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

**TRUSTEES' ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 5 APRIL 2012

Registered number 2984176
Registered charity number 1041634

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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 2012

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

Public benefit

The trustees have had regard to the Charity Commission guidance on public benefit and paid due regard to it in deciding what activities the charity should undertake

The trustees are satisfied that the ongoing grants they are making means that the charity is continuing to meet the public benefit requirement

Financial review

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

Investment income amounting to £46,802 was earned Gains on investments during the current year amounted to £347,997

Eleven grants amounting to £360,000 were allocated during the year, in accordance with the above policies and objectives

At the Board Meetings held on 28 & 29 May 2011, a further seventeen grants were approved totalling £449,000 These grants were paid in July 2012

THE RETA LILA HOWARD FOUNDATION

Trustees' Annual Report (continued)

Financial review (continued)

Investments had a market value of £14,022,282 at the end of the year. Overall the net assets of the Foundation at 5 April 2012 are £14,013,607. 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, as amended by special resolutions dated 6 October 1995, 2 January 1996 and 12 November 2007.

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

Pilar Bauta
Charles Burnett
Claudia Hepburn
Garfield Mitchell
Melissa Murdoch
Alannah Weston
Galvin Weston

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.

THE RETA LILA HOWARD FOUNDATION

Trustees' Annual Report (continued)

Legal and administrative details (continued)

Registered Office

4 Felstead Gardens
Ferry Street
London
E14 3BS

Advisers

The advisers to the Charity during the year have been

Solicitors

Allen & Overy
One Bishops Square
London
E1 6AO

Bankers

Schroder & Co Ltd
31 Gresham Street
London
EC2V 7QA

Accountants and Auditors

Clark Brownscombe Limited
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)

Legal and administrative details (continued)

Investment Managers

Morningstar Associates Europe Limited
1 Olivers Yard
55/71 City Road
London
EC1Y 1HQ

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

Schroder Investment Management Limited
31 Gresham Street
London
EC2V 7QA

Trustees' responsibilities

The trustees (who are also directors of The Reta Lila Howard Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments 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 charitable company will continue in business

The trustees are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE RETA LILA HOWARD FOUNDATION

Trustees' Annual Report (continued)

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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 2012, the Charity had expendable endowment funds of £14,013,607

The Trustees are satisfied that the current reserves are adequate to ensure the smooth day to day operations of the Charity


Major risks

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

Auditors

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

By order of the board



Alannah Weston
Trustee/Director

Date 8 November 2012

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

Scope of audit

We have audited the financial statements of The Reta Lila Howard Foundation for the year ended 5 April 2012 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

As audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


THE RETA LILA HOWARD FOUNDATION

Independent Auditors' Report to the Members of The Reta Lila Howard Foundation (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us,
- the financial statements are not in agreement with the accounting records and returns,
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



John Thacker, Senior Statutory Auditor
for and on behalf of
Clark Brownscombe Limited, Statutory Auditor
Chartered Accountants
Registered Auditors

8 The Drive
Hove
BN3 3JT

Date 8 November 2012

THE RETA LILA HOWARD FOUNDATION

Statement of Financial Activities for the year ended 5 April 2012

		Unrestricted Funds	Expendable Endowment Funds	Total 2012	Total 2011
	Notes	£	£	£	£
Incoming resources					
Investment income	2	46,802	-	46,802	44,851
Total incoming resources		<u>46,802</u>	<u>-</u>	<u>46,802</u>	<u>44,851</u>
Resources expended					
Costs of generating funds		22,479	-	22,479	20,140
Charitable activities	3	374,185	-	374,185	353,415
Governance costs	4	<u>2,820</u>	<u>-</u>	<u>2,820</u>	<u>2,672</u>
Total resources expended		<u>399,484</u>	<u>-</u>	<u>399,484</u>	<u>376,227</u>
Net outgoing resources for the year		(352,682)	-	(352,682)	(331,376)
Transfer between funds		<u>352,682</u>	<u>(352,682)</u>	<u>-</u>	<u>-</u>
		-	(352,682)	(352,682)	(331,376)
Other recognised gains and losses					
Surplus on investment assets		-	347,997	347,997	698,746
		-	(4,685)	(4,685)	367,370
Fund balances brought forward at 6 April 2011		<u>-</u>	<u>14,018,292</u>	<u>14,018,292</u>	<u>13,605,922</u>
Fund balances carried forward at 5 April 2012		<u>-</u>	<u>14,013,607</u>	<u>14,013,607</u>	<u>14,018,292</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 15 form part of these financial statements

THE RETA LILA HOWARD FOUNDATION

Summary income and expenditure account for the year ended 5 April 2012

	<i>Note</i>	2012 £	2011 £
Total income of continuing operations	2	46,802	44,851
Total expenditure of continuing operations		<u>399,484</u>	<u>376,227</u>
Net expenditure for the year		<u>(352,682)</u>	<u>(331,376)</u>

The total income comprises £46,802 for unrestricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities. Expenditure of £399,484 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 15 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 15 form part of these financial statements

THE RETA LILA HOWARD FOUNDATION
(Company Number 2984176)

Balance Sheet
as at 5 April 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	7	14,022,282	14,026,359
Creditors amounts falling due within one year	8	<u>8,675</u>	<u>8,067</u>
Net current assets/(liabilities)		(8,675)	(8,067)
Net assets		<u>14,013,607</u>	<u>14,018,292</u>
Funds	9		
Capital			
Expendable endowment fund		14,013,607	14,018,292
Income			
Unrestricted		<u>-</u>	<u>-</u>
		<u>14,013,607</u>	<u>14,018,292</u>

These financial statements were approved by the Trustees on 3 November 2012 and were signed on its behalf by -



Alannah Weston
Trustee/Director

The notes on pages 11 to 15 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 (March 2005)

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

	2012 £	2011 £
UK Listed investments	46,144	43,361
Interest on cash on deposit at bank and with stockbrokers	<u>658</u>	<u>1,490</u>
	<u>46,802</u>	<u>44,851</u>

3 Charitable activities

	2012 £	2011 £
Grants	360,000	340,000
Administrative costs	11,785	10,816
Legal and professional fees	<u>2,400</u>	<u>2,599</u>
	<u>374,185</u>	<u>353,415</u>

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

Legal and professional fees include £2,400 (2011: £2,599) in respect of accountancy services provided by the auditors.

4 Governance costs

	2012 £	2011 £
Audit fees	<u>2,820</u>	<u>2,672</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 7 Trustees amounted to £4,504 (2011 £4,699 in respect of 7 trustees)

6 Staff numbers and costs

No staff were employed during the year.

7 Fixed asset investments

	£
Market value at 6 April 2011	14,026,359
Additions	13,131
Disposals	(41,562)
	13,997,928
Realised gain/(loss)	228
Unrealised gain/(loss)	347,769
	14,345,925
Increase/(decrease) in cash held by stockbrokers	(323,643)
Market value at 5 April 2012	<u>14,022,282</u>
Cost at 5 April 2012	<u>12,467,670</u>
Investments comprising more than 5% of the portfolio value at 5 April 2012 were	
110,000 Associated British Foods plc ordinary shares	1,325,500
719,702 HSBC American Index Fund	1,622,927
307,868 HSBC European Index Fund	1,419,270
1,709,544 SSGA UK Equity Tracker Fund	2,564,315
9,672 Sub Vanguard Global Bond	1,188,263
7,295 Sub Vanguard UK Government Bond Index Account	914,700

	2012	2011
Investment assets in the UK	13,184,777	13,205,442
Investment assets outside the UK	<u>837,505</u>	<u>820,917</u>
	<u>14,022,282</u>	<u>14,026,359</u>

Investment are further analysed between

Investments listed on recognised stock exchange	13,619,463	13,299,896
Cash	<u>402,819</u>	<u>726,463</u>
	<u>14,022,282</u>	<u>14,026,359</u>

THE RETA LILA HOWARD FOUNDATION

Notes (continued)

The following investments were subject to restrictions on their realisation

	Market Value at 5 April 2012 £	Further Commitment €
Schroders Private Equity Issue III	<u>190,637</u>	<u>31,250</u>
Schroders Private Equity Issue IV	<u>88,771</u>	<u>52,500</u>

The further committed funds are projected to be paid over the following period

Schroders Private Equity Issue III

Investor contributions are projected to conclude in 2012, at approximately 100% of originally committed capital. Capital distributions are projected to begin via dividends from 2013 onwards. Investors are projected to receive the full amount of their original investment around 2016-2017 with upside potential continuing for the remaining life of the investment. The projection continues until 2024.

Schroders Private Equity Issue IV

Investor contributions are projected to conclude in 2012, at approximately 75% of originally committed capital. Capital distributions are projected to begin via dividends from 2013 onwards. Investors are projected to receive the full amount of their original investment around 2017-2018 with upside potential continuing for the remaining life of the investment. The projection continues until 2024.

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Accruals	<u>8,675</u>	<u>8,067</u>

9 Funds

The funds are represented by the following assets

	Unrestricted Funds £	Endowment Funds £	Total 2012 £	Total 2011 £
Fixed assets	-	14,022,282	14,022,282	14,026,359
Net current (liabilities)/assets	-	(8,675)	(8,675)	(8,067)
	<u>-</u>	<u>14,013,607</u>	<u>14,013,607</u>	<u>14,018,292</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.

THE RETA LILA HOWARD FOUNDATION

Notes *(continued)*

10 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 2012 there were 7 members