

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

**TRUSTEES' ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 5 APRIL 2006**

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 2006.

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 charity 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.

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 £246,054 was earned. Gains on investments during the current year amounted to £2,650,247.

Fifteen grants amounting to £312,000 were allocated during the year, in accordance with the above policies and objectives. A grant made in an earlier year had not been spent by the charity concerned and an amount of £18,142 was returned during the year.

At a Board Meeting held on 2 May 2006 a further 17 grants were approved totalling £353,142. These grants were paid in July 2006.

Investments had a market value of £14,750,897 at the end of the year. Overall the net assets of the Foundation at 5 April 2006 are £14,742,360. The funds are adequate to fulfil the obligations of the Charity.

## THE RETA LILA HOWARD FOUNDATION

Trustees' Annual Report (continued)

### 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:

Emma Adamo  
Nicolas Bauta  
Geordie Dalglish  
Sarah Eidson  
Claudia Hepburn  
Melissa Murdoch  
Alannah Weston  
Charles Burnett (appointed 17 October 2005)

The Trustees are appointed by resolution of the Board, whereby the Directors of the Company unanimously agree. Upon appointment, Trustees are supplied with copies of recent accounts and minutes and are advised on changes to charity law and accounting at Trustees' meetings. All decisions of the charity are made by the Trustees at their meetings.

#### *Registered Office:*

4 Felstead Gardens  
Ferry Street  
London  
E14 3BS

## THE RETA LILA HOWARD FOUNDATION

Trustees' Annual Report (continued)

### Legal and administrative details (continued)

#### Advisers

The advisers to the Charity during the year have been:

##### *Solicitors*

Allen & Overy  
1 New Change  
London  
EC4M 9QQ

##### *Bankers*

Schroder & Co Ltd  
31 Gresham Street  
London  
EC2V 7QA

##### *Accountants and Auditors*

Clark Brownscombe  
8 The Drive  
Hove  
BN3 3JT

##### *Secretary*

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

##### *Investment Managers*

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

Schroder Investment Management Limited  
31 Gresham Street  
London  
EC2V 7QA

## **THE RETA LILA HOWARD FOUNDATION**

Trustees' Annual Report (continued)

**Advisers** (continued)

### **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.

### **Investment policy**

Investment powers are governed by the Memorandum of Association which permit funds to be invested in any security as may be thought fit.

The investment policy of the charity is designed to enable the Trustees to achieve sufficient resources to pay out grants and to achieve the objectives of the Reserves policy.

The Trustees consider that the investment performance has been satisfactory in the light of market conditions and investment objectives.

### **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.

At 5 April 2006, the Charity had expendable endowment funds of £14,742,360.

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)

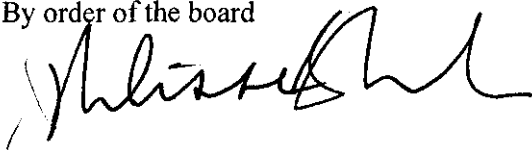
#### Major risks

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



*Trustee/Director*

Date:

*Nov. 6, 2006*

Registered Office  
4 Felstead Gardens  
Ferry Street  
London  
E14 3BS

## **THE RETA LILA HOWARD FOUNDATION**

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

We have audited the financial statements of The Reta Lila Howard Foundation for the year ended 5 April 2006 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 (United Kingdom Generally Accepted Accounting Practice) 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 report to you whether in our opinion the Trustees' Annual Report is consistent with the financial statements. We also report to you if in our opinion the Charity has not kept proper accounting records, 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 read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

#### **Basis of audit opinion**

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

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



## THE RETA LILA HOWARD FOUNDATION

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

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 5 April 2006, and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



8 The Drive  
Hove  
East Sussex  
BN3 3JT

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

Date: 6 November 2006

# THE RETA LILA HOWARD FOUNDATION

## Statement of Financial Activities for the year ended 5 April 2006

		Unrestricted Funds	Expendable Endowment Funds	Total 2006	Total 2005
	Notes	£	£	£	£
<b>Incoming resources</b>					
Investment income	2	246,054	-	246,054	284,281
<b>Total incoming resources</b>		<u>246,054</u>	<u>-</u>	<u>246,054</u>	<u>284,281</u>
<b>Resources expended</b>					
Costs of generating funds		40,538	-	40,538	33,117
Charitable activities	3	312,328	-	312,328	317,062
Governance costs	4	2,820	-	2,820	2,350
<b>Total resources expended</b>		<u>355,216</u>	<u>-</u>	<u>355,486</u>	<u>352,529</u>
<b>Net outgoing resources for the year</b>		(109,632)	-	(109,632)	(68,248)
Transfer between funds		<u>109,632</u>	<u>(109,632)</u>	<u>-</u>	<u>-</u>
		-	(109,632)	(109,632)	(68,248)
<b>Other recognised gains and losses</b>					
Surplus on investment assets		-	2,650,247	2,650,247	910,883
		-	2,540,615	2,540,615	842,525
<b>Fund balances brought forward</b>					
At 5 April 2005		-	12,201,745	12,201,745	11,359,220
<b>Fund balances carried forward at 5 April 2006</b>		<u>-</u>	<u>14,742,360</u>	<u>14,742,360</u>	<u>12,201,745</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 2006

	<i>Note</i>	<b>2006</b> £	<b>2005</b> £
Total income of continuing operations	2	<b>246,054</b>	284,281
Total expenditure of continuing operations		<b><u>355,686</u></b>	<b><u>352,529</u></b>
<b>Net expenditure for the year</b>		<b><u>(109,632)</u></b>	<b><u>(68,248)</u></b>

The total income comprises £246,054 for unrestricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities. Net expenditure of £355,216 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 2006

	Note	£	2006 £	£	2005 £
<b>Fixed assets</b>					
Investments	7		14,750,897		12,209,944
<b>Current assets</b>					
Debtors	8	646		1,140	
Cash at bank and in hand		<u>646</u>		<u>1,140</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>9,183</u>		<u>9,339</u>	
<b>Net current (liabilities)/assets</b>			(8,537)		(8,199)
<b>Net assets</b>			<u>14,742,360</u>		<u>12,201,745</u>
<b>Funds</b>	10				
<i>Capital</i>					
Expendable endowment fund			14,742,360		12,201,745
<i>Income</i>					
Unrestricted			<u>14,742,360</u>		<u>12,201,745</u>

These financial statements were approved by the Trustees on Nov. 6, 2006 and were signed on its behalf by:-

  
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 (October 2000).

#### *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. Support costs are shown separately under Charitable activities.

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:

	2006 £	2005 £
UK Listed investment	163,425	225,020
UK Fixed interest investments	63,330	49,456
Interest on cash on deposit at bank and with stockbrokers	<u>19,299</u>	<u>9,805</u>
	<u>246,054</u>	<u>284,281</u>

### 3. Charitable activities

	2006 £	2005 £
Grants	293,858	300,000
Office costs	16,120	14,712
Legal and professional fees	<u>2,350</u>	<u>2,350</u>
	<u>312,328</u>	<u>317,062</u>

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

Legal and professional fees include £2,350 (2005: £2,350) in respect of accountancy services provided by the auditors.

### 4. Governance costs

	2006 £	2005 £
Audit fees	<u>2,820</u>	<u>2,350</u>

# 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 six Trustees amounted to £7,461 (2005: £6,692 in respect of 6 trustees).

### 6. Staff numbers and costs

No staff were employed during the year.

### 7. Fixed asset investments

	£	
Market value at 6 April 2005		12,209,944
Additions		4,327,292
Disposals		<u>(4,030,401)</u>
		12,506,835
Realised gain		25,981
Unrealised gain		<u>2,624,272</u>
Investments at 5 April 2006		15,157,088
Increase/(decrease) in cash held by stockbrokers		<u>(406,191)</u>
At 5 April 2006		<u>14,750,897</u>
Cost at 5 April 2006		<u>10,579,825</u>
Investments comprising more than 5% of the portfolio value at 5 April 2006 were:		
110,000 Associated British Foods plc ordinary shares		933,900
415,600 Schroder Charity Equity Fund Income Units		<u>1,094,690</u>
	2006	2005
Investment assets in the UK	14,369,987	11,743,050
Investment assets outside the UK	<u>380,910</u>	<u>466,894</u>
	<u>14,750,897</u>	<u>12,209,944</u>
Investment are further analysed between:		
Investments listed on recognised stock exchange	13,243,365	10,228,383
Fixed interest investments	1,252,133	1,319,971
Cash	<u>255,399</u>	<u>661,590</u>
	<u>14,750,897</u>	<u>12,209,944</u>

There are no material restrictions that would apply on the realisation of any of the above investments.

# THE RETA LILA HOWARD FOUNDATION

## Notes (continued)

### 8. Debtors

	2006 £	2005 £
Stockbrokers' fees refund	<u>646</u>	<u>1,140</u>
	<u>646</u>	<u>1,140</u>

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

	2006 £	2005 £
Accruals	<u>9,183</u>	<u>9,339</u>

### 10. Funds

The funds are represented by the following assets:

	Unrestricted Funds £	Endowment Funds £	Total 2006 £	Total 2005 £
Fixed assets	-	14,750,897	14,750,897	12,209,944
Net current (liabilities)/assets	-	(8,537)	(8,537)	(8,199)
	<u>-</u>	<u>14,742,360</u>	<u>14,742,360</u>	<u>12,201,745</u>

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restrictions imposed.

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 2006 there were 8 members.