

**THE RETA LILA HOWARD FOUNDATION**  
(A company limited by guarantee)

**TRUSTEES' ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 5 APRIL 2003**

Registered number: 2984176  
Registered charity number: 1041634



# THE RETA LILA HOWARD FOUNDATION

## Trustees' annual report and financial statements

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## **THE RETA LILA HOWARD FOUNDATION**

### **Trustees' Annual Report**

The Trustees (who also act as directors for Companies Act purposes) have pleasure in presenting their report and financial statements for the year ended 5 April 2003.

The Trustees believe that the financial statements comply with current statutory requirements, the Charity's governing document and the requirements of the Charity SORP.

### **Charity objectives and policies**

The Charity's principal objective is to promote charitable purposes within the British Isles and the Republic of Ireland by the provision of financial Grants for or towards the general or special purposes of such bodies as shall be exclusively charitable according to English law as the Company shall from time to time determine.

As Reta Lila Howard had a great interest in children, the focus of the Foundation will be to support a few innovative projects to benefit children up to the age of 16 within the British Isles (Great Britain and Ireland). The funds will be directed to selected projects to support the education of young people or to ameliorate their physical and emotional environment. Donations are intended to be given over a finite period, with the aim of a project being able to continue by itself without further funding from The Reta Lila Howard Foundation.

Grants will not be given to support individuals or organisations without charitable registration numbers or to support operating expenses, budget deficits, capital projects (sole), annual charitable appeals, general endowment funds, fundraising drives or events, conferences or student aid.

The Charity has a deficit on unrestricted reserves of £50,407 at 5 April 2003. Should the unrestricted reserves still be in deficit as at 5 April 2004, the Trustees will transfer funds from the expendable endowment to clear any deficit. It is the ongoing intention of the Trustees to distribute substantially all of the Foundation's income after meeting administration expenses.

There have been no major changes in these policies in the current year.

At present there is no dependence on volunteers, or other donations in kind.

### **Financial review**

The Trustees have organised the investment of funds with two investment managers, as detailed on page 4.

Investment income amounting to £315,925 was earned. Losses on investments during the current year amounted to £3,280,286.

Twenty-three grants amounting to £750,185 were allocated during the year, in accordance with the above policies and objectives.

## THE RETA LILA HOWARD FOUNDATION

### Trustees' Annual Report (continued)

#### Financial review (continued)

At a Board Meeting held on 15 May 2003 a further 20 Grants were approved totalling £478,142. These Grants were paid in early July 2003.

Investments had a market value of £9,804,876 at the end of the year. Overall the net assets of the Foundation at 5 April 2003 are £9,846,151. The funds are adequate to fulfil the obligations of the Charity.

#### Legal and administrative details

##### *Constitution*

The Reta Lila Howard Foundation was incorporated as a company limited by guarantee (registered number 2984176) on 24 October 1994. The governing document is the Memorandum and Articles of the Company, which were amended on 18 April 1996.

The Foundation is also a registered charity (registered number 1041634).

Specific restrictions imposed by the governing document are:

- (i) if the Company takes or holds any property which may be subject to any trusts, the Company shall only deal with or invest the same in such manner as allowed by law, having regard to such trust: and
- (ii) the income and property of the Company shall be applied solely towards the promotion of its object.

The Trustees may invest the funds of the company not immediately required for its purposes in or upon such investments, securities or property as they think fit, and from time to time to transpose, vary and realise such investments subject to such conditions and such consensus as may be required by law and subject also to the provisions of the Memorandum of Association.

##### *Directors ('the Trustees')*

The Directors of the Company in the year have been:

Tamara Rebanks  
Charles Burnett  
Pilar Bauta  
Kim Dalglish  
Sarah Mitchell  
Melissa Murdoch  
Gregg Weston  
Willard Weston

## **THE RETA LILA HOWARD FOUNDATION**

Trustees' Annual Report (continued)

### **Legal and administrative details (continued)**

The Trustees are appointed by resolution of the Board, whereby the Directors of the Company unanimously agree.

#### *Registered Office:*

9 Cheapside  
London  
EC2V 6AD

#### **Advisers**

The advisers to the Charity during the year have been:

#### *Solicitors*

Allen & Overy  
1 New Change  
London  
EC4M 9QQ

#### *Bankers*

Bank of Scotland  
West End Office  
14/16 Cockspur Street  
London  
SW1Y 5BL

#### *Accountants and Auditors*

Clark Brownscombe  
8 The Drive  
Hove  
BN3 3JT

#### *Secretary*

Jamestown Investments Limited  
4 Felstead Gardens  
Ferry Street  
London  
E14 3BS

## THE RETA LILA HOWARD FOUNDATION

### Trustees' Annual Report (continued)

#### Advisers (continued)

##### *Investment Managers*

J P Morgan International Bank Limited  
125 London Wall  
London  
EC2Y 5AJ

Schroder & Co  
100 Wood Street  
London  
EC2V 7ER

#### Trustees' responsibilities

Law applicable to incorporated Charities in England and Wales requires the Trustees, who are also the Directors of the Company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity at the end of the year then ended. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enables them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility taking such steps as are reasonably open to them to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities.

#### Reserves policy

The Trustees seek to maintain the value of the original endowment as adjusted for United Kingdom inflation since the date of the original endowment. Sufficient other reserves are maintained to ensure the ongoing costs of the charity can be covered.

At 5 April 2003, the Charity had a deficit on unrestricted funds of £50,407 and expendable endowment funds of £9,896,558.

Although reserves have fallen significantly the Trustees are satisfied that the current reserves are adequate to ensure the smooth day to day operations of the Company.

## THE RETA LILA HOWARD FOUNDATION

Trustees' Annual Report (continued)

### Major risks

The Trustees have reviewed the major risks to which the Charity is exposed and are satisfied that controls are in place to mitigate those risks.

### Auditors

A resolution to reappoint the auditors, Clark Brownscombe, will be proposed at the forthcoming annual general meeting.

By order of the board

*Tamara Pebanks*

Trustee/Director

Date: *24 October 2003*

Registered Office  
9 Cheapside  
London  
EC2V 6AD

## **THE RETA LILA HOWARD FOUNDATION**

### **Independent Auditors' Report to the Trustees of The Reta Lila Howard Foundation**

We have audited the financial statements of The Reta Lila Howard Foundation for the year ended 5 April 2003 which comprise the Statement of Financial Activities, Summary Income and Expenditure Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

The Trustees' (who are also the Directors of The Reta Lila Howard Foundation for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the Charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the Charity is not disclosed.

We are not required to consider whether the statement in the Directors Report concerning major risks to which the company is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the company's risk management and control procedures.

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



## THE RETA LILA HOWARD FOUNDATION

### Independent Auditors' Report to the Trustees of The Reta Lila Howard Foundation

#### Basis of audit opinion

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

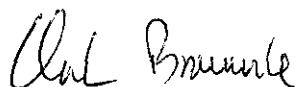
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

#### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Charity's affairs at 5 April 2003 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

8 The Drive  
Hove  
East Sussex  
BN3 3JT

Date: 24 October 2003



**Clark Brownscombe**  
**Chartered Accountants**  
**Registered Auditors**

# THE RETA LILA HOWARD FOUNDATION

## Statement of Financial Activities for the year ended 5 April 2003

|  |       | Unrestricted<br>Funds | Expendable<br>Endowment<br>Funds | Total<br>2003    | Year ended<br>2002 |
|--|-------|-----------------------|----------------------------------|------------------|--------------------|
|  | Notes | £                     | £                                | £                | £                  |
| <b>Incoming resources</b>                            |       |                       |                                  |                  |                    |
| Investment income                                    | 2     | 315,925               | -                                | 315,925          | 325,604            |
| Total incoming resources                             |       | <u>315,925</u>        | <u>-</u>                         | <u>315,925</u>   | <u>325,604</u>     |
| <b>Resources expended</b>                            |       |                       |                                  |                  |                    |
| Costs of generating funds                            |       | 20,776                | -                                | 20,776           | 24,867             |
| Costs in furtherance of charitable objectives        |       |                       |                                  |                  |                    |
| Grants   | 3     | 750,185               | -                                | 750,185          | 654,490            |
| Management and administration                        | 4     | 29,108                | -                                | 29,108           | 24,476             |
| Total resources expended                             |       | <u>800,069</u>        | <u>-</u>                         | <u>800,069</u>   | <u>703,833</u>     |
| <b>Net outgoing resources for the year</b>           |       | (484,144)             | -                                | (484,144)        | (378,229)          |
| <b>Other recognised gains and losses</b>             |       |                       |                                  |                  |                    |
| Loss on investment assets                            |       | -                     | (3,280,286)                      | (3,280,286)      | (780,521)          |
|  |       | (484,144)             | (3,280,286)                      | (3,764,430)      | (1,158,750)        |
| Fund balances brought forward                        |       |                       |                                  |                  |                    |
| At 5 April 2002                                      |       | 433,737               | 13,176,844                       | 13,610,581       | 14,769,331         |
| <b>Fund balances carried forward at 5 April 2003</b> |       | <u>(50,407)</u>       | <u>9,896,558</u>                 | <u>9,846,151</u> | <u>13,610,581</u>  |

There are no other recognised gains and losses in the year.

The net outgoing resources for current and previous financial years arose from continuing operations.

The notes on pages 11 to 14 form part of these financial statements

## THE RETA LILA HOWARD FOUNDATION

Summary income and expenditure account  
for the year ended 5 April 2003

|  | Note | Year ended<br>05/04/03<br>£ | Year ended<br>05/04/02<br>£ |
|--|------|-----------------------------|-----------------------------|
| Total income of continuing operations      | 2    | 315,925                     | 325,604                     |
| Total expenditure of continuing operations |      | <u>800,069</u>              | <u>(703,833)</u>            |
| <b>Net expenditure for the year</b>        |      | <b><u>(484,144)</u></b>     | <b><u>(378,229)</u></b>     |

The total income comprises £315,925 (2002: £325,604) for unrestricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities. Net expenditure of £800,069 is as shown on the Statement of Financial Activities. Detailed analysis of expenditure is provided in the Statement of Financial Activities and Notes 3 and 4.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 8, which together with the notes to the accounts on pages 11 to 14 provide full information on the movements during the year on all funds of the company.

There is no difference between the results as stated and the results on a historical cost basis.

The notes on pages 11 to 14 form part of these financial statements

# THE RETA LILA HOWARD FOUNDATION

Balance Sheet  
as at 5 April 2003

|   | Note | £             | 2003<br>£        | £             | 2002<br>£         |
|---|------|---------------|------------------|---------------|-------------------|
| <b>Fixed assets</b>                                   |      |               |                  |               |                   |
| Investments   | 7    |               | 9,804,876        |               | 13,586,760        |
| <b>Current assets</b>                                 |      |               |                  |               |                   |
| Debtors   | 8    | 14,476        |                  | 32,684        |                   |
| Cash at bank and in hand                              |      | <u>35,574</u> |                  | <u>18,471</u> |                   |
|   |      | 50,050        |                  | 51,155        |                   |
| <b>Creditors: amounts falling due within one year</b> | 9    | <u>8,775</u>  |                  | <u>27,334</u> |                   |
| <b>Net current assets</b>                             |      |               | 41,275           |               | 23,821            |
| <b>Net assets</b>                                     |      |               | <u>9,846,151</u> |               | <u>13,610,581</u> |
| <b>Funds</b>  | 10   |               |                  |               |                   |
| <i>Capital</i>  |      |               |                  |               |                   |
| Expendable endowment fund                             |      |               | 9,896,558        |               | 13,176,844        |
| <i>Income</i>   |      |               |                  |               |                   |
| Unrestricted  | 10   |               | <u>(50,407)</u>  |               | <u>433,737</u>    |
|   |      |               | <u>9,846,151</u> |               | <u>13,610,581</u> |

These financial statements were approved by the Trustees on  
were signed on its behalf by:-

*24 October*

2003 and

*Trustee/Director*

The notes on pages 11 to 14 form part of these financial statements

# THE RETA LILA HOWARD FOUNDATION

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards including the Statement of Recommended Practice: Accounting and Reporting by Charities.

#### *Cash flow statement*

In accordance with Financial Reporting Standard Number 1, the company is exempt from the requirement to prepare a cash flow statement on account of its size.

#### **Fund accounting**

The charity has various types of funds for which it is responsible:

##### *Unrestricted funds*

These funds are for use on the general charitable objectives of the Charity.

##### *Expendable endowment funds*

These funds are held as capital and classified as expendable at the discretion of the Trustees. Income is taken to unrestricted funds.

#### **Incoming resources**

##### *Donations*

Donations are recognised on receipt.

##### *Investments and investment income*

Investments are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are shown in the Statement of Financial Activities. Gains or losses on investments are calculated as the difference between the disposal proceeds and the carrying value at the previous year end and from the movement in market values during the year.

# THE RETA LILA HOWARD FOUNDATION

## Notes (continued)

### 1. Accounting policies (continued)

#### *Resources expended*

Resources expended are accounted for on an accruals basis. Management and administration expenditure comprises central overheads not directly attributable to costs in furtherance of charitable objectives. These relate to organisational administration and compliance with statutory requirements.

Grants are awarded in line with the charity's objectives and policies and are accounted for on a payable basis.

#### *Taxation*

The company is a registered charity and under Section 505(1) of the Income and Corporation Taxes Act 1988 is exempt from taxation on its charitable activities.

### 2. Investment income

The investment income is analysed as follows:

|   | 2003<br>£      | 2002<br>£      |
|---|----------------|----------------|
| UK Listed investment                                      | 237,364        | 238,232        |
| UK Fixed interest investments                             | 66,383         | 60,885         |
| Interest on cash on deposit at bank and with stockbrokers | 12,178         | 26,487         |
|   | <u>315,925</u> | <u>325,604</u> |

### 3. Costs in furtherance of charitable objectives

|               | 2003<br>£      | 2002<br>£      |
|---------------|----------------|----------------|
| <b>Grants</b> | <u>750,185</u> | <u>654,490</u> |

Details of the grants paid in the year can be obtained from the Secretary of the company.

### 4. Management and administration of the Charity

|                             | 2003<br>£     | 2002<br>£     |
|-----------------------------|---------------|---------------|
| Office costs                | 21,825        | 18,600        |
| Legal and professional fees | 4,933         | 2,938         |
| Audit fees for audit work   | 2,350         | 2,938         |
|                             | <u>29,108</u> | <u>24,476</u> |

Legal and professional fees include £2,350 (2002: £2,938) in respect of accountancy and taxation services provided by the auditors.

# THE RETA LILA HOWARD FOUNDATION

## Notes (continued)

### 5. Trustees' remuneration

No Trustees, or connected persons, received any remuneration during the year. Reimbursement of travel and subsistence expenses incurred by seven Trustees amounted to £15,027 (2002: £7,428).

### 6. Staff numbers and costs

No staff were employed during the year.

### 7. Fixed asset investments

|  | 2003<br>£          | 2002<br>£          |
|--|--------------------|--------------------|
| Market value at 6 April 2002   | 13,312,781         | 14,214,779         |
| Additions at cost  | 1,966,965          | 1,247,867          |
| Disposals at valuation   | <u>(2,507,850)</u> | <u>(1,369,344)</u> |
|  | 12,771,896         | 14,093,302         |
| Net (loss)/gain on revaluation at 5 April 2003                                   | <u>(3,280,286)</u> | <u>(780,521)</u>   |
| Investments at 5 April 2003  | 9,491,610          | 13,312,781         |
| Cash held by brokers   | <u>313,266</u>     | <u>273,979</u>     |
| At 5 April 2003  | <u>9,804,876</u>   | <u>13,586,760</u>  |
| Investments comprising more than 5% of the portfolio value at 5 April 2003 were: | £                  |                    |
| 110,000 Associated British Foods plc ordinary shares                             | 565,950            |                    |
| 901,000 Schroder Charity Equity Fund Income Units                                | 1,397,001          |                    |
| 198,000 Schroder Institutional American Fund Income Units                        | 601,029            |                    |
| 210,000 Schroder Institutional European Fund Income Units                        | 732,375            |                    |
| 15,857 Schroder World Markets Fund US Equity Class 'A'                           | <u>634,920</u>     |                    |
| Investment assets in the UK  | 6,022,595          | 8,418,656          |
| Investment assets outside the UK   | <u>3,782,281</u>   | <u>5,168,104</u>   |
|  | <u>9,804,876</u>   | <u>13,586,760</u>  |
| Investment are further analysed between:   | 2003               | 2002               |
| Investments listed on recognised stock exchange                                  | 8,546,488          | 12,261,326         |
| Fixed interest investments   | 945,122            | 1,051,455          |
| Cash   | <u>313,266</u>     | <u>273,979</u>     |
|  | <u>9,804,876</u>   | <u>13,586,760</u>  |

There are no material restrictions that would apply on the realisation of any of the above investments. The historical cost of the investment assets at 5 April 2003 was £10,279,242 (2002: £11,828,484).

# THE RETA LILA HOWARD FOUNDATION

## Notes (continued)

### 8. Debtors

|                             | 2003<br>£     | 2002<br>£     |
|-----------------------------|---------------|---------------|
| Stockbrokers' fees refund   | 1,819         | 12,404        |
| Accrued interest receivable | -             | 9             |
| Taxation recoverable        | <u>12,657</u> | <u>20,271</u> |
|                             | <u>14,476</u> | <u>32,684</u> |

### 9. Creditors: amounts falling due within one year

|          | 2003<br>£    | 2002<br>£     |
|----------|--------------|---------------|
| Accruals | <u>8,775</u> | <u>27,334</u> |

### 10. Funds

The funds are represented by the following assets:

|                    | Unrestricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>2003<br>£ | Total<br>2002<br>£ |
|--------------------|----------------------------|-------------------------|--------------------|--------------------|
| Fixed assets       | -                          | 9,804,876               | 9,804,876          | 13,586,760         |
| Net current assets | (50,407)                   | 91,682                  | 41,275             | 23,821             |
|                    | <u>(50,407)</u>            | <u>9,896,558</u>        | <u>9,846,151</u>   | <u>13,610,581</u>  |

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restrictions imposed. The Trustees will transfer funds from the expendable endowment, should any deficit remain on the unrestricted funds at 5 April 2004.

The expendable endowment represents the founding donation. No restrictions have been imposed on the use of income. The capital is required to be invested but is expendable where the Trustees at their discretion apply the funds as income in furtherance of the charitable objects of the Foundation.

### 11. Members

The Reta Lila Howard Foundation is limited by guarantee having no share capital and in accordance with Clause 6 of the Memorandum of Association every member is liable to contribute a sum of £1 in the event of the company being wound up. At 5 April 2003 there were 8 members.