

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

**TRUSTEES' ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 5 APRIL 2001

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 2001.

The trustees believe that the financial statements comply with current statutory requirements and the Charity's governing document.

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 unrestricted reserves of £811,966 at 5 April 2001. It is the intention of the Trustees in future 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 directors have organised the investment of funds with two investment managers, as detailed on page 4.

Investment income amounting to £393,378 was earned and shares valued at £573,375 were given as a donation. Losses on investments during the current year amounted to £1,863,182.

Twenty one grants amounting to £565,974 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 10 May 2001, a further 24 grants were approved totalling £654,490. These grants were paid on 2 July 2001.

Investments had a market value of £14.7 million at the end of the year. Overall the net assets of the Foundation at 5 April 2001 are £14.7 million. 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:

Gretchen Bauta	
Alannah Weston	(resigned 14 April 2000)
Geordie Dalglish	
Mark Mitchell	
Tamara Rebanks	
Galvin Weston	
Charles Burnett	(appointed 13 October 2000)

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
East Sussex
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

Chase Fleming Private Wealth Management Limited
10 Aldermanbury
London
EC2V 7RF

Schroder & Co Limited
100 Wood Street
London
EC2V 7QA

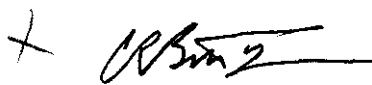
Auditors

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

By order of the board



Trustee/Director



Trustee/Director

Registered office

9 Cheapside
London
EC2V 6AD

Date: 18.10.2001

THE RETA LILA HOWARD FOUNDATION

Statement of Directors' 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 and of its financial activities during 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.

Report of the auditors to the members of The Reta Lila Howard Foundation

We have audited the financial statements on pages 7 to 13.

Respective responsibilities of trustees and auditors

As described on page 5, the trustees, who are also the directors of The Reta Lila Howard Foundation, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 charitable 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 charitable Company as at 5 April 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clark Brownscombe

*Chartered Accountants
Registered Auditors*

Date: 18 October 2001

THE RETA LILA HOWARD FOUNDATION

Statement of Financial Activities for the year ended 5 April 2001

	Notes	Unrestricted funds	Expendable endowment funds	Total Year ended 05/04/01	Year ended 05/04/00
Incoming resources					
Investment income	3	393,378	-	393,378	492,672
Donation		<u>573,375</u>	<u>-</u>	<u>573,375</u>	<u>-</u>
Total incoming resources		<u>966,753</u>	<u>-</u>	<u>966,753</u>	<u>492,672</u>
Resources expended					
Direct charitable expenditure:					
Grants		565,974	-	565,974	476,440
Other expenditure:					
Management and administration		<u>69,526</u>	<u>-</u>	<u>69,526</u>	<u>81,934</u>
Total resources expended	2	<u>635,500</u>	<u>-</u>	<u>635,500</u>	<u>558,374</u>
Net incoming/(outgoing) resources for the year		331,253	-	331,253	(65,702)
Other recognised gains and losses					
Gains/(losses) on investment assets		<u>-</u>	<u>(1,863,182)</u>	<u>(1,863,182)</u>	<u>1,472,870</u>
		331,253	(1,863,182)	(1,531,929)	1,407,168
Fund balances brought forward at 5 April 2000		<u>480,713</u>	<u>15,820,547</u>	<u>16,301,260</u>	<u>14,894,092</u>
Fund balances carried forward at 5 April 2001		<u>811,966</u>	<u>13,957,365</u>	<u>14,769,331</u>	<u>16,301,260</u>

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

The notes on pages 10 to 13 form part of these financial statements

THE RETA LILA HOWARD FOUNDATION

Summary income and expenditure account
for the year ended 5 April 2001

	Note	Year ended 05/04/01 £	Year ended 05/04/00 £
Total income of continuing operations	3	966,753	492,672
Total expenditure of continuing operations	2	(635,500)	(558,374)
Net income/(expenditure) for the year		<u>331,253</u>	<u>(65,702)</u>

The total income comprises £966,753 (2000: £492,672) for unrestricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities. Net expenditure of £635,500 is as shown on the Statement of Financial Activities. Detailed analysis of expenditure is provided in the Statement of Financial Activities and Note 2.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 7, which together with the notes to the accounts on pages 10 to 13 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 10 to 13 form part of these financial statements

THE RETA LILA HOWARD FOUNDATION

Balance Sheet as at 5 April 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Investments	6		14,746,703		16,281,153
Current assets					
Debtors	7	29,703		30,955	
Cash at bank and in hand		<u>20,383</u>		<u>30,695</u>	
		50,086		61,650	
Creditors: amounts falling due within one year	8	<u>27,458</u>		<u>41,543</u>	
Net current assets			<u>22,628</u>		<u>20,107</u>
Net assets			<u>14,769,331</u>		<u>16,301,260</u>
Funds					
<i>Capital</i>					
Expendable endowment fund			13,957,365		15,820,547
<i>Income</i>					
Unrestricted			<u>811,966</u>		<u>480,713</u>
	9		<u>14,769,331</u>		<u>16,301,260</u>

These financial statements were approved by the directors on 18.10.2001 and were signed on its behalf by:


Trustee/Director


Trustee/Director

The notes on pages 10 to 13 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 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 direct charitable expenditure. These relate to the management of the Foundation's funds, 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. Resources expended

	2001 £	2000 £
Grants	<u>565,974</u>	<u>476,440</u>
Management and administration of the charity		
Salaries and office costs	15,859	11,568
Legal and professional fees	4,288	2,937
Audit fees for audit work	2,938	2,820
Financial advice – fund managers' fees	<u>46,441</u>	<u>64,609</u>
	<u>69,526</u>	<u>81,934</u>

3. Investment income

The investment income as analysed as follows:

	2001 £	2000 £
UK Listed investments	302,746	438,694
UK Fixed interest investments	51,516	8,603
Interest on cash on deposit at bank and with stockbrokers	<u>39,116</u>	<u>45,375</u>
	<u>393,378</u>	<u>492,672</u>

4. Trustees' remuneration

No trustees, or connected persons, received any remuneration during the year. Reimbursement of expenses incurred by trustees amounted to £5,117 (2000: £4,573).

THE RETA LILA HOWARD FOUNDATION

Notes (continued)

5. Staff numbers and costs

No staff were employed during the year.

6. Fixed asset investments

	2000 £	2000 £
Market value at 6 April 2000	16,281,153	14,796,942
Additions at cost	4,890,966	1,765,655
Disposals at valuation	<u>(4,576,827)</u>	<u>(1,764,715)</u>
	16,595,292	14,797,882
Net (loss)/gain on revaluation at 5 April 2001	<u>(1,848,589)</u>	<u>1,483,271</u>
At 5 April 2001	<u>14,746,703</u>	<u>16,281,153</u>

Investment assets are held as follows:

	2001 £	2000 £
Investment assets in the UK	9,342,264	12,751,544
Investment assets outside the UK	<u>5,404,439</u>	<u>3,529,609</u>
	<u>14,746,703</u>	<u>16,281,153</u>

Investment assets are further analysed between:

	2001	2000
Investments listed on a recognised stock exchange	13,355,659	14,114,238
Fixed interest investments	859,114	1,649,576
Cash	<u>531,930</u>	<u>517,339</u>
	<u>14,746,703</u>	<u>16,281,153</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 2001 was £11,423,186 (2000: £10,527,734).

7. Debtors

	2001 £	2000 £
Stockbrokers' fees refund	1,383	-
Accrued interest receivable	5,953	941
Taxation recoverable	<u>22,367</u>	<u>30,014</u>
	<u>29,703</u>	<u>30,955</u>

THE RETA LILA HOWARD FOUNDATION

Notes (continued)

8. Creditors: amounts falling due within one year

	2001 £	2000 £
Accruals	<u>27,458</u>	<u>41,543</u>

9. Funds

The funds are represented by the following assets:

	Unrestricted Funds £	Expendable Endowment Funds £	Total 2001 £	Total 2000 £
Fixed assets	789,338	13,957,365	14,746,703	16,281,153
Net current assets	<u>22,628</u>	<u>-</u>	<u>22,628</u>	<u>20,107</u>
	<u>811,966</u>	<u>13,957,365</u>	<u>14,769,331</u>	<u>16,301,260</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.

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 2001 there were 6 members.