



*“ I went from being sad at home and in school,
frightened and with no hope, to being happy, safe
and doing well at boarding school. Everything in
my life has changed because of you.”*

Annual Report & Accounts 2010

Reference and Administrative details

CHARITY NO. 310916
ESTABLISHED IN 1827 BY DR ANDREW REED

The **Royal Wanstead Children's Foundation** is the successor of an institution founded in 1827 as the Infant Orphan Asylum by Dr Andrew Reed. It was incorporated by Act of Parliament in 1843 and was known first as the Infant Orphan Asylum, and later as the Royal Wanstead School, the legal title under which the charity is now regulated. This title was granted by the Royal Wanstead School Act 1939, by a further Act in 1959, by statutory instruments in 1955 and 1971, and a Charity Commissioner's Scheme of 1991. Since the closure of the Royal Wanstead School in 1971, the Foundation has helped to support needy children at a wide range of appropriate boarding schools throughout the UK.

Patron	HRH The Princess Royal						
Presidents	His Grace the Lord Archbishop of Canterbury His Grace the Lord Archbishop of York						
Vice President	Derek Thackray, FCIS Joan Benyon						
Board of Trustees	Colin Morrison (Chairman) Kevin Parry, MA, FCA (Deputy Chairman) Robert Dwyer, BSc, FCIPD Jonathan Exten-Wright, Solicitor William Morris Helen Pernelet, Solicitor Clive Richardson, RD, MBA Rev Prof Mary Seller, BSc, PhD, DSc The Rev John Spinks, MTh Helen Starkie, Solicitor						
Foundation Staff	<table><tr><td><i>Director</i></td><td>Chris Hughes</td></tr><tr><td><i>Office Manager</i></td><td>Linda Moreby</td></tr><tr><td><i>Admin Assistant</i></td><td>Wendy Wright</td></tr></table>	<i>Director</i>	Chris Hughes	<i>Office Manager</i>	Linda Moreby	<i>Admin Assistant</i>	Wendy Wright
<i>Director</i>	Chris Hughes						
<i>Office Manager</i>	Linda Moreby						
<i>Admin Assistant</i>	Wendy Wright						
Bankers	The Royal Bank of Scotland PLC 63 Threadneedle Street, London EC2R 8LA Barclays Bank PLC Walton-on-Thames, Surrey KT12 2YW						
Solicitors	Forsters 31 Hill Street, London W1J 5LS						
Auditors	Mazars LLP, Times House, Throwley Way, Sutton, Surrey, SM1 4JQ						
Investment Managers	Cazenove Capital Management Limited, 12 Moorgate, London EC2R						

Focused on ‘saving’ vulnerable young people

Our mission

Royal Wanstead supports school-age children in the UK whose home circumstances are seriously prejudicial to their normal development and where no other care is available.

How we work

We help to fund boarding schooling (‘Assisted Boarding’) for young people with one or no active parents whose normal development is compromised by adverse home circumstances. This situation can arise through the death or serious ill health of one or both parents, divorce, separation and abnormal or particularly adverse home conditions. Many of these young people are living at or below the poverty line and are suffering from serious shortfalls in parenting capacity.

Our values

- We always put the interests of the child or young person first
- We are determined to help these young people transform their lives
- We maintain a prudent long-term view of the interests of existing and future beneficiaries
- We seek to be a supportive, selfless and flexible partner for the charities and schools with which we collaborate
- We seek to achieve the highest levels of governance, accountability and compliance
- We seek to be innovative and flexible in our approach to this work
- We are always helpful and approachable; and we respond professionally, sensitively and quickly to those who contact us
- We aim to be cost-effective, efficient and professional – but always caring

How we measure and monitor our effectiveness

- Formal research into the progress and achievements of our beneficiaries (2007, 2009)
- Close contact with our partner boarding schools
- Continuing contact with beneficiaries and former beneficiaries

Building partnerships with other charities

We collaborate with other charities and boarding schools to provide the funding and support necessary for these vulnerable young people. The charities include some whose work is similar to our own and some with a much wider remit. These partnerships are vital to our success and we are committed to pursuing a strategy of working ever more closely with other charities to maximize the effectiveness of this work for beneficiaries.

Since the end of the 2009-10 year on which we are reporting, Royal Wanstead has “merged” with the closest of these partner charities, the Joint Educational Trust (JET), to form the **Royal National Children’s Foundation**. This combination, which came into effect on December 1, 2010, brings together two charities which share a mission but with diverse skills and experience. The combination is expected to reduce administration costs and increase fund-raising ability with the objective, over time, of increasing substantially the number of vulnerable young people we can support.

In legal terms, Royal Wanstead has acquired the assets, liabilities and goodwill of JET and therefore retains the RWCF charity no. 310916. Royal National Children’s Foundation is the new working name for the charity whose statutory name remains Royal Wanstead School.

Royal Wanstead’s Patron Her Royal Highness The Princess Royal has consented to become Patron of the “new” charity.

Annual Review

Fighting for the future

These are tough times for charities. In an era of economic restraint and government spending cuts, fund-raising can be difficult and investment income volatile, to say the least. For Royal Wanstead, with its dependence on the health of largely independent boarding schools, the pressures are multiplied.

This charity has survived and thrived throughout 183 years by being resilient and flexible. But managing the Royal Wanstead finances can be like turning the metaphorical supertanker because we support young people at boarding school for an average of 5-6 years.

Our whole approach to funding is to ensure we are able to support our beneficiaries for as long as they need (and justify) our funding. We seek to avoid the need for any disruption in the schooling of young people who have already suffered too much disruption in their lives.

This was the year, after two years of heavy deficits and falling numbers of beneficiaries that the supertanker started to turn. But, although this was the year we also “achieved” a welcome return to gains on investments, nobody needs persuading that these are uncertain times with little visibility of what lies ahead in financial terms – and during times when increasing numbers of young people need our support.

Financial recovery

The following table summarizes the way that we have sharply reduced the operating deficit, and have started to benefit from rising investment values:

<u>£ '000</u>	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Income	702.91	705.68	2.77
Expenditure	913.41	1,172.42	259.01
<u>Operating result</u>	<u>(210.50)</u>	<u>(466.74)</u>	<u>256.24</u>
Balances carried forward as at 31 July	£18.93m	£17.95m	0.98 (+5%)
Year-end total of beneficiaries funded by the charity.	230 beneficiaries	276 beneficiaries	(46) (-17%)

After some difficult recent years, these figures point to the expected return to growth in our grant-making in the short-term especially if we are able to increase legacies, donations and other voluntary income.

Our 2010 survey of boarding school head teachers underlines some of the “domestic” challenges:

- 54% predict a decrease in total boarding school places over the next 5 years

Royal Wanstead Children's Foundation

- Most blame the UK economy for this predicted decline in boarding

The survey did, though, highlight some positive trends with 59% actually predicting an increase in Assisted Boarding places. This, of course, now chimes with the political consensus that boarding schools are no longer seen as a relic of a class conscious past but are “a good thing” and, potentially, a much more important part of social policy for the future.

The problem is that those same head teachers, pessimistic about boarding school capacity but optimistic about Assisted Boarding, are calling almost unanimously for government incentives to help provide more bursaries for vulnerable young people. A slim chance, in the current climate. These progressive head teachers know, better than most, that boarding remains an economically fragile part of UK schooling.

Political support

Only the most optimistic can believe that the call for subsidies will prompt action in this age of austerity, but there are at least some promising signs. New Secretary of State for Education Michael Gove strongly supports Assisted Boarding and the role of charities like Royal Wanstead in exploiting the social role of boarding schools. And he is pushing for the establishment of more boarding-led Academies. He is also believed to want (eventually) to provide new capital grants to State boarding schools similar to those that added more than 10% to their capacity under the previous government.

So, our task in these difficult times, is to:

1. Continue to improve the effectiveness of our work on behalf of vulnerable young people, working with partner charities and boarding schools and increasing the “footprint” of our work whenever and however we can.
2. Increase the profile, understanding and funding of Assisted Boarding

What motivates us is the strong conviction that:

- Assisted Boarding really can and does transform the lives and prospects of many young people. Royal Wanstead has helped support some 2,000 vulnerable, disadvantaged young people at a wide range of boarding schools since the closure of its own school 40 years ago. Our research, as well as a continual flood of anecdotal evidence, shows that for the “right young person, at the right school, with the right level of support, at the right time” Assisted Boarding really does achieve wonderful results year after year.
- There are many more young people who would benefit from Assisted Boarding than we or any of our partner charities or schools can currently support. The fact is that Royal Wanstead and its partners are today funding only a small proportion of the literally thousands of vulnerable “edge of care” young people supported by local authorities at boarding schools in the 1970s. That was an approach to preventing young people needing eventually to be taken into care that seems now to be more necessary than ever, in a world of fractured families and disadvantaged children. We have strong evidence that Assisted Boarding does, indeed, help prevent vulnerable young people eventually needing to be taken into local authority care.

Leveraging donations

The case for supporting Royal Wanstead is further endorsed by the sheer cost-effectiveness of this charity, viz:

1. Every £1,000 donated to Royal Wanstead is leveraged (with the help of fellow charities and the schools themselves) to provide up to £8,000 for a whole term's fees at an independent boarding school. A £3,000 donation can be leveraged to pay a full year's boarding school fees.
2. We are a low-cost charity with just two full-time staff members. Almost every penny of every pound donated to Royal Wanstead goes direct to providing school fees for vulnerable young people.

“You have changed my life”

As always, the case for our work is best made by the beneficiaries themselves. One 2010 school leaver “Susan” wrote appreciatively to Royal Wanstead recently:

“These past few years have come and gone so fast, and I’ve had such a good time being in a new environment, making friends that I will stay in contact with for the rest of my life. The opportunity you have given me has really made a difference to the person I am and have become, and I never thought I was capable of some of the things I have achieved. I am off to university! I cannot wait to take on the challenges life has in store for me. I cannot thank Royal Wanstead and your supporters enough for your generosity and kindness. **You really have changed my life.**”

And, into the future with a new confidence...

A 183-year-old charity like Royal Wanstead has survived and thrived into its third century by – well – not behaving like an 183-year-old charity. What started life as an East London orphanage for infants, developed into two boarding schools meeting the needs of children throughout their schooling, and then became the grant-making foundation you see today. What was the Infant Orphan Asylum became successively the Royal Infant Orphanage, the Royal Wanstead School, the Royal Wanstead Foundation, and the Royal Wanstead Children's Foundation. Those name changes were the outward signs of a charity that was adapting to changing needs and changing times.

The latest change in the historic development of this charity is that, as of December 1, 2010, we combined with the Joint Educational Trust (JET) to create...



Royal Wanstead and JET, which have co-funded Assisted Boarding for literally hundreds of vulnerable young people over the past 20 years, have combined with one objective: to increase the number of vulnerable, disadvantaged children we can support.

Our new name – the ***Royal National Children's Foundation*** - is a bold statement of the way a once-regional charity has ambitions now not just to be truly national in scale and scope but also to help support ever larger numbers of vulnerable young people. Our statutory name (courtesy of Act of Parliament) remains the Royal Wanstead School, a reminder of our historic legacy and the reason why we are so committed to ensuring that this latest development will help the charity remain as effective, valued and relevant in the next century as it has been throughout the previous two.

Chairman

On behalf of the Board of Trustees of the
Royal Wanstead Children's Foundation

www.rncf.org.uk

Case Studies

The golden opportunity

Our research shows that Assisted Boarders are several times more likely than their peers to become 'star pupils' in terms of self-esteem, social relationships and academic performance. These are young people who grasp their golden opportunity of boarding school with both hands. After what can be a bumpy transitional period of several months or even many terms, Assisted Boarders are often the first to volunteer and to participate in school activities. They know for come to realise how fortunate they are to be in a safe, nurturing environment after an early life of insecurity, unhappiness and danger.

The following recent case studies underline how Assisted Boarding really can and does transform the lives and prospects of vulnerable, disadvantaged young people.

'Made the most of it all'



A's mother married a man 20 years older than herself who was ill for a long time until his death. A and his mother moved into a new flat. There she developed heart cancer and started smoking cigarettes and became therapy with a pain the prognosis. She was told her chances of survival were less than 50%. Mother was not well enough to work and was now in serious debt. She was very anxious about A's future and wanted to do everything possible to improve the report of her illness on him. She contacted Royal Wanstead and, with a funding from other charities and a school bursary, A was able to become an Assisted boarder. The head teacher says: "A has made the most of all the opportunities presented to him, he is an academic, sporting, extra-curricular or social. Well respected within his boarding house, A has been sensitive and effective in his dealings with other pupils. As chairman of the house council, he has shown an impressive attitude to service and to responsibility. Above all A is a student of character, of initiative and of industrious endeavour."

'Overcame extreme adversity'

B had been achieving well at the school. But life at home fell apart and quickly became unbearable, her mother was close to suicide and an emotional pain from a road accident was in her bones. She needed extensive surgery. Care workers were managing the situation, offering to take B into care. As only child and relying on his single parent mother's over-protective and possessive approach. B was running out of the rooming and also being violent towards her mother. Their rapidly deteriorating relationship became a major concern for the school and Children's Services. The department spiralled a once promising young teenager was bullied when she became an Assisted Boarder. After a few weeks of a new and unknown she settled down and enjoyed her new environment and even the structure and discipline that had become so alien to her. She lost the anger directed her energies to academic and future pursuits and quickly made the most of the opportunities of boarding school. She became a different young girl, in fact the young lady she had been before the break down of her family and her situation. Her head teacher told us recently: "B has overcome difficulties in her home life and managed to gain significant success at school in a way that has been an inspiration to others. Her pleasant demeanour in the face of extreme adversity and the threat of homelessness have been extraordinary and her resilience and self-discipline deserve the highest praise."

'Recovered after years of bullying'

C's mother died of cancer when he was eight. He continued to live with his stepfather, never having any contact with his natural father. It had not been known that C's stepfather had been an alcoholic, and once C's mother died, he started to drink again. C did not tell anyone that he was being beaten until a particularly serious assault when he rang his father's wife at night. The police were called and the stepfather was arrested. Children's Services became involved and C went to live with his natural father. C was not anyone his father for friendship and caring, but the father abused him at 14 years of age. C should have never been at his own age. He had only two friends at the time. The problems were exacerbated in the situation at school where 60% of his classmates were of another faith and intimidated and bullied him, apparently trying to get him to convert. C fought back and got into trouble for continual fighting. His home area became unsafe after he was attacked several times. Becoming an Assisted Boarder and settling into the structure and discipline of a boarding school helped C change his life. He settled in at school and, at holidays and occasional weekends at home, his father realised he had become the polite, happy young man he had once been. All the misery and stress had gone from their lives. His stepfather told us recently that it was not unusual that he had to be in the summer to attend university after a distinguished school career that had seen an independent and unpunished teenager. His head teacher said: "C is a fine young man. During his time at the School, he has overcome significant issues at home as well as social problems at School, yet he has faced these challenges with charm and courage. He is respected by his peers and staff alike and the rounded person who will leave School to attend university in 2018 is a perfect example of how charities like Royal Wanstead can change individuals "lives forever."



DATABASE

Our beneficiaries (foundationers)

	2009/10	2008/09	2007/08	2006/07	2005/06
FOUNDATIONERS START	276	262	240	221	228
FOUNDATIONERS FINISH	230	276	262	240	221
AVERAGE	253	269	251	230.5	224.5
TOTAL GRANTS	£753,923	£893,481	£795,898	£545,880	£468,200
AVERAGE GRANT	£2,980	£3,322	£3,171	£2,368	£2,085

**Figures adjusted to reflect leavers/joiners throughout the year*

Profile of Foundationers (as at 31 July 2010)

No of pupils 11 and under
6 (12 in 2009)

Pupils 12-14 years
90 (116 in 2009)

Pupils over 14
134 (148 in 2009)

Boys
116 (146)

Girls
114 (130)

Leavers & Joiners during 2009/10

No of Foundationers at year end 2009	276
No of leavers	62
No of starters	16
No of Foundationers at year end 2010	230

PRINCIPAL PARTNER SCHOOLS

No. of RWCF Foundationers

	2009/10	2008/09
King Edward's School, Witley*	43	50
Royal Alexandra & Albert School*	28	34
Lord Wandsworth College*	12	15
Kingham Hill School*	8	14
Reed's School*	9	13
Old Swinford Hospital	5	7
Royal Wolverhampton School*	6	5
De Aston School	2	4
Framlingham College	1	3
Sexey's School	2	0
Stepping Grammar School	4	4
Total Foundationers at these schools		
(% of all our Foundationers at year-end)	120 (43%)	117 (49%)

Our charitable activity

What we do

Assisted Boarding offers vulnerable children the opportunity to benefit from the high levels of pastoral care, individual attention and structured living at many boarding schools.

Moreover, where vulnerable children are suited to boarding school, the change from day school and living fully at home can help to rebuild many a stressed parent-child relationship: it can enable child and parent to develop their own lives with greater assurance about the welfare of the other. In this way, we believe that Assisted Boarding can help prevent the disintegration of some troubled single-parent families. It is, therefore, highly likely to help prevent some situations where children might otherwise need to be taken into local authority care.

The Foundation seeks to help as many of these vulnerable children as possible, consistent with the explicit requirement to be able to offer uninterrupted support for the duration of their schooling and for the charity itself to be able to continue its work indefinitely.

Grant-making policy

Referrals come from a range of sources including schools, local authorities, medical or legal professionals or other charities, and parents/guardians. Our Trustees' decision to support a 'case' in principle follows satisfactory completion of an initial appraisal, a home visit and references. We work closely with largely 'dedicated' education-oriented trusts (The Reedham Trust, The Frank Buttle Trust, and the Joint Educational Trust), with other charities including the Sofronie Foundation, the British & Foreign School Society, the Worshipful Company of Mercers and the Worshipful Company of Drapers, and with boarding schools themselves to create a 'package' of funding for each child we have decided to support.

The boarding school has usually been chosen by the parent/guardian and the child offered a place early in the process – often before they apply to us for funding. While we have supported children at some 150 different boarding schools, the majority of our grant making involves fewer than 25 schools.

Having decided to help support a child, who has already been offered a place at boarding school, the Royal Wanstead Children's Foundation (and our partner charities) faces the very challenging task of securing all the financing required, with a commitment for the duration of the child's secondary schooling. Total school fees are currently £7,000-25,000 per year, although there are only about 4,000 State boarding places at the lower end of this range. Fees for independent boarding schools are £15,000-30,000.

The successful completion of each 'package' of financial support for a child usually depends on a substantial bursary from the chosen school including, in many cases, support from the school's own charitable foundation. The parent or guardian sometimes makes a nominal contribution, depending on their means. Each grant is reviewed every year in case of material change in the family's financial or other circumstances.

Risk Management

The Foundation's Risk Management Committee has been responsible for identifying the range of operational risks to which the Foundation is exposed. These include those affecting the activities of Trustees and staff, asset and data security and financial controls. The Board is satisfied that the significant risks are being managed.

Investment strategy

The Finance Committee is responsible for managing the relationship with the investment adviser Cazenove Capital Management Limited (appointed during the year). The Finance Committee has delegated powers of investment and makes individual investment decisions but changes of investment strategy and budget are subject to approval by the Board. The Foundation continues to maintain its strategy of managing the investment portfolio for a 'total return' ie income and capital gains, with cash deposits sufficient to meet school fees as they come due in the foreseeable future.

Royal Wanstead Children's Foundation

The Trustees make grants to Foundationers that are anticipated to be required for the remainder of a child's schooling, although no actual legal commitment is made for longer than 12 months. The Trustees seek to maintain reserves sufficient to generate an income that permits the maintenance indefinitely of the charity's work.

This reserves strategy recognises that: boarding school fees have tended to increase faster than inflation; stock market investments fluctuate in value; and that medium-term continuity in grant making is necessary in order to avoid disturbing the security of children who have already faced significant disruption in their young lives

Public Benefit

The Charity's Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to Public Benefit guidance published by the Charity Commission.

All Trustees gave their time voluntarily and received no benefits from the Charity. Any reclaimed expenses are set out in note 5 to the financial statements.

Corporate governance and controls

The Trustees of the Royal Wanstead Children's Foundation seek to be at the forefront of public moves to ensure that the operations of charities are transparent and fully accountable. The Foundation's relatively ambitious growth targets for grant making are managed closely within tightly regulated limits on discretionary spending and administrative cost.

Trustees are elected to the Board for renewable five-year terms and the Chairman and Deputy Chairman are elected by Trustees each year. The full Board meets at least four times a year. The seven Board Committees meet at least twice-yearly and often more frequently. The Board reviews and approves:

- The Annual Budget
- Appointment of Trustees
- Membership of Board Committees
- Appointment of external advisers
- The three to five year Strategic Plan
- Investment Policy
- Grant making Strategy
- Child Protection Policy
- Risk Management Policy
- Employment and conditions of members of staff
- Exceptional levels of expenditure and authorisation limits

All Trustees are screened by the Criminal Records Bureau every three years.

New Trustees undergo an induction programme. Trustees and staff are encouraged to attend training courses and briefings in order to keep updated with developments in charities generally and the child welfare/education sector in particular. Professional advisers occasionally brief the whole Board on important issues.

Trustees uniformly have duties beyond acting as Trustees for the charity. They each serve on one or more of the Board Committees. Some Trustees make home visits and some review, assess and approve grants. This gives Trustees valuable first hand knowledge of, and involvement in, the Foundation's case work. It also ensures a high level of control over the Foundation's grant making. All grants are agreed by at least two Trustees.

The Board considers that an additional 'check and balance' in the probity of the Foundation's work is that its grant making is carried out in partnership with other charities and the schools themselves. Most case work information is shared between all these parties (with the permission of applicants).

Trustee recruitment, review and succession planning is managed by the Nominations Committee, whose membership includes the Chairman and Deputy Chairman.

No Trustees receive fees or have any direct or indirect financial relationship with the Foundation.

FINANCIAL REPORT

REPORT OF THE TRUSTEES

YEAR ENDED 31 JULY 2010

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Law applicable to charities in England and Wales requires Trustees 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 Trustees should follow best practice and:

- select suitable accounting policies and 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 Trustees of the Foundation, as the governors 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

Mazars LLP were appointed as auditors during the year.

Approved on behalf of the Board of Trustees.



Colin Morrison

Chairman

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF ROYAL WANSTEAD CHILDREN'S FOUNDATION

We have audited the financial statements of the Royal Wanstead Children's Foundation for the year ended 31 July 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' responsibilities 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) are set out in the Statement of Trustees' Responsibilities. We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report, including our opinion, has been prepared for and only for the charity's members as a body. 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements 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.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 July 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

Mazars LLP

MAZARS LLP

CHARTERED ACCOUNTANTS and Statutory Auditors.

Times House, Throwley Way, Sutton, Surrey SM1 4JQ

Date: 28 April 2011

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 JULY 2010

	Notes	Total 2010 £	Total 2009 £
INCOMING RESOURCES			
Voluntary income	2	275,198	280,621
Activities to generate funds		2,660	2,000
Investment income	3	<u>425,048</u>	<u>423,060</u>
Total incoming resources		<u>702,906</u>	<u>705,681</u>
RESOURCES EXPENDED	4		
Cost of generating funds			
Investment management fees		5,889	33,391
Cost of generating voluntary income		5,732	8,941
Charitable activities			
School fee grants and associated support costs		870,539	1,100,238
Governance		<u>31,247</u>	<u>29,854</u>
Total resources expended		<u>913,407</u>	<u>1,172,424</u>
Net outgoing resources for the year		(210,501)	(466,743)
Other recognised gains and losses			
Realised gains/(losses) on investments	8	<u>1,303,537</u>	<u>(1,826,877)</u>
Net surplus/(deficit) for the year		1,093,036	(2,293,620)
Unrealised gain on investment property		45,500	-
Unrealised (losses) on investments	8	<u>(148,671)</u>	<u>(841,893)</u>
Net movement of funds		989,865	(3,135,513)
Balances brought forward			
At 1 August 2009		<u>17,945,339</u>	<u>21,080,852</u>
Balances carried forward			
At 31 July 2010		<u>18,935,204</u>	<u>17,945,339</u>

All amounts relate to continuing operations. All incoming and outgoing resources relate to unrestricted funds and there have been no recognised gains or losses other than those included above.

The notes on pages 16 to 21 form part of these financial statements.

Royal Wanstead Children's Foundation

BALANCE SHEET AS AT 31 JULY 2010

		Total	Total
	Notes	2010	2009
		£	£
FIXED ASSETS			
Tangible fixed assets	6	-	449
Investment property	7	178,500	133,000
Investments	8	18,264,233	16,125,267
Cash deposits		399,577	1,458,243
		<u>18,842,310</u>	<u>17,716,959</u>
CURRENT ASSETS			
Debtors	9	6,068	157,038
Cash at bank		104,363	89,239
		<u>110,431</u>	<u>246,277</u>
CREDITORS: amounts falling due within one year	10	<u>(17,537)</u>	<u>(17,897)</u>
NET CURRENT ASSETS		<u>92,894</u>	<u>228,380</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,935,204</u>	<u>17,945,339</u>
FUNDS			
General Fund	12	18,771,354	17,826,989
Designated Fund			
Property revaluation reserve	12	<u>163,850</u>	<u>118,350</u>
TOTAL FUNDS	13	<u>18,935,204</u>	<u>17,945,339</u>

Approved by the Trustees and authorised for issue, and signed on their behalf by:



Colin Morrison
Chairman

The notes on pages 16 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2010

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value.

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 (SORP 2005) and applicable Accounting Standards and the governing instruments of the Foundation and the Charities Act 1993.

b) Incoming resources

Rent receivable is accrued on a day to day basis. Interest on deposits is accounted for on an accruals basis. Other investment income is credited as it is declared. Donations are included at the time of receipt. Legacies are recognised when there is adequate certainty and reliability of receipt and their value can be accurately measured. Grants are recognised when they become receivable.

c) Resources expended

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and fundraising 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 amount of staff time spent on each activity. 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.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

d) School fee grants

Grants towards the school fees of Foundationers are recognised in the financial year to which they relate. Grants towards school fees relating to future years are not recognised as all future grants are subject to an annual review of each Foundationer's circumstances. Estimated future costs of existing Foundationers are disclosed in note 11.

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.

f) Tangible fixed assets and depreciation

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

Computer and office equipment - 25%

All items with a value greater than £500 have been capitalised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JULY 2010

1. ACCOUNTING POLICIES (CONTINUED)

g) Investment properties

The investment property is included in the financial statements at open market value as at the balance sheet date. Revaluations are carried out periodically in accordance with the requirements of SORP 2005 or if the trustees consider that there is an indication of a significant movement in the property's market value.

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) Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the objects of the Charity.

Designated funds comprise the property revaluation reserves. This represents the difference between the year end valuation of real estate and the original purchase cost.

2. VOLUNTARY INCOME

	2010	2009
	£	£
Sofronie Foundation	160,000	160,000
Mercers' Charitable Foundation	45,000	45,000
BFSS	15,000	15,000
Other donations including gift aid	55,198	60,621
	<u>275,198</u>	<u>280,621</u>

The grants from the Sofronie Foundation, Mercers Charitable Foundation and BFSS are all to be applied towards making grants to Foundationers.

3. INVESTMENT INCOME

	2010	2009
	£	£
Property rents	9,880	9,675
Interest on cash deposits and bank accounts	1,153	18,102
Dividends and interest from investment portfolio	414,015	395,283
	<u>425,048</u>	<u>423,060</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 JULY 2010

4. RESOURCES EXPENDED

	Grants	Support costs	Other costs	2010 Total	2009 Total
	£	£	£	£	£
a) Cost of generating funds					
Investment management fees (including property)	-	-	5,889	5,889	33,391
Cost of generating voluntary income	-	-	5,732	5,732	8,941
Charitable activities					
Grants payable	751,500	119,039	-	870,539	1,100,238
Governance	-	-	31,247	31,247	29,854
Total resources expended	751,500	119,039	42,868	913,407	1,172,424

Of total grants payable above £160,000 was made from funding provided by the Sofronie Foundation. Grants of £15,000 were made with funding provided by The British and Foreign School Society and grants of £45,000 with funding provided by the Mercers' Charitable Foundation.

	2010	2009
	£	£
b) Analysis of support costs		
Staff costs	75,157	118,203
Premises costs	21,000	21,000
Office costs	20,296	57,529
Bank charges	190	641
Travel costs	1,947	8,934
Depreciation	449	450
	119,039	206,757
c) Analysis of other costs		
Staff costs	12,000	4,288
Auditors' remuneration		
- Audit	5,875	9,315
- Other services	1,175	6,976
Other costs	12,197	9,275
	31,247	29,854
Governance costs	31,247	29,854
Property costs	2,544	1,754
Fundraising costs	5,732	8,941
Investment manager's fees	3,345	31,637
	42,868	72,186
Total other costs	42,868	72,186

During the year the foundation made grants to 250 (2009: 276) individuals. The total grants paid were £751,500 (2009: £893,481). The decrease in numbers was due to school leavers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JULY 2010

5. STAFF COSTS	2010	2009
	£	£
Employee costs during the year were:		
Salaries	78,063	102,385
Social security costs	59	11,038
Pension costs	9,035	9,068
	<u>87,157</u>	<u>122,491</u>
The average number of employees during the year was:	No. <u>2</u>	No. <u>3</u>

No employees received emoluments above £60,000 in either the current or prior year.

The Trustees received no remuneration during the previous or current year. An amount of £2,410 (2009: £3,455) has been reimbursed to 6 Trustees (2009: 6) in respect of travel and expenses incurred on the Foundation's activities.

6. TANGIBLE FIXED ASSETS	Computer and office equipment
	£
Cost	
At 1 August 2009	30,809
Disposals at 31 July 2009	(11,038)
At 31 July 2010	<u>19,771</u>
Depreciation	
At 1 August 2009	30,310
Charge for the year	499
Eliminated on disposal	(11,038)
At 31 July 2010	<u>19,771</u>
Net book value	
At 31 July 2010	<u>-</u>
At 31 July 2009	<u>499</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 JULY 2010

7. INVESTMENT PROPERTY

	2010	2009
	£	£
Valuation at 31 July	<u>178,500</u>	<u>133,000</u>

The Foundation's investment property comprises a domestic property in North London. This property was valued at open market value as at 22 March 2010 by Clarke Hillyer, independent chartered surveyors. In the opinion of the Trustees the value is not significantly different as at 31 July 2010.

The historical cost of the investment property at 31 July 2010 was £14,650 (2009: £14,650).

8. FIXED ASSET INVESTMENTS

	2010	2009
	£	£
Quoted investments		
Market value at 1 August 2009	16,125,267	12,728,431
Additions at cost	18,166,867	45,306,557
Disposals at market value	(17,182,767)	(39,240,951)
Realised (gains)/losses on investments	1,303,537	(1,826,877)
Unrealised investment losses	<u>(148,671)</u>	<u>(841,893)</u>
Market value at 31 July 2010	<u>18,264,233</u>	<u>16,125,267</u>
Historical cost at 31 July 2010	<u>18,592,986</u>	<u>17,156,139</u>
	2010	2009
	£	£
The investments comprise:		
UK	10,602,073	13,193,373
Property	-	897,671
Overseas	<u>7,662,160</u>	<u>2,034,223</u>
Total investments	<u>18,264,233</u>	<u>16,125,267</u>

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

	2010	2009
	Market Value	Market Value
	£	£
UK Gilts	-	11,912,143
Schroder Indirect Real Estate	-	897,671
UK 3.25% Gilts	2,963,556	-
UK 4.35% Treasury stock	<u>2,728,252</u>	-

31% (2009: 74%) of the portfolio is invested in UK Gilts, 20% (2009: 8%) UK equities; 0% (2009: 6%) is in property; 23% (2009: 13%) in overseas equities, 9% (2009: 0%) in overseas bonds and 17% (2009: 10%) in other investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 JULY 2010

9. DEBTORS	2010	2009
	£	£
Prepayments and accrued income	<u>6,068</u>	<u>157,038</u>

10. CREDITORS: amounts falling due within one year	2010	2009
	£	£
Accruals and deferred income	<u>17,537</u>	<u>17,897</u>

11. FUTURE GRANTS TO FOUNDATIONERS

The projected cost of existing and new Foundationers for the year to 31 July 2010 is approximately £725,000 (2009: £912,000). Costs anticipated to be incurred to fund these children to complete their education amount to approximately £2.5m - £3.0m (2008: £3.5m - £4.4m).

12. FUNDS MOVEMENTS

	Opening Balance at 1 August 2009 £	Incoming Resources £	Resources Expended £	Gains £	Closing Balance at 31 July 2010 £
General	17,826,989	702,906	(913,407)	1,154,866	18,771,354
Designated: Property revaluation reserve	<u>118,350</u>	<u>-</u>	<u>-</u>	<u>45,500</u>	<u>163,850</u>
	<u>17,945,339</u>	<u>702,906</u>	<u>(913,407)</u>	<u>1,200,366</u>	<u>18,935,204</u>

The General Fund is unrestricted.

The Property revaluation reserve represents the revaluation reserve relating to the investment property which is included in the accounts at open market value.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Property Revaluation Reserve £	Total Funds £
Investments (including investment properties)	18,278,883	163,850	18,442,733
Cash deposits	399,577	-	399,577
Net current assets	<u>92,894</u>	<u>-</u>	<u>92,894</u>
	<u>18,771,354</u>	<u>163,850</u>	<u>18,935,204</u>



Charity No. 310916
Established 1827

Sandy Lane, Cobham, Surrey KT11 2ES
Phone: 01932 868 622 Fax: 01932 866 420
Email: ceo@royalwanstead.org.uk
Web site: www.royalwanstead.org