



Richard Reeve's Foundation

Report and Accounts

Thirteen month period to 31 July 2010

Charity Registration Number 312504

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Reference and administrative information about the charity and its advisers

Governors as of 31 July 2010	Mrs Milena Renshaw – Chair Mr Sylvan Dewing Mr William H Dove MBE JP Baroness Garden of Frognal Mrs Mavis Hughesdon Cllr Mrs Eleanor M Stanier Mr P John Tickle Mr Walter P Wright
Principal Officers	Mrs Shirley Scott – Clerk to the Governors Ms Cath Moffat – Grants Officer
Principal office	2 Cloth Court London EC1A 7LS
Charity registration	312504
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Investment advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Property Adviser	Mr W Killick BSc FRICS IRRV First Floor 45 Charles Street London W1J 5EH
Bankers	CAF Bank Ltd 25 Kings Hill Avenue, Kings Hill West Malling Kent ME19 4JQ
Solicitors	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH

The Trustees, called the Board Governors, present their annual report with the accounts of Richard Reeve's Foundation for the period ended 31 July 2010.

The accounts have been prepared in accordance with the accounting policies set out on pages 19 to 20 of the attached accounts and comply with the charity's governing document, applicable laws and the requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" (revised 2005).

Legal status

Richard Reeve's Foundation was established under the will of Richard Reeve in 1702 in the Ecclesiastical Parish of St Sepulchre, in the City of London, and is regulated by a Scheme of the Charity Commissioners dated 4 October 1991, as amended by a Scheme dated 21 July 2010.

As mentioned in our previous report the Governors have set up a company limited by guarantee (company number 7226633) which was incorporated on 17 April 2010 and registered as charity number 1136337. The 2010 Scheme came into effect on 1 August 2010 and renamed the charity Richard Reeve's Endowment. It appointed as Trustee the new charitable company, Richard Reeve's Foundation, and provided that the charity shall be treated as forming part of the company for the purposes of Part II and Part VI of the Charities Act 1993.

Income of the Richard Reeve's Endowment remains applicable for the purposes specified in the 1991 Scheme but, as from 1 August 2010, it will be administered and managed by Richard Reeve's Foundation. This Report and Accounts is therefore the final report of the unincorporated charity.

Structure, Governance and Management

The Governing Body should comprise thirteen persons when complete. Governors who served during the period were:

Nominated by the Churchwardens of the Parish Church of St Sepulchre with Christ Church, Greyfriars and St Leonard Foster Lane

Mrs Mavis Hughesdon (from November 2009)

Mrs Sarah Reed (to November 2009)

Mr Walter P Wright

Nominated by the Corporation of the City of London.

Mr William H Dove, MBE, JP.

Nominated by the Council of the London Borough of Camden

Baroness Garden of Frognal (from November 2009)

Nominated by the Council of the London Borough of Islington

Cllr Ms Angela Brook (to December 2009)

Cllr Ms Ruth Polling (to July 2010)

Structure, Governance and Management (continued)

Nominated by the Almoners of Christ's Hospital

Mr Ian L Rodgers (Vice-Chairman) (to October 2009)

Mrs Eleanor M Stanier

Co-opted Governors:

Mr Sylvan Dewing

Mrs Milena Renshaw (Chair)

Mr P John Tickle (Chair: Investment & Finance Committee)

The Rector or the principal officiating Minister for the time being of the Ecclesiastical Parish of St Sepulchre, with Christ Church, Greyfriars and St Leonard Foster Lane is *ex-officio* Governor but the current incumbent has declined to act since October 2005. The *ex-officio* position on the governing body will remain vacant, with the agreement of the Charity Commission, until the Rector resumes the position or his successor is appointed.

The Board of Governors constituted by the Articles of Association of the new company is similarly structured save that the Camden and Islington Borough Councils nominate one Governor each and the number of Co-opted Governors has increased to five. A vacancy exists for a nominee by Christ's Hospital and the *Ex-officio* position remains as above but otherwise the new Board is complete. With effect from 1 August 2010 Councillor Charlynne Pullen was appointed by Islington Borough Council and Mr Michael Bennett and Mrs Sarah Betteley were co-opted on to the new Board following recruitment advertising.

Once appointed, Governors receive an induction pack of key documentation and are required to confirm their eligibility to act as a Governor. They are invited to visit the office of the Foundation to be briefed by the staff and Chair of Governors before their first Board meeting. Governors also complete a Register of Interests form to identify any potential conflicts of interest arising in the conduct of the Foundation's affairs; these declarations are reviewed annually or more often if necessary.

Risk management

In considering the major risks which the charity faces Governors recognise that the Foundation has been fortunate to receive such a high proportion of its income from commercial property during the recession. However they have put in hand a review of their property holdings and management arrangements to ensure that there are no hidden risks and the assets are being used to best advantage. Any risk of personal liability faced by Governors has been obviated by forming the limited liability company. Governance of the Foundation has been overhauled in conjunction with the incorporation and Governors are satisfied that their new procedures are appropriate for the future management of the Foundation. These include new terms of reference for the Investment & Finance Committee and a Complaints Procedure for their grant making process. Governors have also examined financial controls and other operational and business risks and confirm that systems have been established to mitigate the significant risks. They are satisfied that the level of free reserves remains sufficient to meet their obligations despite the downturn in market conditions.

Objects and Activities for the public benefit

The object of the Foundation is to advance or assist in the education or care of beneficiaries, either individually or collectively, from within the area of benefit, which is the City of London and the London Boroughs of Camden and Islington. Beneficiaries are children and young persons of not more than 25 years of age who are connected with the area of benefit by residence or by place of study. (In special cases the age limit may be raised to 40).

A few facts about our area of benefit:

- **The City** has a resident population of less than 8,000 and 16,000 students
- There are large disparities of wealth within the Square Mile: some wards are amongst the top 15% most deprived in the country.
- Skills levels in the City fringes as well as in the east of the City are also lower than elsewhere in London.
- The Portsoken ward on the eastern fringe of the City has 68% of young people aged 17+ not in full-time non-advanced education, compared to 40% in England.
- **Camden** has some of the wealthiest neighbourhoods in London and some of the most deprived.
- 20.5% of young people in Camden aged 16-24 were unemployed in October 2009
- 43.5% of children in Camden are living in poverty (21.6% nationally) – this represents about 15,000 children. 65% of these are within single parent households
- **Islington** is a borough of stark contrasts with high levels of deprivation coupled with areas of great wealth. Its ranking as the eighth most overall deprived of 354 English authorities, and the fourth most deprived in London, belies its reputation for affluence
- 45.2% of Islington children live in workless households. This measure excludes households in low paid work.
- 7.7% of young people in Islington are Not in Education, Employment or Training (NEET), compared to the Central London average of 6.6%.
- In Islington, 44% of children and young people (0-19 years) are from BME groups, 43% do not have English as their first language, 43% live in households claiming benefits.

Through their grantmaking programme Governors deliver public benefit by enabling beneficiaries to have access to education to enable them to advance in life and fit them for employment and to contribute to civil society. Clearly the funds available for distribution would not meet the needs of all potential beneficiaries so the Governors have made rules to prioritise their grant making which are published as guidance for applicants. As part of their assessment of grant applications applicants are advised of the availability of other funds and directed to other agencies when appropriate. In making these rules Governors had regard to the guidance from the Charity Commission on public benefit.

Objects and Activities for the public benefit (continued)

Grants are made in three areas:

1. Grants to students, which are made directly to individuals or through co-operative partnerships with specific educational establishments;
2. Grants for welfare needs of younger students, mainly for school uniforms, which are distributed in co-operation with the School Home Support Service;
3. Grants to organisations, which are generally for projects that will assist people who would qualify as our beneficiaries.

Grant making policy

Applicants must be aged 25 or under (in exceptional cases this may be extended to 40) and either (i) they or their parent(s) must have lived or worked for the last 12 months, or for at least two of the last 10 years in the City of London or London Boroughs of Camden or Islington; or (ii) they must be students of educational institutions in the area of benefit and have been in attendance for at least twelve months. Details of the criteria and application process are published on the Foundation's website.

Safeguards are built into the systems for payment of grants to ensure that the money given is used for the purpose intended and receipts may be required. Grants are made for the year of application only but eligible students may apply in subsequent years; reports on progress are required before any subsequent grant is considered. The colleges and universities are also helpful in providing supporting information.

Organisations and schools which apply for funds to provide training for beneficiaries are required to provide proper budget forecasts and copies of their latest accounts. Full reports on projects funded are required on completion, with outcomes, good or bad, identified. No further grants will be considered if an organisation fails to provide the information required by the Governors.

Achievements and Performance

In Governance terms, setting up a corporate trustee and transferring trusteeship of the endowment to the new Foundation has been a significant achievement in the period. Although the purposes have not changed the opportunity to refresh and confirm policies and processes has been useful. Governors held their first planning day in October 2009 when they assessed their performance against the Code of Governance and have since committed to holding annual planning days to concentrate on future strategies for the Foundation.

Progress has been made towards improving outcome measurement processes, particularly with regard to grants to individuals. All final year student grant recipients were emailed and asked what grade they achieved, the difference the grant made to their studies and how our processes might be improved. Over 50% replied and some of their responses are included below. Colleges and universities that partner the Foundation supply information as to the progress of students so the numbers who complete, continue or withdraw are known. Organisations are required to set out more precise anticipated outcomes at the start of their

Achievements and Performance (continued)

projects with both qualitative and quantitative measures identified. This period has seen the development of outcome measures, and the Grants Officer attended a training course on measurement techniques to assist her. Communicating on the internet has certainly proved a more successful way of contacting students than letters and forms to known residential addresses.

Governors remain committed to helping young people stay on course so that they may make their way in life. Funds available for charitable distribution are allocated to the three grant areas at the start of the financial year and adjustments made in the last quarter according to take-up.

This year the Foundation distributed £245,112 to 606 students in higher and further education, £62,725 to twelve organisations and £50,000 as welfare grants to younger children. A grant of £20,000 was made to Christ's Hospital under the provisions of the 1991 Scheme.

◆ **Grants to students**

Grants are awarded to students at several colleges and universities in the area of benefit by arrangement with their staff, which reduces the administration time and cost to the Foundation. Applications from other individuals who qualify are received direct and considered by the Governors.

The final two students funded under the City University Scholarship programme graduated this year. The Governors are delighted to report that Darna achieved a First Class Bachelor of Science degree in Banking and International Finance and is due to start working for one of the large Investment Banks. Asha achieved an Upper Second Class Bachelor of Science degree in Business Computing Systems and is due to start a graduate training programme with BSG.

Although the Foundation offers financial support to students to enable them to buy books, equipment and travel to university, many students say that the support they receive has raised their aspirations, encouraged self confidence and offered a stepping stone to a brighter future.

Some examples:

Dora has just completed her BSc in Economics and Social Policy. When she chose to study part time at Birkbeck she was heavily in debt and had just lost her job. She says "...it was the only institution that would allow me to work and study at the same time. Without the bursary however, I would never have been able to complete the course...through receiving it I have learnt that there are people who truly care."

Jane was in the final year of her BTEC National Diploma in Media when the relationship with her mother broke down and she was forced to move out. She was placed in hostel accommodation and managed to find a part time job working 20 hours a week to support herself. Her wages barely covered her rent and essential living costs but the grant from the Foundation allowed her to buy equipment essential for her course such as a digital camera. Jane has successfully completed her course and started her BA Film and TV Production course in September.

Achievements and Performance (continued)

◆ **Grants to students** (continued)

Enna achieved a First Class Honours Degree in Fashion Management and says of her grant “it made my life a lot easier, it took away the pressure and the worry of financial stability in my final year and allowed me to concentrate on my studies. I used a little every month to help me with my living expense and rent.”

Aidy achieved a First Class Honours Degree in Theatre Practice and says “without the grant I would not have been able to take up my work placement that I had arranged as it was outside London, and over 45 hours a week. The grant allowed me not to work and to focus solely on the placement. Due to the placement I have not been out of work since. I have been paid to be taken on a tour over the summer, spend three weeks in Edinburgh with the National Theatre of Scotland and Frantic Assembly working as a 'video supervisor' on the already award winning show Beautiful Burnout and I am about to start work as an assistant video designer in the new musical Flashdance. None of this would have happened without going on the placement and in turn I would not have been able to do the placement without the grant.

Adam received a grant towards his FA Level 3 (UEFA B Licence) course costs. He has now achieved a recognised qualification which will lead on to sustainable employment as a youth football coach in the future.

Grants awarded to individuals in partnership with colleges and universities

Co-operation with several educational establishments in the area of benefit continued, with those responsible for student welfare helping to identify students who may qualify for a grant and also ensuring that the student has applied for any statutory and other funding.

The number of grants made to students under our partnership arrangements was 521, and the total distributed was £192,260. Governors are extremely grateful to the student support officers at these establishments without whom fewer beneficiaries would be found. Applicants who meet the criteria are interviewed by the Foundation's Grants Officer who then makes recommendations as to the amount of the award, if any.

273 grants were made to students attending City and Islington College a further education establishment with five different campuses. Although the average grant was only £227 it enabled applicants to be equipped for study despite difficult family backgrounds. Similarly, 92 students at Westminster College, Kingsway, another Further Education establishment, were helped to make ends meet with grants averaging £330.

Grants awarded directly by the Governors to individuals

Applications from individual students at other educational establishments are invited and assessed on need. Our website had a better explanation of the criteria for applicants which has reduced the number of declined direct applications to 19 (18.5%) from 57 (33%) in the previous year, with one withdrawn. The number of direct applications decreased from 173 to 103.

Achievements and Performance (continued)

◆ **Grants to students** (continued)

Grants awarded directly by the Governors to individuals (continued)

Grants averaged £632 and are assessed on the financial information supplied by the applicant, usually supported by the place of study. A total of £52,452 was awarded to 83 students, of whom 44 lived or studied in Islington and the remainder in Camden.

◆ **Welfare Grants**

Welfare grantmaking was again outsourced to School-Home Support which receives and considers applications on behalf of the Foundation applying the criteria specified by the Governors. School-Home Support is itself a charity and has workers and networks in primary and junior schools in our area of benefit so is well placed to assess the needs of applicants. An administration fee is paid for this service. A total of £50,000 was awarded as grants to 401 families.

◆ **Grants awarded to organisations**

The Foundation retained the following five themes for their grants to organisations this year:

- Skills for independent living
- Training and education for long term unemployed people
- Family learning
- Young people at risk of exclusion
- Innovative vocational training for young people (aged 25 or under)

Applicants were required to demonstrate how their project fitted into one or more of them. Only three categories received applications that were accepted for grants and 12 awards were made totalling £62,725 as follows:

Family Learning

St Luke's Parochial Trust

£8,975 towards the cost of a Family Learning Club aimed at low income families that are additionally at risk of long term unemployment and social exclusion.

Young people at risk of exclusion

Castlehaven Community Association

£4,680 to employ a qualified tutor to run a homework club, twice a week, offering both individual and group support. It will support up to 60 young people with their school work in an informal environment with the additional benefits of increased school attendance, improved educational achievement and a reduction in anti social behaviour.

The Outward Bound Trust

£2,754 towards the cost of giving 36 children from Highbury Grove School the opportunity to take part in a five day residential course at the Outward Bound Centre in Wales. These personal development courses aim to improve motivation, build self esteem and confidence through a series of physical activities.

Achievements and Performance (continued)

◆ **Grants awarded to organisations** (continued)

Volunteer Reading Help

£4,806 towards the ongoing running costs for seven volunteer reading helpers. The volunteers provide long term one to one support to children who are failing to make progress with their reading skills.

Friendship Works (formerly Friends United Network)

£5,010 for the recruitment and training of 15 new adult volunteer befrienders. Volunteers are carefully matched with a child aged 5-16 from single parent families in Camden and Islington whom they meet with each week.

Central and Cecil Housing Trust

£5,500 part funding towards the Personal Development Programme which aims to provide clients living at the hostel with the training and skills required to re-enter the workplace and live independently within the local community.

Gospel Oak Primary School

£3,000 for 24 girls (aged 8 – 10) who have been identified as having low attainment in maths and numeracy to take part in a 2 night residential trip to Sayers Croft. The trip will give the girls the opportunity to apply their new maths skills in a practical way using a variety of tasks including measuring, weighing and estimating to show them how maths is used in everyday life.

Queen's Crescent Community Association Ltd

£5,000 towards youth services which will offer a wide range of life skills training and extra curricular activities for young people at risk of exclusion who are resident in Gospel Oak.

City University

£10,000 - City Karting will offer 20 disadvantaged young people from the EC1 area of Islington the opportunity to construct and drive their own racing karts with the aim of engaging them in education and the local community.

New Horizon Youth Centre

£10,000 towards the development and expansion of the Positive Futures project. This project addresses the individual learning needs of young homeless people who, for a variety of reasons, have missed out on formal or social education and have become excluded from mainstream society.

Innovative vocational training

Royal Academy of Dramatic Art

£3,000 - As part of the Camden Summer University, RADA will run a week long programme of workshops for up to sixteen young people (aged 15-19). The workshops will give young people increased team work, literacy and communication skills and therefore improve their confidence.

Achievements and Performance (continued)

◆ **Grant awarded to Christ's Hospital**

£20,000, which was the third payment of a five year programme of donations to the School as agreed by the Governors in December 2006. Governors have the opportunity to identify each year a child within the area of benefit of the Foundation who is in social or financial need and who will attend the School and for one of their number to offer support and mentoring for that child.

Investment activity and performance

Property

Properties owned by the Foundation in Beak Street, Golden Square and Upper James Street had an open market value of £8,425,000 at 31 July 2010, an increase of £160,000 in the reporting period reflecting the slight improvement in the investment property market. However, with the exception of the Beak Street property, they are leased to a variety of tenants on a full repair and maintenance basis and the income from them has increased.

Due to the economic conditions the proposed development of 40 Beak Street under the terms of the Option Agreement granted by the Foundation in July 2005 to City & General Limited is still not commercially viable. Prospects have improved sufficiently to suggest that the residual site value of £3 million will be reached before the option expires in March 2012 and the situation is kept under review. Meanwhile a number of short term tenancies have been agreed at the best rent obtainable to offset the Foundation's liability for Council Tax on the premises. Cost of works to make the property fit for use after vacation by the Metropolitan Police Authority (MPA) has been the subject of a protracted dilapidations claim which was settled in principle on 18 June 2010 in the sum of £156,500, although payment has not been received. Not all professional fees incurred by the Foundation in pursuing the claim have been met by the MPA so the net property costs in the period are in excess of £180,000, more than triple the previous year.

A sum of £130,000 was received in relation to assignment of the head lease of 2/3 Golden Square and has been treated as capital.

Investment portfolio

Cazenove Capital Management Limited have managed the stock market securities and reported regularly to the Investment & Finance Committee and the Governors. The value of securities under their management increased from £3,243,353 to £3,700,435 whilst maintaining income. Performance of the portfolio has been commendable given the volatile conditions of the market and has been within the policy agreed by the Governors.

Financial Review

The Foundation's results for the period are set out in the statement of financial activities on page 16.

Property rental income on the Golden Square and Upper James Street properties increased to £421,017 (2009: £326,362). This increase is primarily due to the fact that the Foundation is entitled to a percentage of the net rent(s) payable under the occupational leases to the head lessees of those properties.

Other investment income and interest was £123,959 (2009: £183,453) shown in more detail on page 16.

A full listing of grants awarded in the period is shown in note 3 of the accounts. The Foundation awarded grants totalling £377,837 (2009: £378,676) during the period.

It is the Governors' policy to keep expenses under regular review, and to spend the current income available for grants in accordance with the terms of the scheme.

Investment policy

The Foundation has been a grant-making body since 1702 and the Governors wish to maintain its long-term grant-making ability in real terms. The Investment Policy is therefore structured towards this aim. Governors acknowledge the substantial increase in the value of the Foundation's investments over the years due to its property portfolio but they have, in more recent years, pursued a policy of diversification which they intend to continue.

To meet their objectives the Governors appoint a property advisor to assist them in the management of the property portfolio. The Governors also appoint and delegate management of the bulk of their non-property investment portfolio to an authorised investment manager. A proportion of the investment portfolio which may be needed for immediate working purposes, together with the free reserves, is held in cash and kept under review by the Foundation's Investment and Finance Committee.

Both the property advisor and investment manager report quarterly to Governors and their performance is regularly reviewed by the Investment and Finance Committee, subject to the approval of the Governors.

Where the Governors delegate their investment powers they require that the capital value and income of stock market investments are maintained in real terms and this will be measured on a three year timescale. In any one year the Governors would not like to see a pro-rata income variation of more than + or -10%, due to their grant-making obligations.

The Foundation does not have an ethical investment policy but Governors are mindful of the Foundation's origins in a Christian tradition, which will continue to influence decision-making. This Policy has been established under the powers given to the Governors by the Trustee Act 2000 and any investment manager appointed will be made aware of this fact and of their obligation to fulfil the Governors statutory duty of care.

The Foundation's Investment Policy is reviewed annually by the Governors.

Reserves policy

To fulfil the objects of the Foundation the Governors have decided that they will, at all times, seek to maintain an accumulated income reserve of not less than six months operating expenditure, including provision for grant-making.

The Foundation's ability to operate and its grant-making capability are wholly dependent on income from properties and investments. Governors consider it prudent to hold this minimum level of reserves in the event that the Foundation's income from property rents and/or investments failed to be received in accordance with budgeted norms. On the basis of the figures from the SOFA in this report, this policy indicates reserves of at least £435,079 against a current free reserves figure of £316,156. However, the exceptional expenditure on property management in the period and the £156,500 due from the MPA have distorted the calculation of reserves needed. Without the sum due from the MPA the reserves required would be £356,829, just £40,673 above the free reserves figure. Governors consider that the shortfall is acceptable and will aim to restore the correct level over the next two years as the position relating to 40 Beak Street is resolved.

The Governors have agreed that the free reserves will be held on deposit or in other readily-realizable short term investments.

The Foundation's Reserves Policy is reviewed annually by the Governors.

Future Plans

Governors will continue to watch the commercial property market for the viability of the 40 Beak Street development, and they will complete their review of property management and performance.

Priorities for grants to organisations will be reviewed in the context of making some funds available for a sustainable project over three years which will make a lasting difference to the lives of young people within our area. Governors also want to continue the progress made on outcome measurement and explore ways of maintaining contact with beneficiaries to find out about the lasting impact of the grant they received and how they are getting on in life.

Employees

There were no changes in staff during the period. The Governors would like to record their warm thanks to Shirley Scott and Cath Moffat; their commitment and dedication to the work of the Foundation is greatly valued.

Statement of Governors' responsibilities

The Governors are responsible for preparing the Governors' report and 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 Governors to prepare financial statements for each financial 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 Governors are required to:

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

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the Principal Scheme. 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.

Signed on behalf of the Governors:

Milena Renshaw
Governor

P John Tickle
Governor

Approved on: 9 December 2010

Report of the independent auditors to the Governors of Richard Reeve's Foundation

We have audited the accounts for the period ended 31 July 2010 which comprise the statement of financial activities, the balance sheet, principal accounting policies and the related notes. The accounts have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and the inclusion of investments at market value and under the accounting policies set out therein.

This report is made solely to the Governors of the Foundation, as a body, in accordance with Section 43 of the Charities Act 1993 and with regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the Governors of the Foundation, as a body, those matters we are required to state to them in an auditors' 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 Governors of the Foundation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and independent auditors

The Governors' responsibilities for preparing the Governors' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Governors responsibilities on page 13.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with the regulations made under that Act. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Governors' report is not consistent with those accounts, if the Foundation has not kept sufficient accounting records, if the Foundation's accounts are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information in the Governors' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Governors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Foundation's circumstances, consistently applied and adequately disclosed.

Basis of opinion (continued)

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts 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 accounts.

Opinion

In our opinion the accounts:

- ◆ give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Foundation as at 31 July 2010 and of its incoming resources and application of resources in the period then ended;
- ◆ have been properly prepared in accordance with the Charities Act 1993.

Buzzacott LLP
Chartered Accountants and Statutory Auditors
12 New Fetter Lane
London
EC4A 1AG

18 January 2011

Statement of financial activities Period to 31 July 2010

	Notes	Unrestricted funds £	Endowment funds £	Total 13 month period to 31 July 2010 funds £	Total Year to 30 June 2009 funds £
Incoming resources					
Incoming resources from generated funds					
. Property rental income		543,285	—	543,285	488,947
. Investment income		112,081	—	112,081	69,092
. Bank deposit interest		11,878	—	11,878	114,361
. Other property income	1	156,500	—	156,500	—
. Other interest		—	—	—	9,240
. Other income		—	—	—	314
Total incoming resources		823,744	—	823,744	681,954
Resources expended					
Cost of generating funds					
. Property costs		339,650	—	339,650	54,414
. Investment management		—	12,716	12,716	8,912
		339,650	12,716	352,366	63,326
Net incoming resources available for charitable application		484,094	(12,716)	471,378	618,628
Charitable activities	2	501,412	—	501,412	499,333
Governance costs	4	16,380	—	16,380	20,304
Total resources expended		857,442	12,716	870,158	582,963
Net (outgoing) incoming resources for the period before revaluations and investment asset disposals					
Realised gains (losses) on investment	10	—	27,300	27,300	(245,403)
Realised gains on property	9	—	130,000	130,000	—
Other recognised gains and losses					
Unrealised gains on the revaluation of investments	10	—	438,333	438,333	53,453
Revaluation of property	9	—	160,000	160,000	(2,510,000)
Net movement in funds		(33,698)	742,917	709,219	(2,602,959)
Balances brought forward at 1 July 2009		354,675	13,194,348	13,549,023	16,151,982
Balances carried forward at 31 July 2010		320,977	13,937,265	14,258,242	13,549,023

Statement of financial activities Period to 31 July 2010

Historical cost net movement in funds	13 month period to 31 July 2010 funds £	Year to 30 June 2009 funds £
Net movement in funds (page 13)	709,219	(2,602,959)
Unrealised (gains) on investments	(438,333)	(53,453)
Investment management fee	12,614	5,931
Revaluation of freehold property	(160,000)	2,510,000
Difference between historical cost realised gains and the actual realised gains calculated on the revalued amounts	4,509	52,460
Historical cost net movement in funds	128,009	(88,021)

All of the charity's activities derived from continuing operations during the above two financial periods.

Balance sheet 31 July 2010

	Notes	31 July 2010 £	31 July 2010 £	30 June 2009 £	30 June 2009 £
Tangible fixed assets	8		4,821		7,170
Fixed asset investments					
Investment properties	9		8,425,000		8,265,000
Investments	10		3,700,435		3,243,353
			12,130,256		11,515,523
Current assets					
Debtors	11	261,983		125,702	
Short term deposits		2,045,348		1,947,970	
Cash at bank		22,751		8,213	
		2,330,082		2,081,885	
Creditors: amounts falling due within one year	12	(202,096)		(48,385)	
Net current assets			2,127,986		2,033,500
Total net assets			14,258,242		13,549,023
Represented by:					
Funds and reserves					
Unrestricted					
. Accumulated income fund			320,977		354,675
Endowment fund	14		13,937,265		13,194,348
			14,258,242		13,549,023

Approved by the Governors
and signed on their behalf by:

P John Tickle
Governor

Milena Renshaw
Governor

Approved on: 9 December 2010

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties and investments and in accordance with the Charities Act 1993. Applicable accounting standards and the Statement of Recommended Practice “Accounting and Reporting by Charities” (SORP 2005) have been followed in these accounts.

Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Property income is accounted for on an accruals basis.

Interest received on government securities is accrued on a daily basis. Interest on loan stocks, dividends and distributions from unit trusts is credited to income on the dates on which the holdings are first quoted ex dividend. All other income is accounted for on an accruals basis.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. The costs of generating funds consist of the fees paid to investment managers in connection with the management of the charity’s listed investments, an estimate of investment manager’s fees for Common Investment Funds taken from capital and income, and the costs connected with the charity’s investment properties including the fees paid to property managers in connection with their management.
- b. Charitable activities comprise grants payable and support costs.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions. Grants approved but not paid at the end of the financial period are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for but are noted as financial commitments in the notes to the accounts.

Repayments of repayable grants are accounted for on a cash received basis.

Support costs represent indirect charitable expenditure in order to carry out the grant making activities of the charity. The costs do not directly relate to the amount of time spent on processing and monitoring grants and so have not been allocated across grants payable to organisations, students and individuals respectively.

Resources expended and the basis of apportioning costs (continued)

- c. Governance costs include expenditure on compliance with constitutional and statutory requirements.

Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided on all tangible fixed assets, except investment properties, at rates calculated to write off cost on a straight line basis over their expected useful economic lives as follows:

Furniture, fixtures and equipment over 5 years

Investment properties

Freehold properties in the UK have been valued on an open market basis by the Governors' property adviser, W Killick FRICS as at 31 July 2010 and will continue to be professionally valued at least every five years.

Other investments

Other investments are included in the balance sheet at market value with realised and unrealised gains and losses being accounted for in the statement of financial activities.

Fund accounting

Endowment funds comprise monies which must be held indefinitely as capital. Income therefrom is credited to general funds and applied for general purposes unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

The accumulated income fund represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Foundation's charitable objects.

Cash flow

The accounts do not include a cash flow statement because the Foundation, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Notes to the accounts 31 July 2010

1 Other property income

The Metropolitan Police Authority have agreed to pay the charity £156,500 in full settlement of their liability for the redecorations and repairs of dilapidations to its property at 40 Beak Street, following their vacation of the property in June 2009.

2 Charitable activities

	13 months to 31 July 2010 £	Year to 30 June 2009 £
Grant funding of activities (note 3)	377,837	378,676
Support costs		
Staff remuneration	68,812	66,362
Premises costs	16,697	15,986
Office expenses	16,315	16,097
Professional fees	21,751	22,212
	123,575	120,657
	501,412	499,333

3 Grant funding of activities

	13 months to 31 July 2010 £	Year to 30 June 2009 £
Grants payable to organisations		
Action Space London Events	—	4,500
Angel Shed Theatre Company	—	4,750
B2B Somali Arts Project	—	3,955
Calthorpe Project	—	4,199
Caspari Foundation	—	5,000
Castlehaven Community	4,680	—
Central & Cecil Housing Trust	5,500	5,500
Christ's Hospital	20,000	20,000
City University	10,000	—
Coram	—	5,000
Drake Music Project	—	500
Fitzrovia Youth in Action	—	4,528
Friendship Works	5,010	—
Frank Barnes School for Deaf Children	—	4,756
Gospel Oak Primary School	3,000	—
Highbury Vale Blackstock Trust	—	4,560
Islington Boat Club	—	6,200
New Horizon Youth Centre	10,000	—
Queen's Crescent Community	5,000	—
Royal Academy of Dramatic Art	3,000	—
St Luke's Parochial Trust	8,975	—
School Home Support	50,000	60,000
The Outward Bound Trust	2,754	—
The Rowan Arts Project	—	6,575
Training Link	—	5,000
Volunteer Reading Help	4,806	—
West Euston Time Bank	—	4,950
	132,725	149,973

	2010 Number of grants to individuals	2009 Number of grants to individuals	£	£
Grants payable to individuals attending:				
Birkbeck College	34	17	23,400	12,218
City University (block grant)	48	—	33,200	—
City and Islington College	273	265	62,110	62,515
City University (scholarships)	2	3	2,000	3,000
Guildhall School of Music and Drama	9	11	6,700	9,200
University of the Arts	65	73	36,450	45,925
Westminster Kingsway	92	83	30,400	30,200
Other grants payable to individuals				
To support them in education	83	100	50,852	65,645
Total grants payable to individuals	606	552	245,112	228,703
Total grants payable			377,837	378,676

Notes to the accounts 31 July 2010

4 Governance costs

	13 months to 31 July 2010 £	Year to 30 June 2009 £
Audit and accounting	6,715	11,372
Staff remuneration	3,904	4,257
Trustees' travel expenses	101	291
Trustees' meeting costs	187	—
Legal fees	5,473	4,384
	16,380	20,304

5 Net incoming (outgoing) resources before revaluations and investment asset disposals

Net incoming (outgoing) resources before revaluations and investment asset disposals are stated after charging:

	13 months to 31 July 2010 £	Year to 30 June 2009 £
Auditors' remuneration		
. Statutory audit	8,813	9,143
. Accountancy services	13,000	11,712
. Taxation services	144	3,900
Staff costs (note 6)	72,716	70,619
Depreciation	4,532	4,185
Operating lease rentals	19,194	19,928

6 Staff costs and governors' remuneration

	13 months to 31 July 2010 £	Year to 30 June 2009 £
Staff costs during the period were as follows:		
Wages and salaries	60,528	57,832
Social security costs	6,166	5,996
Pension costs	6,022	6,791
	72,716	70,619
Staff costs have been apportioned as follows		
	£	£
Charitable activities – support costs	68,812	66,362
Governance costs	3,904	4,257
	72,716	70,619

6 Staff costs and governors' remuneration (continued)

The Foundation had two employees in the period (2009 – two). No employee earned £60,000 per annum or more during the period.

No governor has received any remuneration (directly or indirectly) from the Foundation. £52 expenses were reimbursed to the governors for travel expenses during the year (2009 – £191). At the period end creditors included £49 due to one governor for travel expenses.

7 Taxation

Richard Reeve's Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

8 Tangible fixed assets

	Furniture and equipment £
Cost	
At 1 July 2009	20,923
Additions	2,183
At 31 July 2010	<u>23,106</u>
Depreciation	
At 1 July 2009	13,753
Charge for the period	4,532
At 31 July 2010	<u>18,285</u>
Net book values	
At 31 July 2010	<u>4,821</u>
At 30 June 2009	<u>7,170</u>

9 Investment properties

	31 July 2010 £	30 June 2009 £
At valuation		
At 1 July 2009	8,265,000	10,315,000
Additions at cost	—	460,000
Revaluation during period	160,000	(2,510,000)
At 31 July 2010	<u>8,425,000</u>	<u>8,265,000</u>

9 Investment properties (continued)

The freehold properties were valued on an open market basis by the Governors' property adviser W Killick FRICS as at 31 July 2010, as follows:

	£
40 Beak St	2,275,000
1/3 Upper James Street	1,850,000
1 Golden Square	900,000
Grafton House, 2/3 Golden Square	3,400,000
	8,425,000

The Foundation's properties were purchased in Golden Square in 1708. The historical cost of the properties shown in the accounts is not known but would be minimal in today's money. The Foundation capitalises improvements to the properties.

A sum of £130,000 was received for agreement to assignment of the head lease of 2/3 Golden Square which has been recognised as a realised gain on investment properties.

Notes to the accounts 31 July 2010

10 Fixed asset investments

	Endowment fund £	Unrestricted fund £	Total 31 July 2010 £	Total 30 June 2009 £
Market value at 1 July 2009	2,879,049	—	2,879,049	1,271,905
Additions	692,289	—	692,289	3,289,006
Disposals (proceeds: £490,119; gains £27,300)	(462,819)	—	(462,819)	(1,729,384)
Investment manager's fee	(12,614)	—	(12,614)	(5,931)
Unrealised gains	438,333	—	438,333	53,453
Market value at 31 July 2010	3,534,238	—	3,534,238	2,879,049
Cash held by investment manager for reinvestment	166,197	—	166,197	364,304
	3,700,435	—	3,700,435	3,243,353

Historical cost of listed investments at 31 July 2010	3,233,826	—	3,233,826	2,835,328
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Movements in unrealised gains on investments

At 1 July 2009	43,720	—	43,720	48,658
In respect of disposals in period	(2,832)	—	(2,832)	(52,460)
Investment manager's fee	(12,614)	—	(12,614)	(5,931)
	28,274	—	28,274	(9,733)
Net gains arising on revaluations during the year	438,333	—	438,333	53,453
Unrealised gains at 31 July 2010	466,607	—	466,607	43,720

Listed investments comprise:

UK Fixed Interest	733,136	570,956
UK Equities	1,832,982	1,556,270
Overseas Equities	396,375	265,678
Hedge Funds	571,745	486,145
	3,534,238	2,879,049

The following investments were individually more than 5% of the Foundation's listed investments:

Units	£	%
1,253,000 Cazenove Growth Trust for Charities	1,442,892	40.8
1,100,000 Cazenove UK Corporate Bond A	607,640	17.2
3,749 Cazenove Absolute Return Trust for Charities	571,745	16.2
600,000 Cazenove Equity Income Trust for Charities	390,090	11.0
370,000 Cazenove Global Fund Account	249,787	7.1

Notes to the accounts 31 July 2010

11 Debtors

	31 July 2010 £	30 June 2009 £
Dilapidations income receivable	156,500	—
Rental income receivable	15,253	24,372
Interest and investment income	750	35,756
VAT recoverable	—	57,882
Other debtors and prepayments	89,480	7,692
	261,983	125,702

12 Creditors

	31 July 2010 £	30 June 2009 £
Grants payable	—	2,400
Other creditors	97,281	16,826
VAT payable	7,341	—
Accruals	19,301	29,159
Deferred income	78,173	—
	202,096	48,385

13 Grants commitments

Grants commitments, not provided in these accounts, for payment in future years, amount to £nil (2009 - £2,000). These commitments are dependent on attendance and performance at university by the individual recipients.

In addition to the grant commitments, the Foundation has agreed in principal to make an annual donation to Christ's Hospital School, Horsham, of £20,000 for five years. The first payment was made in 2007/08. As payment of the annual donation is at the discretion of the Governors' and is dependent on the Foundation's financial position at the time, no provision has been made for future donations in these accounts.

14 Analysis of net assets between funds

	Unrestricted Accumulated income fund £	Endowment fund £	Total 31 July 2010 £	Total 30 June 2009 £
Fund balances at 31 July 2010 are represented by:				
Tangible fixed assets	4,821	—	4,821	7,170
Investment properties	—	8,425,000	8,425,000	8,265,000
Investments	—	3,700,435	3,700,435	3,243,353
Deposits	233,518	1,811,830	2,045,348	1,947,970
Other net current assets	82,638	—	82,638	85,530
	320,977	13,937,265	14,258,242	13,549,023

14 Analysis of net assets between funds (continued)

Endowment fund

The historical value of the original endowment is not known, but would be minimal in today's money.

These are capital assets and are not available for distribution.

15 Lease commitments

As at 31 July 2010, the charity had an annual commitment of £19,713 under a property lease which expires after five years

16 Incorporation

During the period the decision was made to incorporate the charity. A new charity was incorporated as a company limited by guarantee on 17 April 2010, (Company Registration No. 7226633 (England and Wales)) and registered as a charity on 14 June 2010 (Charity Registration No. 1136337).

With effect from 1 August 2010, the unrestricted fund activities, assets and liabilities of the charity were transferred to the new incorporated charity. In addition, under a Uniting Direction the incorporated charity became the trustee of the endowment fund. This will allow the unrestricted funds and the endowment funds to be accounted for together.

The net assets of the unrestricted funds and the endowment funds as at 1 August 2010 were:

	£
Tangible fixed assets	4,821
Investments	8,425,000
Investment properties	3,700,435
Debtors	261,983
Short-term deposits	2,045,348
Cash at bank	22,751
Creditors: amounts falling due within one year	(202,096)
	<u>14,258,242</u>