

**THE WATERLOO FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2011**

**Charity Number 1117535**

**CARSTON & CO LIMITED**

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

# **THE WATERLOO FOUNDATION**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2011**

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# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2011

The trustees present their report and the financial statements of the charity for the year ended 31 December 2011.

### REFERENCE AND ADMINISTRATIVE DETAILS

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

### THE TRUSTEES

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

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

<b>Senior management</b>	Janice Matthews (finance manager)
<b>Auditor</b>	Carston & Co Limited Chartered Accountants & Statutory Auditor 1st Floor, Tudor House 16 Cathedral Road Cardiff CF11 9LJ
<b>Investment adviser</b>	Merrill Lynch Portfolio Managers Limited Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
<b>Bankers</b>	Triodos Bank Deanery Road Bristol BS8 3NN
<b>Solicitors</b>	Veale Wasborough Orchard Court Orchard Lane Bristol BS1 5WS

# **THE WATERLOO FOUNDATION**

## **TRUSTEES ANNUAL REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2011**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Trustees are pleased to present this fifth report together with the financial statements of the Foundation for the period ended 31st December 2011.

The financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the applicable accounting standards in the United Kingdom and the requirements of the Statement of Recommended Practice ("SORP 2005") "Accounting and Reporting by Charities".

#### **Governing Document**

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

#### **Recruitment and Appointment**

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

#### **Induction and Training**

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

#### **Organisational Structure**

The Foundation is a small body and has a simple organisational structure, with the Chair and Trustees overseeing the work of the Foundation office. The team comprises of 4 Grant Research Officers, one for each of the key funds (World Development, Environment, Child Development, Projects in Wales) plus a Grant Research Officer/Executive Assistant to the Chair, a Finance Manager and an Office 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 a designated Trustee or by the Chair of Trustees. A different Trustee is available to staff in case of dispute.

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

### **Related Parties**

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

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

### **Risk Management**

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

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

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**

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

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2011

#### OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

The objectives of the Foundation are as follows:

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

#### Grant making activities

2011	Value (£)	Number of Projects Payments
World Development	2,081,115	84
Environment	1,740,505	90
Child Development	1,021,265	45
Wales	486,620	29
Other	1,179,560	91
Size of Wales	50,000	2
	-----	-----
Totals	6,559,066	341

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2011

#### ACHIEVEMENTS AND PERFORMANCE

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

In 2011 the Foundation received 762 applications of which 233 were successful, with the Foundation paying out just over £6.5 m of grants in its fifth year of operation. The reports from our four main funds, now follow.

#### A. World Development Fund

In 2011 we continued to develop strategic collaborations with three NGO partners - Camfed, Concern Universal and WaterAid. The multi-annual partnerships are intended to provide flexible funding that enables organisational development as well as delivery of effective development programmes. In the summer we had the opportunity to visit the work of one of these partners, Camfed, in Tanzania and meet their in-country staff and district partners. The trip to Tanzania and Uganda also gave us a chance to visit a good number of other grant recipients and improve our understanding of the context of their work, especially the challenges in delivering education in rural areas.

As well as our strategic collaborations, we continued in 2011 to support NGOs delivering projects in our 3 key thematic areas: education; water, sanitation and hygiene; and enterprise development. As well as providing substantial grants to sizeable charities, we have also continued to provide some support to smaller projects led by smaller NGOs in Wales, the rest of the UK and occasionally NGOs local to the countries in which they operate.

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

- We supported Chello Foundation to establish a student sponsorship scheme in Lesotho, accessing match-funding from Liberty Global. The programme will initially support over 200 disadvantaged young people to gain access to primary and secondary school.
- We funded Computer Aid International to provide access to IT and the internet at six schools in rural Zambia, as part of the wider Macha Works project which has established internet access in a rural community.
- We provided a grant to Red Earth Education to allow them to continue to support their successful teacher training programme in Masindi District, Uganda.

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

- We gave a further grant to Jhpiego to support their hygiene education and waste management programme in the slums of Nairobi.
- We supported Village Water to improve sanitation, hygiene and access to clean water in western Zambia.
- We continued to support a number of small charities and school-links to construct separate latrines for boys and girls, and improve access to clean drinking water, at a number of under-resourced schools.

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

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

- We worked with TWIN Trading to provide investment support to a nut-processing factory in Malawi. Working in partnership with NASFAM (the National Association of Smallholder Farmers), the factory will support thousands of farmers producing ground nuts for the export market.
- We provided Concern Universal with a loan to expand the capacity of a shea butter processing factory in northern Ghana, supporting hundreds of women supplying shea nuts to the enterprise.
- We provided a soft loan to Build A School to help develop a centre for processing fairly-traded essential oils. The project will help train a women's co-operative in Malawi to establish the enterprise and support access to UK markets.

### **B. Environment Fund**

At the outset of 2011 we reviewed our Environment Fund; the outcome of this review was the continued priority of the protection of tropical forests and the conservation of marine fish stocks. The major change from the review was the exclusion of water projects under the environment fund in order to prioritise our forest and marine programmes.

The forest projects that we focused on in 2011 continued to be based around the key theme of avoided tropical deforestation. It included market-based approaches that recognised the value of standing tropical forests and recognising the right of forest dependent people in managing their resources.

- We continued our support of the Greenpeace campaign to protect the rainforest and peat lands of Indonesia from felling for palm oil plantations, by creating a moratorium on forest conversion and industrial logging.
- We supported the Forest People's Programme to support the Bagyeli people to map their traditional lands. These maps will be used to recognise their free, prior and informed consent in the re-zoning of a number of forest management units in Cameroon, and potentially protecting large areas of rainforest from being re-classified into logging zones.
- We funded the work of International Rivers in the Amazon to halt destructive river infrastructure projects (such as the Belo Monte dam) that will result in the flooding of large areas of forest habitats and the loss of traditional lands for many forest based people.
- We continued to support the innovative Size of Wales initiative which aims to engage Welsh civic society in sustaining an area of tropical forest, equivalent to the size of Wales (2.06m hectares); TWF provided a grant of £1m to match fund any funding raised by the NGOs involved in the project.
- We helped fund the Environmental Investigation Agency, which aims to build the capacity of Indonesian NGOs to investigate illegal logging, providing information that new forest laws in the US and EU can be acted upon.
- We gave continuing support to the Global Canopy Programme for their science, policy and finance work which aims to recognise the economic worth of tropical forests and provide the mechanisms to keep them standing.

The marine issues addressed in 2011 continued to include halting the depletion of fish stocks; this was prioritised through the creation of marine protection areas and the change to sustainable fishing and

## THE WATERLOO FOUNDATION

### TRUSTEES ANNUAL REPORT *(continued)*

#### YEAR ENDED 31 DECEMBER 2011

fishing practices. We also started to support a number of mangrove conservation and protection projects due to the high number of ecosystem services they provide.

- We supported Oceana to campaign to protect and restore the world's oceans. Through marine scientists, economists, lawyers and advocates Oceana aims to create policy changes to reduce pollution and to prevent the irreversible collapse of fish populations, marine mammals and other sea life. Oceana has campaigners based in Europe, North America, Central America and South America.
- We supported Biosphere Expeditions who aim to create a Marine Protected area for coral reefs in Oman and help educate local people on the importance of reef protection.
- We funded Greenpeace's campaign which calls for the reform of the Common Fisheries Policy in 2012 to include strong and directive legislation for protecting the oceans from unsustainable and destructive fishing.
- We continued to support the WWF Coral Triangle Initiative which aims to protect the rich marine biodiversity of the coastal and marine areas of Indonesia, Malaysia, Philippines, Papua New Guinea, the Solomon Islands and Fiji, whilst ensuring sustainable livelihoods for the local people and responsible commercial exploration of the marine natural resources for both national and international markets.
- We helped support Comunidad y Biodiversidad with a project which aims to change legislation to secure the rights of artisanal fishers where they have established voluntary no take zones in Mexico.
- We continued to help the Environmental Justice Foundation 'Save the Sea' Campaign which aims to combat illegal fishing in Sierra Leone and stop the importing of these illegal fish into the European markets.

In addition to the above, we also supported a number of local projects which focused on small-scale, community based, renewable energy schemes, such as supporting Coetir Mynydd in Gwynedd with a feasibility study for a potential hydro project; or the installation of photovoltaic panels at the community centre of the Ffrith and district community association.

#### C. Child Development Fund

In 2011, our Child Development Fund continued to consolidate its efforts. As previously, the main focus of the Fund is research investigating causes and treatments of ADHD, Autism, Developmental Coordination Disorder (DCD), Dyslexia, Rolandic Epilepsy (also known as BECCTS), and chronic Trauma. The research we funded in 2011 is a mixture of applied and basic research and uses a variety of methodologies, including the cognitive, genetic, neuroscience, developmental and murine. We were also able to provide some support for dissemination activities of such research, and for projects supporting families in Wales who are affected by these disorders.

In 2011 we formalised the process through which we conduct scientific review of applications. Following guidelines from the Association of Medical Research Charities (AMRC), research applications in 2011 were reviewed by independent external reviewers. The review process was proportionally to the size of the project: applications for projects exceeding £20,000 were reviewed by two or more reviewers, and applications for smaller projects were reviewed by one or more reviewers.

The neurodevelopmental disorders we are interested in rarely occur in isolation, and in fact co-occurrence is the rule not the exception. This is reflected in 2011's research funding: the majority of our projects

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2011

involve researching the causes and treatments of more than one of our disorders of interest. Here are some highlights from our Child Development research funding in 2011:

- We supported a project in Uganda, which is systematically investigating the development of neurodevelopmental disorders including **ADHD** following Cerebral Malaria. The association between Cerebral Malaria and subsequent development of these disorders has previously been reported, but this is the first systematic investigation it has received.
- We supported a randomised control trial (RCT) investigating the effectiveness of an intervention on premature babies' development of attention, communication and adaptive behaviour skills. This project investigates whether hearing their Mother's voice and heartbeat while they are in the incubator helps premature babies develop these key skills. Children born prematurely have a higher risk of several neurodevelopmental disorders, with **ADHD** a particularly common diagnosis.
- We supported a project investigating the development of **Autism** and other forms of psychopathology in children with the genetic condition of 22Q11DS, which is also called Velo-Cardio-Facial Syndrome and DiGeorge Syndrome).
- We supported a project investigating whether or not there are brain differences between people who have been diagnosed with High Functioning **Autism** (HFA) and Asperger's Syndrome. This is a very topical issue due to the controversial proposals to change the Diagnostic and Statistical Manual for Mental Disorders (DSM) which have provoked concern. We are keen to ensure that there is a solid research base around some of the most controversial aspects, such as the proposed removal of the Asperger's Syndrome diagnosis.
- We supported research investigating whether or not social and movement problems have a common cause in healthy children. This is important because people with **Autism** often show movement problems, and people with Developmental Coordination Disorder (**DCD**) often show social problems.
- We supported research investigating infant precursors of later language problems, such as **Dyslexia** and SLI. This work involved contacting the families of children who had previously helped with some research while they were babies.
- We supported research investigating neurodevelopmental features of **Rolandic Epilepsy**. Specifically, we funded longitudinal research investigating whether or not children with a sibling who has Rolandic Epilepsy also show these neurodevelopmental features. This award was done in conjunction with Epilepsy Research UK (ERUK), with whom we ran a joint call for applications involving Rolandic Epilepsy research.
- We supported research investigating epigenetic mechanisms in the development of neurodevelopment disorders, and the role of Omega-3 fatty acids in ameliorating these. Previous work has found that the negative effects of maternal stress on infants' cardiovascular and metabolic function are completely blocked by infants having a **diet** rich in Omega-3 fatty acids from birth onwards. This project examines effects on infant behaviour, and will investigate the epigenetic mechanisms involved.
- We supported research investigating the nature of social impairments following early maltreatment and **trauma** in the UK context. Previous work has found that these vulnerable children often show Autism-like behaviour, and this project investigates the specific nature of their social problems.
- We supported feasibility pilot work for an RCT investigating the effectiveness of one particular treatment for these children who have known early maltreatment and trauma. With the exception of adoption, there is currently no evidence-based treatment for the problems these children have

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2011

after their difficult start in life. This project is considering Dyadic Developmental Psychotherapy (DDP) as a potential treatment.

Alongside these research projects,

- We supported a conference about **Dyslexia** and co-occurring problems, which brought together scientists and professionals
- We supported consensus meetings to discuss the new European Academy for Childhood Disorders (EACD) on **DCD**, and their application in our UK context.
- We supported **sleep** clinics in North Wales, for families where one or more of their children has a significant neurodevelopment disorder such as Autism. The organisation giving this sleep service operates to a very high standard and receives training from the UK's most well regarded sleep counsellor training.

#### **D. Wales Fund**

During 2011, we continued to fund projects under our **Working Wales** and **Caring Wales** programmes.

Our **Working Wales** funding programme focused on employment and business in Wales. Grants were available for initiatives which demonstrated strong potential for achieving paid employment or business start-up outcomes. Projects and organisations supported in 2011 included:

- **Young Enterprise Wales**

Support for Young Enterprise Wales to deliver their well-evaluated Company Programme in schools and colleges in the Swansea area.

- **PRIME Cymru**

A grant towards PRIME Cymru's Volunteer Business Mentor Coordinator's post, which covers North East Wales, and provides mentoring from the business community for people over 50 to help them into employment or to set up their own business.

- **Cyswllt Contact**

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

- **National Autistic Society**

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

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

- **Barnardo's**

Barnardo's runs several young carers projects across Wales. TWF awarded the organisation some flexible core funding for these projects in recognition of the strength of their work with young carers.

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2011

#### - Crossroads Wales

Crossroads Care Wales is one of the leading organisations offering support for carers in Wales.

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

#### - Autism Initiatives

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

#### - Headway

Headway provide information, support and rehabilitation services to brain injury survivors and their families and carers across the UK. The grant from TWF enabled them to deliver free training to carers on understanding brain injury, on four training days held in North, Mid, West and South Wales.

#### - Alzheimer's Society

The Alzheimer's Society is a large charity which supports people with Dementia and their carers. In Wales they support 4,000 carers and former carers each year. The request is for a donation of £20,000 to be used flexibly across their services for carers in Wales.

## FINANCIAL REVIEW

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

During 2011 we continued to support our philanthropic aims not just through grant giving but also through the allocation of our investment funds. To this end, we switched some assets into microfinance funds and into renewable energy funds. We continue to look for opportunities to deploy venture capital and other forms of equity in developing countries. We are also looking at ways of investing to support Wales Fund goals, with support for Proper Welsh Milk and Alacrity (a venture fund supporting the growth of new businesses).

# THE WATERLOO FOUNDATION

## TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

### PLANS FOR FUTURE PERIODS

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

We increased our funding under World Development, forming 3 strategic partnerships with WaterAid, Concern Universal and Camfed International.

We will be reviewing the efficiency of our Working Wales programme, and looking for better ways for it to make a difference. We plan on entering into the world of the criminal justice system by providing substantial support for St. Giles Trust. Their successful peer mentoring programme for ex-offenders is due to be rolled out during 2012 in Wales, focusing on Cardiff, and is financed by The Waterloo Foundation.

### RESPONSIBILITIES OF THE TRUSTEES

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE WATERLOO FOUNDATION**  
**TRUSTEES ANNUAL REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2011**

**AUDITOR**

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

Signed on behalf of the trustees

E. Oakes  
Trustee

C. OAKES  
Name

Date 12/6/2012

**THE WATERLOO FOUNDATION**  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE**  
**WATERLOO FOUNDATION**  
**YEAR ENDED 31 DECEMBER 2011**

We have audited the financial statements of the Waterloo Foundation for the year ended 31 December 2011 on pages 15 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Trustees Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

## THE WATERLOO FOUNDATION

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

YEAR ENDED 31 DECEMBER 2011

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

*Carston & Co Ltd*

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

CARSTON & CO LIMITED  
Chartered Accountants  
& Statutory Auditor

Dated.....*18 June 2012*.....

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

**THE WATERLOO FOUNDATION**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 DECEMBER 2011**

	Note	Total Funds 2011 £	Total Funds 2010 £
<b>INCOMING RESOURCES</b>			
Incoming resources from generating funds:			
Voluntary income	2	3,000	3,000
Investment income	3	4,593,974	4,188,943
<b>TOTAL INCOMING RESOURCES</b>		<b>4,596,974</b>	<b>4,191,943</b>
<b>RESOURCES EXPENDED</b>			
Charitable activities	4/5	(7,265,439)	(5,993,364)
Governance costs	6	(11,271)	(9,972)
<b>TOTAL RESOURCES EXPENDED</b>		<b>(7,276,710)</b>	<b>(6,003,336)</b>
<b>NET OUTGOING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>			
	7	(2,679,736)	(1,811,393)
<b>OTHER RECOGNISED GAINS AND LOSSES</b>			
Unrealised gains/(losses) on fixed asset investments		(26,343,769)	12,791,956
Gains / (losses) on sale of investment assets		323,798	243,607
<b>NET MOVEMENT IN FUNDS</b>		<b>(28,699,707)</b>	<b>11,224,170</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward		121,367,714	110,143,544
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>92,668,007</b>	<b>121,367,714</b>

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 17 to 22 form part of these financial statements.

# THE WATERLOO FOUNDATION

## BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	9	31,406	35,830
Investments	10	91,512,381	120,137,451
		<u>91,543,787</u>	<u>120,173,281</u>
<b>CURRENT ASSETS</b>			
Debtors	11	672,474	735,710
Cash at bank and in hand		612,807	594,723
		<u>1,285,281</u>	<u>1,330,433</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(161,061)</u>	<u>(136,000)</u>
<b>NET CURRENT ASSETS</b>		<b>1,124,220</b>	<b>1,194,433</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>92,668,007</b></u>	<u><b>121,367,714</b></u>
<b>NET ASSETS</b>		<u><b>92,668,007</b></u>	<u><b>121,367,714</b></u>
<b>FUNDS</b>			
Unrestricted income funds	15	92,668,007	121,367,714
<b>TOTAL FUNDS</b>		<u><b>92,668,007</b></u>	<u><b>121,367,714</b></u>

These financial statements were approved by the members of the committee on the 12/6/2012 and are signed on their behalf by:

E. Oakes Trustee

[Signature] Trustee

C. OAKES Name

D. STEVENS Name

The notes on pages 17 to 22 form part of these financial statements.

**THE WATERLOO FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

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

**Donations and legacies**

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

**Investment assets and income**

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

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

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

**Resources expended**

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

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

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

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

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

**Operating lease agreements**

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

**THE WATERLOO FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**1. ACCOUNTING POLICIES** *(continued)*

**Foreign currencies**

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

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

**2. VOLUNTARY INCOME**

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
<b>Donations</b>			
Donations	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

**3. INVESTMENT INCOME**

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Income from UK listed investments	2,710,964	2,710,964	2,267,616
Income from non-UK listed investments	1,926,607	1,926,607	1,683,408
Bank interest receivable	2,307	2,307	1,852
Other interest receivable	(45,904)	(45,904)	236,067
	<u>4,593,974</u>	<u>4,593,974</u>	<u>4,188,943</u>

**4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE**

	Unrestricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Grants & project funding	6,847,097	6,847,097	5,521,987
Support costs	<u>418,342</u>	<u>418,342</u>	<u>471,377</u>
	<u>7,265,439</u>	<u>7,265,439</u>	<u>5,993,364</u>

**5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE**

	Provision of grants £	Grant funding activities £	Support costs £	Total Funds 2011 £	Total Funds 2010 £
Grants & project funding	<u>190,894</u>	<u>6,656,203</u>	<u>418,342</u>	<u>7,265,439</u>	<u>5,993,364</u>

**THE WATERLOO FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**6. GOVERNANCE COSTS**

	Unrestricted Funds	Total Funds 2011	Total Funds 2010
	£	£	£
Accountancy fees	739	739	547
Audit fees	6,960	6,960	8,206
Legal fees	1,230	1,230	—
Costs of trustees' meetings	2,342	2,342	1,219
	<u>11,271</u>	<u>11,271</u>	<u>9,972</u>

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

**7. NET OUTGOING RESOURCES FOR THE YEAR**

This is stated after charging:

	2011	2010
	£	£
Staff pension contributions	7,773	—
Depreciation	10,171	13,034
Auditors' remuneration:		
- audit of the financial statements	6,960	8,206
Exchange (gains)/losses	<u>5,606</u>	<u>—</u>

**8. STAFF COSTS AND EMOLUMENTS**

Total staff costs were as follows:

	2011	2010
	£	£
Wages and salaries	159,745	132,408
Social security costs	15,478	12,686
Other pension costs	7,773	—
	<u>182,996</u>	<u>145,094</u>

No trustee received any emoluments during the period. Included within project expenses is an amount of £11,171 paid to three trustees to cover expenses in relation to projects.

The charity operates a Defined Contribution Pension scheme for its employees. The total cost to the charity for employers' contributions to the scheme during the year was £7,773 (2010 £Nil). Contributions outstanding at the year end are £513 (2010 Nil).

**Particulars of employees:**

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

	2011	2010
	No	No
Number of administrative staff	2	2
Number of support staff	5	5
	<u>7</u>	<u>7</u>

No employee received remuneration of more than £60,000 during the year (2010 - Nil).

**THE WATERLOO FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**9. TANGIBLE FIXED ASSETS**

	Equipment £	Fixtures & Fittings £	Total £
<b>COST</b>			
At 1 January 2011	61,902	33,359	95,261
Additions	5,454	293	5,747
<b>At 31 December 2011</b>	<u>67,356</u>	<u>33,652</u>	<u>101,008</u>
<b>DEPRECIATION</b>			
At 1 January 2011	43,211	16,220	59,431
Charge for the year	6,724	3,447	10,171
<b>At 31 December 2011</b>	<u>49,935</u>	<u>19,667</u>	<u>69,602</u>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2011</b>	<u>17,421</u>	<u>13,985</u>	<u>31,406</u>
At 31 December 2010	<u>18,691</u>	<u>17,139</u>	<u>35,830</u>

**10. INVESTMENTS**

**Movement in market value**

	2011 £	2010 £
Market value at 1 January 2011	120,137,451	109,482,123
Acquisitions at cost	36,188,411	81,647,525
Disposals at opening book value	(38,469,713)	(83,784,152)
Net gains on revaluations in the year ended 31 December 2011	(26,343,768)	12,791,955
<b>Market value at 31 December 2011</b>	<u>91,512,381</u>	<u>120,137,451</u>
 Historical cost at 31 December 2011	 <u>96,844,870</u>	 <u>95,120,312</u>

**Analysis of investments at 31 December 2011 between funds**

	Total Funds 2011 £	Total Funds 2010 £
<b>Listed investments</b>		
UK Quoted Shares	42,343,240	69,449,034
Non-UK Quoted Shares	46,003,783	47,839,993
	<u>88,347,023</u>	<u>117,289,027</u>
<b>Other investments</b>		
Other UK Investments	3,077,870	649,831
UK Cash held as part of Portfolio	69,139	1,280,596
Non-UK Cash held as part of Portfolio	18,349	917,997
	<u>3,165,358</u>	<u>2,848,424</u>
	<u>91,512,381</u>	<u>120,137,451</u>

**THE WATERLOO FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**10. INVESTMENTS** *(continued)*

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

		Holding	Market Value £
Admiral Group plc	852p ordinary shares	3,634,000	30,961,680

There is no restriction on the realisation of this investment.

**11. DEBTORS**

	2011 £	2010 £
Other debtors	80,096	80,000
Prepayments	592,378	655,710
	<u>672,474</u>	<u>735,710</u>

**12. CREDITORS: Amounts falling due within one year**

	2011 £	2010 £
Trade creditors	153,206	122,316
Taxation and social security	513	3,193
Accruals	7,342	10,491
	<u>161,061</u>	<u>136,000</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 £4,001,655 (£2,876,329 : 2010) as at 31 December 2011.

**15. UNRESTRICTED INCOME FUNDS**

	Balance at 1 January 2011 £	Incoming resources £	Outgoing resources £	Gains and losses £	Balance at 31 December 2011 £
General Funds	<u>121,367,714</u>	<u>4,596,974</u>	<u>(7,276,710)</u>	<u>(26,019,971)</u>	<u>92,668,007</u>

**THE WATERLOO FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Tangible fixed assets £	Investments £	Other net assets £	Total £
Unrestricted Income Funds	31,406	91,512,381	1,124,220	92,668,007
Total Funds	<u>31,406</u>	<u>91,512,381</u>	<u>1,124,220</u>	<u>92,668,007</u>

**17. RELATED PARTY TRANSACTIONS**

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

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

- £52,500 to National Botanic Gardens
- £100,000 to Oceana
- £235,134 to Size of Wales

Included within other commitments is an amount of £300,000 due to be paid to Oceana, an organisation of which Heather is a trustee.