

**Richard Reeve's
Foundation**

Annual Report and Accounts

30 June 2009

Charity Registration Number 312504

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Reference and administrative information about the charity and its advisers

Governors	Mrs M Renshaw – Chair Cllr Ms A Brook Mr S Dewing Mr W H Dove MBE JP – appointed April 2009 Baroness Garden of Frognal – appointed November 2009 Cllr Ms R Polling Mrs S Reed Mr I L Rodgers – Vice Chairman Cllr Mrs E M Stanier Mr P J Tickle Mr W P Wright
Principal Officers	Mrs S Scott – Clerk to the Governors Ms C 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

Governors' report 30 June 2009

The Trustees, called the Board Governors, present their annual report with the accounts of Richard Reeve's Foundation for the year ended 30 June 2009.

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. Governors have reviewed this Scheme and consider that the needs of the charity would be better served if it were incorporated. Accordingly they resolved to set up a charitable company limited by guarantee and apply to the Charity Commission for an amending scheme to appoint the new company as trustee of the Foundation. Income of the Foundation will remain applicable for existing purposes in the existing area of benefit and the constitution of the board will be varied slightly to reduce the number of Governors nominated by Camden and Islington Borough Councils and increase the number of co-opted Governors. Incorporation is expected to be completed early in 2010.

Structure, Governance and Management

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

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

Mrs S Reed

Mr W P Wright

Nominated by the Corporation of the City of London.

Mr W Dove, MBE, JP. Appointed April 2009

Mr EPT Roney Retired March 2009

Nominated by the Council of the London Borough of Islington

Cllr Ms A Brook

Cllr Ms R Polling

Nominated by the Almoners of Christ's Hospital

Mr I L Rodgers (Vice-Chairman)

Cllr Mrs E M Stanier

Co-opted Governors:

Mr S Dewing

Mrs M Renshaw (Chair)

Mr PJ Tickle

Two Governors should be nominated by the Council of the London Borough of Camden but both vacancies had been unfilled since October 2007. Baroness Garden was appointed in November 2009.

The Rector or other 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.

Direct recruitment of new Governors by the governing body is limited to vacancies occurring in the three co-opted Governor posts. There were no vacancies for co-opted Governors during the year. Nominated Governor appointments are the prerogative of the nominating body but, nevertheless, Governors do try to ensure that the appointing bodies are aware of the skills needs of the Board before a nomination for a vacancy needs to be made.

Once appointed, Governors receive an induction pack of key documentation and are required to confirm their eligibility to act as a Governor and to complete a Register of Interests document aimed at avoiding any conflicts of interest arising in the conduct of the Foundation's affairs. These declarations are reviewed annually or more often if necessary. Governors are also invited to attend the offices of the Foundation to be briefed by the Clerk and to meet the staff serving the Foundation.

Risk management

Governors have reviewed the major risks which the charity faces and believe that the levels of reserves, combined with a regular review of the controls over key financial systems, will provide sufficient resources to meet the Foundation's objectives in the event of adverse conditions. Governors have also examined other operational and business risks which the Foundation faces and confirm that systems have been established to mitigate the significant risks. Governors have decided to review the governance of the Foundation to ensure it is in line with best practice and the recommendations of the Charity Commission. This will be a key role for the new Clerk to the Governors.

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).

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. These rules are published as guidance for applicants and are intended to make the grants accessible to those most in need of support, while reducing the time and money required for administration, thus maximising the funds available for distribution. In making these rules Governors had regard to the guidance from the Charity Commission on public benefit.

The area of benefit is specified in our governing document and contains some of the most deprived areas of London in terms of financial need, employment and family support. It also has a large and diverse ethnic population, including many refugees, who have a particular need for support to enable them to advance in life. Through their grantmaking programme Governors deliver public benefit by enabling beneficiaries to have access to education which fits them for employment and to contribute to civil society. As part of their assessment of grant applications the Foundation will advise applicants of availability of other funds when appropriate and direct them to other agencies for help and advice.

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.

Monitoring of individual grants takes many forms depending on the specific purpose for which the grant was given. Certain 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 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

Under the will of Richard Reeve, funds were to be used for the education, maintenance and apprenticeship of children. Although the objects have been varied to suit modern times, the Governors remain committed to providing support for individuals engaged in further, higher and vocational education and in training that will help them make their way in life. Their mission is to “help young people stay on course” and they achieve this through careful assessment of the applications received and allocation of the funds available. This year they distributed £228,703 to students in higher and further education £69,973 to organisations and £60,000 as welfare grants to younger children. The Foundation has long been associated with Christ's Hospital and a grant of £20,000 was made under the provisions of the 1991 Scheme.

For the first time potential applicants were able to download information from the Foundation's website, which has given better publicity to the availability of grants and reduced the telephone enquiries. The number of direct applications increased from 132 to 173 of which 57 were declined and 14 withdrawn, compared with 73 and 7 in the previous year.

Governors approved an arrangement to outsource welfare grantmaking to School Home Support who receive and consider 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.

◆ Grants to students

The Foundation works in close co-operation with Birkbeck College, City & Islington College, City University, Guildhall School of Music and Drama, University of the Arts London, Westminster Kingsway College and Christ's Hospital. Those responsible for student welfare at these educational establishments help to identify students who may qualify for the Foundation's help and they also ensure that the student receives all statutory and other funding available to them.

The Foundation also works directly with individual students at other educational establishments, targeting the neediest, and with organisations and schools with specific educational projects that benefit a significant number of children.

Grants are awarded across a wide range of disciplines. For example, 16 grants were made for nursing students, eight for music degree students, and others included those studying courses in engineering, drama, health and social care, media, maths, physics, art and many other vocational subjects.

Sometimes a little money can make the difference between a student continuing on their course or giving up. Governors ask all students for feedback to help assess the outcome of grants and many of the comments received show that the work of the Foundation is worthwhile.

Some examples:

Susannah decided to retrain to improve her work prospects. As single mother of a son with autism it was a brave decision and one we wanted to support. She studied for a Post Graduate Certificate in Education with London Diocesan Board of Education. "I have finished my studies I am now a qualified primary teacher. Thanks to the grant from the foundation, this enabled me to complete my studies, at a time when I was on the brink of quitting".

Patricia left school at 16 and has worked ever since to support herself. Driven by her experience of social housing she decided to return to education and hopes to work as a supported housing officer in the future. She achieved a pass in CIH Level 3 National Certificate in Supported Housing at Lewisham College. "Without Richard Reeve's Foundation, I would not have been able to follow my chosen career path in supported housing. I am now going to do more voluntary work in supported housing with the hope of being taken on as a paid employee. In the future I would like to go on to study Housing Studies level 4, which I could do on day release via my employer. Thank you for all your help and a big thank you to the foundation for giving me a chance.

Sophie studied at the College of Fashion and expressed the views of many when she told us "the grants made a big difference not only to my academic achievements but also to my private life as it alleviated the stresses of daily life trying to find the money to support my aspirations. Richard Reeve's Foundation did not only give me financial support but also gave me the encouragement to push myself as there are people out there who do care about people like me, which gave me the confidence to follow my dreams". She was a care leaver returning to education while bringing up a child on her own as a single parent. Her child had been in a severe accident which had caused permanent damage.

Hussein gained a BSc Economics with International Politics, from the University of Wales. His success demonstrates what can be achieved with a little help. Hussein received a total of £2,650 from the Foundation over 5 academic years which helped him through 6th form and university. He is from a low income single parent family and is the first of his family ever to go to university. "This is just a short note to express my thanks and gratitude for the great support that I have received from the Foundation. The reason why I am in higher education is certainly because of your support in my view, of course one does not have to be given money to better themselves, but your generosity has made a huge contribution to me financially and mentally. I hope I can make a difference to someone else's life in the future, then I would say that I had not abused the support I was given. Words alone cannot express the gratitude that I feel".

Grants awarded directly by the Governors to individuals

Grants averaged £653, ranging from about £200 to £1,200 and are assessed on the financial information supplied by the applicant, usually supported by the place of study. A total of £65,645 was awarded to 100 students.

Grants awarded to individuals in partnership with colleges and universities

The number of grants made to students under our partnership arrangements was 449, and the total distributed was £160,058. The Governors are extremely grateful to the student support officers at these establishments who identify potential applicants and do the preliminary background work on establishing their financial position, entitlement to grants, loans and other funding and then apply. 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.

City and Islington College is a college of further education and many of the applicants have difficult family backgrounds. A single or disabled parent, crowded housing or applicants who arrived as an unaccompanied minor from a country at war means that the assistance they may qualify for from other sources is insufficient to meet basic needs. Although the amounts awarded are fairly small (average £236) it helps the young person to be equipped for study.

City University was not a partnership college during the year, although 31 students were awarded grants as individual applicants. However, we have had a long association with the university and had made three year grants to students, the last payment being made this year. Fortunately City has agreed to become a partner college from July 2009 and we look forward to working with them to assist students achieve their aims.

Birkbeck College provides mainly four year courses for older students, many of whom are in employment but need some qualification to progress in their chosen career. Many of the students have dependants and commitments which make it financially difficult for them to undertake the course. After discussion with the student support officers the Governors have decided, exceptionally, to trial making awards to four students of £1,500 per year for four years. The trial will last three years, helping 12 students in all. Staff at the College know that there are students who do not register for courses because they are not certain that they will be able to afford to finish the course. With help from the Foundation we hope a few will be able to achieve their aims.

Scholarships awarded

The Foundation made payments of £1,000 to each of three students under their scholarship programme at City University; no new scholarships were awarded.

◆ **Welfare Grants**

Once again the Foundation outsourced their grants making for welfare grants to School Home Support (SHS). Their dedicated member of staff receives all enquiries and applications direct in return for a management fee. Close co-operation over the process and regular review of the awards made ensures that grants are given within the priorities set by the Governors and within the objects of the Foundation. A total of £57,977 was awarded to 405 families, benefiting more than 800 children, with priority being given to those starting school or moving from primary to secondary school.

◆ **Grants awarded to organisations**

The Foundation agreed five themes for their grants to organisations in this year and applicants were required to demonstrate how their project fitted into one or more of them. The themes were:

- 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)

A total of £69,793 was awarded as follows:

Skills for independent living

Action Space London Events Ltd

£4,500 for Action Space Parents Project to provide accessible training in parenting skills for parents with learning difficulties (including autism).

Angel Shed Theatre Company

£4,750 Angel Shed is an inclusive theatre company open to young people aged 7–16 with an emphasis on integrating children from all backgrounds and with any level of special support needs. Our grant contributed towards a £12,350 project to run workshops around the subject of managing money for up to 50 children.

Central and Cecil Housing Trust

£5,500 towards Personal Development Programme for young people at risk of exclusion.

Highbury Vale-Blackstock Trust

£4,560 for “Around The World”, a project to improve literacy and numeracy skills as well as knowledge of geography, history and science through activities based around the subject “Our World”.

Training and education for long term unemployed people

Training Link

£5,000 Adult Literacy and Numeracy.

Family learning

Calthorpe Project

£4,199 Access to Family Learning for parents for whom English is the second language.

Frank Barnes School for Deaf Children

£4,756 Home Communication Project This project will provide a key worker to visit families at home to develop British Sign Language (BSL) skills for the whole family.

West Euston Time Bank

£4,950 Learning Together Homework Club for Somali children aged 7-11 to help improve written and spoken English.

Young people at risk of exclusion

B2B Somali Arts and Education Ltd

£3,955 to fund a maths teacher for a Saturday School and Homework Project for Somali children.

Caspari Foundation

£5,000 towards a project to support young people making the transition from primary to secondary school.

Coram

£5,000 to fund a Media Course as part of the Young Parents Project for parents aged 16-19 who live in Camden and are considering a return to education or employment.

Drake Music Project

£500 for evaluation as the balance of a previous award for music workshops for disabled children.

Fitzrovia Youth in Action

£4,528 towards Camden Drugs Peer Education, to provide accredited training for 12 young people in drug peer education and music production.

The Rowan Arts Project

£6,575 for a Carnival Composition Project, providing school music, costume and percussion workshops leading to participation in a carnival parade for Holloway Arts Festival.

Innovative vocational training

Islington Boat Club

£6,200 to fund a Basic Skills Tutor on two 12 week programmes run under the Prince's Trust TEAM Programme.

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

The Foundation has a long history of support for Christ's Hospital School in Horsham. During the year it made a donation of £20,000 to the School, which was the second payment of a five year programme of donations as agreed by the Governors in December 2006. All further donations under this programme are at the Governors' discretion and are dependent on the financial position of the Foundation at the time. The Scheme of the Foundation specifically allows a donation to the School. 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 £8,265,000 at 30 June 2009. Current economic conditions and decline in values in the investment property market have reduced the valuation by about £2 million in the year. 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.

There were no significant issues in relation to any property except 40 Beak Street. Acting under an Option Agreement granted by the Foundation in July 2005, City & General Limited (C&G) obtained planning permission to redevelop the site of 40 Beak Street. The property was used by the Metropolitan Police Authority under a lease that was terminated on 15 August 2008. Unfortunately when the economic situation worsened the proposed development ceased to be commercially viable so a new Option Agreement was entered into on 19 December 2008 with an extended option period and (for the protection of the Foundation) a viability test which will prevent C&G from exercising the option unless the residual value of the site at the time is at least £3 million. The intention was to ensure that no lease granted pursuant to the option would produce for the Foundation a lesser rent than £200,000 (estimated as the current rental value of the building). The Foundation at the same time repaid C&G's expenditure to the date of the new Agreement, which is a capital enhancement to the property. The Metropolitan Police Authority remained in the property until 23 June 2009 and, following advice from Counsel and an Order of the Central London County Court, the Foundation received rent of £162,411 in respect of the period from 16 August 2008 to the end of the reporting period. Guided by their Solicitor and Surveyor, Governors have made the property available on short term tenancies pending improvement of market conditions and the redevelopment becoming viable.

Governors are pleased to acknowledge once again the help and advice received on property matters from their property adviser Mr W Killick and their property solicitors Farrer & Co, particularly in a year of complex issues and negotiation.

Investment portfolio

During the year Governors reviewed the management of their stock market securities and, after an extensive review, appointed Cazenove Capital Management Limited. The existing portfolio of equities and fixed interest securities were transferred, together with additional cash, and invested in unitised funds nominated by the new manager and at the year end had a value of £3,243,353.

Financial Review

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

Property rental income has increased to £488,947 (2008:£170,051). This increase is primarily related to the fact that rental income in the preceding year was reduced because an overpayment of rent by Halifax Life Limited was repaid in March 2008.

Other investment income and interest was £183,453 (2008:£172,231) shown in more detail on page 16.

A full listing of grants awarded in the year is shown in note 4 of the accounts. The Foundation awarded grants totalling £378,676 (2008: £333,818) during the year.

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 Property Committee.

Both the property advisor and investment manager report quarterly to Governors and their performance is regularly reviewed by the Investment and Property 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 £291,481 against a current free reserves figure of £347,505. Governors consider the excess reserves of £56,024 to be prudent in the short term pending resolution of issues relating to 40 Beak Street and their desire to maintain the real value of their grant making in the coming year.

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

The process of incorporating the charity, and changes to the governance and management arrangements that will entail, will be a priority in the coming year. As part of the process of appointing new Governors attempts will be made to diversify the Board to reflect the area in which the Foundation works, as well as provide the range of skills and experience required to run the Foundation effectively.

Governors are also keen to improve their outcome measurement process so that they can more accurately assess the impact of their awards on the lives of the recipients. Changes to the state provision for students and those who are not employed and not in education or training are expected to have an effect on the number and range of applications received so Governors will monitor those so that their grant making policy remains appropriate.

In terms of investment Governors will continue to watch the commercial property market to ensure that they are prepared to act as soon as redevelopment of 40 Beak Street becomes viable.

Employees

During the year Lynne Hurley, who had been Clerk to the Governors since July 2005, resigned to enjoy travelling. Her successor, Shirley Scott, was appointed in March. Cath Moffat is Grants Officer and the only other member of staff. The Governors would like to record their warm thanks to all of them. 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:

M A Renshaw

P J Tickle

Governor

Governor

Approved on: 9 December 2009

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

We have audited the accounts for the year ended 30 June 2009 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 charity'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 charity'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 30 June 2009 and of its incoming resources and application of resources in the year then ended;
- ◆ have been properly prepared in accordance with the Charities Act 1993.

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

16 December 2009

Statement of financial activities Year to 30 June 2009

	Notes	Unrestricted funds £	Endowment funds £	Total 2009 funds £	Total 2008 funds £
Incoming resources					
Incoming resources from generated funds					
. Property rental income	1	488,947	—	488,947	170,051
. Investment income		69,092	—	69,092	66,885
. Bank deposit interest		114,361	—	114,361	105,346
. Other property income	2	—	—	—	60,000
. Other interest		—	9,240	9,240	11,663
. Other income		314	—	314	—
Total incoming resources		672,714	9,240	681,954	413,945
Resources expended					
Cost of generating funds					
. Property management		54,414	—	54,414	65,744
. Investment management		—	8,912	8,912	7,032
		54,414	8,912	63,326	72,776
Net incoming resources available for charitable application		618,300	328	618,628	341,169
Charitable activities	3	499,333	—	499,333	457,996
Governance costs	5	20,304	—	20,304	18,310
Total resources expended		574,051	8,912	582,963	549,082
Net incoming (outgoing) resources for the year before revaluations and investment asset disposals					
Realised losses on investment assets		98,663	328	98,991	(135,137)
		(22,650)	(222,753)	(245,403)	(5,383)
Other recognised gains and losses					
Unrealised gains/ (losses) on the revaluation of investments	11	—	53,453	53,453	(283,838)
Revaluation of property	10	—	(2,510,000)	(2,510,000)	(1,173,465)
Net movement in funds		76,013	(2,678,972)	(2,602,959)	(1,597,823)
Balances brought forward at 1 July 2008					
		278,662	15,873,320	16,151,982	17,749,805
Balances carried forward at 30 June 2009					
		354,675	13,194,348	13,549,023	16,151,982

Statement of financial activities Year to 30 June 2009

	2009	2008
Historical cost net movement in funds	£	£
Net movement in funds (page 14)	(2,602,959)	(1,597,823)
Unrealised (gains)/ losses on investments	(53,453)	283,838
Investment management fee	5,931	1,375
Revaluation of freehold property	2,510,000	1,173,465
Difference between historical cost realised (gains) and the actual realised (gains) calculated on the revalued amounts	52,460	773
Historical cost net movement in funds	(88,021)	(138,372)

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

Balance sheet 30 June 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Tangible fixed assets	9		7,170		11,355
Fixed asset investments					
Investment properties	10		8,265,000		10,315,000
Investments	11		3,243,353		1,456,087
			11,515,523		11,782,442
Current assets					
Debtors	12	125,702		472,279	
Short term deposits		1,947,970		3,965,711	
Cash at bank		8,213		40	
		2,081,885		4,438,030	
Creditors: amounts falling due within one year	13	(48,385)		(68,490)	
Net current assets			2,033,500		4,369,540
Total net assets			13,549,023		16,151,982
Represented by:					
Funds and reserves					
Unrestricted					
. Accumulated income fund			354,675		278,662
Endowment fund	15		13,194,348		15,873,320
			13,549,023		16,151,982

Approved by the Governors
and signed on their behalf by:

M A Renshaw
Governor

P J Tickle
Governor

Approved on: 9 December 2009

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of 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 fees paid to property managers in connection with the management of the charity’s investment properties.
- 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 year 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.

Principal accounting policies 30 June 2009

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 30 June 2009 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 30 June 2009

1 Property rental income

	2009 £	2008 £
Rental income	488,947	351,129
Rent repaid	—	(181,078)
	488,947	170,051

The rent repaid in 2008 consisted of monies returned to Halifax Life Limited, under the terms of the lease agreement on 2/3 Golden Square, for the period 23 February 2007 to 31 December 2007.

During this period, the rent due from Halifax Life Limited should have been 15% of net rents the company received from its tenants, subject to a minimum of £10,000. However, Halifax Life Limited continued to pay the rent due under the terms of the original lease, being £190,000 per annum.

The overpayment by Halifax Life Limited was calculated to be £181,078. This was deducted from the lease premium paid by Halifax Life Limited to the Foundation in March 2008.

2 Other property income

The Foundation received £60,000 in 2008 in compensation from a property developer, in relation to a 'Right to Light' claim at the Foundation's properties in Golden Square.

3 Charitable activities

	2009 £	2008 £
Grant funding of activities (note 4)	378,676	333,818
Support costs		
Staff remuneration	66,362	63,838
Premises costs	15,986	16,333
Office expenses	16,097	16,098
Professional fees	22,212	27,909
	120,657	124,178
	499,333	457,996

Notes to the accounts 30 June 2009

4 Grant funding of activities

	2009 £	2008 £
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	—
Camden Arts Centre	—	2,500
Caspari Foundation	5,000	—
Central & Cecil Housing Trust	5,500	5,000
Centrepont	—	8,500
Christ's Hospital	20,000	20,000
City University	—	5,000
Coram	5,000	—
Drake Music Project	500	5,000
Fitzrovia Youth in Action	4,528	—
Frank Barnes School for Deaf Children	4,756	—
Groove Your Arts	—	4,188
Highbury Vale Blackstock Trust	4,560	—
Islington Boat Club	6,200	—
School Home Support	60,000	58,190
The Film and Video Workshop	—	4,000
The Little Angel Theatre	—	6,000
The Rowan Arts Project	6,575	—
Training Link	5,000	—
UCanDolt	—	3,075
Until The Violence Stops	—	4,500
West Euston Time Bank	4,950	—
	149,973	125,953

	2009 Number of grants to individuals	2008 Number of grants to individuals	£	£
Grants payable to individuals attending:				
Birkbeck College	17	40	12,218	28,073
City and Islington College	265	282	62,515	65,245
City University	3	4	3,000	4,000
Guildhall School of Music and Drama	11	12	9,200	6,900
University of the Arts	73	57	45,925	41,850
Westminster Kingsway	83	65	30,200	23,425
Other schools and tuition	—	1	—	2,000
Other grants payable to individuals				
To support them in education	100	52	65,645	36,372
Total grants payable to individuals	552	523	228,703	207,865
Total grants payable			378,676	333,818

Notes to the accounts 30 June 2009

5 Governance costs

	2009 £	2008 £
Audit and accounting	11,372	13,824
Staff remuneration	4,257	4,162
Trustees' travel expenses	291	—
Legal fees	4,384	324
	20,304	18,310

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

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

	2009 £	2008 £
Auditors' remuneration		
· Statutory audit	9,143	10,293
· Accountancy services	11,712	10,311
· Taxation services	3,900	5,640
· Payroll services	—	353
Staff costs (note 7)	70,619	68,000
Depreciation	4,185	4,185
Operating lease rentals	19,928	19,928

7 Staff costs and governors' remuneration

	2009 £	2008 £
Staff costs during the year were as follows:		
Wages and salaries	57,832	55,431
Social security costs	5,996	5,744
Pension costs	6,791	6,825
	70,619	68,000

Staff costs have been apportioned as follows

	£	£
Charitable activities – support costs	66,362	63,838
Governance costs	4,257	4,162
	70,619	68,000

The Foundation had two employees in the year (2008 – two). No employee earned £60,000 per annum or more during the year.

No governor has received any remuneration (directly or indirectly) from the Foundation. £191 expenses were reimbursed to the governors for travel expenses during the year (2008 – nil). At the year end creditors included £100 due to one governor for travel expenses.

Notes to the accounts 30 June 2009

8 Taxation

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.

9 Tangible fixed assets

	Furniture and equipment £
Cost	
At 1 July 2008 and 30 June 2009	<u>20,923</u>
Depreciation	
At 1 July 2008	9,568
Charge for the year	<u>4,185</u>
At 30 June 2009	<u>13,753</u>
Net book values	
At 30 June 2009	<u>7,170</u>
At 30 June 2008	<u>11,355</u>

10 Investment properties

	2009 £	2008 £
At valuation		
At 1 July 2008	10,315,000	15,200,000
Additions at cost	460,000	—
Disposal	—	(3,711,535)
Revaluation during year	<u>(2,510,000)</u>	<u>(1,173,465)</u>
At 30 June 2009	<u>8,265,000</u>	<u>10,315,000</u>

The freehold properties were valued on an open market basis by the Governors' property adviser W Killick FRICS as at 30 June 2009, as follows:

	2009 £
40 Beak St	2,500,000
1/3 Upper James Street	1,785,000
1 Golden Square	840,000
Grafton House, 2/3 Golden Square	<u>3,140,000</u>
	<u>8,265,000</u>

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.

Notes to the accounts 30 June 2009

11 Fixed asset investments

	Endowment fund £	Unrestricted fund £	Total 2009 £	Total 2008 £
Market value at 1 July 2008	1,173,319	98,586	1,271,905	1,457,550
Additions	3,289,006	—	3,289,006	144,744
Disposals	(1,630,798)	(98,586)	(1,729,384)	(45,176)
Investment manager's fee	(5,931)	—	(5,931)	(1,375)
Unrealised gains/ (losses)	53,453	—	53,453	(283,838)
Market value at 30 June 2009	2,879,049	—	2,879,049	1,271,905

Cash held by investment manager for reinvestment	364,304	—	364,304	184,182
	<u>3,243,353</u>	<u>—</u>	<u>3,243,353</u>	<u>1,456,087</u>

Historical cost of listed investments at 30 June 2009	2,835,328	—	2,835,328	1,223,247
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Movements in unrealised gains on investments

At 1 July 2008	53,672	(5,014)	48,658	334,644
In respect of disposals in year	(57,474)	5,014	(52,460)	(773)
Investment manager's fee	(5,931)	—	(5,931)	(1,375)
	<u>(9,733)</u>	<u>—</u>	<u>(9,733)</u>	<u>332,496</u>
Net gains/(losses) arising on revaluations during the year	53,453	—	53,453	(283,838)
Unrealised gains (losses) at 30 June 2009	<u>43,720</u>	<u>—</u>	<u>43,720</u>	<u>48,658</u>

Listed investments comprise:

UK Fixed Interest	570,956	142,671
UK Equities	1,556,270	853,433
Overseas Equities	265,678	177,215
Hedge Funds	486,145	—
Unit Trusts	—	98,586
	<u>2,879,049</u>	<u>1,271,905</u>

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

Units	£	%
1,300,000 Cazenove Growth Trust for Charities	1,233,400	42

Notes to the accounts 30 June 2009

12 Debtors

	2009 £	2008 £
Lease premium receivable	—	400,000
Rental income receivable	24,372	—
Interest and investment income	35,756	63,355
VAT recoverable	57,882	—
Other debtors	7,692	8,924
	125,702	472,279

The lease premium of £400,000 was paid to the Foundation in September 2008.

13 Creditors

	2009 £	2008 £
Bank overdraft	—	2,940
Grants payable	2,400	300
Other creditors	16,826	27,795
Accruals and deferred income	29,159	37,455
	48,385	68,490

14 Grants commitments

Grants commitments, not provided in these accounts, for payment in future years, amount to £2,000 (2008 - £7,500). 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.

15 Analysis of net assets between funds

	Unrestricted			
	Accumulated	Endowment	Total	Total
	income fund	fund	2009	2008
	£	£	£	£
Fund balances at 30 June 2009 are represented by:				
Tangible fixed assets	7,170	—	7,170	11,355
Investment property	—	8,265,000	8,265,000	10,315,000
Investments	—	3,243,353	3,243,353	1,456,087
Deposits	261,975	1,685,995	1,947,970	3,965,711
Other net current assets	85,530	—	85,530	403,829
	354,675	13,194,348	13,549,023	16,151,982

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.

16 Lease commitments

As at 30 June 2009, the charity had an annual commitment of £19,928 under a property lease which expires after five years.

17 Other commitments

On 23 June 2009 the charity entered into a contract for the redecorations and repairs of dilapidations to its property at 40 Beak Street, following the vacation of the property by the Metropolitan Police Authority. The contract value is £121,764 plus VAT. No provision has been made in these accounts for any amounts due under this contract as all dilapidations are expected to be recovered in full from the Metropolitan Police Authority.