

CHARITY REGISTRATION NUMBER: 1117535

The Waterloo Foundation
Financial Statements
31 December 2018

CARSTON

Chartered accountants & statutory auditor
1st Floor, Tudor House
16 Cathedral Road
Cardiff
CF11 9LJ

The Waterloo Foundation

Financial Statements

Year ended 31 December 2018

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The Waterloo Foundation

Trustees' Annual Report

Year ended 31 December 2018

The trustees present their report and the financial statements of the charity for the year ended 31 December 2018.

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 charity during this period were as follows:

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

Senior management	Kate Rauwerda (Head of Operations) Janice Matthews (Finance Manager)
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Auditor	Carston Chartered Accountants & Statutory Auditor 1st Floor, Tudor House 16 Cathedral Road Cardiff CF11 9LJ
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Investment advisors	Whitley Asset Management 116 Princedale Road London W11 4NH
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Bankers	Triodos Bank Deanery Road Bristol BS1 5AS CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
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Solicitors	Veale Wasborough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

OBJECTIVES AND ACTIVITIES

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.

ACHIEVEMENTS AND PERFORMANCE

This is the twelfth report of the Trustees of The Waterloo Foundation since its inception in January 2007, and initial donation in March 2007. The Foundation consists of a team of 11 staff members plus the Chair of Trustees, based in Llandaff, Cardiff where we have been operating since October 2007.

In 2018, the Foundation's eleventh year of operation, we received **618** full applications that made it through to our initial assessment stage, of which **280** were taken forward for further assessment, with 92 still under consideration at year end. We awarded **275** grants and committed ourselves to grant making activities of just over **£8.3 million**.

During this period the Foundation also paid out **£8.5** million in project payments, a proportion of which were approved in previous years but were paid out in 2018.

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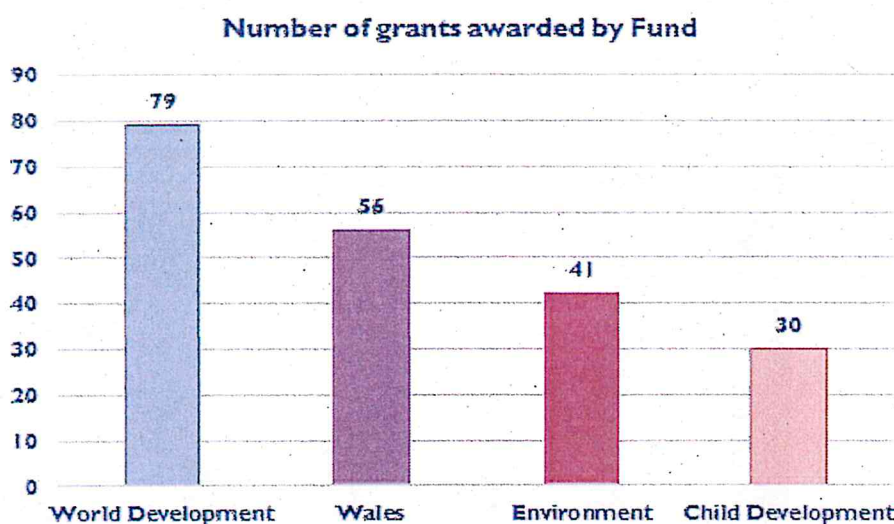
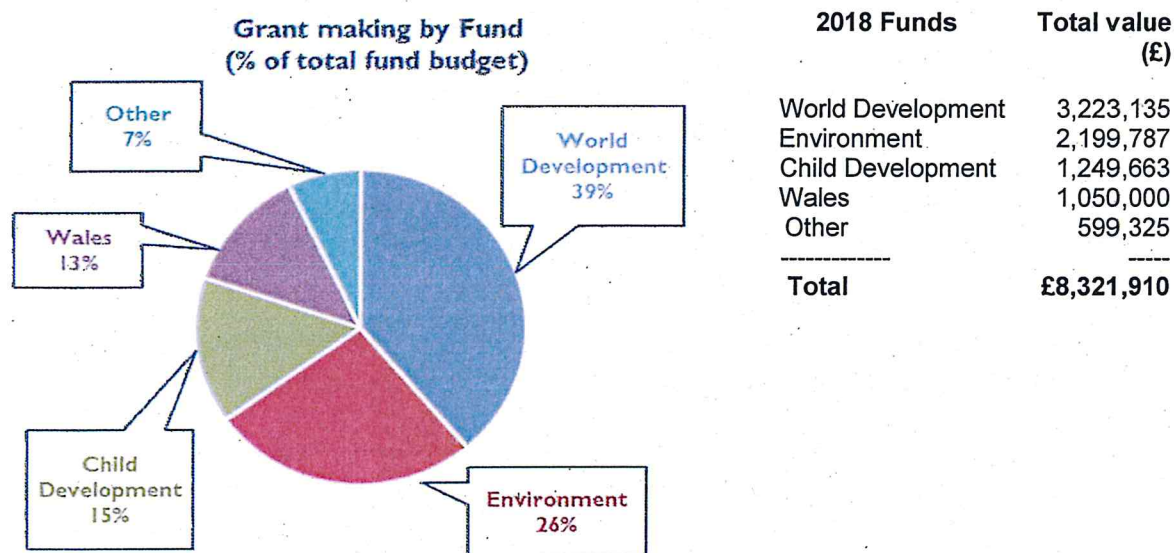
Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

Our grant-making activities in 2018

Below is a snapshot of our grant-making in 2018 in numbers, followed by detailed reports on the activities and impact of our four main funding programmes throughout the year.



A. World Development Fund

The Fund in numbers

In 2018, The Waterloo Foundation awarded **79** grants within our World Development Fund with just over **£3.2 million of funding** being awarded across four thematic areas: Education, WASH, Sexual and Reproductive Health (SRH)/Family Planning and Nutrition. We continued to target our World Development funding towards countries with the greatest need, where there was also the greatest potential for development outcomes to be sustained. Of these new grants, 78% supported work within Sub Saharan Africa, and a further 17% of our grants were made to support interventions in South East Asia.

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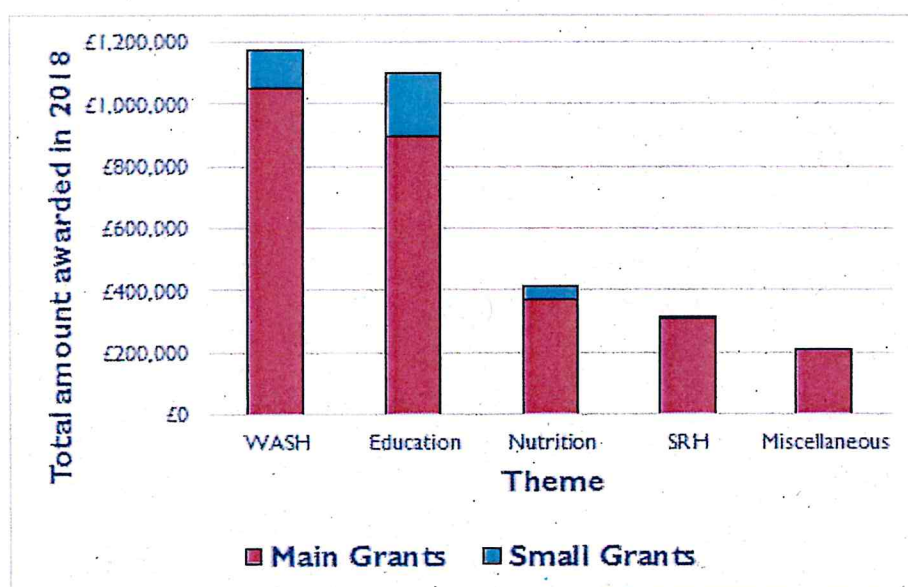
Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

In 2018, the four themes of our World Development Fund were:

Education	WASH (Water, Sanitation and Hygiene)
We are particularly interested in improving access to high quality secondary, primary and early childhood education. We support education for girls and young women because they are more often excluded from formal education opportunities and because of the high impact of girls' education on factors such as economic productivity, nutrition and health.	The provision of safe drinking water, improved sanitation and hygiene is something which many millions of people still lack. We believe that access to safe sanitation and good hygiene is of equal importance to access to a clean water source, and are therefore enthusiastic about supporting projects integrating these three areas.
Sexual and Reproductive Health (SRH)/Family Planning	Nutrition
The Foundation prioritises SRH/Family Planning projects that aim to improve access to a range of modern contraceptive methods and wider sexual health and reproductive services, and/or increase understanding and awareness of, and driving demand for, family planning services.	Our nutrition grants focus on the prevention and reduction of under-nutrition, in particular for mothers and young children. We aim to fund nutrition-specific interventions such as the promotion of good nutritional practices, and the provision of micronutrients.



In 2018, our World Development funding was offered in the form of 'Main Grants' and 'Small Grants' across all four of these thematic areas. This enabled us to provide funding both to very large and small, local organisations. The graph opposite shows the proportion of our overall fund which was spent on each theme in 2018,

across both Main Grants and Small Grants. While the vast majority of our funding continued to be awarded in the form of Main Grants, we are also very proud to have awarded a large number (43) of Small Grants in 2018.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

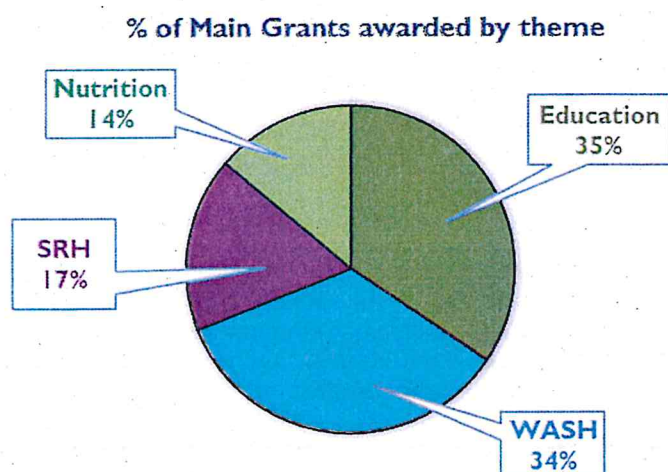
We also continued our multi-annual strategic partnerships with **WaterAid**, **Camfed** and **United Purpose** in 2018, which provide flexible unrestricted funding to support these organisations and their large-scale programmes.

Main Grants

Our Main Grants are typically awarded to large, established organisations working at a regional or national scale, that can demonstrate the sustained impact of their programmes. In 2018 we enacted a change to our usual application process, in that we decided not to accept unsolicited Main Grants applications in the fields of WASH and Education. Rather, on the basis of our research and analysis of these sectors, we proactively offered flexible funding to a select number of partner organisations who were identified as being particularly effective in these areas, in addition to being well-aligned with our

funding priorities. In the fields of SRH/Family Planning and Nutrition, which are comparatively newer to us, we continued to invite unsolicited Main Grants applications via the Foundation's website.

Despite this change to our process, the diagram opposite demonstrates that in 2018 we continued to award the majority of our new Main Grants awards within the fields of WASH and Education.



In 2018, the majority (71%) of our Main Grants were awarded to organisations with whom we had a prior funding partnership. For all applicants, old and new, we carry out careful due diligence and seek guidance from experts and other grant-making organisations as part of our decision-making process.

Some highlights from our Main Grants portfolio in 2018 were:

Education Main Grants:

- In January 2018 we awarded a third grant to **The Citizens Foundation UK** to contribute to their Government School Adoption Programme in Pakistan. The Citizens Foundation is currently providing education to around 204,000 children in 254 schools, in a region where around 20% of children between the ages of 5 and 16 are out-of-school. This grant will support the operational costs of several of these schools and the training of 1,727 women as new principals and teachers.
- 2018 saw the completion of a grant to **Educate!** which supported their entrepreneurship/leadership school programme in 25 partner schools in Uganda. 1,000 students benefitted directly from the programme and are now earning twice as much as their peers. In November 2018 we awarded a second grant to Educate! which will support more schools in Uganda, Rwanda and Kenya to deliver a business skills curriculum and start Student Business Clubs to support students' own businesses.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

WASH Main Grants:

- In March 2018 we awarded a first grant to **JESE (Joint Effort to Save the Environment)** to support a programme of activities intended to provide sustained access to safe and affordable water, appropriate sanitation and improved hygiene at six schools in Bunyangabu District, Uganda. We were impressed by the design of the project, which utilised a holistic approach that included issues such as gender equality, and focused on the sustainability of outcomes.
- 2018 saw the completion of a three-year grant to **Village Water** supporting the provision of hygiene and sanitation education and facilities with a safe water source in villages, schools and health centres in the Western Province of Zambia. Following a review of this project we invited a new proposal supporting Village Water's plans to introduce a market-based self-supply model to complement their traditional community WASH activities. Village Water will train and support 12 well construction teams to construct water sources used by over 20,000 people.
- 2018 also saw the end of a three-year grant to **WaterSHED**, who work in eight provinces of rural Cambodia to stimulate market actors to produce and promote sanitation products and services, such as latrines. Over the grant period, WaterSHED provided capacity building for 317 suppliers, leading to over 88,000 latrines being sold. Overall, sanitation coverage in the provinces increased from a baseline of 43% to 64% of households having an improved latrine. The success of WaterSHED's work prompted us to offer another grant supporting their work in Cambodia in 2018.

Sexual and Reproductive Health/Family Planning Main Grants:

- In November 2018 we awarded a grant to **Amref Health Africa** to target unmet family planning needs for young people in Wolaita zone, Ethiopia. This grant will support the final year of a larger four-year project largely funded by the European Commission, and is working primarily with and through the government health service system, which helps to strengthen sustainable local services.
- We awarded a Main Grant to **CHASE Africa** following the completion of their Small Grant project that held mobile one-day health clinics in 12 villages in rural Kenya where contraceptive prevalence was only 33%. The project resulted in 840 people receiving HIV counselling and testing and 1,737 women accessing a modern form of contraceptive. The newly awarded grant will support CHASE Africa to deliver and expand their SRH/family planning services in Kenya, reaching between 14,000 and 18,000 women with contraception over a six-month period.

Nutrition Main Grants:

- In July 2018 we awarded a first grant to **Action Against Hunger UK** for a project tackling malnutrition in adolescent girls in the Analamanga region of Madagascar. Action Against Hunger are working in close collaboration with Madagascan government ministries, the World Bank, the World Food Programme and local community organisations and structures to provide folic acid supplementation for 10,000 teenage girls and develop the nutrition education curriculum to promote good nutrition to schools and community structures.
- The completion of a three-year grant to **The Max Foundation** for an integrated project combining WASH, nutrition and SRH saw a reduction in stunting rates in children under two from 48% in January 2015 to 15% in March 2018 in 26 villages in southern Bangladesh. The success of this community-led approach to empower communities to reduce stunting led to us awarding a second grant towards a larger project aiming to replicate these successes in 1,674 villages in Bangladesh over two years.

Small Grants

Our Small Grants programme continued to award funding to smaller organisations delivering localised projects within our four main themes. In 2018, we made a few significant changes to our eligibility

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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

criteria for our Small Grants programme; in particular, we decided to welcome unsolicited applications

from UK-based organisations only, to ensure that we were able to conduct a high level of due diligence on new organisations - a key part of our overall application assessment process. We also capped the maximum grant amount at £10,000. These changes meant that we received slightly fewer applications than in previous years.

The average size of our Small Grants in 2018 was £8,148, and the majority (80%) of project-directed Small Grants were awarded to projects in African countries, with the remainder supporting interventions in Asia. The countries with the highest numbers of Small Grants awarded were Uganda (9), Kenya (7), India (5) and Zambia (4). In 2019 we will continue to seek out good applications for projects operating within diverse range of countries, where there is a high need for our support.

Some examples of Small Grants which were awarded in 2018 are:

- **Education:** We awarded a second grant to **EdUKaid**, a charity working in the rural Mtwara region of Southern Tanzania to provide pre-primary education and school management and teacher training. Following good results from EdUKaid's pilot project running pre-primary classes in six schools we decided to award a second grant to extend the programme to another nine schools in Mtwara.
- **WASH:** We awarded a further grant to **Irise International**, whose work aligns with our support for projects improving menstrual hygiene for girls and young women. This grant will support the development of a community-led school-based menstrual hygiene intervention in one community in Butayaga, Uganda. The project aims to help 1,000 girls to access products such as reusable menstrual pads as well as influence the community's attitudes and behaviours towards menstruation.
- **SRH/Family Planning:** We supported the **Netball Development Trust** to promote sexual and reproductive health and rights (SRHR) education in 28 schools in Kenya and Uganda. This will reach around 1,400 young people with SRHR education using sports to encourage engagement.
- **Nutrition:** We awarded a second grant to the **Foundation for Mother and Child Health (FMCH)**, a grassroots organisation we had previously supported to help prevent malnutrition in vulnerable communities in central Mumbai through their First 1000 Day Programme. This grant will help expand their programme to benefit 600 new high-risk pregnant women/lactating mothers and 800 children of 0-2 years.

Challenges to our impact

In 2018 there have been a number of factors which have affected the outcomes of our grants, many of which were outside of the control of both the Foundation and our grant recipients:

- **Economic and political turmoil** in many regions of the world has been challenging for many projects; for example, violence in Mozambique and Madagascar caused some of our grant recipients to temporarily remove staff from project areas.
- Several of our projects were affected by damage from **natural disasters** and we saw an increase in reports of unpredictable and extreme weather linked to climate change causing problems for in-country projects, such as in Ethiopia and Madagascar.
- The effects of the **Ebola epidemic** in West Africa continues to severely impair development work in this region, as some grant recipients had to prioritise responding to the crisis over other long-term efforts.
- The **UK's financial instability** as a result of Brexit negotiations meant that exchange rates fluctuated throughout the year, and as a result several of the payments made by us to grant recipients abroad were more variable in size than in previous years once converted to local currencies.
- Changes in the designation of **UK and US Overseas Development Assistance**, and reductions in the Australian and Canadian overseas aid budgets pose a risk to the financial stability of some of our grant recipients, and to the sustainability of the wider development sector.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

On the other hand, economic growth is stable in much of Southern and West Africa, and growing fast in South Asia, creating hope that sustainable development will be reinforced by increased wealth. Governments, civil society and NGOs continue to rally around the Sustainable Development Goals and several countries have set in place strong policies and plans to reach them.

In 2018 we continued to collaborate and built networks within the UK and international grant giving sectors, and we hope that our efforts to provide more holistic and long-term support for our Main Grant recipients will help them build and sustain their impacts into the future. These positive factors, along with the incredible efforts of our World Development Fund partners on the ground, are cause for optimism within this important sector of the Foundation's funding programme.

B. Environment Fund

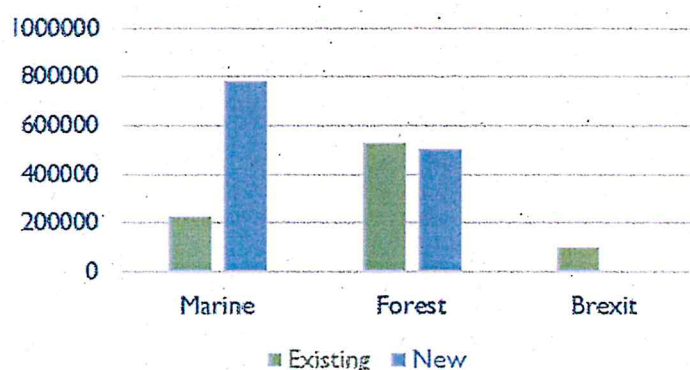
The Fund in numbers

In 2018 our Environment Fund supported **41** projects through grants totalling **£2,199,787**, in support of our objectives. In 2018, the three themes of our Environment Fund were:

Tropical rainforests	Marine fisheries	Brexit
<i>Supporting initiatives working to protect tropical rainforests for their value to the climate, communities and biodiversity, principally through avoided deforestation.</i>	<i>Supporting initiatives working to halt declining fish stocks, particularly those on which communities in developing countries rely.</i>	<i>Ensuring that environmental policy within the UK is as good as, or better, than existing regulations post-Brexit. The fund is focused on legal and policy work, coalition-building and research on Brexit planning.</i>

Throughout 2018, it has remained important to the Foundation that we maintain our broader understanding of the environment sector and develop strong relationships with our NGO partners. This ensures that we receive the most relevant applications, and that we are able to keep abreast of topical issues. To achieve this end, we meet frequently with our partners, well beyond the confines of traditional reporting requirements, in the hope of forging collaborations and avoiding duplication of effort. We build our knowledge by attending relevant fora and reviewing online media and we also maintain connections to other trusts and foundations through our active committee involvement of the **Environmental Funders Network**, and through our Environment Fund Manager's chairship of the marine funders' initiative, **Funding Fish**. These activities have helped us both in reviewing new funding applications, and in evaluating the effectiveness of existing grants.

**Funding (£) to existing vs new partners
in 2018**



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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

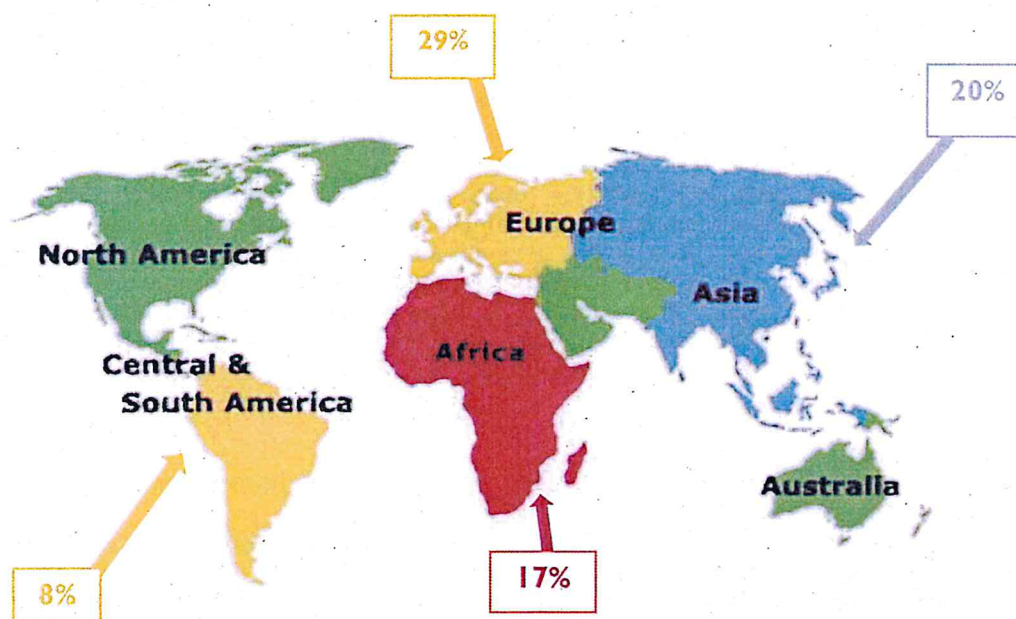
Achievements and performance *(continued)*

Within our Environment Fund we are looking to strike a balance between supporting organisations that have previously been funded by the Foundation (where they have been able to demonstrate their effectiveness through effective monitoring and evaluation) as well as maintaining opportunities to support organisations new to the Foundation by running open calls for applications via the Foundation's website.

In 2018, 41% of our total funding was awarded to existing partners of TWF, with 59% being awarded to organisations that we had not previously supported. This was a departure from previous years, where we would typically award between 60-70% of our overall funding to existing partners. As demonstrated by the chart above, this is primarily due to our efforts to expand our reach within our Marine programme, by proactively seeking out and engaging with new organisations to encourage and support them to develop strong applications. To date this has garnered positive results, and evidences the importance of proactive engagement within this specialist sector.

The Foundation's Environment Fund remained flexible in supporting both one-off grants (typically for a year or less) and multi-annual grants, which usually span a period of around three years. TWF recognises the value of longer-term support for projects and/or organisations in order to provide certainty and security, and to achieve and effectively evaluate longer-term outcomes. We were therefore pleased to see that our funding profile for 2018 exemplifies this commitment, with just under **£1.7 million (c. 77%)** of our £2.2 million total budget being awarded as multi-annual grants of more than one year in 2018.

In 2018, funding from the Environment Fund supported projects across the world. A large portion of our funding (26%) supported global initiatives, predominantly related to marine and forest policy change. The remainder of our funding awarded was divided between Europe, Asia, Africa and the Americas as below:



At the micro level, in 2018 we achieved good levels of forest funding in Asia and for global initiatives, and strong levels of funding for marine projects in Africa and globally. However, we continue to receive relatively few requests for support for forest projects in Africa and for marine projects in Asia, and we

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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

will be working to increase applications from these geographical regions in 2019.

Rainforests

Here are some of the exciting new projects we have supported under our Tropical Rainforests funding programme in 2018:

- We supported the **NGO Forest Coalition**, a coalition of UK organisations working on forests in the context of climate change, biodiversity, development and human rights. The Coalition is working to ensure the UK Government maintains their leadership position on global forest issues, and remains a key global donor for forests over the coming years. This is particularly important in light of the many Brexit-related changes to this sector within the UK, and the upcoming deadlines in future years on international forest commitments.
- We began funding **Harrison Institute** to support indigenous communities in Bougainville, Papua New Guinea to develop a management plan and create livelihood opportunities to protect 75,000 hectares of forest within the Kunua Plains and Mount Balbi Key Biodiversity Area. The Harrison Institute will be monitoring the following to evaluate the project's effectiveness: conservation plan implementation; the amount of rainforest protected; the number of communities involved and the success of livelihood projects and associated income; and changes in how communities use the forest.
- We awarded a grant to the **Global Environmental Forum (GEF)**, an NGO located in Japan, to ensure the effective implementation of a recent policy on illegal timber within the country - one of the last major importing countries to develop such a policy. GEF will initially be focussed on engagement with the industries with high risk of using illegal timber; tracking Japanese government implementation of the Clean Wood Act (CWA); and utilising Tokyo Olympics 2020 as a motivating factor for effective implementation of the CWA.

We were also delighted by the achievements and outcomes of some of our grant partners, who reported back to us on the impact of our funding and their work in 2018:

- The Foundation has been a long-term supporter of **Greenpeace's** campaign to protect forests in Indonesia from conversion to palm oil and paper concessions by encouraging companies to implement zero deforestation policies. The campaign had three strategic initiatives: transforming corporate commitments into political change in Indonesia; High Carbon Stock (HCS) approach toward implementation of forest conservation policies; stopping future emissions by protecting Papua's forests and peatland. Greenpeace achieved the majority of their objectives under this umbrella and, as a result, we awarded them a further grant in support of their rainforest work.
- We awarded **Fern** their first TWF grant in 2016, for a project aiming to minimise the conversion of forests into large scale agricultural plantations in Cameroon by strengthening the capacity of local NGOs and communities living next to oil palm plantations run by particular companies. They also sought to reduce deforestation more widely by creating a strong EU action plan to reduce EU demand led deforestation. Following highly effective evaluation and reporting on their ability to achieve almost all of their planned objects, the Foundation provided further funding for their EU level forest work in 2018.

Marine Fisheries

Below is a snapshot of some of the promising new projects we have supported under our Marine Fisheries funding programme in 2018:

- We supported **Global Fishing Watch (GFW)** with core funding in 2018. GFW is dedicated to advancing the sustainability of the oceans through increased transparency in fisheries. GFW aims to revolutionise the monitoring and visualisation of the global commercial fishing fleet and publish these data and analyses free to the public, to accelerate scientific research and innovation, inform the journalistic narrative, promote effective fisheries policy, and improve market incentives and seafood traceability. GFW's ultimate aim is to highlight and therefore reduce the instances of IUU fishing globally.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

- **Stop Illegal Fishing** were awarded a grant to support their **FISH-i Africa** initiative to scale up and improve information exchange within their Task Force and to support the development of this network to allow stronger communication and information exchange with relevant port and flag States in China and Taiwan. The project will support information exchange within the FISH-i Africa Task Force by providing support to FISH-i Africa Task Force meetings and by building links and information exchange with key flag states operational within the Western Indian Ocean.

A number of marine partners also reported back to us in 2018, on the impact of our funding and their work; we'd like to highlight in particular the achievements of the following:

1. **Environmental Justice Foundation's (EJF) Save the Sea** campaign aimed to combat IUU 'pirate' fishing by investigating and exposing illegal fishing fleets and to secure local and international action to curb their environmental and social impacts. The work focused on key States in Africa, on South Korea and in the EU. EJF's Oceans campaign aimed to focus on six areas:
 1. Effective implementation of the EU IUU Regulation;
 2. Improved information gathering, exchange and cooperation between coastal, flag and port states, involving civil society and the private sector;
 3. A Global Record with mandatory use of Unique Vessel Identifiers (UVIs) and Vessel Monitoring Systems (VMS);
 4. Measurable improvements to flag state controls, particularly in South Korea;
 5. Demonstrable improvements to transparency and good governance within coastal States;
 6. Action by the seafood industry to improve supply chain traceability and due diligence.

In 2018 EJF reported that they have made good progress across all six of their main campaign aims and have achieved nearly all of their expected outcomes.

2. The Foundation had been funding **Wetlands International** to coordinate and manage the Mangrove Capital initiative to aggregate scientific knowledge on mangrove services and translate this information into practical policy tools. The initiative involved three big projects:
 1. Building with Nature: rehabilitating a severely eroding 20 km stretch of coastline in northern Java, and promoting replication elsewhere in Indonesia;
 2. Global Mangrove Watch: using satellite imagery to monitor near-real time changes in mangrove cover.
 3. Mangrove Aquaculture Landscapes: supporting large scale transformation of degraded aquaculture systems into productive mangrove-aquaculture systems

In 2018, Wetlands International reported that they had either met or exceeded nearly all of these ambitious targets.

Brexit

In 2018 we continued to make a restricted number of awards to selected partners who are engaged in policy development, legislative work, coalition-building or research relating to Brexit and the environment. For example, we continued to support **Green Alliance** as coordinator of the **Greener UK (GUK) Fisheries and Marine Group**. GUK's fisheries campaign work is advocating for the UK to introduce new domestic laws that would make the UK a world leader in innovative and sustainable fisheries management and that ensure a healthy, biologically diverse marine environment. Green Alliance aims to:

1. Coordinate environmental NGOs and civil society in order to increase their influence in decision-making on environmental protections, in response to the UK's vote to leave the European Union.
2. Secure political commitment and action to maintain/increase the UK's current levels of environmental protection.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

We were also delighted to receive reporting from the **New Economics Foundation (NEF)** in 2018. With the Foundation's support, NEF have been engaging with policy ideas and developments for low-impact fishers, working directly with them to enable their voices to be heard. This has been particularly important given that previously, two big fishing groups in the UK had received all of the access to government to influence policy, as well as being given the majority of the air time in the media. NEFs work focused on undertaking workshops; collating and documenting stakeholders' opinions and ideas; meeting with political parties; and creating parliamentary briefings. Based on them having achieved their stated objectives, the Foundation has once again funded NEF to continue this work in 2018, and ensure that post-Brexit fisheries policy works for low-impact fishers.

Challenges to our impact

2018 was a turbulent year for the environment sector. Within the UK, environmental policies were being reviewed with a real threat of amendment and weakening post-Brexit. Globally, we saw the country with the largest extent of intact rainforest, Brazil, elect a new president whose manifesto is anti-conservation and anti-indigenous people's rights. Meanwhile, the US continued to act dangerously with regard to climate change, with its pro-coal agenda. All of this occurred within the context of a report released in 2018 by the Intergovernmental Panel on Climate Change (IPCC) on the negative impacts of global warming of 1.5 degrees Celsius. This report suggested that in reality, we are currently heading instead towards an increase of 3 degrees Celsius.

However, there is cause for cautious optimism. Where governments are failing to act, industry is looking at environmental improvements through voluntary agreements on fisheries and forest issues. There are a number of deadlines looming in 2020 in relation to these environmental fisheries and forestry agreements, and the Foundation will continue to support the hard work of the NGO sector to ensure that these 2020 deadlines are met.

Our marine funding will likely be very competitive in 2019 as a result of our proactive work in seeking new and exciting partners in this field. Domestically, we will continue to offer support to organisations who are speaking up for the environment within the context of Brexit beyond 2018, and further afield we will work harder to ensure that forest projects within the Congo Basin - where we have previously struggled to engage - receive adequate funding.

C. Child Development Fund

The Fund in numbers

Under our Child Development Fund in 2018, we awarded **30 new grants**, totalling **£1,249,663** of funding. We maintained our active interest in the psychological and behavioural development of our children, particularly focusing on a number of key neurodevelopmental conditions and the factors that influence them, namely:

1. ADHD
2. Rolandic Epilepsy
3. Developmental Coordination Disorder
4. Sleep and Exercise
5. Diet and the Microbiome
6. Developmental Trauma

New for 2018 was the introduction of grant support for research into **Polycystic Ovary Syndrome (PCOS)**. As well as being of biographical interest to a number of Trustees and staff at the Foundation, PCOS is a comparatively underfunded and under-researched area, despite its prevalence and the long-term impacts of this disorder sometimes being profound and even debilitating for girls and women. Throughout the year, we were pleased to develop some new, key relationships and partnerships in this important research area.

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Trustees' Annual Report *(continued)*

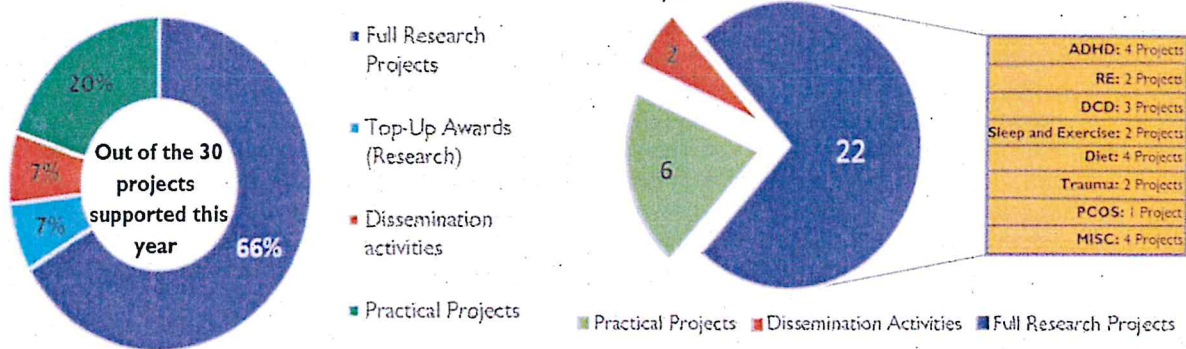
Year ended 31 December 2018

Achievements and performance *(continued)*

As in previous years, while the majority (73%) of our Child Development funding was directed towards discrete research projects in our key areas of interest, we also provided more modest support to the following activities:

- Dissemination Activities: including support for conferences and the publication of written materials;
- Practical Projects: including occasional interventional work to help families and children living with neurodevelopmental disorders.

Proportion of funding awarded in 2018 by activity



Over two thirds (83%) of the grants awarded in 2018 were awarded to organisations which we had previously funded in the past; this is unsurprising given that there are a limited number of institutions which specialise in any one of our research areas. Decisions to repeat-fund continued to be based on reviews of detailed and well-structured reporting, and where possible in-person meetings and phone calls, through which we aimed to develop an understanding of the effectiveness of the institution's research project and their ability to achieve the expected outcomes. Where the grant was research-based, repeat-funding decisions were also based on the research team's ability to disseminate that information to the wider public, and particularly to children families and carers living with these disorders; in 2018, this remained a research and dissemination outcome which the Foundation particularly valued.

Funding decisions for all of TWF's research calls were also made following our usual rigorous peer review and assessment process. Again, we thank all of the many researchers, clinicians and practitioners who make up our anonymous peer reviewers, and who have generously given their time to ensure the quality of our research funding.

We are delighted to be able to detail some examples of our new grant-making activity in 2018, across the fields of research, dissemination and practical interventions:

Research activity

- We funded a proposal to examine the effectiveness of a **high-intensity interval training programme in women with PCOS** compared to moderate-intensity training and no exercise.
- We also awarded funding to a project which aims to provide a detailed analysis of **sleep in children with Rolandic Epilepsy**, with a goal of improving children's sleep habits and examining how this affects behaviour and self-perceived quality of life.
- We supported a project aiming to examine **emotional processing in refugee children** from Syria living in Jordan and compare this to a control group of children living in Jordan who have not experienced trauma. The research team also plans to investigate a potential intervention which could help children within these contexts to improve their emotional processing skills.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

- We awarded funding to a study exploring whether **training 'eye gaze' can help improve walking in children who regularly experience stumbles or trips**, to be measured by assessing participants' trips and falls and their accuracy in reaching a target location and navigating around obstacles.
- We approved a research proposal to analyse already-collected saliva samples from a longitudinal cohort of children with ADHD and controls to explore whether **epigenetic changes** (molecular 'switches' that turn a gene on or off) **can predict ADHD outcomes**. 170 samples collected at age 10 will be analysed to examine whether DNA methylation (an epigenetic switch) levels differentiate children with ADHD who have poorer versus better outcomes at age 13. The study will also examine whether these levels are associated with specific and potentially modifiable environmental factors such as medication and sleep behaviour.
- We approved a grant for a study which will recruit 50 pregnant mothers as part of an already established larger study and analyse their **vitamin D levels** during the third trimester of pregnancy and examine associations with brain development of the child at four weeks old (measured using fMRI) and to neurodevelopmental outcomes at 4-6 months.
- We began funding a project which aims to gain a better understanding of the potential **benefits of a later school start time on learning and memory** in adolescents. Using objective sleep measures the team will assess learning and memory in adolescents after a natural sleep cycle (i.e. during holiday time) and a forced early sleep cycle (i.e. normal school day). Evidence of a positive effect of a natural sleep cycle may help encourage schools to adjust start times for adolescents.

Dissemination activity

- We funded a project to be carried out at the **Science Museum, London** to collect data that will help to bridge the gap in understanding the relationships between behaviour and the brain. The project has the primary aim of engaging with the public to disseminate new research approaches and theory about the neurological basis for our behaviour, by offering the Science Museum's 3.4 million annual visitors the opportunity to engage with research teams and "experience science for themselves".

Practical activity

- In 2018, we were delighted to award **CHEM Trust** a new grant to support their core activities over a three-year period, from 2018-2022. During this period, CHEM Trust hope to: 1. further the impact and reach of their No Brainer report, which examines the impact of chemicals on children's brains; 2. strengthen EU-level REACH legislation for the greater protection of people and wildlife; and 3. ensure greater protection from chemicals used in food packaging, whilst also lobbying for the UK to remain aligned to the EU REACH chemical standards.

Measuring impact

In 2018, we continued to receive and review comprehensive reports from our grant recipients on an annual basis, and use this information to ensure projects are on-track and are performing effectively. This regular reporting also helps us keep up to date with any developments in a specific field which might affect future funding decisions or our assessment of current applications; in particular, information on difficulties in recruiting specific groups of participants, or the use of certain tasks or methodologies continues to be very useful to us.

In addition to ongoing monitoring, grantees also report to us on their key research outcomes at the end of their awards. For our research projects, we understand that projected outcomes may not always be realised immediately following the end of active funding. To this end we therefore typically evaluate the main outcomes of research awards one year after project completion. For our research projects, we are most interested in final data analyses and results, where these have been presented and published, and how this research area will move forward in light of the results.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

Challenges to our impact

In keeping with the Foundation's other funding programmes, our ability to accurately predict the future of the neurodevelopmental research sector in the UK is hampered by uncertainty over the UK's potential exit from the EU. Traditionally, the majority of our research funding has supported UK-based universities and research institutions, who are now facing the potential negative impacts of a lack of or reduction in crucial EU research funding, and of a potential brain-drain from the UK should the principle of freedom of movement not be upheld post-Brexit. We will continue to support our many excellent academic research partners, and will aim to respond flexibly to the challenges that this may bring about.

These challenges aside, we were delighted that the past year saw an increased number of excellent quality applications to our individual research calls. It has taken time for the Foundation to become known as a funder in these specific research areas, but we are now seeing high numbers of applications to almost all of our research calls, many of which come from outside of the UK (for example, in 2018 we awarded research grants to institutions based in Australia, Finland and Canada).

We will maintain our commitment to fund good quality, scientifically robust and potentially transformative research in critically underfunded areas beyond 2018.

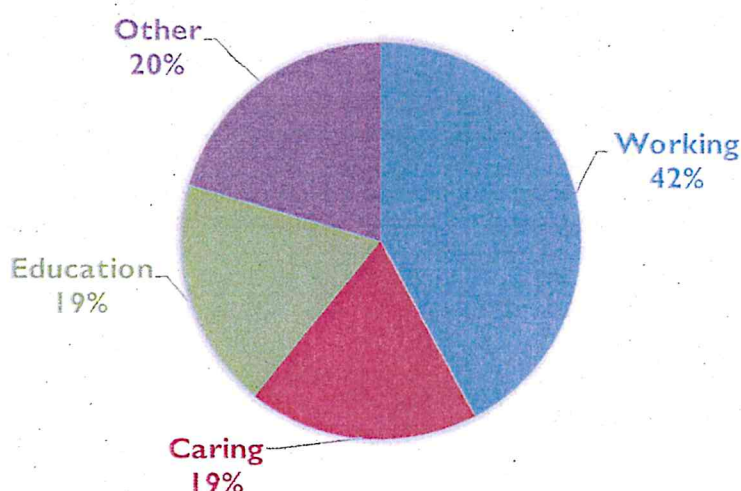
D. Wales Fund

The Fund in numbers

During 2018, **56 grants** were awarded through our Wales Fund, totalling **£1,050,000** of funding. We awarded a number of larger grants which were well-aligned to our current priorities through our three main funding programmes: Working Wales (8 grants), Caring Wales (8 grants) and Educating Wales (12 grants). In addition, the Foundation continued our mission to be a good neighbour by also granting a high number of more modest 'Other' awards (28) to organisations whose work in Wales met the wider interests of the Foundation; for example, local community groups or small-scale charitable initiatives on our doorstep.

The chart below demonstrates the proportion of our overall Wales Fund budget which was awarded within each of these thematic areas in 2018. Of particular note is the fact that during the year, we awarded **The Prince's Trust** an atypically large, three-year grant under our Working Wales theme, to support their work helping young people in Wales to move closer to employment or self-employment. This accounts for the high proportion of our funds being directed via the Working Wales programme for 2018. Our remaining funds are generally allocated equally amongst the other funding programmes.

Proportion of funding in 2018 by theme



The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Achievements and performance *(continued)*

We are delighted to share a snapshot of our new grant funding in 2018 across each of our thematic areas below:

Working Wales

In 2018, we continued to focus on supporting a small number of targeted initiatives that encourage people to set up business or, in some cases, help them to gain permanent paid employment:

- A three-year grant was awarded to **Purple Shoots** to assist with their business lending programme. Purple Shoots is a not-for-profit microfinance organisation set up to tackle unemployment and economic problems in South Wales.
- A three-year award was given to the **Prince's Trust Cymru** to help them deliver programmes to young people in Wales that provide them with the tools they need to succeed in life. In particular, we support their Enterprise programme in Wales which helps young people to set up their own business.

Caring Wales

In the past year, we continued to focus on organisations providing carer-centred, holistic support for those with demanding unpaid caring roles, especially young carers:

- We supported the **ROOTS** project at Bridgend Carers Centre for young adult carers aged 14-25. The project aims to help young carers stay engaged in, or re-enter, education or employment. Providing one-to-one and group support, the centre also works alongside staff in education and employment settings to ensure they are able to identify and support young adult carers at an early stage.
- **Swansea Carers Centre** is a specialist voluntary organisation providing support to carers and former carers across Swansea. They were awarded a grant to help young adult carers in achieving their personal and professional ambitions.

Educating Wales

In 2018, we continued to support projects which help to reduce the impact of poverty on young people's attainment. Aligned to this, and recognising the importance of STEM skills to the future prosperity of Wales, we have also supported projects which aim to inspire young people to pursue further qualifications or careers in STEM:

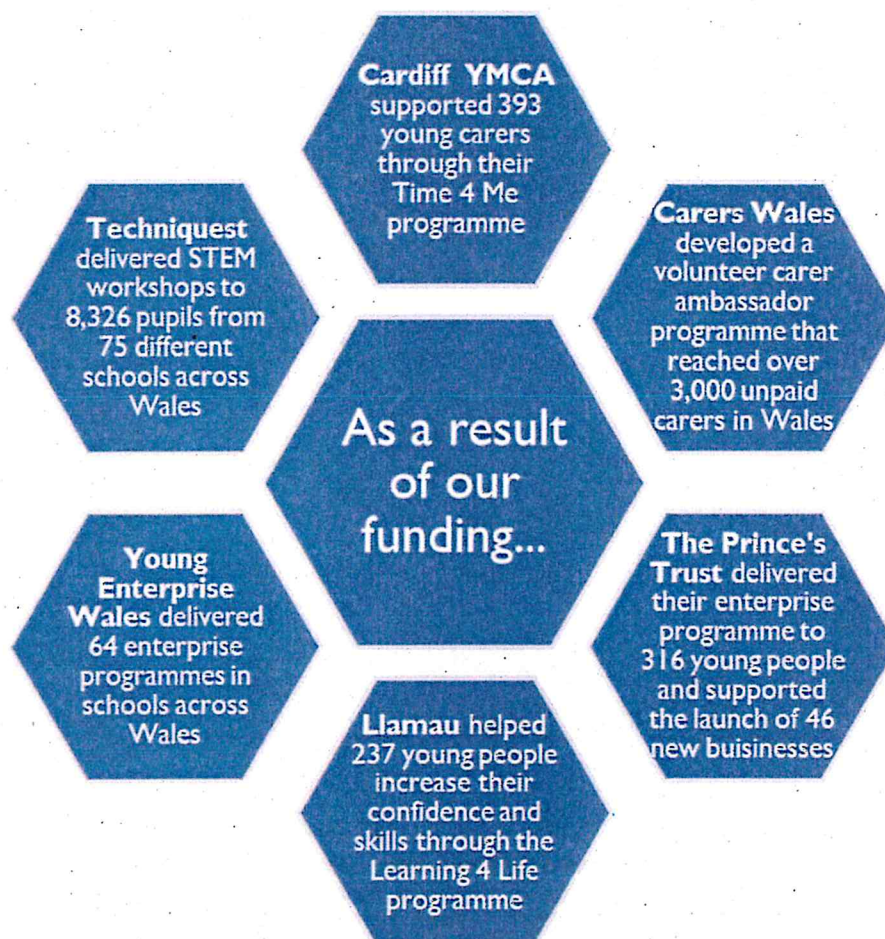
- **Ace Cardiff** is a small charity local to the Foundation that supports children and young people who live in some of the most disadvantaged environments within Cardiff. They offer education support to children and young people in a manner which builds their confidence and creates an enjoyment of learning. In 2018, we decided to support Ace's Learning Club for a third year, an initiative which helps to increase the likelihood of higher educational attainment and better life opportunities.
- **The Brilliant Club** aims to increase the number of pupils from under-represented backgrounds progressing to highly-selective universities. In 2018, we awarded them a grant to expand their Scholars Programme into schools in North Wales. The Scholars Programme recruits, trains and places doctoral and postdoctoral researchers in schools to deliver programmes of university style tutorials supplemented by two university trips.

Measuring impact

We continue to work closely with grant recipients and are very conscious that we do not detract from their important service delivery by burdening them with arduous reporting requirements. However, we do continue to operate a carefully managed evaluation process by maintaining a balance between 'passion and proof'; statistics combined with anecdotal evidence in order to measure the impact of our grant giving. Below is but a brief snapshot of some of the incredible outcomes of our grants which were reported to us by our partners during 2018:

The Waterloo Foundation
Trustees' Annual Report *(continued)*
Year ended 31 December 2018

Achievements and performance *(continued)*



Challenges to our impact

Brexit is undoubtedly having a destabilising effect and is creating uncertainty within the third sector here in Wales. As so much remains unclear, charities in Wales are cautious of the forthcoming economic impact and there is widespread expectation that our partners and NGOs in general may have to continue to 'do more with less'. This has been vocalised to us through many meetings with charitable organisations and is also evident in the increase in applications the Foundation received to the Wales Fund in 2018; a trend which is expected to continue into 2019.

In 2019, we will continue to remain flexible and communicative with our grantees to ensure our own monitoring requirements do not place undue burden upon them during this period of financial uncertainty, while continuing to closely monitor our grant-making to ensure maximum value for money and impact.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2018

FINANCIAL REVIEW

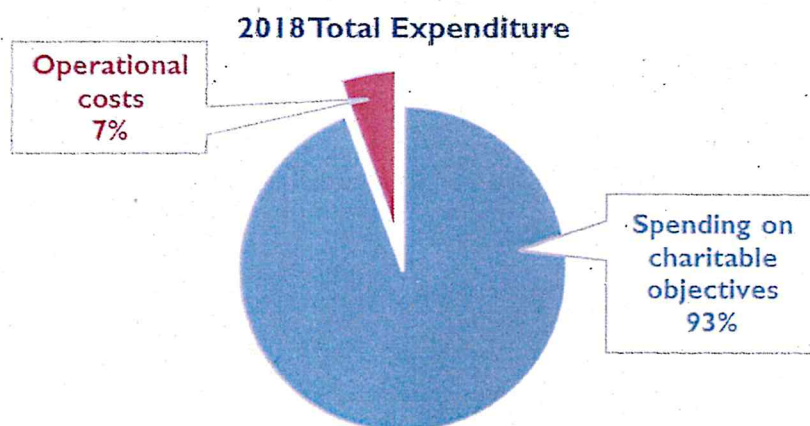
Review of the financial position at the end of the accounting period

Total income during the year was £9,314,192 (2017: £8,537,379), this includes donations from David and Heather Stevens of £4,272,200 (2017: £3,849,900).

Total expenditure amounted to £9,290,775 (2017: £10,179,748), grant funding activities of £8,628,346 (2017: £9,594,396) are included within this figure.

Overall a surplus of £3,502,314 (2017: £10,622,727) was made during the year after net gains on the investments, detailed breakdown of the income and expenditure forms part of the notes to the accounts

Financial Position



In 2018, we continued to aim for total support costs of no more than 7% of our overall annual expenditure. In total, the Foundation spent £9,290,775 of which £662,429 (7%) was expended on operational costs.

The Waterloo Foundation does not actively fundraise. Our investment income is derived from share dividends, interest earned on bonds and other securities and bank interest. The Foundation's biggest asset continues to be a significant shareholding in Admiral Group plc, a UK-listed company. In addition, the Foundation has a diversified money-market and bond portfolio managed by our investment managers, Whitley Asset Management.

Summary of Reserves

At the year end unrestricted reserves were £158,803,725 (2017: £155,301,411).

Investment Policy

New investment opportunities continue to be aligned with our ethical investment policy. As well as seeking to further our charitable aims and social impact through our investment portfolio, this policy limits our exposure to investments in direct equity or fixed income vehicles in companies whose primary activity is the exploration for and/or the extraction of fossil fuels, tobacco, adult entertainment, armaments, gambling, non-sustainable palm oil and soya and beef from deforested land.

Whitley Asset Management continue to safeguard this stance through investment screening which utilises ESG research from a variety of sources including: MSCI, Sustainalytics and CDP (Carbon Disclosure Project) report scores, as well as considering the impact of investee companies' actions on tropical rainforests. In employing these measures, we aim to achieve a sub 10% exposure to the fossil fuel branch of the energy sector at all times. In 2018, Whitley Asset Management continued to provide bi-monthly reports to the Foundation's Trustees, and met with the Foundation on two occasions to discuss the portfolio as a whole.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2018

Triodos Bank continues to meet our main banking requirements, and the Foundation also uses a CAF Bank account to handle small general purchases.

Reserves Policy

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

Plans for future periods

As part of our charity governance review, Trustees considered the continued appropriateness of the Foundation's current legal status. We decided that in 2019, we will formally review our legal status to determine whether incorporation may strengthen our existing structure and futureproof our ability to continue to meet our charitable objectives.

The ongoing funding strategy of the Foundation continues to be shaped by evaluation of and learning from our past grants on an individual level, and broader reviews of the impact of our funding as a whole. Our strategy for 2019 and beyond has been created by our Trustees, with input from individual Fund Managers, who once again each presented a review of the impact of their 2018 funding and recommendations for future funding strategy at our November Trustee Meeting.

The historic aims of our **World Development Fund** will remain going forward, with continued support to improve access to quality education, integrated WASH services, family planning interventions and adequate nutrition. Given the size of this fund's budget, and the significant number of grantees supported by it, we will continue to employ two Fund Managers to manage this programme. We also agreed to maintain our support for SRH and nutrition work through open applications to the fund, and will continue to work with selected partners within the fields of education and WASH, rather than accepting unsolicited applications in these areas. Finally, we will continue to accept unsolicited applications for under £10,000 to our Small Grants funding programme.

The **Environment Fund** will continue to support marine fisheries and the protection of tropical rainforest. We have also decided to continue our funding to support work relating to Brexit beyond 2018, and will be ring-fencing a proportion of our 2019 Environment Fund to meet this aim.

Under our **Wales Fund** we will continue our work supporting education in Wales, with an ongoing strand of funding that supports organisations which reduce the impact of poverty on young people's educational attainment. In addition to this, the Foundation will continue to support programmes that aim to inspire young people from diverse backgrounds to pursue further qualifications or careers in STEM subjects in order to address the current downward trend in Wales. We intend to continue our work supporting carers and helping people into work.

Finally, under our **Child Development Fund**, we will issue research calls across five priority topics in 2019: ADHD; Rolandic Epilepsy; Sleep and/or Exercise; Diet and the Microbiome and DCD. While we have opted not to run a call for applications related to Developmental Trauma in 2019, we will continue to support selected partners with new grants in the field of PCOS research.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees are pleased to present the twelfth report together with the financial statements of the Foundation for the period ended 31st December 2018.

The financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the applicable accounting standards in the United Kingdom and the requirements of the Statement of Recommended Practice ('SORP FRS102 2015') Accounting and Reporting by Charities.

Governing Document

The Waterloo Foundation is a registered charity governed by a trust deed dated 15th December 2006. Trustees have reviewed the Governance Code in readiness for 2019 and will continue to do so annually at our November Trustee Meetings.

Recruitment and Appointment

The Waterloo Foundation is managed by its Board of Trustees, which meets six times a year. New Trustees are appointed in accordance with the Foundation's trust deed.

Induction and Training

All Trustees are provided with comprehensive information relating to their duties and responsibilities under charity and company 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, comprising:

- a Head of Operations (and Company Secretary to the Board);
- a Finance Manager;
- an Office Manager;
- an Executive Assistant to the Chair;
- 6 Fund Managers split across our funding areas (World Development, Environment, Child Development, Wales and our non-programmatic funding);
- a Grants and Research Assistant (supporting the Environment Fund).

All staff report to the Head of Operations, with the exception of the Head of Operations herself, who reports directly to the Chair of Trustees.

At our bi-monthly Trustee Meetings, each Fund Manager proposes a series of researched projects to the Board of Trustees who either, accept, reject or defer them. These decisions are minuted by the Company Secretary to the Board, and then actioned by the office team.

An independent HR consultant has been employed on a part time basis to ensure all staff have up to date contracts of employment and a Waterloo Foundation Employee Handbook which is regularly updated. These changes will be incorporated in 2019 by the Head of Operations and HR consultant. Our HR consultant will also continue to recommend and arrange training opportunities, and offer general HR support for staff beyond 2018.

The Employee Handbook is updated regularly as statutory requirements change. In 2018, we reviewed our Data Protection Policy, our Safeguarding Policy and the Travel and Expenses and Staff Benefits sections of our Employee Handbook. Annual appraisals of employees are scheduled and carried out by the Head of Operations and a designated Trustee; as well as highlighting key achievements and areas for staff development, these appraisals form the basis of annual reviews of remuneration levels for all staff.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2018

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, previously appointed as Chief Operating Officer of Admiral was appointed Chief Executive Officer of Admiral in 2016. Both David and his wife Heather Stevens are current shareholders.

The same Trustees have since made the following further contributions to the Foundation:

2013 £6,499,800

2014 £3,002,500

2015 £2,984,480

2016 £4,030,300

2017 £3,849,900

2018 £4,272,200

Details of all transactions between related parties for this period can be found in note 26 of the Financial Statements.

Risk Management

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

All grant-making undertaken by the Foundation is subject to due diligence processes carried out by our Fund Managers and staff. We routinely seek references and supporting information in respect of applications from organisations not previously known to the Foundation, and in particular for any grants which would be made outside of the UK banking sector. The staff and Trustees of the Foundation are aware of the risks associated with corruption, and as such financial and other forms of due diligence are a key part of our grant-making process.

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

The Finance Manager and Head of Operations review the Foundation's financial management on a monthly basis, and this is further reviewed by Trustees at every Trustee Meeting, where a finance report is produced and monthly bank reconciliations are signed off by a Trustee. Investment reports are reviewed on a regular basis and our Investment Advisors report to the Foundation on a bi-monthly basis, and attend a Trustee Meeting once a year.

Trustees' responsibilities statement

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).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each 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.

The Waterloo Foundation
Trustees' Annual Report *(continued)*
Year ended 31 December 2018

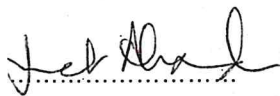
In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- 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 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 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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 charity's Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The trustees' annual report was approved on 10/7/2019 and signed on behalf of the board of trustees by:



Trustee

JANET ALEXANDER

Name

The Waterloo Foundation

Independent Auditor's Report to the Members of The Waterloo Foundation

Year ended 31 December 2018

Opinion

We have audited the financial statements of The Waterloo Foundation (the 'charity') for the year ended 31 December 2018 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 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;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Waterloo Foundation

Independent Auditor's Report to the Members of The Waterloo Foundation (continued)

Year ended 31 December 2018

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The Waterloo Foundation

Independent Auditor's Report to the Members of The Waterloo Foundation

(continued)

Year ended 31 December 2018

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

Carston

Carston
Chartered accountant & statutory auditor
1st Floor, Tudor House
16 Cathedral Road
Cardiff
CF11 9LJ

Dated: *18 July 2019*

Carston 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 2018

		2018		2017
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	4	4,272,200	4,272,200	3,849,900
Investment income	5	5,041,992	5,041,992	4,687,479
Total income		<u>9,314,192</u>	<u>9,314,192</u>	<u>8,537,379</u>
Expenditure				
Expenditure on raising funds:				
Investment management costs	6	(166,715)	(166,715)	(154,573)
Expenditure on charitable activities	7,8	(9,123,639)	(9,123,639)	(10,025,175)
Other expenditure	11	(421)	(421)	—
Total expenditure		<u>(9,290,775)</u>	<u>(9,290,775)</u>	<u>(10,179,748)</u>
 Net gains on investments	 12	 3,478,897	 3,478,897	 12,265,096
 Net income and net movement in funds		 <u>3,502,314</u>	 <u>3,502,314</u>	 <u>10,622,727</u>
 Reconciliation of funds				
Total funds brought forward		155,301,411	155,301,411	144,678,684
Total funds carried forward		<u>158,803,725</u>	<u>158,803,725</u>	<u>155,301,411</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 29 to 38 form part of these financial statements.

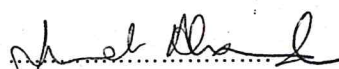
The Waterloo Foundation


Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible fixed assets	17	20,744	25,277
Investments	18	159,320,032	154,387,475
		<u>159,340,776</u>	<u>154,412,752</u>
Current assets			
Debtors	19	24,373	28,800
Cash at bank and in hand		928,564	2,395,351
		<u>952,937</u>	<u>2,424,151</u>
Creditors: amounts falling due within one year	20	<u>1,489,988</u>	<u>1,535,492</u>
Net current liabilities		<u>(537,051)</u>	<u>888,659</u>
Total assets less current liabilities		<u>158,803,725</u>	<u>155,301,411</u>
Net assets		<u>158,803,725</u>	<u>155,301,411</u>
Funds of the charity			
Unrestricted funds		158,803,725	155,301,411
Total charity funds	22	<u>158,803,725</u>	<u>155,301,411</u>

These financial statements were approved by the board of trustees and authorised for issue on 10/7/19, and are signed on behalf of the board by:


Trustee


Trustee

JANET ALEXANDER
Name

CAROLINE OAKES
Name

The notes on pages 29 to 38 form part of these financial statements.

The Waterloo Foundation
Statement of Cash Flows
Year ended 31 December 2018

	2018 £	2017 £
Cash flows from operating activities		
Net income	3,502,314	10,622,727
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	7,022	9,496
Net gains on investments	(3,478,897)	(12,265,096)
Dividends, interest and rents from investments	(5,050,450)	(4,707,454)
Other interest receivable and similar income	8,458	19,975
Loss on disposal of tangible fixed assets	421	—
Accrued (income)/expenses	(32,447)	13,590
<i>Changes in:</i>		
Trade and other debtors	(4,879)	600
Trade and other creditors	(3,751)	1,024,577
Cash generated from operations	(5,052,209)	(5,281,585)
Interest received	(8,458)	(19,975)
Net cash used in operating activities	(5,060,667)	(5,301,560)
Cash flows from investing activities		
Dividends, interest and rents from investments	5,050,450	4,707,454
Purchase of tangible assets	(3,331)	—
Proceeds from sale of tangible assets	421	—
Purchases of other investments	(53,484,905)	(48,723,212)
Proceeds from sale of other investments	52,031,245	51,200,459
Net cash from investing activities	3,593,880	7,184,701
Net (decrease)/increase in cash and cash equivalents	(1,466,787)	1,883,141
Cash and cash equivalents at beginning of year	2,395,351	512,210
Cash and cash equivalents at end of year	928,564	2,395,351

The notes on pages 29 to 38 form part of these financial statements.

The Waterloo Foundation
Notes to the Financial Statements
Year ended 31 December 2018

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is 46-48 Cardiff Road, Llandaff, Cardiff, CF5 2DT.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- Dividends, including the associated tax credits, are credited to the income and expenditure account when they are received.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities. All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

Fixtures & Fittings	- 33% reducing balance
Equipment	- 33% reducing balance

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Grant policy

Grants given are recognised in the year in which they are offered and accepted without conditions attached. Grants offered for a period of more than one year are recognised as creditors if there are no conditions to be met to receive further funding. Where a condition is included in the offer before future instalments are paid the future instalment grant is recognised as commitments.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Where investments in shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Donations				
Donations	4,272,200	4,272,200	3,849,900	3,849,900

5. Investment income

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Income from listed investments	5,050,450	5,050,450	4,707,454	4,707,454
Bank interest receivable	760	760	751	751
Other interest receivable	(9,218)	(9,218)	(20,726)	(20,726)
	<u>5,041,992</u>	<u>5,041,992</u>	<u>4,687,479</u>	<u>4,687,479</u>

6. Investment management costs

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Portfolio management	166,715	166,715	154,573	154,573

7. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Grants & project funding	8,955,208	8,955,208	9,866,072	9,866,072
Support costs	168,431	168,431	159,103	159,103
	<u>9,123,639</u>	<u>9,123,639</u>	<u>10,025,175</u>	<u>10,025,175</u>

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2018 £	Total fund 2017 £
Grants & project funding	326,862	8,628,346	152,069	9,107,277	10,010,167
Governance costs	—	—	16,362	16,362	15,008
	<u>326,862</u>	<u>8,628,346</u>	<u>168,431</u>	<u>9,123,639</u>	<u>10,025,175</u>

The Waterloo Foundation

Notes to the Financial Statements (continued)

Year ended 31 December 2018

9. Analysis of support costs

	Analysis of support costs Grants & project funding £	Total 2018 £	Total 2017 £
Staff costs	85,514	85,514	78,194
Premises	41,885	41,885	41,165
Communications and IT	299	299	131
General office	17,324	17,324	14,933
Finance costs	25	25	175
Governance costs	16,362	16,362	15,009
Support costs - Other	7,022	7,022	9,496
	<u>168,431</u>	<u>168,431</u>	<u>159,103</u>

10. Analysis of grants

	2018 £	2017 £
Grants to institutions		
Grants to institutions	8,628,346	9,594,396
Total grants	<u>8,628,346</u>	<u>9,594,396</u>

11. Other expenditure

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Loss on disposal of tangible fixed assets held for charity's own use	<u>421</u>	<u>421</u>	<u>—</u>	<u>—</u>

12. Net gains on investments

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Gains / (losses) on sale of investment assets	<u>3,478,897</u>	<u>3,478,897</u>	<u>12,265,096</u>	<u>12,265,096</u>

13. Net income

Net income is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	7,022	9,496
Loss on disposal of tangible fixed assets	<u>421</u>	<u>—</u>

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

14. Auditors remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>6,000</u>	<u>6,000</u>
Fees payable to the charity's auditor and its associates for other services: Audit-related assurance services	<u>3,600</u>	<u>3,600</u>

15. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2018	2017
	£	£
Wages and salaries	313,368	271,896
Social security costs	30,397	26,886
Employer contributions to pension plans	18,011	15,705
	<u>361,776</u>	<u>314,487</u>

The average head count of employees during the year was 11 (2017: 10). The average number of full-time equivalent employees during the year is analysed as follows:

	2018	2017
	No.	No.
Number of administrative staff	3	3
Number of support staff	7	7
	<u>10</u>	<u>10</u>

No employee received employee benefits of more than £60,000 during the year (2017: Nil).

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £59,551 (2017: £53,795).

16. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

All trustees are entitled to claim reimbursement of the cost of attending meetings, one trustee was reimbursed £118 (2017: £nil) for travelling costs to attend meetings.

The Waterloo Foundation

Notes to the Financial Statements (continued)

Year ended 31 December 2018

17. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2018	43,625	109,460	153,085
Additions	–	2,910	2,910
Disposals	(3,448)	(89)	(3,537)
At 31 December 2018	<u>40,177</u>	<u>112,281</u>	<u>152,458</u>
Depreciation			
At 1 January 2018	31,447	96,361	127,808
Charge for the year	2,363	4,659	7,022
Disposals	(3,084)	(32)	(3,116)
At 31 December 2018	<u>30,726</u>	<u>100,988</u>	<u>131,714</u>
Carrying amount			
At 31 December 2018	<u>9,451</u>	<u>11,293</u>	<u>20,744</u>
At 31 December 2017	<u>12,178</u>	<u>13,099</u>	<u>25,277</u>

18. Investments

	Cash or cash equivalents £	Listed investments £	Other investments £	Total £
Cost or valuation				
At 1 January 2018	4,507,986	148,707,553	1,171,936	154,387,475
Additions	34,051,637	20,201,881	(768,613)	53,484,905
Disposals	(24,604,600)	(28,752,609)	659,862	(52,697,347)
Fair value movements	–	4,055,038	89,961	4,144,999
At 31 December 2018	<u>13,955,023</u>	<u>144,211,863</u>	<u>1,153,146</u>	<u>159,320,032</u>
Impairment				
At 1 January 2018 and 31 December 2018			–	–
Carrying amount				
At 31 December 2018	<u>13,955,023</u>	<u>144,211,863</u>	<u>1,153,146</u>	<u>159,320,032</u>
At 31 December 2017	<u>4,507,986</u>	<u>148,707,553</u>	<u>1,171,936</u>	<u>154,387,475</u>

All investments shown above are held at valuation.

Listed investments

The aggregate market value of listed investments is £144,211,863 (2017: £148,707,553) and the stock exchange value is £144,211,863 (2017: £148,707,553).

The Waterloo Foundation
Notes to the Financial Statements *(continued)*
Year ended 31 December 2018

18. Investments *(continued)*

Financial assets held at fair value

Investments are stated at fair value at the balance sheet date, listed investments are stated at the stock exchange values at the year end. Other investments are valued based on investment performance.

The historical cost of investments at the year end date is £100,658,911 (2017: £105,659,326)

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 200p ordinary shares	3,656,400	£74,809,944

There is no restriction on the realisation of this investment.

19. Debtors

	2018 £	2017 £
Prepayments and accrued income	15,894	25,200
Other debtors	8,479	3,600
	<u>24,373</u>	<u>28,800</u>

20. Creditors: amounts falling due within one year

	2018 £	2017 £
Accruals and deferred income	11,055	52,808
Trade creditors	1,930	4,930
Other creditors	1,477,003	1,477,754
	<u>1,489,988</u>	<u>1,535,492</u>

21. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £18,011 (2017: £15,705).

The Waterloo Foundation

Notes to the Financial Statements (continued)

Year ended 31 December 2018

22. Analysis of charitable funds

Unrestricted funds

	At 1 January 20 18	Income £	Expenditure £	Gains and losses £	At 31 December 2018 £
General funds	<u>155,301,411</u>	<u>9,314,192</u>	<u>(9,290,775)</u>	<u>3,478,897</u>	<u>158,803,725</u>

	At 1 January 20 17	Income £	Expenditure £	Gains and losses £	At 31 December 2017 £
General funds	<u>144,678,684</u>	<u>8,537,379</u>	<u>(10,179,748)</u>	<u>12,265,096</u>	<u>155,301,411</u>

23. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2018 £
Tangible fixed assets	20,744	20,744
Investments	159,320,032	159,320,032
Current assets	952,937	952,937
Creditors less than 1 year	(1,489,988)	(1,489,988)
Net assets	<u>158,803,725</u>	<u>158,803,725</u>

	Unrestricted Funds £	Total Funds 2017 £
Tangible fixed assets	25,277	25,277
Investments	154,387,475	154,387,475
Current assets	2,424,151	2,424,151
Creditors less than 1 year	(1,535,492)	(1,535,492)
Net assets	<u>155,301,411</u>	<u>155,301,411</u>

24. Other financial commitments

The charity was committed to make donations worth £6,319,752 (£4,800,254: 2017) as at 31 December 2018.

25. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Later than 1 year and not later than 5 years	<u>-</u>	<u>26,250</u>

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

26. Related parties

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. During the year a further contribution of £4,272,200 (2017: £3,849,900) was made from the same trustees.

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

Oceana	£148,441
National Botanic Gardens	£13,200
Global Fishing Watch	£100,000