill Lynch Pierce, Fenner & Smith Incorporated Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
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Bankers	Triodos Bank Brunel House 11 The Promenade Bristol BS8 3NN
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Solicitors	Veale Wasborough Orchard Court Orchard Lane Bristol BS1 5WS
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THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2010

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees are pleased to present this fourth report together with the financial statements of the Foundation for the period ended 31st December 2010.

The financial statements have been prepared in accordance with the requirements of the Charities Act 1993, the applicable accounting standards in the United Kingdom and the requirements of the Statement of Recommended Practice ("SORP 2005") "Accounting and Reporting by Charities".

Governing Document

The Waterloo Foundation is a registered charity governed by a trust deed dated 15th December 2006

Recruitment and Appointment

The Waterloo Foundation is managed by its Board of Trustees, which meets five or six times a year. New Trustees are appointed in accordance with the Foundation's trust deed. The Trustees will in due course develop a policy in respect of Trustee recruitment and induction, which will deal with, amongst other issues, the skill set required by the Board.

Induction and Training

All Trustees are provided with comprehensive information relating to their duties and responsibilities under charity law, including a copy of the Foundation's trust deed and the Charity Commission's guidance on the duties of charity trustees.

Organisational Structure

The Foundation is a small body and has a simple organisational structure, with the Chair and Trustees overseeing the work of the Foundation's office. The team comprises Grant Research Officers, one for each of the key funds (World Development, Environment, Child Development and for Projects in Wales), plus a part-time Finance Officer and part-time General Administrators.

Each Grant Research Officer proposes a series of researched projects to the Board of Trustees who either accept, reject or defer them. These decisions are minuted by the Secretary to the Board, and then actioned by the office team.

An independent HR consultant has been employed to ensure all staff have proper contracts, and that there is a Waterloo Foundation Employee Handbook. Annual reviews of employees are scheduled and carried out by the Chair of Trustees. A different Trustee is available to staff in case of dispute.

THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2010

Related Parties

In 2007 Heather Stevens (Chair) and David Stevens (Trustee) donated to the Waterloo Foundation Admiral Group plc shares to a value of £99 million. David Stevens remains the Chief Operating Officer of Admiral and both David and his wife Heather Stevens are current shareholders.

Heather Stevens is a trustee of the National Botanic Garden of Wales, Artes Mundi and Oceana.

Risk Management

The Waterloo Foundation operates documented lines of authority and delegation, which are reviewed regularly by its Board of Trustees. The Foundation also has segregation of duties in regard to governance, management, grant-making, finance and investment. Procedures are in place for documentation of decisions, actions and issues.

The Foundation's strategic plan and budget are approved by Trustees and the Board regularly reviews actual results against budgets and forecasts.

At every Trustee meeting the current financial position is reviewed. A finance report is produced for the Trustee meeting, and an investment report is produced quarterly for by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Reserves

Due to the Foundation's current sound financial situations the Trustees feel there is no requirement for an explicit reserves policy.

THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2010

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities.

The objectives of the Foundation are as follows:

- a) To relieve poverty and distress for the benefit of the public in any part of the world, particularly in developing countries.
- b) To promote sustainable development for the benefit of the public in any part of the world by promoting the preservation, conservation and protection of the environment and the prudent use of natural resources (and "sustainable development" means "development that meets the needs of the present without compromising the ability of future generations to meet their own needs")
- c) To promote physical and mental development of children and the mental health of adults for the benefit of the public in any part of the world, including research into these areas.
- d) To advance such objects or purpose which are exclusively charitable according to the law of England and Wales for the benefit of the public in Wales and in such manner as the Trustees may in their absolute discretion think fit; and
- e) To advance such other objects or purpose, which are exclusively charitable according to the law of England and Wales in any part of the world and in such manner as the Trustees may in their absolute discretion think fit.

Grant making activities

2010	Value (£)	No of Projects
World Development	1,991,626	87
Environment	1,636,168	57
Child Development	1,036,850	47
Wales	460,487	29
Other	472,492	74
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Totals	5,597,623	294

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

ACHIEVEMENTS AND PERFORMANCE

This is the fourth Report of the Trustees for The Waterloo Foundation since its inception in January 2007, and initial donation in March 2007. The Foundation has grown to a team of 7 plus the Chair of Trustees, based in Llandaff, Cardiff where we have been since October 2007.

In 2010 the Foundation received 732 applications of which 294 were successful, with the Foundation paying out just over £5.5 m of grants in its fourth year of operation. The reports from our four main funds now follow.

World Development Fund

At the outset of 2010 we reviewed our programmes in our World Development fund, and recognised the value of providing different types of support to differing sizes of organisations. We determined that our principle focus would be to support larger organisations to deliver projects at reasonable scale. One element of this was the selection of three NGOs - Camfed, Concern Universal and WaterAid - with whom we have entered into strategic partnerships. These are envisaged as two-way relationships in which we will provide unrestricted funding to the organisations and follow their development over a number of years, whilst being able to access their expertise in community-led education, enterprise and water, sanitation and hygiene programmes. As well as providing substantial grants to sizeable charities, we have also continued to provide some support to smaller projects led by social entrepreneurs from the UK and especially from Wales.

Throughout 2010, we continued to focus on 3 key themes: education; water, sanitation and hygiene; and enterprise development.

We continued to enable more young people to access a good quality primary and secondary **education**, and supported a variety of approaches:

- We supported Promoting Equality in African Schools (PEAS) to increase access to secondary education by opening a school in northern Uganda, which will become self-financing through a low fees model.
- We funded READ International to develop their in-country capacity and increase the monitoring and support available to their volunteer-led book distribution programmes in Tanzania and Uganda.
- We provided a grant to Egmont Trust to support the capacity-building of their local NGO partners in eastern and southern Africa, and to facilitate a variety of education and enterprise-related projects.

We increased the support we were able to provide towards programmes which improve **sanitation, hygiene** and access to clean drinking **water**, recognising their importance in the development of communities:

- We continued to support WaterAid's community-led integrated water, sanitation and hygiene projects in Nepal, following a successful visit by staff and Trustees in late 2009.
- We supported Wherever the Need to improve sanitation, hygiene and access to clean water in a village community in Sierra Leone. Working with their local NGO partner, they will construct a series of eco-sanitation toilet units, wells and rainwater harvesters.
- We continued to support a number of small charities and school-links to construct separate latrines for boys and girls, and improve access to clean drinking water, at a number of under-resourced schools.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

On the **entrepreneurial** front, we supported enterprise facilitation activities and investment in specific enterprises which were unable to access capital support from other sources:

- We provided Root Capital with grant and loan funding to help expand its capacity to provide capital investment and business training, to support the growth of small and medium-sized enterprises in Africa.
- We provided a further grant to the Fairtrade Foundation to help artisanal mining co-operatives in South America achieve Fairtrade certification, in advance of the anticipated launch of Fairtrade gold jewellery in the UK in 2011.
- We supported the Sirolli Institute to continue and expand its successful Enterprise Facilitation network, which seeks to develop entrepreneurial activity among disadvantaged communities in southern DRC.

Environment Fund

In 2010, the Environment Fund continued to prioritise the protection of tropical forests, in particular for the climate benefits that they offer; and the conservation of marine environments, with a focus on halting depleting fish stocks.

The forest projects that we focused on in 2010 continued to be based around the key theme of avoided tropical deforestation. It included market-based approaches that recognised the value of standing tropical forests.

- We continued our support of the Greenpeace campaign to protect the rainforest and peat lands of Indonesia from felling for palm oil plantations, by creating a moratorium (a ban) on forest conversion and industrial logging.
- We supported the Gaia Foundation to undertake a forest protection and restoration project in Kenya. The project aims to reconnect isolated and vulnerable forest remnants and build capacity within local people to undertake this forest protection.
- We funded Plan Vivo to develop its carbon offset standards in order to include forest conservation projects instead of just afforestation projects. The project particularly aims to work with communities in developing countries to find an alternative income to deforestation.
- We continued to support the innovative Size of Wales initiative which aims to engage Welsh civic society in sustaining an area of tropical forest, equivalent to the size of Wales (2.06m hectares); the project continues to develop with partners such as PONT, helping to plant a million trees.
- We helped fund Asity Madagascar to conserve Tsitongambarika forest. This forest protection area covers over 60,000 hectare and will be co-managed by the local communities.
- We gave continuing support to the Global Canopy Programme for their science, policy and finance work which aims to recognise the economic worth of tropical forests and provide the mechanisms to keep them standing.

The marine issues addressed in 2010 continued to include halting the depletion of fish stocks; this was prioritised through the creation of marine protection areas and the change to sustainable fishing and fishing practices.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

- We supported the International Consortium of Investigative Journalists which aims to expose some of the main drivers behind illegal and overfishing activities globally, such as the black market trade in blue fin tuna.
- We funded Fauna and Flora International to establish six community-run marine protected areas in Kenya as well as developing alternative livelihoods for the local communities, and helping to change local fishing gear to more sustainable alternatives.
- We helped support the WWF Coral Triangle Initiative which aims to protect the rich marine biodiversity of the coastal and marine areas of Indonesia, Malaysia, Philippines, Papua New Guinea, the Solomon Islands and Fiji, whilst ensuring sustainable livelihoods for the local people and responsible commercial exploration of the marine natural resources for both national and international markets.
- We helped Seas at Risk, a European association of environment NGOs that works for the protection and restoration of European seas on a wide range of their work, such as encouraging more sustainable deep sea fisheries, and improving the framework of European fisheries policies.

In addition to the above, we also supported a number of local projects which focused on small-scale, community based, renewable energy schemes, such as supporting the work of Rounded Developments and helping Crickhowell High School here in Wales, to install solar panels.

Child Development Fund

In 2010, we built on the successes of previous years, and this year the majority of the Fund supported research into the causes and treatments of certain neurodevelopmental disorders. In addition, we funded some practical projects supporting people in Wales diagnosed with one of these conditions, and funded some dissemination of research findings.

On the ADHD front, we

- Supported a piece of research investigating the prevalence of ADHD in people with Substance Use Disorders (SUDs). Specifically, we funded a PhD position which centrally coordinates a large multi-national study.
- Supported a research project investigating whether brain processing abnormalities seen in ADHD are also seen in Autism, and vice versa. This project involved measuring the electrical activity of the brain using EEG. It focused on the processes which support attention, inhibition, performance monitoring, and social cognitive processing.

On the Autism front, we

- Supported a research project investigating the effect of a particular intervention for a group of babies at high-risk of developing Autism. This intervention was given by training parents to be essentially "super-parents".
- Funded a piece of research investigating the neurobiology of sensory symptoms in Autism Spectrum Disorders (ASDs). Parents of children with ASDs reported sensory symptoms to be one of the most debilitating aspects of their child's disorder. This research used multiple-methods of measuring brain activity, including both MEG and MRI.

On the Dyslexia front, we

- Awarded a grant to a research project investigating comorbidity in neurodevelopmental disorders. Many of these disorders occur together more often than by chance, which suggest that they share causal pathways and symptom sets. This project investigated whether Dyslexia and DCD share an impairment of neural timing. It uses measurement of the magnetic field arising from the electrical activity of the brain, using MEG.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

- Supported a charity which gives support to people with Dyslexia in Wales. We gave support for core costs to an organisation whose work includes bilingual work with Welsh medium children.

On the DCD front, we

- Match-funded a PhD investigating intervention pathways for children with DCD. This project aims to establish a common clinical/educational pathway for children with DCD.

On the Epilepsy front, we

- Funded a piece of research investigating sleep and learning in Rolandic Epilepsy (which is also known as Benign Epilepsy of Childhood with Centrottemporal Spikes or BECCTS). Research has found that healthy sleep is essential for the consolidation of memories for both skills and facts. Rolandic Epilepsy involves sleep disruption through both seizures and sub-seizure epileptic brain activity. This piece of research investigated the impact of epileptic activation in children with Rolandic Epilepsy, on both sleep quality and memory consolidation. It was conducted in partnership with Epilepsy Research UK.
- Gave program support to Professor Deb Pal, who recently began working at King's College London on Rolandic Epilepsy. He has previously been involved in several seminal research findings about Rolandic Epilepsy. These include
 - discovering the first susceptibility gene for the pattern of brain activity associated with Rolandic Epilepsy(ELP4).
 - finding significant developmental comorbidities in children with Rolandic Epilepsy including problems with attention, reading and speech production, and with similar problems in their relatives.

In addition,

- On the trauma front, we funded a piece of research investigating the neurobiological deficits associated with trauma in childhood. This research will also investigate neurobiological changes accompanying behaviour change. It is being done in conjunction with Kid's Company in London and the Anna Freud Centre.
- On the food and nutrition front, we supported some conferences, and supported a researcher investigating the impact of nutrition on neurodevelopment.
- We funded a post-doctoral researcher investigating the impact of Manuka honey as a wound-healing agent. Previously this team has found that Manuka honey is a successful anti-bacterial agent against MRSA, and that the mechanism of this includes interfering with cell division. Current work includes investigating the effectiveness of using Manuka honey alongside other anti-microbial elements.
- We supported a practical project in which children with behavioural and learning needs will enter a garden into the Royal Horticultural Society Chelsea Flower Show. The children will grow the plants for this at the gardens of their schools, and have already had great success with this.

Our current priorities include:

- Focusing on disorders of speech and language, including Dyslexia. In part, this is following from some recent articles by Dorothy Bishop, which reported that these disorders are chronically under-researched.
- Focusing on Rolandic Epilepsy within our work on Epilepsy. This is due to importance of continuing research on its genetic basis and its neurodevelopmental nature, and disseminating these recent research findings.
- Focusing on research around the proposed changes to Autism diagnoses in the Diagnostic and Statistical Manual of Mental Disorders (DSM). The drafted changes have provoked concern, and we are keen to ensure that there is a solid research base around some of the most controversial aspects.
- Focusing on actionable aspects of these disorders, through which parents and friends of those affected by these disorders can make a real difference. Within this, we particularly focus on diet, sleep, and parenting.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

- Supporting practical projects in Wales, which provide help to those affected by one of these conditions.

Wales Fund

During 2010, we continued to fund projects under our **Working Wales** and **Caring Wales** programmes.

The **Working Wales** programme supports the development of an enterprise culture in Wales through the funding of projects that promote enterprise and employment. Projects and organisations supported in 2010 included:

- RNIB Cymru, for the development of their STEP (Support Towards Employment Programme) aiming to provide blind and partially sighted people with any additional support they might need to gain and retain employment.
- The Sirolli Institute's Enterprise Facilitation programme in Blaenau Gwent. This three year project aims to use a tried and tested model to facilitate the development of new enterprises and creation of jobs lead by an Enterprise Facilitator and large local Resource Board. Based on results from other areas that have adopted this programme, potentially 20 new businesses and 120 new jobs could be created.
- Crossroads Care Swansea, Neath and Port Talbot, to enable them to continue with their Carers and Employment project that provides timely respite care for working carers, making it possible for them to continue in employment. Our grant enabled them to provide over 1000 hours of respite, supporting approximately 20 carers to remain in work each week.
- The Prince's Trust, for the Enterprise Programme that assists disadvantaged young people across Wales in setting up their own business.

The **Caring Wales** programme funds organisations and projects that are helping carers with high levels of need (particularly carers working with children with the neurological problems identified in the Child Development programme) and young carers.

- Age Concern Cardiff and the Vale, to continue their advocacy and support service for grandparents raising grandchildren across Cardiff and the Vale of Glamorgan.
- The Open University, for a one year project to improve access to education for carers in Wales through an enhanced engagement and distance learning programme, offering support to carers who might otherwise miss out on education opportunities.
- Marie Curie Cancer Care, for their services dedicated to carers of patients of the Penarth Hospice, including counselling, alternative therapies, support and social groups, and respite.
- Barnardo's, for their school advocacy work for young carers in Flintshire and Carmarthenshire. The project involves working in six schools to raise awareness of young carer's issues, identify hidden young carers and advocate on behalf of the pupils that are fulfilling a caring role at home. This work is vital for improving young carers educational and life chances.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

FINANCIAL REVIEW

The Waterloo Foundation's investment income continues to derive from share dividends, interest earned on bonds and other securities and bank interest. The Foundation's biggest asset is a significant shareholding in Admiral Group, a UK-listed company. In addition, the Foundation has a diversified money-market and bond portfolio managed by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

During 2010 we decided to support our philanthropic aims not just through grant giving but also through the allocation of our investment funds. To this end, we have switched some assets into microfinance funds and into renewable energy funds. We are looking for opportunities to deploy venture capital and other forms of equity in developing countries. We are also looking at ways of investing to support Wales Fund goals.

PLANS FOR FUTURE PERIODS

The Waterloo Foundation has no radical plans to alter either its mode of operation or its strategy for grant-making over the coming months.

In the Child Development Fund, 2010 has seen a readjustment as our funding priorities have been amended.

The key Environment Fund's focus on tropical forests continues at both project and strategic levels, but is joined by an emphasis on work relating to the marine environment and fish stocks. We plan to continue our heavy involvement with the Size of Wales project.

RESPONSIBILITIES OF THE TRUSTEES

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

The law applicable to charities in England and Wales 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 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2010

RESPONSIBILITIES OF THE TRUSTEES *(continued)*

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 Charities Act 1993 and the Charity (Accounts and Reports) Regulations 2008. The trustees 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.

AUDITOR

Carston & Co Limited have been re-appointed as auditor for the ensuing year.

Signed on behalf of the trustees

l. Oakes
Trustee

CAROLINE OAKES
Name

18/05/2011

THE WATERLOO FOUNDATION
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE
WATERLOO FOUNDATION
YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of The Waterloo Foundation for the year ended 31 December 2010 on pages 14 to 21, which have been prepared on the basis of the accounting policies set out on pages 16 to 17. 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 charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on pages 10 to 11, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 charity'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' Annual Report 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.

THE WATERLOO FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE WATERLOO FOUNDATION *(continued)*

YEAR ENDED 31 DECEMBER 2010

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2010, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities.
- have been prepared in accordance with the requirements of the Charities Act 1993.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Carston & Co Limited

1st Floor, Tudor House
16 Cathedral Road
Cardiff
CF11 9LJ

19 May 2011

CARSTON & CO LIMITED
Chartered Accountants
& Statutory Auditor

Carston & Co Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE WATERLOO FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2010

	Note	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES			
Incoming resources from generating funds:			
Voluntary income	2	3,000	3,000
Investment income	3	4,188,943	4,065,803
TOTAL INCOMING RESOURCES		4,191,943	4,068,803
RESOURCES EXPENDED			
Charitable activities	4/5	(5,993,364)	(6,170,034)
Governance costs	6	(9,972)	(17,032)
TOTAL RESOURCES EXPENDED		(6,003,336)	(6,187,066)
NET OUTGOING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES	7	(1,811,393)	(2,118,263)
OTHER RECOGNISED GAINS AND LOSSES			
Unrealised gains/(losses) on fixed asset investments		12,791,956	8,660,454
Gains / (losses) on sale of investment assets		243,607	8,488,808
NET MOVEMENT IN FUNDS		11,224,170	15,030,999
RECONCILIATION OF FUNDS			
Total funds brought forward		110,143,544	95,112,545
TOTAL FUNDS CARRIED FORWARD		121,367,714	110,143,544

The Statement of Financial Activities includes all gains and losses in the year and therefore
a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 16 to 21 form part of these financial statements.

THE WATERLOO FOUNDATION

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	35,830	46,799
Investments	10	120,137,451	109,482,123
		<u>120,173,281</u>	<u>109,528,922</u>
CURRENT ASSETS			
Debtors	11	735,710	474,527
Cash at bank and in hand		594,723	550,605
		<u>1,330,433</u>	<u>1,025,132</u>
CREDITORS: Amounts falling due within one year	12	<u>(136,000)</u>	<u>(410,510)</u>
NET CURRENT ASSETS		1,194,433	614,622
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>121,367,714</u>	<u>110,143,544</u>
NET ASSETS		<u>121,367,714</u>	<u>110,143,544</u>
FUNDS			
Unrestricted income funds	15	<u>121,367,714</u>	<u>110,143,544</u>
TOTAL FUNDS		<u>121,367,714</u>	<u>110,143,544</u>

These financial statements were approved by the members of the committee on the 18/05/2011 and are signed on their behalf by:


.....Trustee

.....Trustee

CAROLINE OAKES
.....Name

.....Name

The notes on pages 16 to 21 form part of these financial statements.

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value and the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Charities Act 1993.

Donations and legacies

Donations and legacies are accounted for in the year of notification, where this is reasonably practicable.

Investment assets and income

Investments are included in the accounts at market value in accordance with the charity's statement of recommended practice.

Unrealised gains and losses are recognised in the statement of financial activities.

Dividends, including the appropriate tax credits where applicable, are credited to the statement of financial activities when they are received.

Resources expended

Resources expended are included in the statement of financial affairs on an accruals basis.

Certain expenditure is directly attributable to specific activities and has been included in the costs relating to that activity. Where costs cannot be directly attributed to a specific activity, they have been allocated on a basis consistent with the use of the resource.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment	- 33% reducing balance basis
Fixtures & fittings	- 20% reducing balance basis

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 31 December. Surpluses and deficits arising from the translation of assets and liabilities at these rates of exchange are included in the statement of financial activities as unrealised gains and losses.

2. VOLUNTARY INCOME

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Donations			
Donations	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

3. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Income from UK listed investments	2,267,616	2,267,616	2,856,063
Income from non-UK listed investments	1,683,408	1,683,408	774,762
Bank interest receivable	1,852	1,852	5,399
Other interest receivable	<u>236,067</u>	<u>236,067</u>	<u>429,579</u>
	<u>4,188,943</u>	<u>4,188,943</u>	<u>4,065,803</u>

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Grants & project funding	5,521,987	5,521,987	5,842,960
Support costs	<u>471,377</u>	<u>471,377</u>	<u>327,074</u>
	<u>5,993,364</u>	<u>5,993,364</u>	<u>6,170,034</u>

5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Provision of grants £	Grant funding activities £	Support costs £	Total Funds 2010 £	Total Funds 2009 £
Grants & project funding	<u>171,220</u>	<u>5,350,767</u>	<u>471,377</u>	<u>5,993,364</u>	<u>6,170,034</u>

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6. GOVERNANCE COSTS

	Unrestricted Funds	Total Funds 2010	Total Funds 2009
	£	£	£
Accountancy fees	547	547	427
Audit fees	8,206	8,206	5,750
Legal fees	–	–	9,101
Costs of trustees' meetings	1,219	1,219	1,754
	<u>9,972</u>	<u>9,972</u>	<u>17,032</u>

There were no amounts paid to individual trustees during the period. All trustees are entitled to claim reimbursement of the cost of attending meetings but waive that right.

7. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2010	2009
	£	£
Depreciation	13,034	16,725
Auditors' remuneration:		
- audit of the financial statements	<u>7,200</u>	<u>6,756</u>

8. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2010	2009
	£	£
Wages and salaries	132,408	115,520
Social security costs	<u>12,686</u>	<u>9,401</u>
	<u>145,094</u>	<u>124,921</u>

No trustee received any emoluments during the period. Included within project expenses is an amount of £6,843 paid to three trustees to cover expenses in relation to projects.

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2010	2009
	No	No
Number of administrative staff	2	2
Number of support staff	5	4
	<u>7</u>	<u>6</u>

No employee received remuneration of more than £60,000 during the year (2009 - Nil).

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9. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Total £
COST			
At 1 January 2010	60,709	32,487	93,196
Additions	1,193	872	2,065
At 31 December 2010	<u>61,902</u>	<u>33,359</u>	<u>95,261</u>
DEPRECIATION			
At 1 January 2010	34,298	12,099	46,397
Charge for the year	8,913	4,121	13,034
At 31 December 2010	<u>43,211</u>	<u>16,220</u>	<u>59,431</u>
NET BOOK VALUE			
At 31 December 2010	<u>18,691</u>	<u>17,139</u>	<u>35,830</u>
At 31 December 2009	<u>26,411</u>	<u>20,388</u>	<u>46,799</u>

10. INVESTMENTS

Movement in market value

	2010 £	2009 £
Market value at 1 January 2010	109,482,123	94,748,909
Acquisitions at cost	81,647,524	176,274,422
Disposals at opening book value	(83,784,152)	(170,201,663)
Net gains on revaluations in the year ended 31 December 2010	12,791,956	8,660,455
Market value at 31 December 2010	<u>120,137,451</u>	<u>109,482,123</u>
Historical cost at 31 December 2010	<u>95,120,312</u>	<u>94,526,251</u>

Analysis of investments at 31 December 2010 between funds

	Total Funds 2010 £	Total Funds 2009 £
Listed investments		
UK Quoted Shares	69,449,034	52,287,808
Non-UK Quoted Shares	47,839,993	43,357,623
	<u>117,289,027</u>	<u>95,645,431</u>
Other investments		
Other UK Investments	649,831	5,573,472
UK Cash held as part of Portfolio	1,280,596	6,326,677
Non-UK Cash held as part of Portfolio	917,997	1,936,543
	<u>2,848,424</u>	<u>13,836,692</u>
	<u>120,137,451</u>	<u>109,482,123</u>

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10. INVESTMENTS *(continued)*

The following investments, which are all listed on the UK Stock Exchange, represent more than 5% of the total value of the portfolio:

		Holding	Market Value £
Admiral Group plc	1515p ordinary shares	3,634,000	55,055,100

There is no restriction on the realisation of this investment.

11. DEBTORS

	2010 £	2009 £
Other debtors	80,000	50,135
Prepayments	655,710	424,392
	<u>735,710</u>	<u>474,527</u>

12. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Trade creditors	122,316	388,227
Taxation and social security	3,193	4,143
Accruals	10,491	18,140
	<u>136,000</u>	<u>410,510</u>

13. OPERATING LEASE COMMITMENTS

The charity is committed to paying £23,441 plus service charges per annum until 2012 in respect of rent.

14. OTHER COMMITMENTS

The charity was committed to make donations worth £2,876,329 (£2,779,472 : 2009) as at 31 December 2010.

15. UNRESTRICTED INCOME FUNDS

	Balance at 1 January 2010 £	Incoming resources £	Outgoing resources £	Gains and losses £	Balance at 31 December 2010 £
General Funds	<u>110,143,544</u>	<u>4,191,943</u>	<u>(6,003,336)</u>	<u>13,035,563</u>	<u>121,367,714</u>

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Unrestricted Income Funds	35,830	120,137,451	1,194,433	121,367,714
Total Funds	<u>35,830</u>	<u>120,137,451</u>	<u>1,194,433</u>	<u>121,367,714</u>

17. RELATED PARTY TRANSACTIONS

The charity has been under the control of the trustees since the charity was set up. The charity was started with an initial donation of £99 million from two of the trustees, David and Heather Stevens.

The charity paid the following amounts to organisations of which Heather is a trustee:

- £4,007 to National Botanic Gardens
- £10,000 to Artes Mundi
- £100,000 to Oceana

Included within other commitments is an amount of £400,000 due to be paid to Oceana, an organisation of which Heather is a trustee.