

ROYAL WANSTEAD FOUNDATION



ANNUAL REPORT & ACCOUNTS

2002



**Her Majesty Queen Elizabeth The Queen Mother
Our Patron 1939-2002**

Thank you Royal Wanstead

The Royal Wanstead Foundation helps children who really need our help. This is a small selection of the grateful thanks we received during the last 12 months:

“Helping Stephen back into the world....”

“Stephen was a very troubled boy, with little to live for or try for. Now, it is all different. He has just had another very successful year at school and is moving from strength to strength. Thank you to the Royal Wanstead Foundation for your invaluable assistance in helping Stephen back into the world.”

“Their lives were transformed by boarding school...”

“I desperately needed help to care for my two young grandchildren. The alternative for them was to be taken into care. A year after I first approached the Royal Wanstead Foundation, their lives have been transformed by boarding school. They are so happy and really like their schools, evidence of the difference your help makes to the lives of children.”

“No one had confidence in me...”

“The Royal Wanstead Foundation has supported me for almost five years now. I am half way through my GCSEs at boarding school and I have Royal Wanstead to thank for that. When my parents divorced, I thought my life was over, as all children do. No one had confidence in me apart from my Mum until Royal Wanstead wanted to help and for that I thank you with all my heart.”

“Words cannot express my gratitude...”

“Words cannot express the relief and gratitude I felt when the Royal Wanstead Foundation stepped in with financial support at a time when, in addition to losing his home and contact with his mother, my grandson was also in danger of having to leave school... James loved his time at boarding school and will always be grateful to the RWF for enabling him to continue to be a pupil there, and so will I.”

“A remarkable young man with a bright future ahead of him”

“Not everything comes readily to him, but there is general acknowledgement of John's endeavour and all-round achievement. He has squeezed every last opportunity out of his seven years here, packing in an amazing amount both academically and on the extra-curricular front. What is particularly admirable is that he has given back to the community as much as he has taken out. There are now solid grounds for believing that he will gain entry to Oxford. He is a remarkable young man now with a bright future ahead of him.”

The Board of Governors

Colin Morrison, Chairman

Colin is Chief Operating Officer of the magazines group Future Network Plc. He became a Governor in 1995, deputy chairman in 1999 and chairman in 2001. He is a former pupil of the Royal Wanstead School. He is Co-Chairman of the Fund-Raising Sub-Committee.

Kevin A.H. Parry, MA, FCA, Deputy Chairman

Kevin is Chief Executive of Management Consulting Group Plc., and a chartered accountant. He has been a Governor since 1994 and became Deputy Chairman in 2001. He is also Chairman of the Finance & Investment Committee.

Joan Benyon, BA

Joan is an Ofsted trained Inspector for Independent Schools and a governor of King Edward's School, Witley, where she had formerly been Deputy Head and Registrar. She has been a Governor of RWF since 1997 and is Chairman of the Schools Sub-Committee.

John L.A. Hall, JP

John joined the Board in 1980. He was a business travel agent, and a Magistrate. He is a Mentor for the Prince's Youth Business Trust and a Mental Health Act Manager. He is Co-Chairman of the Fund-Raising Sub-Committee.

Rex S. Johnson, FRIBA, Dipl Arch, FCI Arb

Rex is a chartered architect and was formerly a senior partner in Ronald Ward & Partners. He became a Governor in 1982 and was Deputy Chairman during 1987. He is a member of the Finance & Investment Committee.

William H. Morris

Bill has been a Governor since 1985. He was Deputy Chairman during 1989-93 and Chairman from 1993-2000. He is Deputy Chairman of the Finance & Investment Committee and a member of the Schools Sub-Committee. He was a Local Director of Barclays Bank Plc, in central London

The Reverend Professor Mary Seller, BSc, PhD, DSc

Mary became a Governor in 1988. She is Professor of Developmental Genetics at the Guy's, King's and St Thomas' Hospitals School of Medicine. She is also a non-stipendiary priest in the Surrey parish in which she lives.

The Reverend John Spinks, M Th.

John is the Vicar of St John the Baptist Church, Greenhill, Harrow, and was a former pupil at the Royal Wanstead School. He was ordained in 1982 concurrent with a career in the Metropolitan Police, and joined the Board in 1990.

Derek Thackray, FCIS

Derek is a chartered secretary and was Chief Executive of the Church of England Pensions Board. He was a pupil of the Royal Wanstead School and became a Governor in 1979. Derek was Chairman from 1985-1993 and guided the Board through a pivotal time in the rebuilding of the Foundation. He was Deputy Chairman 1993-2001. He is a member of the Finance and Investment Committee.

Clerk to the Foundation

Rosemary Brotherwood, BA

Rosemary became Deputy Clerk of the Foundation in 1992 and took over as Clerk in 1994. She has spent a total of 24 years working in the Charity sector. She represents the Royal Wanstead Foundation at the Educational Trusts' Forum.



Founded 1827

Royal Wanstead Foundation

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Charity No. 310916

PRESIDENTS

His Grace the Lord Archbishop of Canterbury

His Grace the Lord Archbishop of York

The Lord Bishop of Chelmsford

BOARD OF GOVERNORS

Colin Morrison (Chairman)

Kevin Parry (Deputy Chairman)

Joan Benyon

John Hall

Rex Johnson

William Morris

Mary Seller

John Spinks

Derek Thackray

FOUNDATION STAFF

Clerk: Rosemary Brotherwood

Deputy Clerk: Sue Rigby

Support Staff: Claire Kelly and Wendy Wright

BANKERS

The Royal Bank of Scotland plc, 62-63 Threadneedle Street, London EC2R 8LA

Barclays Bank plc, 8-12 Church Street, Walton-on-Thames, Surrey, KT12 2YW

SOLICITORS

Forsters, 67 Grosvenor Street, London W1K 3JN

AUDITORS

Horwath Clark Whitehill, 25 New Street Square, London EC4A 3LN

INVESTMENT MANAGERS

Consulta Limited, 20 St. James's Street, London SW1A 1ES

PROPERTY ADVISER

CPM Consulting Ltd, Heathcoat House, 20 Savile Row, London W1S 3PR

Review of the Year

The Governors, who are the trustees of the charity present their Annual Report and accounts for the year ended 31 July 2002.

Royal Wanstead Foundation

- Helps to provide boarding education for children with either one or no parent whose home circumstances are seriously prejudicial to their normal development and where no other suitable care is available.
- Is the modern successor of an institution founded in 1827 as the Infant Orphan Asylum, by the Victorian philanthropist Dr Andrew Reed. It was incorporated by Act of Parliament in 1843. The charity is now regulated under the legal title Royal Wanstead School, granted by the Royal Wanstead School Act 1939, by a further Act in 1959, by statutory instruments in 1955 and 1971 (the year the Foundation's own school closed), and a Charity Commissioner's Scheme of 1991.
- Seeks to manage its reserves in order to sustain its charitable works indefinitely.

Challenging times

It is 175 years since Andrew Reed founded the institution that became the Royal Wanstead School. It is satisfying to reflect on the eventful history. It also helps us, as today's guardians of Dr Reed's legacy, to draw inspiration from the way our predecessors fought to build up this charity through some difficult years after its launch in 1827.

This is one of those years.

In the 2001 Annual Report, I commented on the immediate economic consequences of the 11 September terrorist attacks. This past 12 months have witnessed the continuing fall in stock market values and, therefore, in the investment income on which our grant-making depends. The following figures summarise our financial performance in the year ended 31 July 2001:

- Total income down 24% to £611,793
- Total assets down 15% to £16,134,665
- Deficit of £221,618 before investment and property gains and losses.

That substantial deficit was incurred even after reducing by 9% (to 332) the number of children we helped to support.

The signs are that this prolonged period of a depressed stock market and also of low interest rates may continue for some time yet, so our funds will remain under pressure.

Schools under pressure

It has also been a year when schools and education have seldom been far from the headlines, often for the wrong reasons. Some of our concerns are based on yesterday's education news. For the Royal Wanstead Foundation and many of the schools and charities with which we collaborate, the culture of exam 'league tables' creates some real worries. This is because the RWF recognises and helps maximise the social role of boarding schools whereas 'league tables' rank them solely on academic achievements.

Many of our Foundationers are children from seriously troubled backgrounds who seek admission to boarding school at times when their academic potential may be difficult to gauge. A culture in which many schools see 'league table' success as key to their commercial viability might, therefore, tend to raise admissions hurdles in a way that can disadvantage some of the children who most need our help.

There is no doubt that some schools are raising their admission standards in this atmosphere of 'point scoring' and that some parents are influenced, to say the least, by 'league table' performance.

In time, that tendency may reduce the number of schools who share our strong support for the social role of boarding education. But it is encouraging also to report that, among those with whom we work most closely, are schools which have actually abandoned their participation in the league tables and many others which have assured us of their determination to continue supporting the social role of boarding school education.



The former Royal Wanstead School (now Snaresbrook Crown Court), scene of an ex-scholars reunion which raised funds for the Foundation in 2002.

At a time of increasing social need, that is certainly some encouragement as is the 2002 announcement that, for the first time in 50 years, there has been an increase last year in the total number of boarding school pupils in the UK.

This small indication that boarding school education might be in for some longer-term expansion is welcome news after decades of falling demand. The effectiveness of our Foundation is under-pinned by the general wellbeing of boarding school education. We need boarding schools to thrive.

Remembering our Patron

This was the year when the nation was saddened by news of the death of Her Majesty Queen Elizabeth The Queen Mother. The Foundation was well represented at the memorable and moving funeral service for a much-loved lady.

For the Royal Wanstead Foundation, she was even more: a much-loved and much-admired Patron for 63 years, the longest-serving in our history. The Queen Elizabeth The Queen Mother's Award, introduced in 1999 to mark the 60th anniversary of her role as Patron will serve as the RWF's fitting memorial.

How our grant-making works

Applications for RWF grants are usually the result of referrals from schools, education authorities, social services, and other charities.

Suitable cases are followed up by a home visit to the parent or guardian usually by the Foundation's own staff. The case is then reviewed by a Foundation Governor. Final approval of a grant is dependent on a second Governor meeting with the child and parent/guardian who have already identified their preferred school.

RWF collaborates with other charities and the chosen school itself, to secure 'packages' of financial support for each Foundationer. The organisations with which we work most closely are: The Reedham Trust, The Buttle Trust, and the Joint Educational Trust, with a range of other charities being involved in specific cases. RWF typically pays up to 20% of the school fees of each child it supports.

The projected cost to RWF of school fees for existing and new Foundationers for the year to 31 July 2003 is £610,000. Costs anticipated to be incurred by RWF to fund these children for the duration of their education are approximately £3.4 million – emphasising the long-term requirement that underpins our investment policy.

The statistics on the opposite page show average RWF grants to foundationers virtually static for the past two years and little increased across three years. This is despite the fact that boarding school fees have consistently increased well ahead of inflation. In pursuit of our policy of trying to help as many children as possible, at a time of falling investment income and rising fees, we have had to reduce the level of grants in real terms.

RWF Foundacioners

	2001/02	2000/01	1999/00	1990	1980
No. Foundacioners	332	363	388	300	110
Total grants*	£617,997	£663,881	£672,766	£430,823	£114,311
Average grant	£1,861	£1,829	£1,734	£1,436	£1,039

*(excluding FE grants)

Principal partner schools

The following schools account for an aggregate of almost 45% of all Royal Wanstead Foundacioners. Six of these 10 schools (*) have charitable foundations.

School	No of RWF Foundacioners	
	2001/02	2000/01
King Edward's School, Witley*	37	44
Royal Alexandra & Albert School*	27	36
Reed's School*	25	22
Lord Wandsworth College*	19	23
Royal Wolverhampton School*	11	9
Kingham Hill School*	9	13
Wymondham College	6	7
Sexey's School	5	6
Stanbridge Earls School	4	9
Seaford College	4	6
Total Foundacioners at these schools	147	175

Profile of Foundacioners (as at 31 July 2002)

No of pupils 11 and under 11 (20 in 2001)	Pupils 12-14 years 73 (81 in 2001)	Pupils over 14 248 (262 in 2001)
	Boys 212 (237)	Girls 120 (126)

Leavers/ Joiners during 2001-2

No. of Foundacioners at year end 2001	-	363
No. of leavers 2001/02	-	92
No. of starters 2001/02	-	61
No. of Foundacioners at year end 2002	-	332

Management of the Foundation

Board of Governors

The full Board of nine Governors, together with the Clerk and Deputy Clerk, met four times during the year, courtesy of facilities provided at no charge by the Management Consulting Group PLC. All Governors also participated either in committees or sub-committees of the Board and/or the parent/child interviewing process.

Governors, who live in various parts of the UK, continue to devote substantial amounts of time to the Foundation. They make occasional home visits, attend meetings and interviews and attend the Foundation's office in Cobham. Governors do not receive fees or payment. Total travel expenses paid to Governors during the year were £2,950 (2001: £2,720).

Investment and reserves policies

The Board, under the auspices of the Finance & Investment Committee (Chairman: Kevin Parry; Deputy Chairman: Bill Morris), reviewed the Foundation's investment policies during the year in the light of the extended period of decline in equity valuations. It decided there was no need to change the balance between the three main classes of investments: equities, fixed income (including cash), and property. The Board continues to maintain an approach of managing the investment portfolio for a 'total return', ie income and capital gains.

The equity portfolio is monitored against the FTSE-A index and the fixed income portfolio against the FTSE Gilt index. In the year ended 31 July 2002 the Foundation's equity portfolio declined by 19.8% compared with a 23.0% decline in the FTSE-A index. The fixed income portfolio declined by 0.3% compared with a decline of 0.4% in the FTSE Gilt index. The RWF seeks to maintain reserves sufficient to sustain its work indefinitely, recognising: that school fees have tended to increase faster than inflation; that the stock market is cyclical; and that medium-term continuity in grant-making is necessary in order to avoid disturbing the security of the children whose education the Foundation supports.

The fixed income and cash components of the portfolio are judged to be sufficient to meet the liquidity requirements of the charity for at least the next three years. In the absence of a return to higher equity valuations, the total return on the charity's investments is likely again to show a deficit compared with the charitable expenditure in the current year.

The Board also considered the charity's significant exposure to one property and decided to divest it. Further, the Foundation reviewed its policy in respect of real property ownership and decided not to carry any material exposure to a small number of properties. Instead it would maintain its property investments through unit trusts which diversify and spread the risks associated with such investment. In the light of the continued decline in stock market values, the Board will keep its investment policies under close review.

Risk management

The Governors have long considered risk management an important part of their duties. During the year, this was formalised by means of the creation of a sub-committee which carefully considered possible risks facing the Foundation.

The sub-committee met twice and reported its findings to the Board. Recognising that risk management is the duty of the whole Board, the Governors decided that the sub-committee's composition should over time comprise all Governors in turn, by annual rotation.

The Board recognises that it is not possible or desirable to eliminate all risks facing a charity as complex as the Royal Wanstead Foundation and so it seeks to reduce its risks by means of formalised procedures, limitation of authority, the use of qualified advisers, and insurance.

The Board is satisfied that the procedures that it has adopted and applied are appropriate to the charity.

Schools' Sub-Committee

The Schools' Sub-Committee exists to foster the relationship between the Foundation and its associated schools. Governors visit the major schools where they are shown round by their foundationers, are in receipt of the annual accounts and the current OFSTED/ISI reports, and monitor the state of boarding education in general.

At committee meetings, topics discussed range from pupils' reports to the overall health of the schools themselves. The committee tries to ensure that governors are kept well-informed about the lives of the pupils they support and the Foundation is keen to be involved positively in the continuing success of boarding.

Fund-Raising Sub-Committee

The Fund-Raising Sub-Committee, under the co-chairmanship of Colin Morrison and John Hall focuses on ways in which the Foundation can augment its income through voluntary donations and legacies.

We continue to devote most of our effort to soliciting support from the people who most appreciate the Foundation's work: former Foundationers.

To this end, we produced a souvenir booklet (funded directly by a donation) for the Reunion of the Royal Wanstead School, which helped raise funds.

We thank those former scholars as well as other ex- Foundationers, many of whom have also indicated their commitment to continue to help us in future years. A full list of organisations and individuals who have contributed to the Foundation this year appears on page 24.

Royal Wanstead Foundation Awards

The Queen Mother's Award

To mark the 60th anniversary of her role as Patron, Her Majesty Queen Elizabeth The Queen Mother approved the launch of a new annual Award in her honour in 1999. A maximum of three Awards, to the value of £300 each, would be made each year to Foundationers, as they leave school, who have made remarkable achievements set against their own personal standards.

This year the Award has gone to Fiona, who blossomed away from home where her severely disabled sibling needed all available care. Fiona is a talented all-rounder in academic subjects, athletics, music and especially drama - her headmaster said *"Her service to the school overall in this area has been exemplary and she is highly respected by staff."*

Hope Awards

The Board of Governors continue to commemorate the generous support given to the Foundation by both Mr and Mrs John Wilson Hope, by making a small number of Hope Awards each year to Royal Wanstead Foundationers who have demonstrated special qualities in their school life.

The Hope Award is intended to acknowledge qualities such as courage, kindness and strength of character. Each Award is to the value of £150. This year, the Governors made four awards to:

- Byron* - *"despite his ongoing serious health problems ... is a very positive young man with a bright outlook on life and a willingness to try things and get involved"*
- Eleanor* - *"deserves all the support and praise she can get ...has shown enormous courage and determination to overcome personal/emotional problems"*
- Paul* - *"When he first arrived he was nervous and found it very difficult, but he has always had the complete respect and admiration of the staff for his determination to overcome his family problems"*
- Veronica* - *"has a great capacity to go forward no matter what life throws at her....touches everyone's lives (without realising it herself)...is unique and never makes demands"*

Fighting for the children who need us

This inevitably rather downbeat report gives plenty of cause for reflection about what is happening in the world of schools and stock markets and how it directly affects the Foundation's work. The brief selection of the many testimonials we receive (on page 1) gives a glimpse of why it is all more than worthwhile.

This charity makes a measurable difference to the lives of children who need us. On their behalf, I thank every person and organisation who has made a contribution to the Foundation this year, including the many former pupils of the Royal Wanstead School whose reunion was a significant fund-raising activity for us.

In connection with the Foundation's former school, we were saddened by the death in 2002 of John Lavender, the much-loved last headmaster. He will be remembered fondly as an inspiration to hundreds of children during 13 years at Wanstead.

I acknowledge also the selfless efforts of Marianne Thorne, for her loving maintenance of the Foundation's archives.

Thanks, as ever, are due to the Clerk of the Foundation Rosemary Brotherhood, her deputy Sue Rigby and their colleagues Claire Kelly and Wendy Wright, who comprise the small team on which this great charity depends.

We are grateful for the continuing support and collaboration of the 138 schools at which we have Foundationers, including Reed's School, with whom we share offices and the spirit of Andrew Reed. We similarly acknowledge the charities with which we work – including Reedham Trust, the Buttle Trust and the Joint Educational Trust – for their support. With these, our closest charitable friends, we share our mission, real friendship, and also the pressures we have outlined in this Report.

I am grateful to my colleagues, the Governors of the Royal Wanstead Foundation for their companionship and support. They continue to devote substantial time, energy, inspiration and real commitment to the work of this charity. For all of us, it truly is a labour of love.

To them and to everyone else who has helped us during the year, I say 'thank you' on behalf of the hundreds of Royal Wanstead Foundationers who are grateful you care.



Colin Morrison
Chairman, on behalf of the Board
12 November 2002

Financial Statements

STATEMENT OF THE GOVERNORS' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Governors of the Foundation, as the Trustees of the Charity, to prepare financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements, that give a true and fair view, the Governors should follow best practice and:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *state whether applicable Accounting Standards and Statements of Recommended Practice have been followed, subject to any departures disclosed and explained in the financial statements;*
and
- *prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will be able to continue in operation.*

The Governors of the Foundation, as the Trustees of the charity, are responsible for safeguarding the assets of the charity, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities. They are also responsible for keeping accounting records which disclose, with reasonable accuracy, the financial position of the charity at any time, and which enable them to ascertain the financial position of the charity and ensure that the financial statements comply with the Charities Act 1993.

Auditors

A resolution will be proposed at the meeting of the Board of Governors on 22 November 2002 to re-appoint Horwath Clark Whitehill as auditors to the Foundation for the ensuing year,



Colin Morrison

Chairman

12 November 2002

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Royal Wanstead Foundation for the year ended 31 July 2002, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 16 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 16 and 17.

Respective responsibilities of governors and auditors

The governors' responsibilities for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Governors' Responsibilities on page 12.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. 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 Charities Act 1993. We also report to you if, in our opinion, the Report of the Governors 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.

We read the other information contained in the Report of the Governors 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.

Basis of 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 judgments made by the Governors 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity as at 31 July 2002 and of its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993.



Horwath Clark Whitehill
Chartered Accountants and Registered Auditors
25 New Street Square
London EC4A 3LN
12 November 2002

Statement Of Financial Activities

Year Ended 31 July 2002

	Notes	Total 2002 £	Total 2001 £
Unrestricted Funds	1b)		
INCOMING RESOURCES			
Donations and legacies		15,190	150,399
Activities to generate funds			
Rent		3,144	160,068
Consultancy fee		6,000	(1,000)
Investment income	3	477,940	421,188
Interest receivable		109,519	74,025
Total incoming resources		611,793	804,680
RESOURCES EXPENDED			
Cost of generating funds			
Investment managers fees		71,675	70,716
Fundraising and publicity		3,082	1,809
Charitable expenditure			
Grants to Foundationers	4	617,997	669,874
Costs in support of grant making	5	110,430	110,074
Management and administration of the charity	5	30,227	27,038
Total resources expended		833,411	879,511
Net (outgoing) resources for the year		(221,618)	(74,831)
Other recognised gains and losses			
Realised (loss)/gain on disposal of property		(7,000)	487,974
Realised (losses) on investments		(219,373)	(66,906)
Unrealised (losses) on investments	9	(2,602,303)	(2,114,887)
Property revaluation gain		93,500	-
Net movement in funds		(2,956,794)	(1,768,650)
Balances brought forward			
At 1 August 2001		19,091,459	20,860,109
Balances carried forward			
At 31 July 2002		16,134,665	19,091,459

The notes on pages 16 to 22 form part of these financial statements.

Balance Sheet

31 July 2002

	Notes	Total 2002 £	Total 2001 £
FIXED ASSETS			
Tangible fixed assets	7	486	1,803
Investment property	8	135,000	41,500
Investments	9	13,968,060	15,833,963
Cash deposits		1,841,002	3,023,402
		15,944,548	18,900,668
CURRENT ASSETS			
Debtors	10	189,899	211,223
Cash at bank		27,142	41,294
		217,041	252,517
CREDITORS: amounts falling due within one year	11	(26,924)	(61,726)
NET CURRENT ASSETS		190,117	190,791
TOTAL ASSETS LESS CURRENT LIABILITIES		16,134,665	19,091,459
UNRESTRICTED FUNDS			
General Fund	14	11,797,170	12,245,161
Designated Funds			
Investments revaluation reserve	14	4,217,145	6,819,448
Property revaluation reserve	14	120,350	26,850
	13	16,134,665	19,091,459

The financial statements in this report were approved by the Finance Committee of the Board of Governors, on behalf of the Governors. 10 October 2002.



Colin Morrison,
Chairman



Rosemary Brotherwood,
Clerk to the Foundation

The notes on pages 16 to 22 form part of these financial statements.

Notes To The Financial Statements

Year Ended 31 July 2002

1. Accounting Policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

The financial statements, incorporating a Statement of Financial Activities, have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (Charities SORP 2000) and applicable Accounting Standards and the governing instruments of the Foundation.

b) Incoming resources

Rents receivable are accrued on a day to day basis. Interest on stockbroker funds is accounted for on an accruals basis. Other investment income is credited as it is declared. Legacies are included within total incoming resources when the Foundation has entitlement to the legacies.

c) Resources Expended

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and fund-raising and publicity costs which are those incurred in seeking voluntary contributions for the Charity.

Charitable expenditure comprises of direct expenditure including direct staff costs attributable to the charity's activity. Where costs cannot be directly attributed they have been allocated on a basis consistent with the budgeted use of the resources. Support costs comprise all services supplied centrally, which are identifiable as wholly or mainly in support of the charity's work and include an appropriate proportion of overheads. Management and administration costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

d) Costs of Foundationers

Foundationers' fees and expenses are accounted for when due. Estimated future costs of existing Foundationers are disclosed in note 12.

e) Pension costs

Pension costs represent contributions payable to employees' personal pension schemes and are charged to the Statement of Financial Activities as they are incurred.

Notes To The Financial Statements

Year Ended 31 July 2002

f) *Tangible fixed assets*

Depreciation is provided at the following annual rate in order to write off the cost of each asset over its estimated useful life:

Computer and office equipment - 25%

g) *Investment Properties*

The investment property is included in the financial statements at open market value as at 31 July 2002.

h) *Investments*

Listed investments are stated at market value at the balance sheet date. Investments are revalued to current market value at the end of the year and both realised and unrealised gains/losses are included in the Statement of Financial Activities.

Unrealised gains/losses are calculated as the difference between the market values of investments at the beginning and end of the year. Realised gains/losses represent the difference between the sales proceeds and the opening market value of an investment or the cost if acquired during the year.

i) *Cash flow statement*

A cash flow statement has not been prepared as the Governors have taken advantage of the criteria exemptions afforded by Financial Reporting Standard No. 1 (revised) as the Foundation is of similar size to a small company.

2. *TAXATION*

The Foundation is a registered charity and its income exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988. Income Tax suffered on investment income is recoverable and is brought to credit in the financial statements in the year in which the income is recognised.

3. *INVESTMENT INCOME*

	2002	2001
	£	£
UK Investments	459,465	410,953
Overseas Investments	18,475	10,235
	477,940	421,188

Notes To The Financial Statements

Year Ended 31 July 2002

4. GRANTS TO INDIVIDUALS

During the year the Foundation made grants to 332 (2001: 366) individuals. The total grants paid was £617,997 (2001: £669,874).

5. RESOURCES EXPENDED

	Staff Costs £	Other Costs £	2002 Total £	2001 Total £
Charitable Expenditure				
Costs in support of grant making	76,531	33,899	110,430	110,074
Management and administration	6,655	23,572	30,227	27,038
	83,186	57,471	140,657	137,112
Other costs			£	£
Occupancy costs of office			20,000	20,000
Telephone, postage and office sundries			20,355	26,367
Legal and professional			5,171	2,654
Auditors				
Audit fees			7,000	6,800
Other fees			1,073	353
Depreciation			1,317	1,319
Ex-gratia payments to pensioners			2,250	2,195
Banks charges, custodians fees/interest			305	114
			57,471	59,802

The governors received no remuneration during the previous or current year.

An amount of £2,950 (2001: £2,720) has been reimbursed to 6 (2001: 6) governors in respect of travel expenses incurred on the Charity's activities.

Amount of £1,301 (2001: £1,234) has been paid in respect of Governors indemnity insurance.

6. STAFF

	2002 No.	2001 No.
The average number of employees during the year was:	<u>4</u>	<u>4</u>
	£	£
Employee costs during the year were:		
Salaries	72,570	65,776
Social security costs	6,154	5,813
Pension costs	4,462	5,722
	83,186	77,311

Notes To The Financial Statements

Year Ended 31 July 2002

7. TANGIBLE FIXED ASSETS

	Computer and office equipment £
Cost	
At 1 August 2001	14,301
Additions	-
<hr/>	
At 31 July 2002	14,301
<hr/>	
Depreciation	
At 1 August 2001	12,498
Charge for year	1,317
<hr/>	
At 31 July 2002	13,815
<hr/>	
Net book value	
31 July 2002	486
<hr/>	
31 July 2001	<i>1,803</i>
<hr/>	

8. INVESTMENT PROPERTY

	Freehold Investment Property £
Valuation brought forward at 1 August 2001	41,500
Revaluation during the year	93,500
<hr/>	
Valuation carried forward at 31 July 2002	135,000
<hr/>	

The Foundation's investment property comprises a domestic property in North London. This property was valued at open market value as at 24 July 2002 by Clarke Hillyer, independent chartered surveyors.

Notes To The Financial Statements

Year Ended 31 July 2002

9. FIXED ASSET INVESTMENTS

	2002	2001
	£	£
Quoted investments		
Market value		
At 1 August 2001	15,833,963	17,267,275
Additions at cost	3,449,726	1,200,575
Disposals at market value	(2,713,326)	(519,000)
Unrealised investment losses	(2,602,303)	(2,114,887)
Market value 31 July 2002	13,968,060	15,833,963
Historical cost 31 July 2002	15,149,489	13,745,112

The historical cost surplus on the disposal of fixed asset investments was £448,603 (2001: £86,094).

	2002	2001
	£	£
The investments comprise:		
UK	10,059,480	12,063,242
Overseas	1,540,033	1,396,711
Fixed interest	2,368,547	2,374,010
Total investments	13,968,060	15,833,963

Investments representing 5% or more of the total portfolio are as follows:

	Market Value
	£
75,000 Thames River European Fund	739,500
155,000 COIF Investment Income Shares	1,236,900
290,000 Jupiter Income UT	926,695
675,949 CAF Balanced Growth	768,216
150,000 M & G Charifund (Income)	1,492,245
1,000,000 Schroder Equity Charity Income Units	879,750
895,854 M & G Charibond	<u>1,145,797</u>

72% (2001: 76%) of the portfolio is invested in UK equities; 11% (2001: 9%) in overseas equities
17% (2001: 15%) in fixed interest.

Notes To The Financial Statements

Year Ended 31 July 2002

10. DEBTORS

	2002	2001
	£	£
Income tax recoverable	15,461	36,914
Prepayments and accrued income	174,438	174,309
	189,899	211,223

11. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Bank overdraft	-	38,254
Social security and other taxes	1,912	1,691
Other creditors	3,032	-
Accruals and deferred income	21,980	21,781
	26,924	61,726

12. FUTURE GRANTS TO FOUNDATIONERS

The projected cost of existing and new Foundationers for the year to 31 July 2003 is approximately £610,000. In addition, the cost of grants for former Foundationers in further education will be approximately £1,000. Costs anticipated to be incurred to fund these children to complete their education amount to approximately £3,418,000 (2001 £4,587,000).

13. STATEMENT OF RESERVES

	Opening Balance	Incoming Resources	Resources Expended	(Losses)/ Gains	Closing Balance
	£	£	£	£	£
General	12,245,161	611,793	(833,411)	(226,373)	11,797,170
Investment revaluation	6,819,448	-	-	(2,602,303)	4,217,145
Property revaluation	26,850	-	-	93,500	120,350
	19,091,459	611,793	(833,411)	(2,735,176)	16,134,665

Notes To The Financial Statements

Year Ended 31 July 2002

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Investment Revaluation Reserve £	Property Revaluation Reserve £	Total Funds £
Investment Properties (inc tangible fixed assets)	15,136	-	120,350	135,486
Investments	9,750,915	4,217,145	-	13,968,060
Cash deposits	1,841,002	-	-	1,841,002
Net current assets	190,117	-	-	190,117
	<hr/> 11,797,170	<hr/> 4,217,145	<hr/> 120,350	<hr/> 16,134,665 <hr/>

RWF School Partners

The following are schools currently attended by Royal Wanstead Foundioners.

ABBOTSHOLME SCHOOL	KING EDWARD'S SCHOOL WITLEY	SEXEY'S SCHOOL
ADAMS' GRAMMAR SCHOOL	KING'S COLLEGE TAUNTON	SHAFTESBURY SCHOOL
AMPLEFORTH COLLEGE	KING'S SCHOOL, BRUTON	SHAPWICK SCHOOL
ARDINGLY COLLEGE	KING'S SCHOOL, CANTERBURY	SHIPLAKE COLLEGE
ARTS EDUCATIONAL SCHOOL	KING'S SCHOOL, GRANTHAM	SLINDON COLLEGE
ASHBOURNE INDEPENDENT SCHOOL	KING'S SCHOOL ROCHESTER	ST AUBYN'S SCHOOL
ASHBY GRAMMAR	KINGS SCHOOL, WINCHESTER	ST BEDE'S SCHOOL
BEARWOOD COLLEGE	KINGHAM HILL SCHOOL	ST CHRISTOPHER SCHOOL
BETHANY SCHOOL	KINGSWOOD SCHOOL	ST DAVID'S COLLEGE
BISHOP'S STORTFORD COLLEGE	LADY MANNERS SCHOOL	ST FELIX SCHOOL
BOX HILL SCHOOL	LANCING COLLEGE	ST HUGH' S SCHOOL
BRADFIELD COLLEGE	LINCOLN MINSTER SCHOOL	ST JOHN'S SCHOOL, SIDMOUTH
BRIGHTON COLLEGE	LLANDOVERY COLLEGE	ST JOSEPH'S COLLEGE
BRYMORE SCHOOL	LORD WANDSWORTH COLLEGE	ST JOSEPH'S SCHOOL
CASTERTON SCHOOL	MALVERN COLLEGE	ST MARY & ST ANNE SCHOOL
CHRIST'S HOSPITAL	MILLFIELD SCHOOL	STANBRIDGE EARLS SCHOOL
CLAYESMORE SCHOOL	MILL HILL SCHOOL	STEYNING GRAMMAR SCHOOL
CLIFTON COLLEGE	MOAT SCHOOL	STONAR SCHOOL
COBHAM HALL SCHOOL	MONKTON COMBE SCHOOL	STOWE SCHOOL
CRANBROOK SCHOOL	MONMOUTH SCHOOL	TERRINGTON HALL
CULFORD SCHOOL	MORE HOUSE SCHOOL	THE BOLITHO SCHOOL
DALLAM SCHOOL	MORETON HALL	THE DOWNS SCHOOL, MALVERN
DEAN CLOSE SCHOOL	MOUNT ST MARY'S COLLEGE	THE MARY ERSKINE SCHOOL
DE ASTON SCHOOL	NORTH FORELAND LODGE	THE MOAT SCHOOL
DOWNE HOUSE SCHOOL	OLD SWINFORD HOSPITAL	THE OLD RECTORY SCHOOL
EDINGTON SCHOOL	PANGBOURNE COLLEGE	THE ORATORY SCHOOL
ELLESMERE COLLEGE	PAPPLEWICK	THE ROYAL SCHOOL, HAMPSTEAD
ELMHURST BALLET SCHOOL	POCKLINGTON SCHOOL	THE TOWERS CONVENT SCHOOL
EMBLEY PARK SCHOOL	QUEEN ANNE'S SCHOOL	TONBRIDGE SCHOOL
EPSOM COLLEGE	QUEEN ETHELBURGA'S COLLEGE	TRENT COLLEGE
EXETER CATHEDRAL SCHOOL	RANNOCH SCHOOL	TRINITY SCHOOL
FRAMLINGHAM COLLEGE	READ SCHOOL	TRURO SCHOOL
GEORGE WATSON'S COLLEGE	REED'S SCHOOL	WELLINGTON SCHOOL
GORDONSTOUN SCHOOL	ROSSHOLME SCHOOL	WELLS CATHEDRAL SCHOOL
HEREWARD HOUSE SCHOOL	ROYAL ALEXANDRA & ALBERT	WEST BUCKLAND SCHOOL
HILLSTONE	ROYAL HOSPITAL SCHOOL	WESTONBIRT SCHOOL
HOCKERILL ANGLO EUROPEAN SCHOOL	ROYAL WOLVERHAMPTON SCHOOL	WINCHESTER COLLEGE
HOWELL'S SCHOOL	RYDAL PENRHOS	WINDLESHAM HOUSE SCHOOL
HURST LODGE	RYDE SCHOOL	WORTH SCHOOL
HURSTPIERPOINT COLLEGE	SALISBURY CATHEDRAL SCHOOL	WYCHWOOD SCHOOL
KELLY COLLEGE	SANDS SCHOOL	WYCLIFFE COLLEGE
KENT COLLEGE, CANTERBURY	SEAFORD COLLEGE	WYMONDHAM COLLEGE
KENT COLLEGE PEMBURY	SEDBERGH SCHOOL	

Thanks to our supporters

The Royal Wanstead Foundation wishes to thank the following individuals and organisations who have generously made donations to the Foundation during the past year:

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Cumming, I	Hawkins, M	Newton-Davies, J	Walker, PGJ
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	Keyte, JC		

If you would like to make a contribution or to discuss tax-effective ways of supporting the Royal Wanstead Foundation, please contact: The Clerk, Royal Wanstead Foundation, Sandy Lane, Cobham, Surrey KT11 2ES. Tel: 01932-868622. Email: rwfclerk@aol.com

Help Us

Help 300 children in 2003

For 160 years, the Royal Wanstead Foundation has been helping children whose potential for normal, happy development can only be unlocked by the provision of boarding care in a suitable school.

Until 1971, that care was provided in our own school at Wanstead. For the 30 years since the school's closure, we have been helping children in the same way by supporting them at schools up and down the UK. In 2003 we will be supporting almost 300 children in this way but there are many more we cannot help yet. And the need is greater than before. With your support, we can help more children.

4 ways you can help give children a better start

- **Make a donation to the Royal Wanstead Foundation**
- **Make an annual or monthly payment by standing order, direct debit or by cheque**
- **Make a legacy in favour of RWF in your will**
- **Suggest your company or employer makes a donation to RWF as a registered charity**

For details of how you can help us by making a tax-effective donation to the Foundation, please contact:



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Royal Wanstead Foundation
Giving children a better start



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