

**THE WATERLOO FOUNDATION
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2012**

Charity Number 1117535

CARSTON & CO LIMITED
Chartered Accountants & Statutory Auditor
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THE WATERLOO FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

CONTENTS	PAGE
Trustees Annual Report	1
Independent auditor's report to the trustees	11
Statement of financial activities	13
Balance sheet	14
Notes to the financial statements	15

THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2012

The trustees present their report and the financial statements of the charity for the year ended 31 December 2012.

REFERENCE AND ADMINISTRATIVE DETAILS

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

THE TRUSTEES

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

	Mrs H. V. Stevens Mr D.G. Stevens Ms J.V. Alexander Mrs C.A. Oakes
Senior management	Janice Matthews (finance manager)
Auditor	Carston & Co Limited Chartered Accountants & Statutory Auditor 1st Floor, Tudor House 16 Cathedral Road Cardiff CF11 9LJ
Investment adviser	Merrill Lynch Portfolio Managers Limited Bank of America Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
Bankers	Triodos Bank Deanery Road Bristol BS8 3NN
Solicitors	Veale Wasborough Orchard Court Orchard Lane Bristol BS1 5WS

THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees are pleased to present the sixth report together with the financial statements of the Foundation for the period ended 31st December 2012.

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 2005") "Accounting and Reporting by Charities".

Governing Document

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

Recruitment and Appointment

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

Induction and Training

All Trustees are provided with comprehensive information relating to their duties and responsibilities under charity 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, with the Chair and Trustees overseeing the work of the Foundation's office. The team comprises of 5 Fund Managers (previously termed Grant Research Officers), one for each of the key funds (World Development Main, World Development Small Grants, Environment, Child Development, Projects in Wales) plus a Fund Manager/Executive Assistant to the Chair, a Finance Manager and an Office Administrator.

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 Secretary to the Board, and then actioned by the office team.

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

Related Parties

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

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

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. Procedures are in place for documentation of decisions, actions and issues.

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

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

At every Trustee meeting the current financial position is reviewed, a monthly finance report is produced and signed off by a Trustee and an investment report is produced at every Trustee meeting and signed off.

Reserves

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

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

The objectives of the Foundation are as follows:

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

Grant making activities

2012	Value (£)	No of Projects
World Development	2,398,881	70
Environment	1,159,890	36
Child Development	614,105	34
Wales	371,560	22
Other	668,057	66
Size of Wales	700,000	9
Totals	5,912,493	237

THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2012

ACHIEVEMENTS AND PERFORMANCE

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

In 2012 the Foundation received 649 applications of which 206 were successful, with the Foundation paying out just under £6m of grants in its sixth year of operation. The reports from our four main funds, now follow.

A. World Development Fund

In 2012 we continued to strengthen our strategic partnerships with Camfed, Concern Universal and WaterAid. These multi-annual partnerships are intended to provide flexible funding that enables organisational development as well as delivery of effective development programmes. Throughout the year we were able to learn more about the quality of their development programmes, and gain access to the knowledge each organisation has about their own sectors and the challenges of development work more generally. This included a very successful visit in June to Concern Universal's Ghana programme, where we witnessed the success of their rural livelihood programmes and the strength of partnership working with local NGO ProNet and other agencies.

As well as our strategic collaborations, we continued in 2012 to support NGOs delivering projects in our key thematic areas of education, and water, sanitation and hygiene. As well as providing substantial grants to sizeable charities, we have also continued to provide some support to smaller projects led by smaller NGOs based in Wales, as well as the rest of the UK and occasionally NGOs local to the countries in which they operate.

We had the opportunity in 2012 to continue to support a number of organisations with further funding, including:

- A substantial grant to support PEAS in Uganda to continue to expand their network of high quality secondary schools, providing low cost access to education in areas of high demand.
- A further grant to African Initiatives, enabling their Tanzanian partner CASEC to increase girls' access to secondary school through the construction of dormitories.

We were also able to support a small number of new partners with grants, including:

- A substantial multi-annual grant to Water and Sanitation for the Urban Poor (WSUP), to enable them to work with communities and water utility companies to expand access to water and sanitation infrastructure in the slums of Dhaka in Bangladesh.
- Support for the Busoga Trust to introduce a low-cost service to undertake preventative maintenance and basic repairs to thousands of hand pumps in Uganda.
- A new partnership with the British Asian Trust to support two of their NGOs partners who are working in India to support girls' access to education and the development of employability skills.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

We scaled down our grant support for enterprise development work, favouring to use our funds to invest in microfinance institutions and support the growth of commercial SMEs. We did, however, continue to support the promotion of bee-keeping as a livelihood opportunity for rural farmers:

- We provided a further grant to a FARM-Africa project which is significantly increasing honey production and access to commercial markets for hundreds of farmers in Tanzania.
- We supported Bees for Development to expand their capacity to provide practical apiculture advice to bee-keepers throughout Africa.

Towards the end of 2012 we took the opportunity of our five year anniversary to review the relevance and impact of our funding themes. As a result we committed to continue our support to improve educational outcomes - especially for girls and young women - and to increase access to improved water, sanitation and hygiene. We also considered the challenges that the growing population is having in some sub-Saharan African countries, and resolved to incorporate more work relating to family planning and female empowerment in our future grant giving.

B. Environment Fund

The priority of our Environment Fund in 2012 continued to be the protection of tropical forests and the conservation of marine fish stocks.

The fund also looked at the way we give grants and decided to focus on providing more targeted grants to a smaller number of organisations; this resulted in halving the number of grants in the Environment Fund from 37 in 2011 to 16 in 2012 and increasing the average grant size from £43,000 in 2011 to £86,000 in 2012.

The forest projects that we focused on in 2012 continued to be based around the key theme of avoided tropical deforestation. It included market-based approaches that recognised the value of standing tropical forests and approaches which recognised the right of forest dependent people to manage their own resources.

- We continued our support of the Greenpeace campaign to protect the rainforest and peat lands of Indonesia from felling for palm oil plantations, by creating a moratorium on forest conversion and industrial logging.
- We supported the Wildlife Conservation Society to develop the Murchison-Semliki Forest Protected Area Project in order to tackle deforestation and land degradation in this area of Uganda. The project is working with 4,500 households to protect 122,000 ha of forest through improved agricultural practices and providing economic incentives for households to maintain forest cover on their land.
- We continued to support the Size of Wales initiative which aims to engage Welsh civic society in sustaining an area of tropical forest, equivalent to the size of Wales (2.06m hectares); TWF previously provided a grant of £1m which is being used to match fund any funding raised by the NGOs and partners involved in the project.
- We helped fund the Carbon Disclosure Project to integrate the Forest Footprint Disclosure Project into CDP's Carbon and Water programmes with the aim of creating an integrated disclosure process to capture the full natural capital footprint of companies.
- We gave continuing support to the Global Canopy Programme for their science, policy and finance work which aims to recognise the economic worth of tropical forests and provide the mechanisms to keep them standing.

THE WATERLOO FOUNDATION
TRUSTEES ANNUAL REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2012

The focus of our marine work in 2012 continued to include halting the depletion of fish stocks. This was prioritised through support for initiatives to create marine protection areas and for mangrove conservation projects. Change to sustainable fishing and fishing practices was supported through work focused on the reform of the EU common fisheries policy.

- We increased our support of the Environmental Justice Foundation's 'Save the Sea' Campaign which aims to combat illegal fishing in West Africa, increase transparency in the industrial fleets and stop illegal fish entering EU markets.
- We funded Zoological Society of London's work on mangrove restoration in the Philippines. ZSL is supporting local people to restore and protect mangroves and they are working with the local government to include mangroves into new and existing marine protected areas.
- We continued to support the New Economics Foundation's 'The Economics for Fair and Sustainable Fisheries' project which aims to develop and communicate new economic arguments, with a goal to ensure that EU fish stocks and marine ecosystems are managed in the best interest of society.
- We helped support the newly created Sustainable Inshore Fisheries Trust to establish a static gear reserve in the Firth of Clyde. The reserve will permit the use of sustainable, traditional pot and line (static gear) fishing, but ban the use of trawls and dredges (mobile gear).
- We continued our support of Oceana who work to protect and restore the world's oceans. Through marine scientists, economists, lawyers and advocates Oceana aims to create policy changes to reduce pollution and to prevent the irreversible collapse of fish populations, marine mammals and other sea life. Oceana has campaigners based in Europe, North America, Central America and South America.

At the end of 2012 we reviewed the activities of the Environment Fund and took the decision to move the funding of small scale renewable energy projects in Wales from our Environment Fund to our Wales Fund in order to provide greater cohesion between these projects and our other work in Wales.

C. Child Development Fund

In 2012, our Child Development Fund continued to fund research investigating causes and treatments of ADHD, Autism, Developmental Coordination Disorder (DCD), Dyslexia, Rolandic Epilepsy (also known as BECCTS), and developmental Trauma. As ever, we focused on research investigating co-occurrences between these conditions, and funded a mix of methodologies including genetic, brain imaging, cognitive, and behavioural. We continued to give some support to dissemination activities of such research, and to projects supporting families in Wales who are affected by these disorders.

We continued to use external peer review as part of our assessment of applications. We are profoundly grateful to the many scientists and clinicians who have voluntarily supported us through providing reviews. This has helped us select the very best applications to fund, and has improved the projects which received funds.

Our funding has become increasingly in demand from researchers and others. Consequently, we decided to have one-off deadlines for the most popular topics. This was extremely successful and something we will continue.

We continue to be focused on the topics that affect relatively large numbers of children, and yet attract relatively little attention or research funding¹. To that end we supported several high quality DCD projects, and in 2012 proportionally more of our funding supported DCD projects than other topics.

¹ For a review, see Bishop, D. V. M. (2010). Which Neurodevelopmental Disorders Get Researched and Why? *PLoS ONE*, 5(11), e15112. doi:10.1371/journal.pone.0015112

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

- We supported a research project investigating the nature of executive function problems in children with **DCD**. Specifically, this investigates their ability to hold information in working memory, generate information, switch between tasks, inhibit and plan responses. Importantly this project compares these abilities between children who are and are not receiving specialist help for their movement difficulties along with some healthy comparison children.
- We supported a project investigating the role of **sleep** disturbance in the associated cognitive and social difficulties of children with **DCD**.
- We supported a project investigating whether children with **DCD** find movement tasks easier when they are given training about where to look, so they can look in the same places and same way that specialist athletes and surgeons do, when doing these tasks.
- We supported a research project investigating the biological risk factors for **Dyslexia**, with a particular focus on genetic factors. This is part of a large scale collaboration with other researchers and other funding.
- We supported a project investigating whether some of the putative early markers for **Autism** are specific to Autism or common to other developmental problems. This is an essential step to finding out if these early markers can be used to identify and diagnose Autism in young children.
- We gave a second award to an extremely successful project investigating the nature of social impairments following early maltreatment and **trauma** in the UK context. Previous work has found that these vulnerable children often show Autism-like behaviour, and this project investigates the specific nature of their social problems.
- We supported a large-scale international research project investigating the co-occurrence of **ADHD** with substance misuse.
- We supported analysis of a large-scale population dataset to investigate environmental factors associated with Dyslexia, DCD, and ADHD, with a particular focus on **diet**.
- We supported a project investigating whether large changes in the DNA (genetic code) of children with **Rolandic Epilepsy**, called Copy Number Variation, are a cause of the differences between patients in terms of the number and severity of their seizures and the sorts of associated problems they have.
- We supported a project investigating the nature of reading difficulties in children with **Rolandic Epilepsy** and their abilities in the underlying skills of reading such as short-term memory.

Alongside these research projects, we continued to support practical and research dissemination activities. The following are particular highlights.

- We supported the development of an online resource for medical professionals to help them identify and diagnose children with **DCD**.
- We supported a conference about **DCD** which brought together researchers and practitioners from across the UK to inform best practice.
- We supported a symposium gathering world experts on **Rolandic Epilepsy** and other Idiopathic Focal Epilepsies. This was the first meeting of its kind and succeeded in synthesizing insights from diverse disciplines into a coherent plan for future collaborations.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

- We supported a group of academics and clinicians to increase awareness about **language impairments** by helping them make video shorts for a dedicated YouTube channel called Raising Awareness of Language Learning Impairments (RALLI).
- We supported an online resource for professionals in the **Autism** field, called Network Autism.
- We supported a conference bringing neuroscientists and educators together to discuss the learning needs of prematurely born children, who are at increased risk for a range of additional learning needs including many of the disorders we are interested in.

D. Wales Fund

During 2012, we continued to fund projects under our **Working Wales** and **Caring Wales** programmes. We also expanded our work in Wales to encompass projects seeking to reduce the re-offending rates of prisoners, primarily in Wales but also UK-wide.

Our **Working Wales** funding programme focused on employment and business in Wales. Due to the high volume of ineligible applications being received under our Working Wales programme, we decided no longer to accept unsolicited applications, and funded targeted projects, through grants to initiatives which demonstrated strong potential for achieving paid employment or business start-up outcomes. Projects and organisations supported in 2012 included:

- Cyswllt Contact

Cyswllt Contact are running a four-year peer support programme across Powys, Ceredigion and Carmarthenshire, linking peer mentors who have recovered from substance misuse and have made sufficient progress to be able to work as a peer mentor to others who are starting their recovery, including moving into paid employment. Our grant also enabled Cyswllt to draw down significant European funding to expand the programme into Powys.

- National Autistic Society

For continuation of the South Wales Employment Advisor post for NAS' Prospects service, which helps people with higher-functioning Autism and Asperger's address the barriers preventing them gaining employment.

- Plas Cybi Partnership

Towards their 'Empty Shops' programme of enterprise support and development in the town centre of Holyhead, Anglesey. The programme seeks to remove the barriers retail entrepreneurs face in becoming established, helping them to negotiate low-cost rental premises and renovate otherwise empty retail properties in the town centre.

The **Caring Wales** programme focuses on those organisations providing carer-centred holistic support services for those with demanding caring roles, especially young carers and carers of people with the conditions prioritised in our Child Development research fund.

- Barnardo's

Barnardo's runs several young carers projects across Wales. TWF awarded the organisation funding for their young carers projects in Carmarthenshire and Merthyr Tydfil, in recognition of the strength of their work with this vulnerable group.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

- Carers Trust

Carers Trust is one of the leading organisations offering support for carers in Wales. As well as providing support to their regional network partners, they also work more broadly on all issues affecting carers in Wales. TWF awarded funding for the post of their Carers and Employment officer, and to establish a 'Bridging Fund' for local network partners to provide respite for carers with employment issues.

- Autism Initiatives

Autism Initiatives runs holiday clubs in Rhyl for children from across North Wales with Autism, with the aim of providing affordable and appropriate respite care for families during school holidays. The grant contributed to the Play and Recreation Coordinator's Salary.

- Powys Carers

Powys Carers service provides services to carers across all age ranges. They wanted to expand their work to include helping young adult carers going through difficult periods of transition. Our support enabled them to build on this work throughout the county, over a period of three years.

- Open University

The Open University in Wales received a grant to build upon a previously-funded one year pilot to widen carers in Wales' access to education, offering flexible routes into further study. This grant will enable the project's findings to become embedded within the OU's core practice going forward.

In 2012 the Foundation expanded its Wales funding programme with support for a number of targeted initiatives to support the **reduction of offending** in Wales and the UK, particularly addressing the serious problem of re-offending which costs the UK economy around £13 billion each year. St Giles Trust has been awarded a 3 year grant from 2012-2015 to enable them to establish their successful *Through the Gates* peer mentoring project to work with offenders at HMP Cardiff and upon release, in the community around Cardiff and the Vale of Glamorgan. The project reflects the UK Government's proposals under the Ministry of Justice's *Transforming Rehabilitation Consultation* (January 2013) which advocates the key role of 'mentors' in helping to reduce recidivism. *Through the Gates Cymru* will be robustly monitored throughout the 3 year length of the project in collaboration with the University of Glamorgan.

FINANCIAL REVIEW

The Waterloo Foundation's investment income continues to come 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, a UK-listed company. In addition, the Foundation has a diversified money-market and bond portfolio managed by Merrill Lynch.

During 2012 we continued to support our philanthropic aims not just through grant giving but also through the allocation of our investment funds. To this end, in addition to existing investments in global Microfinance and renewable energy, we made investments in funds supporting small African and Latin American companies. We continue to look for opportunities to deploy loans, venture capital and other forms of equity in developing countries. We also look for ways of investing to support Wales Fund goals, to complement our historic investments in Proper Welsh Milk and Alacrity (a venture fund supporting the growth of new businesses).

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

PLANS FOR FUTURE PERIODS

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

Under World Development we are intending to explore opportunities to support family planning activities in response to high projected population growth in some sub-Saharan and African countries

RESPONSIBILITIES OF THE TRUSTEES

The charity's trustees are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the income and expenditure of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 and the Charity (Accounts and Reports) Regulations 2008. 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.

AUDITOR

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

Signed on behalf of the trustees

L. Oates
Trustee

CAROLINE OATES
Name

Date 22/5/2013

THE WATERLOO FOUNDATION
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE
WATERLOO FOUNDATION
YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of the Waterloo Foundation for the year ended 31 December 2012 on pages 13 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees Annual Report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at year ended 31 December 2012 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

YEAR ENDED 31 DECEMBER 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

Carston & Co Limited

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

CARSTON & CO LIMITED
Chartered Accountants
& Statutory Auditor

Date *17 June 2013*

THE WATERLOO FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2012

	Note	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES			
Incoming resources from generating funds:			
Voluntary income	2	2,325	3,000
Investment income	3	4,961,691	4,593,974
TOTAL INCOMING RESOURCES		<u>4,964,016</u>	<u>4,596,974</u>
RESOURCES EXPENDED			
Costs of generating funds:			
Investment management costs	4	(358,136)	(305,987)
Charitable activities	5/6	(6,291,440)	(6,959,452)
Governance costs	7	(12,412)	(11,271)
Other resources expended	8	(2,268)	-
TOTAL RESOURCES EXPENDED		<u>(6,664,256)</u>	<u>(7,276,710)</u>
NET OUTGOING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES	9	(1,700,240)	(2,679,736)
OTHER RECOGNISED GAINS AND LOSSES			
Unrealised gains/(losses) on fixed asset investments		11,660,320	(26,343,769)
Gains / (losses) on sale of investment assets		(264,395)	323,798
NET MOVEMENT IN FUNDS		<u>9,695,685</u>	<u>(28,699,707)</u>
RECONCILIATION OF FUNDS			
Total funds brought forward		92,668,007	121,367,714
TOTAL FUNDS CARRIED FORWARD		<u>102,363,692</u>	<u>92,668,007</u>

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

All of the above amounts relate to continuing activities.

THE WATERLOO FOUNDATION

BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	11	35,834	31,406
Investments	12	100,757,376	91,512,381
		<u>100,793,210</u>	<u>91,543,787</u>
CURRENT ASSETS			
Debtors	13	638,402	672,474
Cash at bank and in hand		1,150,303	612,807
		<u>1,788,705</u>	<u>1,285,281</u>
CREDITORS: Amounts falling due within one year	14	<u>(218,223)</u>	<u>(161,061)</u>
NET CURRENT ASSETS		<u>1,570,482</u>	<u>1,124,220</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>102,363,692</u>	<u>92,668,007</u>
NET ASSETS		<u>102,363,692</u>	<u>92,668,007</u>
FUNDS			
Unrestricted income funds	16	102,363,692	92,668,007
TOTAL FUNDS		<u>102,363,692</u>	<u>92,668,007</u>

These financial statements were approved by the members of the committee on the 22/5/13 and are signed on their behalf by:

 Trustee  Trustee

 Name  Name

The notes on pages 15 to 20 form part of these financial statements.

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value and the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Charities Act 2011.

Donations and legacies

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

Investment assets and income

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

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

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

Resources expended

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

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

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

Operating lease agreements

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

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

2. VOLUNTARY INCOME

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Donations			
Donations	2,325	2,325	3,000

3. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Income from UK listed investments	2,965,344	2,965,344	2,710,964
Income from non-UK listed investments	2,006,933	2,006,933	1,926,607
Bank interest receivable	1,952	1,952	2,307
Other interest receivable	(12,538)	(12,538)	(45,904)
	<u>4,961,691</u>	<u>4,961,691</u>	<u>4,593,974</u>

4. INVESTMENT MANAGEMENT COSTS

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Investment management fees	358,136	358,136	305,987

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Grants & project funding	6,143,222	6,143,222	6,847,097
Support costs	148,218	148,218	112,355
	<u>6,291,440</u>	<u>6,291,440</u>	<u>6,959,452</u>

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Provision of grants £	Grant funding activities £	Support costs £	Total Funds 2012 £	Total Funds 2011 £
Grants & project funding	<u>220,041</u>	<u>5,923,181</u>	<u>148,218</u>	<u>6,291,440</u>	<u>6,959,452</u>

7. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Accountancy fees	948	948	739
Audit fees	7,020	7,020	6,960
Legal fees	3,230	3,230	1,230
Costs of trustees' meetings	<u>1,214</u>	<u>1,214</u>	<u>2,342</u>
	<u>12,412</u>	<u>12,412</u>	<u>11,271</u>

All trustees are entitled to claim reimbursement of the cost of attending meetings, two trustees were reimbursed £298 for travelling costs to attend meetings.

8. OTHER RESOURCES EXPENDED

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Losses on disposal of tangible fixed assets for charity's own use	<u>2,268</u>	<u>2,268</u>	<u>—</u>

9. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

	2012 £	2011 £
Staff pension contributions	21,341	7,773
Depreciation	10,478	10,171
Auditors' remuneration:		
- audit of the financial statements	7,020	6,960
Exchange (gains)/losses	<u>—</u>	<u>5,606</u>

10. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2012 £	2011 £
Wages and salaries	182,031	159,745
Social security costs	18,920	15,478
Other pension costs	<u>21,341</u>	<u>7,773</u>
	<u>222,292</u>	<u>182,996</u>

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

10. STAFF COSTS AND EMOLUMENTS *(continued)*

No trustee received any emoluments during the period. Included within project expenses is an amount of £10,300 paid to three trustees to cover expenses in relation to projects.

Particulars of employees:

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

	2012	2011
	No	No
Number of administrative staff	2	2
Number of support staff	5	5
	<u>7</u>	<u>7</u>

No employee received remuneration of more than £60,000 during the year (2011 - Nil).

11. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Total £
COST			
At 1 January 2012	67,356	33,652	101,008
Additions	17,174	-	17,174
Disposals	-	(4,997)	(4,997)
At 31 December 2012	<u>84,530</u>	<u>28,655</u>	<u>113,185</u>
DEPRECIATION			
At 1 January 2012	49,935	19,667	69,602
Charge for the year	8,135	2,343	10,478
On disposals	-	(2,729)	(2,729)
At 31 December 2012	<u>58,070</u>	<u>19,281</u>	<u>77,351</u>
NET BOOK VALUE			
At 31 December 2012	<u>26,460</u>	<u>9,374</u>	<u>35,834</u>
At 31 December 2011	<u>17,421</u>	<u>13,985</u>	<u>31,406</u>

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

12. INVESTMENTS

Movement in market value

	2012 £	2011 £
Market value at 1 January 2012	91,512,381	120,137,451
Acquisitions at cost	25,667,590	36,188,411
Disposals at opening book value	(28,082,914)	(38,469,713)
Net gains on revaluations in the year ended 31 December 2012	11,660,319	(26,343,768)
Market value at 31 December 2012	<u>100,757,376</u>	<u>91,512,381</u>
Historical cost at 31 December 2012	<u>90,704,379</u>	<u>96,844,870</u>

Analysis of investments at 31 December 2012 between funds

	Total Funds 2012 £	Total Funds 2011 £
Listed investments		
UK Quoted Shares	49,918,536	42,343,240
Non-UK Quoted Shares	46,441,108	46,003,783
	<u>96,359,644</u>	<u>88,347,023</u>
Other investments		
Other UK Investments	2,403,609	3,077,870
UK Cash held as part of Portfolio	1,436,037	69,139
Non-UK Cash held as part of Portfolio	558,086	18,349
	<u>4,397,732</u>	<u>3,165,358</u>
	<u>100,757,376</u>	<u>91,512,381</u>

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 116p ordinary shares	3,634,000	42,154,400

There is no restriction on the realisation of this investment.

13. DEBTORS

	2012 £	2011 £
Other debtors	180,000	80,096
Prepayments	458,402	592,378
	<u>638,402</u>	<u>672,474</u>

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

14. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	194,093	153,206
Taxation and social security	2,360	513
Accruals	21,770	7,342
	<u>218,223</u>	<u>161,061</u>

15. OTHER COMMITMENTS

The charity was committed to make donations worth £4,610,778 (£4,001,655 : 2011) as at 31 December 2012.

16. UNRESTRICTED INCOME FUNDS

	Balance at 1 January 2012	Incoming resources	Outgoing resources	Gains and losses	Balance at 31 December 2012
	£	£	£	£	£
General Funds	<u>92,668,007</u>	<u>4,964,016</u>	<u>(6,664,256)</u>	<u>11,395,925</u>	<u>102,363,692</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Unrestricted Income Funds	<u>35,834</u>	<u>100,757,376</u>	<u>1,570,482</u>	<u>102,363,692</u>
Total Funds	<u>35,834</u>	<u>100,757,376</u>	<u>1,570,482</u>	<u>102,363,692</u>

18. RELATED PARTY TRANSACTIONS

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

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

- £5,000 to National Botanic Gardens
- £100,000 to Oceana
- £724,290 to Size of Wales