

The Waterloo Foundation
Financial Statements
31 December 2017

CARSTON

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The Waterloo Foundation
Financial Statements
Year ended 31 December 2017

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The Waterloo Foundation

Trustees' Annual Report

Year ended 31 December 2017

The trustees present their report and the financial statements of the charity for the year ended 31 December 2017.

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

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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Solicitors	Veale Wasborough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
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The Waterloo Foundation
Trustees' Annual Report *(continued)*
Year ended 31 December 2017

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.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

ACHIEVEMENTS AND PERFORMANCE

This is the eleventh 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 plus the Chair of Trustees, based in Llandaff, Cardiff where we have been operating since October 2007.

In 2017, the Foundation's eleventh year of operation, we received 748 full applications that made it through to our initial assessment stage, of which 363 were taken forward for further assessment, with 22 still under consideration at year end. We funded 280 grant applications and committed ourselves to grant making activities of £8.5m.

During this period the Foundation also paid out £8.46m in project payments, a proportion of which were granted in previous years but paid in 2017.

Grant Making Activities

2017 Funds	Value (£)	No. of Grants Awarded
World Development	2,588,300	37
World Development Small Grants	399,911	41
Environment	2,300,150	37
Child Development	1,299,905	44
Wales	996,714	45
Other	892,019	76
Totals	8,476,999	280

2017 Grant Payments

2017 Funds	Value (£)	No. of Project Payments
World Development	2,994,349	82
World Development Small Grants	287,511	35
Environment	2,189,059	62
Child Development	1,024,182	48
Wales	905,443	53
Other	1,044,770	92
Totals	8,445,314	372

NB: the value above includes paid grants, re-paid grants and loan repayments.

Reports on the activities and impact of our four main funds now follow.

A. World Development Fund

During 2017 we awarded 78 grants and just under £3 million pounds within the thematic areas of WASH (Water, Sanitation and Hygiene), Education, Sexual Reproductive Health/Family Planning and Nutrition. The majority (85%) of our project-directed grants were made to support activities in Africa, with the rest supporting work in Asia.

In order to maintain our support of both large and small organisations in 2017, we continued to offer funding in the form of 'Main Grants' and 'Small Grants'. Main grants were awarded to large established

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

organisations working at a regional or national scale with the ability to demonstrate highly effective programmes with long-term impact. Small grants were awarded to small organisations delivering projects on a smaller-scale that were able to show significant contribution from beneficiary communities, a good understanding of unmet need in the project area and a sustainable model of project delivery. We also continued our multi-annual strategic partnerships with *WaterAid*, *Camfed* and *United Purpose* as a way of providing flexible funding that enables organisational development as well as the delivery of cost-effective programmes.

Over half (68%) of the grants awarded in 2017 were awarded to organisations which we had previously funded, with the remaining grants awarded to organisations which were new to us. Decisions to repeat fund an organisation continued to be based on reviews of detailed activity reports and where possible in-person meetings, through which we aimed to develop an understanding of the effectiveness of an organisation's work and their ability to achieve the expected development outcomes. We particularly value an organisation's ability to deliver sustainable impact for the communities with whom they are working, and we do not offer repeat funding to grantees who we feel do not meet these criteria.

Education has been a key thematic area since the Foundation's outset and this continued in 2017. Within this field we maintained our focus on helping to increase the enrolment and retention of pupils at both primary and secondary level, and improving the quality of education received. We continued to recognise the particular importance of improving access to quality education for girls in our grant giving, and have developed an increased awareness of the importance of early childhood education, with this reflected in more grants awarded over the year to early education interventions. Examples of education projects supported are listed below.

Main Grants Fund

Examples from this Fund are:

- A further grant to *Lively Minds* to support the development of their pre-school work in Uganda. Lively Minds train local, usually uneducated, women from rural communities to run village play schemes for young children on a voluntary basis. These play schemes aim to improve children's intellectual, language and socio-emotional skills, and promote hygiene behaviours. With our support, Lively Minds had previously established village play schemes in 43 schools in Ghana, and found that these resulted in significant (50%) reductions in malaria and diarrhoea in children, and improvement in their readiness for school. This grant will help establish 45 new play schemes in Uganda, to benefit around 8,000 pre-school children.
- A further grant to *Street Child* to support 5,000 vulnerable, out-of-school girls in Sierra Leone and Liberia to enrol in school and transition from primary to secondary education, in addition to 5,000 of their siblings. Street Child tackles family poverty and helps to develop schools. This grant will particularly support young mothers to re-enter school, and assist their parents/caregivers with livelihoods and income generation support. Teacher coaching and education resources will help improve the quality of education and learning environments in rural schools, and assessment will be made of the resulting enrolment, attendance, retention and achievement levels of the girls in the schools.
- A first grant to *The Karuna Trust* to support the transition of more than 2,800 disadvantaged (mainly tribal and Dalit) girls from primary to secondary education in Sangamner, India. The Karuna Trust supports whole-school improvements and builds close links between schools and families/communities, to increase enrolment and attendance rates and improve pupils' academic achievements.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

Small Grants Fund

Examples from this Fund are:

- We provided funding to *Grassroots Empowerment Network (GEN)*, a UK charity established to help eliminate poverty in rural Rajasthan. In their project area there are a number of barriers preventing girls from attending state schools and as a result a high proportion of women and girls lack basic numeracy and literacy skills. This grant was awarded to support a one year project which would deliver a state-certified basic education programme to 130 unschooled girls and trial a further education programme for 40 graduates of the basic education programme.
- We awarded a third grant to UK charity *Education Uganda* to contribute to the costs of running their Chalk and Slate programme in 532 Ugandan primary schools over two years. In Ugandan schools, class sizes are typically very large and rote learning is the predominant teaching method. This programme is designed to increase student participation in lessons by providing each student with a slate and chalk and training teachers to employ new teaching methods using the slates. In awarding a further grant we took into consideration Education Uganda's demonstrated ability to deliver materials and training at considerable scale and the improvement in project school's exam results brought about by the programme.

WASH is the second thematic area which has been supported since the Foundation's beginning and this continued to be a key area of grant giving in 2017. Our WASH grants are awarded to increase access to safe drinking water, improved sanitation and better hygiene. We believe that these three areas are of equal importance and for this reason we are keen to support programmes which take an integrated approach, as well as those placing a particular emphasis on sanitation and hygiene issues (including menstrual hygiene) which have shown slower progress towards development targets than access to safe water. We recognise the need for improved WASH access in households and institutions and are keen to see interventions in our other thematic areas being sensitive to WASH issues. WASH projects supported are listed below.

Main Grants Fund

Examples from this Fund are:

- A grant to *Pump Aid* to support access to water for rural households in Malawi by training 60 local water supply entrepreneurs (such as well diggers, water pump mechanics and masons). Pump Aid have found that providing business training to these entrepreneurs enables the development of sustainable, small-scale businesses, and increases the numbers of households using improved water supplies. It was also found that functionality of community managed water points improved from under 60% to more than 95%. In addition, this grant will support Pump Aid to improve water and sanitation at childcare centres to promote child health, nutrition and their attendance at the centres.
- A further grant to *Sanergy* to help expand their 'Fresh Life', container-based toilet business model in the urban slums of Nairobi, Kenya. Users of the toilet pay small fees to local franchised entrepreneurs who operate the toilets and waste collection, which generates a modest profit. Sanergy aim to have 3,800 toilets in their network within the next three years, serving 150,000 people, and to build on their work in conjunction with the Kenyan Government.
- A first grant to *Eau et Vie* (Water and Life) to support a pilot of their water and sanitation model in an urban slum in Côte d'Ivoire, reaching 528 households and more than 2,000 people. Eau et Vie establishes small, local, non-profit water supply service companies who manage the water network and a waste collection service, and collect customer payments. They also improve latrines. They aim to improve the affordability, quantity and quality of water provision in urban slums, and promote better hygiene behaviours.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

Small Grants Fund

Examples from this Fund are:

- A first grant to *Life Concern Organisation (LCO)*, a Malawian NGO with the aim of bringing better health and development to marginalised and vulnerable local populations. Our support will enable LCO to install girl-friendly latrines and restrooms in two government primary schools in northern Malawi. Alongside this, LCO will help to establish school health clubs and to provide training on good health and hygiene practices.
- A fifth grant to the UK charity, *Jeevika Trust*, to continue their work providing better access to safe water, and improved sanitation and hygiene in rural villages in India. This grant will enable them to do this in six villages, alongside work to strengthen village livelihoods and to start up village health checks. Jeevika Trust works in close collaboration with local government departments and beneficiary communities play key roles in implementing, managing and monitoring the village water schemes and sanitation facilities.

We started funding **Sexual and Reproductive Health (SRH)/family planning work** three years ago with grants awarded to *International Planned Parenthood Federation (IPPF)* and *Marie Stopes*, to provide outreach services and contraception in Tanzania and Burkina Faso respectively. In addition to continued support of these two organisations in 2017, we have also been able to support other projects to improve access to modern contraceptive methods and wider SRH services, and increase understanding and demand for these services. These have included:

- A grant to *Health Poverty Action* to provide accessible SRH/family planning information, services and contraception to 33,000 adolescent girls and women in semi-mobile pastoralist communities in the Somali region of Ethiopia. Health Poverty Action works in 14 countries in Africa, Asia and Latin America and aims to strengthen health services and community knowledge in remote or hard-to-reach areas.
- A grant to *Lwala Community Alliance*, who are based in Kenya and run a hospital and SRH/family planning services for communities in Lwala, in Eastern Kenya. This grant will expand their SRH/ family planning work with community health workers, youth peer providers and health facilities across the local county, providing 5,200 women with contraception and reaching at least 13,000 people with SRH information and advice.

Nutrition is our newest thematic funding area, with a first grant awarded last year to *GAIN (Global Alliance for Improved Nutrition)*. In this area we aim to support work that promotes good nutritional practices and provides micronutrients through targeted supplementation or through food fortification for all. Recognising that malnutrition in early life can cause irreversible damage to children's growth and development we are particularly interested in interventions that improve nutrition for mothers and young children.

In 2017 we awarded a further grant to GAIN who will use this unrestricted funding to strengthen sustainably the governance structures in three regions within Tanzania. GAIN catalyse global action against malnutrition by focusing on four key areas: the large scale fortification of staple foods with essential micronutrients; ensuring women and children get the right nutrition in the crucial 1,000 days from the start of a woman's pregnancy until her child's second birthday; bringing about improvements in agricultural food chains to retain and enhance the nutritional value of food; and working with companies to improve employees' health through nutrition-sensitive policies.

Across all four of our World Development themes, a number of external and contextual factors have affected the work of our grant partner organisations, and our grant decision-making, in 2017. These include the widespread food and hunger crisis in East and Southern Africa, caused by the El Niño drought and severe flooding in South East Asia. Grant partners have also been negatively impacted by the fall in value of the British pound following the Brexit vote (as many organisations fundraise in pounds and spend in US dollars in the countries where they work). These factors have, in some cases, limited project results, or led to adjustments. We have also made some additional donations in response to humanitarian crises.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

Positively, we have seen an increase in match-funding programmes within the development sector, and are hopeful that some of our grant partners will benefit from such campaigns, whereby public donations can be effectively doubled through the leveraging of match-funding.

Finally, following the Foundation's 10-year anniversary in 2017 and a review of the World Development Fund and its achievements over that period, we decided to introduce some changes to the World Development programme for 2018. Within our Main Grants Programme there will be increased funding on the newer thematic areas of SRH/family planning and nutrition, and while we will continue to fund in the areas of Education and WASH, we will not be accepting unsolicited applications in 2018. We will continue to award Small Grants of up to £10,000 to UK-based charities only across all four of our key thematic areas.

B. Environment Fund

Throughout 2017, it has remained important to the Foundation that we maintain our broader understanding of the sector and develop strong relationships with our NGO partners. To this end we frequently meet with our partners, in the hope of forging collaborations and avoiding duplication of effort. 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*.

During 2017, our Environment funding supported 36 projects with a total spend of £2.3m; of this 62% was awarded to existing partner organisations that were able to demonstrate (through written reporting) that previous projects had been successful, and 38% was awarded to organisations new to TWF.

In 2017, the Environment Fund maintained its support of marine fish stocks and tropical rainforests, with the addition of a small programme focused on the impacts of Brexit on the environment. The aim of this new funding stream was to work with a small number of specialised NGOs who are working on Brexit policy, with a specific focus on fisheries. These NGOs are active within the legal, policy, coalition-building, and research spheres of Brexit planning.

Protecting Tropical Rainforests:

Working to protect tropical rainforests for their value to the climate, communities and biodiversity remained a priority for the Foundation in 2017; this is principally through avoided deforestation, with the aim of conserving large areas of intact rainforest. This funding continued to support initiatives focused on international and regional policy, sustainable supply chains, and the right of forest-dependent people to manage their own resources.

- We supported *Amazon Watch* to run a campaign to protect the Brazilian Amazon's forests and indigenous territories. The campaign will research and expose both Brazilian and international drivers of indigenous rights' violations and rainforest degradation in Brazil, with a focus on politicians and links to international agribusiness and commodity trading.
- We continued to support *Canopy* to campaign to stop the clothing industry from driving forest loss and degradation in Indonesia. They advocate supply chain shifts, redirecting global viscose producers to use alternatives, and securing forest conservation initiatives. Specific objectives include: commitments from producers and retailers to eliminate the use of endangered forests fibre in their rayon and viscose fabrics; no endangered forests entering the viscose supply chain by December 2020; and three million hectares of Indonesia's rainforest are to be protected through market engagement with the clothing industry.
- We provided additional funding to *Forest Peoples Programme (FPP)* to continue their work in Liberia to halt the expansion of oil palm concessions, by providing legal and technological tools and capacity building to 15 affected communities to better defend their forests.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

Achievements and performance *(continued)*

The project will also support communities to monitor private sector compliance with social and environmental obligations.

- We supported *Environmental Investigation Agency (EIA)* to work in Indonesia investigating the illegal logging of particular timber species in protected areas, and track their trade routes. The project will produce evidence and reports, and will then work with enforcement agencies to secure commitments to take effective actions against key actors identified.
- We provided funding to *Orangutan Foundation* to help manage the forests of the Lamandau Reserve and buffer zone in Indonesian Borneo. The project is focusing on developing management plans, implementing forest patrols, stopping forest fires and improving local livelihoods.

Conserving Marine Fish Stocks

The main aim of our programme in 2017 was conserving marine fish stocks by supporting projects focused on sustainable fishing and fishing practices. Our funding supported work on fisheries policy, reforming supply chains and the protection of important fish habitats, with a particular focus on mangroves and seagrass. A key aim of this funding continued to be the protection of species and stocks upon which communities in developing countries rely.

- We renewed a grant to *Shark Trust* in order to support their work to protect sharks and improve shark fisheries at a UK, EU and international level. Work will focus on science, policy and industry engagement, with impact measured by positive policy changes to protect sharks, and changes in how industry operates.
- We began funding *China Dialogue* to highlight the issue of Illegal, Unreported and Unregulated (IUU) fishing and sustainable fishing in China, by producing a series of 40 fisheries and marine conservation articles. There will be a particular focus on the Chinese Distant Water fleets as they are rapidly expanding but poorly regulated.
- We provided funding to *Trygg Mat Tracking (TMT)* to develop their Fisheries Analytical Capacity Tool (FACT), which has been built with the purpose of capturing the identities and characteristics of the global fishing fleet, and the companies that operate it. TMT will develop the core data and functionality of FACT to improve analysis of IUU fishing.
- We also started funding the *Deep Sea Conservation Coalition (DSCC)* to implement their high seas deep sea fisheries work. DSCC will be campaigning to ensure the implementation of UN resolutions at the Regional Fisheries Management Organisation (RFMOs) and EU level.
- We funded *Bloom* to undertake a research project which will look into the issue of fishing agreements in developing nations in order to push for greater transparency, stronger regulations and more sustainable fisheries.
- We continued to support *Fauna and Flora International (FFI)*, but in a new project area: Costa Rica. Their new project aims to create a new Marine Protected Area (MPA) and manage an existing MPA to benefit artisanal fishers in Costa Rica, in particular through the management and control of bottom trawling. These two MPAs will be used as demonstration sites to inform national policy change on bottom trawling.
- Finally under our Marine Fund, we continued our long-standing support of *Oceana*, specifically for their work within the EU which attempts to leverage economic risk - particularly within the shipping insurance industry - as a potential deterrent to IUU fishing.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

Brexit Fund

With funding for the first time in 2017, our new Brexit-related fund focused on securing strong environmental UK legislation post-Brexit, with a key aim of ensuring fisheries retain strong environmental protections.

- We supported *Client Earth* to employ a lawyer to input into the development of any transitional UK marine and fisheries management laws, as well as the development of marine and fisheries laws in the long term at UK and devolved administration levels.
- We started funding *Green Alliance* who are bringing NGOs together to develop a common voice. Specifically they will be coordinating the Fisheries and Marine Group of the Greener UK initiative, which aims to ensure that the UK government maintains marine protections and sustainable fisheries management post-Brexit.
- We continued to support the *New Economics Foundation (NEF)*. Following on from the launch of their report: *Not in the same boat: The economic impact of Brexit across UK fishing fleets*, which analysed the impact of Brexit on fisheries, NEF will build on this through policy and advocacy work. They aim to meet with fishing communities and create a common voice to ensure that post-Brexit policy supports the low impact, sustainable fishing sector within the UK through the issuing of fair and sustainable quotas.
- We also continued to support Greenpeace, but for the first time on the issue of Brexit; this work focuses on political engagement, particularly on the issue of quotas. The overall aim of their project is that any new fisheries legislation is evidence-based, transparent and favourable to low-impact fishers. In addition, they aim to ensure that new fisheries legislation recognises the value of the sustainable methods needed to protect fish stocks into the future.
- Finally, we supported *Marine Conservation Society (MCS)* to work in collaboration with other environmental NGOs, to directly influence government and key stakeholders, provide technical input and campaign to raise the profile of marine issues through Brexit.

With the Foundation reaching the milestone of its 10 year anniversary, we undertook a review of our Environment Fund over the last 10 years. This charted the impact of, and changes within, the fund over the past decade. Our review highlighted that of the three main rainforest areas in the world (Amazon, Congo, and Indonesia), the Congo basin is under-represented within our funding portfolio. In future years, we will be working to actively try to rectify this imbalance within our funding. We have also noted a decrease in the number of marine applications received in 2017 relative to previous years, and so in future will be actively seeking applications from organisations working in this important area.

C. Child Development Fund

Our Child Development Fund re-opened fully to new applications in 2017, once again issuing calls for new research proposals within the fields of:

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

In 2017, funding decisions for all of these calls were made following our usual rigorous peer review and assessment process. Again, we thank all of our anonymous peer reviewers for their much valued help in ensuring the quality of our research funding.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

During the year, the majority (97%) of the Foundation's Child Development funding supported research activities, either directly or indirectly. The fund distributed grants to support:

- 19 research projects, comprising 15 full projects and 4 small top-up awards, across our funding streams (ADHD = 3, Rolandic Epilepsy = 2, DCD = 4, Sleep = 3, Developmental Trauma = 3, Diet = 2 and Misc = 3);
- 19 practical projects helping families and children with neurodevelopmental disorders; and
- 3 dissemination activities including conferences and website development.

All of our grant-making for the year was aligned with the Foundation's continued focus on neurodevelopmental conditions that affect children and young people, as detailed below:

Research

- We awarded a multi-year grant to *King's College London* to enable them to undertake a large international genome-wide association study of individuals with Rolandic Epilepsy. By collaborating with partners internationally, the group hopes to obtain data from over 3,000 individuals to help uncover genes that are associated with Rolandic Epilepsy and with its common co-occurrences (e.g. reading disability). It is hoped that a better understanding of at-risk genes will ultimately lead to earlier diagnosis and prognosis, and enable future management of seizures and co-occurrences to be tailored to the individual's genetic risk profile.
- We also funded a study aiming to update the current recorded incidence rates of Rolandic Epilepsy using secondary data collected from primary care services. Updated data on the incidence of Rolandic Epilepsy specific to the UK will help in policy development and resource allocation.
- We started funding a study exploring the effect of extending sleep duration in teenagers, particularly focusing on the type of sleep they achieve (for example rapid eye-movement or non-rapid eye-movement sleep), and how this impacts upon learning and memory.
- We supported a study examining the use of micro-nutrients in pregnant mothers with and without depression, and the effect of these on the micro-biome and behaviour of their child.
- We awarded a grant towards a study investigating the prevalence of handwriting difficulties among 7-10 year-old children, to try to disentangle the nature of its frequent association with developmental coordination disorder (DCD) and dyslexia. A greater understanding of the links between dyslexia, DCD and handwriting could prove very useful for teachers and educators, and will ultimately help diagnosis and improve intervention options for children affected.
- The Foundation also pledged a grant towards a study aiming to determine whether sleep problems in children with ADHD precede ADHD symptomology (i.e. could be causal) or *follow* ADHD symptomology (i.e. are a consequence of). If sleep problems are found to precede symptoms, this would suggest that clinicians should be focusing on improving sleep in children with ADHD and at high-risk of ADHD.
- Finally, we supported a study hoping to identify ways in which early trauma-exposed adoptees suffering ADHD and co-occurring disorders navigate the transition to adulthood, and what adoptive families and support services can do to help them. It is hoped that this will influence practice with adoptees exposed to childhood trauma, at an intervention level.

Dissemination activities

- A donation was awarded to support *Autistica's Autism and Epilepsy* symposium, which brought together international researchers working in the separate fields of autism and epilepsy research, to encourage more research into understanding the common co-occurrence of these disorders.
- A donation was made to *FAB (Food and Behaviour Research)*, to help improve visitor access

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to their website, and provide new content to share the latest research into diet and neurodevelopmental disorders with parents and practitioners.

Practical projects

- The Foundation made a donation to a local project based within a specialist dyslexia school in Cardiff, to support children with dyslexia and other language difficulties.
- We awarded a donation towards the running costs of an autism support group in Swansea, which provides information and support to families and children who have been recently diagnosed.
- We made a donation towards the core costs of a charity in North Wales which supports young people with autism, ADHD and special educational needs, to set-up a café which will act as a community hub for these young people and provide workplace opportunities to some.
- Finally, we also made a number of discretionary awards to local organisations working with children and young people with neurodevelopmental conditions, and their families, including support for an inter-special schools sports day in Cardiff.

We continue to 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 the area which might affect future funding decisions or our assessment of current applications; in particular, information on difficulties with 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.

Finally in 2017, in line with the Foundation's other funds, we conducted a ten-year review of our Child Development funding in order to assess the development of the fund and impact of our grants over this period. As well as highlighting some key areas of impact achieved through our funding, this process helped us to hone our reporting guidelines to ensure we continue to receive updates on the key areas of interest to the Foundation, beyond traditional academic indicators of research success. We therefore now also ask grantees to feedback on the following areas where applicable:

- whether the research has been disseminated to other non-academic audiences such as parent groups or practitioners;
- whether the findings have affected policy or guidelines;
- the career progression of researchers involved in the project (particularly junior researchers);
- whether additional funding that has been leveraged from other funders as a result of research findings.

We hope that these new project monitoring criteria will assist us in understanding the totality of the impact of our Child Development funding going forward.

D. Wales Fund

During 2017, 45 grants were awarded through our Wales Fund, within our three main programmes of support: Working Wales, Caring Wales and Educating Wales.

Our **Working Wales** funding programme continued to focus on supporting a small number of targeted initiatives that help people set up businesses or, in some cases, help people gain permanent paid employment. Examples of projects and organisations supported in 2017 under the Working Wales funding programme are given below.

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Trustees' Annual Report *(continued)*

Year ended 31 December 2017

- TWF continued to support *The Prince's Trust* through their enterprise programme in Wales. The enterprise programme teaches young people the basics of running a business, and helps them develop and test their ideas with the support of an experienced mentor.
- *BG Effect (Blaenau Gwent Enterprise Facilitation for Effective Community Transformation)* were awarded a grant towards the development of the BG Effect Business Fund, which provides financial and wider business support to residents seeking to start a new business or social enterprise within the Blaenau Gwent area.
- We awarded a grant to *The Wallich* in Cardiff, who provide accommodation and support services for homeless people. A two-year grant was approved toward their WISE employability programmes, that is offered to service users who are work-ready, and gives people the tools to gain sustainable, meaningful employment in their communities, whatever their chosen career path.

During 2017, we were also delighted that one of our grant recipients, who used our support to develop an enterprise bursary project, reported some fantastic achievements including the establishment of over 50 new businesses within the Vale of Glamorgan.

In 2017, our **Caring Wales** funding programme continued to focus on organisations providing carer-centred, holistic support services for those with demanding (unpaid) caring roles, especially young carers and carers of people with the conditions prioritised within our Child Development research fund. Examples of projects and organisations awarded a grant in 2017 under our Caring Wales programme are listed below.

- *Barnardo's Cymru*: Barnardo's works with children, young people and families living on the margins of society who are struggling to overcome the disadvantages caused by poverty, abuse and discrimination. In 2017, TWF awarded Barnardo's a three year grant to support their Young Carers Service in Flintshire, North Wales. The service provides support to 291 young carers and their families each year via group work; 1-2-1 support; participation and consultation opportunities and respite activities.
- The Foundation supported *Bridgend Carers Centre and Carers Trust Carmarthenshire Crossroads Care (CTCCC)* to develop their services for Young Adult Carers. Such projects provide opportunities to increase their chances of success in future education and employment by providing support, life skills, respite and advocacy.

2017 also saw a marked increase in the number of applications submitted to the Caring Wales fund. We believe this is due, in part, to continued public sector cutbacks in services, and also to the changes resulting from the introduction of the Social Services and Well-being (Wales) Act 2014 which came into force in April 2016. As a result, more carers are being identified, while support services struggle to cope with increased demand and reduced funding.

Finally, after two successful previous years, in 2017 we continued to support projects which help reduce the impact of poverty on young people's attainment, through our **Educating Wales** funding programme. 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 from diverse backgrounds to pursue further qualifications or careers in STEM.

To that end, projects funded in 2017 through our Educating Wales funding programme included:

- Support for *Teach First's* expansion into Wales in 2017. The link between low family income and poor educational attainment is greater in Wales than in almost any other developed country. Teach First recruits high calibre, passionate graduates to support schools in delivering the best education for pupils. Its teachers teach full-time in those schools where the majority of pupils come from the poorest families in Wales.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2017

- A grant to *Techniquist* to support their Primary School Outreach programme in Wales. The aim is to ensure that up to 8,000 pupils from 78 schools in deprived areas benefit from the unique Techniquist STEM experience, thus inspiring young minds and raising STEM-based aspirations.

In general terms, in 2017 the Educating Wales fund continued to be oversubscribed, particularly with applications seeking support for STEM-based interventions. However, in terms of funding, the allocation of our funding between STEM projects and those aiming to reduce the attainment gap remained fairly evenly split.

We continue to work closely with grant recipients to agree reporting requirements and evaluation procedures in order to measure the impact of our grant giving. However, this is carefully managed in order to maintain a balance between 'passion and proof'; statistics combined with anecdotal evidence are generally used to review and evaluate the success of our grants.

During our ten year review of the Wales Fund review, we noted that since 2007, 309 grants have been awarded to 208 individual organisations, totalling over £6m of funding. Going forward, we will remain flexible and communicative with our grantees to ensure our own monitoring requirements do not place undue burden upon them, while continuing to closely monitor our grant-making to ensure maximum value for money and impact.

FINANCIAL REVIEW

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

Total income during the year was £8,537,379 (2016: £9,503,237), this includes donations from David and Heather Stevens of £3,849,900 (2016: £4,030,300).

Total expenditure amounted to £10,179,748 (2016: £7,637,228), grant funding activities of £9,594,396 (2016: £7,059,792) are included within this figure.

Overall a surplus of £10,622,727 (2016: £16,294,921) 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

The Waterloo Foundation's 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 equity and bond portfolio managed by our investment managers, Whitley Asset Management.

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

Summary of Reserves

At the year end unrestricted reserves were £155,301,411 (2016: £144,678,684).

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 equity and bond investments in companies whose primary activity is the exploration for and/or the extraction of fossil fuels.

Whitley Asset Management continue to safeguard this stance through investment screening which utilises a variety of ESG screening methods and Carbon Disclosure Project report scores, as well as considering the impact of investee companies' actions on tropical rainforests. In employing these

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2017

measures, we aim to achieve a sub 10% exposure to the fossil fuel branch of the energy sector at all times. In 2017, 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.

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

The ongoing 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 2018 and beyond has drawn upon detailed ten-year reviews undertaken for all of our active funds in 2017.

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, at the end of 2017 the Trustees decided to establish a second World Development Fund Manager post to administer this funding. Two Fund Managers will therefore be responsible for this fund going forward. At the end of 2017, we also agreed to modify the shape of our funding in 2018, by increasing our support for SRH and nutrition work, and reducing the number of unsolicited applications we will accept within the fields of education and WASH.

The Environment Fund will continue to support marine fisheries and the protection of tropical rainforest. We have also decided to continue our new funding to support work relating to Brexit beyond 2017, and will be ring-fencing a proportion of our 2018 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, following the success of our re-opened Child Development research funding programme in 2017, we will once again issue research calls across our six priority topics in 2018.

The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees are pleased to present the eleventh report together with the financial statements of the Foundation for the period ended 31st December 2017.

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.

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 Secretary to the Board);
- a Finance Manager;
- an Office Manager.
- an Executive Assistant to the Chair;
- 6 Fund Managers split across the main funds (World Development, Environment, Child Development and Wales);
- 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 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. Our consultant also recommends and arranges training opportunities, and offers general HR support for staff.

The Employee Handbook is updated regularly as statutory requirements change. 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.

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 Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2017

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

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. 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 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 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.

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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

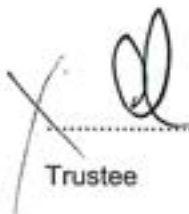
The Waterloo Foundation

Trustees' Annual Report *(continued)*

Year ended 31 December 2017

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, the applicable Charities (Accounts and Reports) Regulations, 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 trustees' annual report was approved on 11/7/2018 and signed on behalf of the board of trustees by:


Trustee


Name

The Waterloo Foundation

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

(continued)

Year ended 31 December 2017

Opinion

We have audited the financial statements of The Waterloo Foundation (the 'charity') for the year ended 31 December 2017 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 2017 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.

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

The Waterloo Foundation

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

(continued)

Year ended 31 December 2017

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

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.

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

The Waterloo Foundation

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

(continued)

Year ended 31 December 2017

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: 01 Aug 2018

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
31 December 2017

		2017		2016
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	4	3,849,900	3,849,900	4,030,300
Investment income	5	4,687,479	4,687,479	5,472,937
Total income		<u>8,537,379</u>	<u>8,537,379</u>	<u>9,503,237</u>
Expenditure				
Expenditure on raising funds:				
Investment management costs	6	(154,573)	(154,573)	(136,790)
Expenditure on charitable activities	7,8	(10,025,175)	(10,025,175)	(7,498,978)
Other expenditure	11	—	—	(1,460)
Total expenditure		<u>(10,179,748)</u>	<u>(10,179,748)</u>	<u>(7,637,228)</u>
 Net gains on investments	 12	 12,265,096	 12,265,096	 14,428,912
 Net income and net movement in funds		 <u>10,622,727</u>	 <u>10,622,727</u>	 <u>16,294,921</u>
 Reconciliation of funds				
Total funds brought forward		144,678,684	144,678,684	128,383,763
Total funds carried forward		<u>155,301,411</u>	<u>155,301,411</u>	<u>144,678,684</u>

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

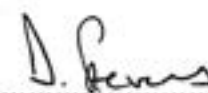
The Waterloo Foundation
Statement of Financial Position
31 December 2017

		2017	2016
		£	£
Fixed assets			
Tangible fixed assets	17	25,277	34,773
Investments	18	154,387,475	144,599,626
		<u>154,412,752</u>	<u>144,634,399</u>
Current assets			
Debtors	19	28,800	50,046
Cash at bank and in hand		2,395,351	512,210
		<u>2,424,151</u>	<u>562,256</u>
Creditors: amounts falling due within one year	20	1,535,492	517,971
Net current assets		888,659	44,285
Total assets less current liabilities		<u>155,301,411</u>	<u>144,678,684</u>
Net assets		<u>155,301,411</u>	<u>144,678,684</u>
Funds of the charity			
Unrestricted funds		155,301,411	144,678,684
Total charity funds	22	<u>155,301,411</u>	<u>144,678,684</u>

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

X 
 Trustee

X 
 Trustee


 Name


 Name

The Waterloo Foundation

Statement of Cash Flows

Year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Net income	10,622,727	16,294,921
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	9,496	10,533
Net gains on investments	(12,265,096)	(14,428,912)
Dividends, interest and rents from investments	(4,707,454)	(5,470,356)
Other interest receivable and similar income	19,975	(2,581)
Loss on disposal of intangible assets	-	1,460
Accrued expenses	13,590	86,927
<i>Changes in:</i>		
Trade and other debtors	600	70,316
Trade and other creditors	1,024,577	295,621
Cash generated from operations	(5,281,585)	(3,142,071)
Interest received	(19,975)	2,581
Net cash used in operating activities	(5,301,560)	(3,139,490)
Cash flows from investing activities		
Dividends, interest and rents from investments	4,707,454	5,470,356
Purchase of tangible assets	-	(17,977)
Proceeds from sale of tangible assets	-	140
Purchases of other investments	(48,723,212)	(63,728,600)
Proceeds from sale of other investments	51,200,459	61,305,524
Net cash from investing activities	7,184,701	3,029,443
Net increase/(decrease) in cash and cash equivalents	1,883,141	(110,047)
Cash and cash equivalents at beginning of year	512,210	622,257
Cash and cash equivalents at end of year	2,395,351	512,210

The notes on pages 24 to 32 form part of these financial statements.

The Waterloo Foundation
Notes to the Financial Statements
Year ended 31 December 2017

1. General information

The charity is 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 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 2017

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.

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.

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.

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

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

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.

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.

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

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.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Donations				
Donations	3,849,900	3,849,900	4,030,300	4,030,300

5. Investment income

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Income from listed investments	4,707,454	4,707,454	5,470,356	5,470,356
Bank interest receivable	751	751	2,296	2,296
Other interest receivable	(20,726)	(20,726)	285	285
	<u>4,687,479</u>	<u>4,687,479</u>	<u>5,472,937</u>	<u>5,472,937</u>

6. Investment management costs

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Portfolio management	154,573	154,573	136,790	136,790

7. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Grants & project funding	9,866,072	9,866,072	7,344,670	7,344,670
Support costs	159,103	159,103	154,308	154,308
	<u>10,025,175</u>	<u>10,025,175</u>	<u>7,498,978</u>	<u>7,498,978</u>

The Waterloo Foundation

Notes to the Financial Statements (continued)

Year ended 31 December 2017

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2017 £	Total fund 2016 £
Grants & project funding	271,676	9,594,396	144,095	10,010,167	7,482,215
Governance costs	—	—	15,008	15,008	16,763
	<u>271,676</u>	<u>9,594,396</u>	<u>159,103</u>	<u>10,025,175</u>	<u>7,498,978</u>

9. Analysis of support costs

	Analysis of support costs Grants & project funding £	Total 2017 £	Total 2016 £
Staff costs	78,194	78,194	60,218
Premises	41,165	41,165	43,327
Communications and IT	131	131	1,664
General office	14,933	14,933	17,552
Finance costs	175	175	4,249
Governance costs	15,009	15,009	16,764
Support costs - Other	9,496	9,496	10,534
	<u>159,103</u>	<u>159,103</u>	<u>154,308</u>

10. Analysis of grants

	2017 £	2016 £
Grants to institutions		
Grants to institutions	9,594,396	7,059,792
Total grants	<u>9,594,396</u>	<u>7,059,792</u>

11. Other expenditure

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Loss on disposal of intangible assets for charity's own use	—	—	1,460	1,460

12. Net gains on investments

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Gains / (losses) on sale of investment assets	12,265,096	12,265,096	14,428,912	14,428,912

The Waterloo Foundation

Notes to the Financial Statements (continued)

Year ended 31 December 2017

13. Net income

Net income is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible fixed assets	9,496	10,533
Loss on disposal of tangible assets	—	1,460

14. Auditors remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	6,000	7,200
Fees payable to the charity's auditor and its associates for other services: Audit-related assurance services	3,600	3,300

15. Staff costs

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

	2017	2016
	£	£
Wages and salaries	271,896	266,420
Social security costs	26,886	25,225
Employer contributions to pension plans	15,705	11,302
	<u>314,487</u>	<u>302,947</u>

The average head count of employees during the year was 10 (2016: 9). The average number of full-time equivalent employees during the year is analysed as follows:

	2017	2016
	No.	No.
Number of administrative staff	3	2
Number of support staff	7	7
	<u>10</u>	<u>9</u>

No employee received employee benefits of more than £60,000 during the year (2016: 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 £53,795 (2016: £63,819).

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, two trustees were reimbursed nil (2016: £834) for travelling costs to attend meetings.

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

17. Tangible fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2017	43,625	110,166	153,791
Disposals	—	(706)	(706)
At 31 December 2017	<u>43,625</u>	<u>109,460</u>	<u>153,085</u>
Depreciation			
At 1 January 2017	28,403	90,615	119,018
Charge for the year	3,044	6,452	9,496
Disposals	—	(706)	(706)
At 31 December 2017	<u>31,447</u>	<u>96,361</u>	<u>127,808</u>
Carrying amount			
At 31 December 2017	<u>12,178</u>	<u>13,099</u>	<u>25,277</u>
At 31 December 2016	<u>15,222</u>	<u>19,551</u>	<u>34,773</u>

18. Investments

	Cash or cash equivalents £	Listed investments £	Other investments £	Total £
Cost or valuation				
At 1 January 2017	8,092,379	134,353,261	2,153,986	144,599,626
Additions	27,179,090	22,811,811	(1,267,689)	48,723,212
Disposals	(30,763,483)	(20,225,814)	225,093	(50,764,204)
Fair value movements	—	11,768,295	60,546	11,828,841
At 31 December 2017	<u>4,507,986</u>	<u>148,707,553</u>	<u>1,171,936</u>	<u>154,387,475</u>
Impairment				
At 1 January 2017 and 31 December 2017			—	—
Carrying amount				
At 31 December 2017	<u>4,507,986</u>	<u>148,707,553</u>	<u>1,171,936</u>	<u>154,387,475</u>
At 31 December 2016	<u>8,092,379</u>	<u>134,353,261</u>	<u>2,153,986</u>	<u>144,599,626</u>

All investments shown above are held at valuation.

Listed investments

The aggregate market value of listed investments is £148,707,553 (2016: £134,353,261) and the stock exchange value is £148,707,553 (2016: £134,353,261).

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 £105,659,326 (2016: £98,813,123)

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

18. Investments *(continued)*

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

	Holding	Market Value £
Admiral Group plc	200p ordinary shares	3,901,400
		78,067,014

There is no restriction on the realisation of this investment.

19. Debtors

	2017 £	2016 £
Prepayments and accrued income	25,200	45,846
Other debtors	3,600	4,200
	<u>28,800</u>	<u>50,046</u>

20. Creditors: amounts falling due within one year

	2017 £	2016 £
Accruals and deferred income	52,808	59,864
Social security and other taxes	—	8,419
Trade creditors	4,930	6,117
Other creditors	1,477,754	443,571
	<u>1,535,492</u>	<u>517,971</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 £15,705 (2016: £11,302).

22. Analysis of charitable funds

Unrestricted funds

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

The Waterloo Foundation

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

23. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2017	Total Funds 2016
	£	£	£
Tangible fixed assets	25,277	25,277	34,773
Investments	154,387,475	154,387,475	144,599,626
Current assets	2,424,151	2,424,151	562,256
Creditors less than 1 year	(1,535,492)	(1,535,492)	(517,971)
Net assets	155,301,411	155,301,411	144,678,684

24. Other financial commitments

The charity was committed to make donations worth £4,800,254 (£5,521,257: 2016) as at 31 December 2017.

25. Operating lease commitments

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

	2017	2016
	£	£
Later than 1 year and not later than 5 years	<u>26,250</u>	<u>47,250</u>

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 £3,849,900 (2016: £4,030,300) was made from the same trustees.

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

Oceana	£238,951
Ocean Watersports Trust	£6,000