

**THE WATERLOO FOUNDATION
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2007**

Charity Number 1117535

CARSTON

Chartered Accountants & Registered Auditors
First Floor, Tudor House
16 Cathedral Road
Cardiff
CF11 9LJ

THE WATERLOO FOUNDATION

FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

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THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

The trustees have pleasure in presenting their report and the financial statements of the charity for the period from 15 December 2006 to 31 December 2007.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	The Waterloo Foundation
Charity registration number	1117535
Principal office	PO Box 141 Barry CF63 9BF

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

Mrs H. V. Stevens was appointed as a member of the committee on 15 December 2006.
Mr D.G. Stevens was appointed as a member of the committee on 15 December 2006.
Ms J.V. Alexander was appointed as a member of the committee on 15 December 2006.
Mrs C.A. Oakes was appointed as a member of the committee on 15 December 2006.

Senior management	Janice Matthews (finance manager)
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Auditor	Carston Chartered Accountants First Floor, Tudor House 16 Cathedral Road Cardiff CF11 9LJ
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Bankers	Triodos Bank Brunel House 11 The Promenade Bristol BS8 3NN
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Solicitors	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG
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STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees are pleased to present this first ever report together with the financial statements of the Foundation for the period ended 31st December 2007.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

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

Governing Document

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

Recruitment and Appointment

The Waterloo Foundation is managed by its Board of Trustees, which meets five or six times a year. New Trustees are appointed in accordance with the Foundation's trust deed. The Trustees will (bearing in mind the recent establishment of the Foundation) 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 of Trustees overseeing the work of the Foundations office. The team comprises Grant Research Officers, one for each of the key funds (World Development, Environment, Child Development and for Projects in Wales), plus a part-time Finance Officer and part-time General Administrator.

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

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

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

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.

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.

At every Trustee meeting the current financial position is reviewed. A monthly finance report is produced and an investment report is produced for every Trustee meeting.

Reserves

Bearing in mind the recent establishment of the Foundation, the Board's work during the year on the development of the Foundation's grant-making policy and the level of income generated by the Foundation's expendable endowment, the Trustees expect to assess the requirement for, and the content of, a policy in respect of the Foundation's reserves of its income funds during 2008.

OBJECTIVES AND 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

2007	Value (£)	No of Projects
World Development	721,650	26
Environment	855,162	20
Child Development	532,190	21
Wales	218,104	14
Other	203,494	17
Sub Total	2,530,600	98

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

ACHIEVEMENTS AND PERFORMANCE

This is the first Report of the Trustees for the Waterloo Foundation since its inception in January 2007, and initial donation in March 2007. In that time, the Foundation has grown from a 2-woman team (plus Trustees) to a team of 5 plus the Chair of Trustees working out of small offices in Llandaff, Cardiff. The full staff and premises were established in October 2007.

In April 2007 the Foundation established and launched its own website, through which the majority of applications are channelled. It received 287 applications in 2007 since its inception of which 98 were successful, with the foundation paying out £1.7million of grants in its first year of operation. These projects ranged from support for large NGO's such as Oxfam and Water Aid, to small schools in India and Guatemala; from preservation of rainforests to solar panels on Skokholm Island; from playgrounds for autistic children to guides for educational psychologists re: brain and spine injuries.

FINANCIAL REVIEW

The Waterloo Foundation's investment income derives from both share dividends and bank interest. Whilst banking rates are subject to world wide pressures, the Foundation's investments are held with both Merrill Lynch currently AAA rated and a much smaller sum with Triodos Bank, both approved by our auditors.

The Foundation's original donation comprised shares in Admiral Group plc. In September 2007 as part of a planned strategy for diversification, the Trustees disposed of 25% of the original endowment, to mitigate any risk from having a single income stream. The disposal proceeds were invested in high interest accounts and some ethical investment funds.

PLANS FOR FUTURE PERIODS

The Foundation continues to expand its knowledge base relating to the areas it funds, and perhaps more importantly to gain a deeper understanding of its key foci. This greater knowledge and experience is already allowing it to make better judgements with respect to proposed projects, and also to help petitioning organisations improve the practicality of their projects. With this enhanced knowledge, the Foundation has already refined certain areas of its work, and so, in the future, will be looking to support the following areas and potentially drive-up the number of projects:

- In World Development:
 - o involving micro-finance
 - o working in education
 - o working with water and sanitation
- In the Environment field:
 - o aiming to reduce/avoid tropical deforestation (and support for organisations in this area)
 - o aiming to reduce greenhouse gas, emissions (primarily) overseas and also some UK technological solutions
- In the Child Development field:
 - o researching the underlying causes of autistic spectrum disorders/dyslexia/dyspraxia
 - o continuing and extending the dialogue and network set up at the Foundation's recent "National Children's Nutritional Conference

In Wales, the Foundation is continuing to define its work in the light of the substantial needs of the country, and will re-issue its guidelines in autumn 2008.

THE WATERLOO FOUNDATION

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

RESPONSIBILITIES OF THE TRUSTEES

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). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

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

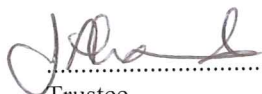
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

A resolution to re-appoint Carston as auditor for the ensuing year will be proposed at the Annual General Meeting.

Signed on behalf of the trustees


Trustee

E. Oakes

Alexander
Name

C. OAKES

Date 25.9.08

THE WATERLOO FOUNDATION
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE
WATERLOO FOUNDATION
PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

We have audited the financial statements of the Waterloo Foundation for the period from 15 December 2006 to 31 December 2007 on pages 8 to 15 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 10.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. 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 THE TRUSTEES AND AUDITOR

The responsibilities of the trustees for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Trustees on pages 4 to 5.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE WATERLOO FOUNDATION
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE
WATERLOO FOUNDATION
PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Carston

First Floor, Tudor House
16 Cathedral Road
Cardiff
CF11 9LJ

CARSTON
Chartered Accountants
& Registered Auditors

Date *13 October 2008*

THE WATERLOO FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

	Note	Total Funds Period from 15 Dec 06 to 31 Dec 07 £
INCOMING RESOURCES		
Incoming resources from generating funds:		
Voluntary income	2	99,090,430
Investment income	3	4,786,039
TOTAL INCOMING RESOURCES		<u>103,876,469</u>
RESOURCES EXPENDED		
Charitable activities	4/5	(1,703,561)
Governance costs	6	154,539
TOTAL RESOURCES EXPENDED		<u>(1,549,022)</u>
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES	7	102,327,447
OTHER RECOGNISED GAINS AND LOSSES		
Unrealised gains/(losses) on faixed asset investments		6,608,319
Gains / (losses) on sale of investment assets		(1,650,000)
NET MOVEMENT IN FUNDS		<u>107,285,766</u>
RECONCILIATION OF FUNDS		
Total funds brought forward		—
TOTAL FUNDS CARRIED FORWARD		<u>107,285,766</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 notes on pages 10 to 15 form part of these financial statements.

THE WATERLOO FOUNDATION

BALANCE SHEET

31 DECEMBER 2007


	Note	£	31 Dec 07 £
FIXED ASSETS			
Tangible assets	9		77,476
Investments	10		<u>106,564,171</u>
			106,641,647
CURRENT ASSETS			
Debtors	11	16,157	
Cash at bank		<u>641,582</u>	
		657,739	
CREDITORS: Amounts falling due within one year	12	<u>(13,620)</u>	
NET CURRENT ASSETS			644,119
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>107,285,766</u>
NET ASSETS			<u>107,285,766</u>
FUNDS			
Unrestricted income funds	15		<u>107,285,766</u>
TOTAL FUNDS			<u>107,285,766</u>

These financial statements were approved by the members of the committee on the 25.9.08 and are signed on their behalf by:

.....Trustee

.....Trustee

.....Name

.....Name

The notes on pages 10 to 15 form part of these financial statements.

THE WATERLOO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

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

Donations and legacies

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

Investment assets and income

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

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

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

Resources expended

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

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

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

Operating lease agreements

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

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

2. VOLUNTARY INCOME

	Unrestricted Funds £	Total Funds 2007 £
Donations	99,090,430	99,090,430

3. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2007 £
Income from UK listed investments	4,408,264	4,408,264
Bank interest receivable	377,775	377,775
	<u>4,786,039</u>	<u>4,786,039</u>

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Total Funds 2007 £
Grants & project funding	1,636,697	1,636,697
Support costs	66,864	66,864
	<u>1,703,561</u>	<u>1,703,561</u>

5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Provision of grants £	Grant funding activities £	Support costs £	Total Funds 2007 £
Grants & project funding	26,811	1,609,886	66,864	1,703,561

6. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2007 £
Accountancy fees	69	69
Audit fees	3,525	3,525
Legal fees	10,562	10,562
Costs of trustees' meetings	582	582
Foreign currency gain/loss	(169,277)	(169,277)
	<u>(154,539)</u>	<u>(154,539)</u>

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

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

7. NET INCOMING RESOURCES FOR THE PERIOD

This is stated after charging/(crediting):

	Period from 15 Dec 06 to 31 Dec 07 £
Depreciation	7,321
Auditors' remuneration:	
- audit of the financial statements	3,525
Exchange (gains)/losses	<u>(169,277)</u>

8. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	Period from 15 Dec 06 to 31 Dec 07 £
Wages and salaries	31,076
Social security costs	<u>2,242</u>
	<u>33,318</u>

No trustee received any emoluments during the period.

Particulars of employees:

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

	Period from 15 Dec 06 to 31 Dec 07 No
Number of administrative staff	2
Number of support staff	<u>3</u>
	<u>5</u>

No employee received emoluments of more than £60,000 during the period (2006 - Nil).

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

9. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Total £
COST			
Additions	55,887	28,910	84,797
At 31 December 2007	<u>55,887</u>	<u>28,910</u>	<u>84,797</u>
DEPRECIATION			
Charge for the period	5,909	1,412	7,321
At 31 December 2007	<u>5,909</u>	<u>1,412</u>	<u>7,321</u>
NET BOOK VALUE			
At 31 December 2007	<u>49,978</u>	<u>27,498</u>	<u>77,476</u>

10. INVESTMENTS

Movement in market value

	31 Dec 07 £
Acquisitions at cost	130,015,852
Disposals at opening book value	(30,060,000)
Net gains on revaluations in the period from 15 December 2006 to 31 December 2007	<u>6,608,319</u>
Market value at 31 December 2007	<u>106,564,171</u>
Historical cost at 31 December 2007	<u>99,955,816</u>

Analysis of investments at 31 December 2007 between funds

	Total Funds Period from 15 Dec 06 to 31 Dec 07 £
Listed investments	
UK Quoted Shares	75,585,999
Other investments	
UK Cash held as part of Portfolio	<u>30,978,172</u>
	<u>106,564,171</u>

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

10. INVESTMENTS *(continued)*

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

		Holding	Market Value £
Admiral Group plc	0.1p ordinary shares	6,884,000	75,585,999

There is no restriction on the realisation of this investment.

11. DEBTORS

	31 Dec 07 £
Other debtors	920
Prepayments	15,237
	<u>16,157</u>

12. CREDITORS: Amounts falling due within one year

	31 Dec 07 £
Trade creditors	1,221
Taxation and social security	1,536
Accruals	10,863
	<u>13,620</u>

13. OPERATING LEASE COMMITMENTS

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

14. OTHER COMMITMENTS

The charity was committed to make donations worth £483,761 as at 31 December 2007.

15. UNRESTRICTED INCOME FUNDS

	Incoming resources £	Gains and losses £	Balance at 31 Dec 07 £
General Funds	<u>100,677,447</u>	<u>6,608,319</u>	<u>107,285,766</u>

THE WATERLOO FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 15 DECEMBER 2006 TO 31 DECEMBER 2007

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Unrestricted Income Funds	77,476	106,564,171	644,119	107,285,766
Total Funds	77,476	106,564,171	644,119	107,285,766

17. RELATED PARTY TRANSACTIONS

The charity has been under the control of the trustees since the charity was set up. The charity was started with an initial donation of £99 million from two of the trustees, David and Heather Stevens. No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities.