

Registered Charity Number 216291

**THE RAYNE FOUNDATION**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 NOVEMBER 2008**

**THE RAYNE FOUNDATION  
CONTENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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| <b>CONTENTS</b>                   | <b>PAGES</b> |
|-----------------------------------|--------------|
| Charity information               | 1            |
| Trustees' report                  | 2 – 5        |
| Independent auditors' report      | 6 – 7        |
| Statement of financial activities | 8            |
| Balance sheet                     | 9            |
| Notes to the financial statements | 10 – 20      |

**THE RAYNE FOUNDATION  
CHARITY INFORMATION  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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**TRUSTEES**

|  |          |
|--|----------|
| Lady Jane Rayne                        | Patron   |
| The Hon Robert A Rayne                 | Chairman |
| Lord Bridges                           |          |
| Lord Moser                             |          |
| Professor Dame Margaret Turner Warwick |          |
| The Hon Natasha Rayne                  |          |
| The Hon Nicholas Rayne                 |          |
| Professor Sir Anthony Newman Taylor    |          |
| Lady Browne-Wilkinson                  |          |

**DIRECTOR**

Tim Joss

**REGISTERED OFFICE**

Carlton House  
33 Robert Adam Street  
London  
W1U 3HR

**BANKERS**

Barclays Bank Plc  
240 Whitechapel Road  
London  
E1 1BS

**SOLICITORS**

Farrer & Co  
66 Lincoln's Inn Fields  
London  
WC2A 6LH

**AUDITORS**

Horwath Clark Whitehill LLP  
Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

**INVESTMENT ADVISORS**

Jupiter Asset Management Ltd  
1 Grosvenor Place  
London  
SW1X 7JJ

Cazenove Capital Management Limited  
12 Moorgate  
London  
EC2R 6DA

# THE RAYNE FOUNDATION TRUSTEES' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2008

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The Trustees present their report and financial statements for the year ended 30 November 2008.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation is an unincorporated association and registered charity (number 216291). It is governed by its Deed of Settlement dated 9 November 1962.

The selection and appointment of Trustees is carried out using criteria which include expertise in relevant areas and networks. An induction programme for new Trustees is in place.

Trustees' responsibilities include the setting of policy and deciding on social investments above £5,000. They are advised on finance, investments and risk management by the Joint Finance and Investment Committee (which also advises the separate Rayne Trust and JFR Charitable Trust). Social investments up to £5,000 are decided by the Chairman with the Director and Grants Manager. Operational matters are managed by the Director and his team.

An annual risk management plan is produced. Trustees have analysed risks under six headings: Governance, People, Finance, Operations, Legal Compliance and Environment/External Factors.

## OBJECTIVES AND ACTIVITIES

The Foundation's mandate, as determined by the Trustees, is to understand and engage with the needs of UK society.

The Foundation is involved in social bridge building, and looks for four main outcomes:

- 'Enlarging sympathies' – increasing tolerance and understanding between communities and people of different backgrounds.
- Reduced exclusion – helping bring people in from the margins of society.
- Reduced conflict in society – helping heal divisions in society.
- New productive relationships – bringing unconnected people and organisations together to benefit society.

The sectors of interest continued to be the arts, education, health and medicine, and social welfare and development.

The Foundation has developed five tools to engage with, and address the needs of UK society:

- **Research** – from initial explorations to programme evaluation.
- **Grants** – our open application programme.
- **Initiatives** – targeted programmes of support.
- **Ventures** – helping organisations to develop and grow.
- **New Enterprises** – creating new organisations.

Only Grants accepts unsolicited applications.

The Foundation's work is measured, as is that of its partnerships and social investments, by the degree to which each contributes to the four bridge building outcomes and:

- Can have wider than just local application or is of national importance.
- Helps the most vulnerable or disadvantaged.
- Provides direct benefits to people and communities.
- Tackles neglected causes.
- Levers other funds and encourages the involvement of other organisations.
- Achieves excellence.

**THE RAYNE FOUNDATION  
TRUSTEES' REPORT (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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**OBJECTIVES AND ACTIVITIES (Continued)**

During the year the Foundation concluded that greater impact would be achieved through greater focus. This led to a reduction in the number of areas of special:

- Greater public engagement with architecture through better architecture exhibitions, events and other initiatives.
- Achieving learning outcomes through the work of artists and arts organisations.
- Developing numeracy skills.
- Improved quality of life for older people.

**ACHIEVEMENTS AND PERFORMANCE**

The Foundation had income for the year of £2,392,816 (2007: £2,141,242). Social investments paid in the year amounted to £1,959,708 (2007: £2,033,050).

Trustees noted in their previous annual report that the UK was entering a period of considerable financial uncertainty. They therefore concluded that 2008 should be a year for consolidation and preparation of a plan to guide the Foundation over the next few years.

Under each objective, a commentary is given on achievements and performance:

**1. Consolidation**

- Further preparatory work was done on Rayne Fellowships for Refugees. This is a programme designed to help refugees across into the mainstream of UK society. A partnership including co-funding of £100,000 was developed with the Diana, Princess of Wales Memorial Fund. By the end of the year, a management organisation was close to being appointed.
- The focus on outcomes in Stage 1 and Stage 2 applications was boosted in a number of respects.
- The monitoring of outcomes achieved by grants and pro-active investments increased.
- As part of its regular risk management process, detailed work was undertaken on preventing grant fraud had been undertaken in 2008.

**2. Preparing for the future**

The following strategic steps were agreed:

- Work towards refining the bridge-building theme and making it more meaningful.
- Continue to develop the focus on outcomes.
- Bring forward a communications plan.
- Be more flexible on grant size.
- Bring forward a plan for endowment growth.
- Bring forward a plan for responsible investment.
- Undertake a governance health-check.
- Build up Trustee involvement in the Foundation's strategic work.

**FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Deed of Settlement, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

At 30 November 2008, the state of affairs of the Foundation was satisfactory.

**THE RAYNE FOUNDATION  
TRUSTEES' REPORT (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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**Investment performance and policy against objectives**

The Foundation aims to maximise the total investment return and to achieve sufficient cash income to maintain the level of social investments. In the light of the considerable financial uncertainty and declining value of the portfolio, Trustees agreed that spending guidelines and actual expenditure would be reviewed on a regular basis. While continuing to have a strong focus on cash flow, a comparator was added: 3.5% of the endowment's market value, calculated as a moving average over the previous 20 quarters.

Total income for the year rose by 11.7% on the previous year. The value of the investment portfolio fell in the year from £58,071,840 to £33,752,516.

No changes were made to the Foundation's investment policies.

During the year the Foundation received a legacy from the estate of Peggy Nash, widow of Gerald Nash, a long-time colleague of Lord Rayne. The legacy is restricted to medical research.

It was decided to appoint a second investment manager. Following careful consideration of the relative merits of five shortlisted candidates and the wider context of recent market and corporate events, it was agreed that Cazenove Capital Management Limited be appointed.

**Reserves policy**

Reserves are held in order to ensure that outstanding commitments can be met and that, if necessary, levels of spending can be adjusted in a measured way.

**Statement of Trustees' responsibilities**

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

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

**THE RAYNE FOUNDATION  
TRUSTEES' REPORT (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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**Internal controls**

The Trustees confirm that internal control procedures are in place to provide reasonable, but not absolute, assurance against material misstatement or loss. This includes a comprehensive system of annual budgets, approved by the Trustees, and quarterly financial reporting of actual against budget and other key performance indicators.

**Risk management**

A comprehensive review and revision of our risk management policies and procedures was undertaken in 2007/08. The revised risk assessment schedules were reviewed by the Trustees and the Director, and minor appropriate adjustments made.

Processes and procedures will continue to be reviewed, and changes made where appropriate.

**Relationships with connected parties**

The Trust has no relationships with connected parties with the exception of those transactions disclosed in note 15.

Signed on behalf of the board on

by:

**The Hon Robert A Rayne  
Chairman, The Rayne Foundation**

**THE RAYNE FOUNDATION  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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We have audited the financial statements of The Rayne Foundation for the year ended 30 November 2008 set out on pages 8 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the charity's Trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Trustees and auditors**

The Trustees' 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 section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

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 if, in our opinion, the information given in the Trustees' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

**THE RAYNE FOUNDATION  
INDEPENDENT AUDITORS' REPORT (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charity's affairs as at 30 November 2008 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

(This report has not yet been signed)

**HORWATH CLARK WHITEHILL LLP**

Chartered Accountants  
Registered Auditors

Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

Date:

**THE RAYNE FOUNDATION  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

|   | Note | Unrestricted Funds<br>£ | Restricted Funds<br>£ | Endowed Funds<br>£ | 2008 Total Funds<br>£ | 2007 Total Funds<br>£ |
|---|------|-------------------------|-----------------------|--------------------|-----------------------|-----------------------|
| <b>INCOMING RESOURCES</b>                                     |      |                         |                       |                    |                       |                       |
| <b>Incoming resources from generated funds</b>                |      |                         |                       |                    |                       |                       |
| Voluntary income  | 2    | 31,410                  | 1,105,564             | -                  | 1,136,974             | 875,917               |
| Investment income   | 3    | <u>1,225,015</u>        | <u>30,827</u>         | -                  | <u>1,255,842</u>      | <u>1,265,325</u>      |
| <b>Total incoming resources</b>                               |      | <u>1,256,425</u>        | <u>1,136,391</u>      | -                  | <u>2,392,816</u>      | <u>2,141,242</u>      |
| <b>RESOURCES EXPENDED</b>                                     |      |                         |                       |                    |                       |                       |
| <b>Costs of generating funds</b>                              |      |                         |                       |                    |                       |                       |
| Investment management costs                                   | 4    | 1,050                   | -                     | -                  | 1,050                 | 15,765                |
| Developing Philanthropy                                       | 4    | -                       | -                     | -                  | -                     | 14,101                |
| <b>Charitable activities</b>                                  |      |                         |                       |                    |                       |                       |
| Arts  | 4    | 399,311                 | 47,801                | -                  | 447,112               | 610,500               |
| Education   | 4    | 489,362                 | -                     | -                  | 489,362               | 380,486               |
| Health and Medicine   | 4    | 216,886                 | -                     | -                  | 216,886               | 428,186               |
| Social Welfare and Development                                | 4    | 1,019,797               | -                     | -                  | 1,019,797             | 873,221               |
| <b>Governance</b>   | 4    | <u>51,276</u>           | -                     | -                  | <u>51,276</u>         | <u>53,229</u>         |
| <b>Total resources expended</b>                               |      | <u>2,177,682</u>        | <u>47,801</u>         | -                  | <u>2,225,483</u>      | <u>2,375,488</u>      |
| <b>Net incoming / (outgoing) resources</b>                    |      | (921,257)               | 1,088,590             | -                  | 167,333               | (234,246)             |
| <b>Other recognised gains / (losses)</b>                      |      |                         |                       |                    |                       |                       |
| Realised and unrealised gains / (losses) on investment assets |      | -                       | 967                   | (24,086,380)       | (24,085,413)          | (9,078,833)           |
| <b>Net movement in funds</b>                                  |      | (921,257)               | 1,089,557             | (24,086,380)       | (23,918,080)          | (9,313,079)           |
| Balance brought forward at 1 December 2007                    |      | <u>5,836,928</u>        | <u>54,801</u>         | <u>57,176,982</u>  | <u>63,068,711</u>     | <u>72,381,790</u>     |
| <b>Balance carried forward at 30 November 2008</b>            | 18   | <u>4,915,671</u>        | <u>1,144,358</u>      | <u>33,090,602</u>  | <u>39,150,631</u>     | <u>63,068,711</u>     |

The charity has no recognised gains and losses other than those included in the Statement of Financial Activities.

All amounts relate to continuing operations.

*The notes on pages 10 to 20 form part of these financial statements*

**THE RAYNE FOUNDATION  
BALANCE SHEET  
AS AT 30 NOVEMBER 2008**

|  | Note | 2008<br>£          | 2007<br>£          |
|--|------|--------------------|--------------------|
| <b>FIXED ASSETS</b>  |      |                    |                    |
| Investments  | 10   | <u>33,752,516</u>  | <u>58,071,840</u>  |
| <b>CURRENT ASSETS</b>  |      |                    |                    |
| Debtors  | 11   | 346,880            | 409,455            |
| Investments  |      | 6,017,039          | 6,092,088          |
| Cash at bank and in hand                                       |      | <u>624,383</u>     | <u>76,259</u>      |
|  |      | 6,988,302          | 6,577,802          |
| <b>CREDITORS: Amounts falling due within one year</b>          | 12   | <u>(1,390,687)</u> | <u>(1,332,931)</u> |
| <b>NET CURRENT ASSETS</b>                                      |      | <u>5,597,615</u>   | <u>5,244,871</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | 39,350,131         | 63,316,711         |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 13   | <u>(199,500)</u>   | <u>(248,000)</u>   |
| <b>NET ASSETS</b>  |      | <u>39,150,631</u>  | <u>63,068,711</u>  |
| <b>FUNDS</b>   |      |                    |                    |
| Unrestricted   | 17   | 4,915,671          | 5,836,928          |
| Restricted   | 16   | 1,144,358          | 54,801             |
| Endowed  | 14   | <u>33,090,602</u>  | <u>57,176,982</u>  |
|  | 18   | <u>39,150,631</u>  | <u>63,068,711</u>  |

The financial statements have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2007).

Approved and authorised for issue by the Board of Trustees on behalf by:

and signed on its

**The Hon Robert A Rayne (Chairman)  
Trustee**

**Lady Jane Rayne (Patron)  
Trustee**

*The notes on pages 10 to 20 form part of these financial statements*

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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**1. ACCOUNTING POLICIES**

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) in accordance with applicable Accounting Standards in the United Kingdom, the accounting regulations issued under the Charities Act 1993 and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005, with the exception of investments which are included at market value.

**(b) Cash flow statement**

The Trustees have taken advantage of the exemption in Financial Reporting Standard No 1 from including a Cash Flow Statement in the financial statements on the grounds that the charity is small.

**(c) Incoming resources**

Donations, legacies and other forms of voluntary income that provide core funding, or are of general nature, are recognised when there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from investments is included in the Statement of Financial Activities only if received, or declared and receivable. Realised and unrealised gains or losses arising from the sale or revaluation of investments are dealt with in the Statement of Financial Activities.

**(d) Resources expended**

Expenditure is recognised when a liability is incurred. Social investments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Charitable activities include expenditure associated with social investments payable and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. by allocating staff costs by the time spent and other costs by their usage.

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

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**1. ACCOUNTING POLICIES (Continued)**

**(e) Investments**

Quoted investments are stated in the Balance Sheet at their market value as at the Balance Sheet date.

Works of art are valued periodically for insurance purposes, and this value is incorporated in the Balance Sheet. Realised and unrealised gains and losses are shown in the Statement of Financial Activities and reflected in the endowment fund.

Included in current asset investments are short term cash deposits.

**(f) Recognition of liabilities**

Liabilities are recognised once there is a legal or constructive obligation that commits the charity to the obligation.

**(g) Expendable endowment fund**

The expendable endowment fund is maintained to generate sustainable income for the unrestricted funds.

**(h) Designated funds**

Designated funds comprise general funds, which have been set aside at the discretion of the Trustees for specific purposes.

**(i) Restricted funds**

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

**(j) Unrestricted funds**

Unrestricted funds are expendable at the discretion of the Trustees in furtherance of the objects or administration of the charity.

**(k) Taxation**

The Rayne Foundation is a registered charity, and as such is entitled to taxation exemptions on all its income and gains, properly applied for its charitable purposes.

**(l) Pension costs**

The charity operates a defined contribution scheme on behalf of its employees. Contributions are charged in the Statement of Financial Activities as incurred. No further liabilities accrue under this scheme.

**2. VOLUNTARY INCOME**

|   | 2008<br>£        | 2007<br>£      |
|---|------------------|----------------|
| Legacy                                    | 1,105,564        | -              |
| Donation in kind for office space         | 31,410           | -              |
| Donation in kind for administration costs | -                | 125,917        |
| One-off donation from Derwent London Plc  | -                | 750,000        |
|   | <u>1,136,974</u> | <u>875,917</u> |

In previous years administration costs were donated in kind by a subsidiary of London Merchant Securities Plc. These were estimated at £125,917 in 2007. In May 2007, following the merger of London Merchant Securities Plc with Derwent London Plc, the "donation in kind" support was withdrawn and a one-off donation of £750,000 to the Rayne Foundation and £250,000 to The Rayne Trust was made by Derwent Plc. This was to cover the changing costs of the charities.

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

**3. INVESTMENT INCOME**

|                                  | 2008<br>£               | 2007<br>£               |
|----------------------------------|-------------------------|-------------------------|
| Income from listed investments   | 780,299                 | 649,783                 |
| Income from unlisted investments | 117,061                 | 212,256                 |
| Interest receivable              | <u>358,482</u>          | <u>403,286</u>          |
|                                  | <b><u>1,255,842</u></b> | <b><u>1,265,325</u></b> |

**4. TOTAL RESOURCES EXPENDED**

|                                       | Staff<br>costs<br>£   | Other<br>costs<br>£   | Grant<br>funding<br>£   | 2008<br>Total<br>£      | 2007<br>Total<br>£      |
|---------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| <b>Cost of generating funds</b>       |                       |                       |                         |                         |                         |
| Investment management costs           | -                     | 1,050                 | -                       | 1,050                   | 15,765                  |
| Developing philanthropy               | <u>-</u>              | <u>-</u>              | <u>-</u>                | <u>-</u>                | <u>14,101</u>           |
| Total                                 | <u>-</u>              | <u>1,050</u>          | <u>-</u>                | <u>1,050</u>            | <u>29,866</u>           |
| <b>Charitable activities</b>          |                       |                       |                         |                         |                         |
| <u>Arts</u>                           |                       |                       |                         |                         |                         |
| Grant funding of activities           | -                     | -                     | 393,750                 | 393,750                 | 553,065                 |
| Support costs                         | <u>39,955</u>         | <u>13,407</u>         | <u>-</u>                | <u>53,362</u>           | <u>57,435</u>           |
| Total                                 | <u>39,955</u>         | <u>13,407</u>         | <u>393,750</u>          | <u>447,112</u>          | <u>610,500</u>          |
| <u>Education</u>                      |                       |                       |                         |                         |                         |
| Grant funding of activities           | -                     | -                     | 436,000                 | 436,000                 | 323,050                 |
| Support costs                         | <u>39,955</u>         | <u>13,407</u>         | <u>-</u>                | <u>53,362</u>           | <u>57,436</u>           |
| Total                                 | <u>39,955</u>         | <u>13,407</u>         | <u>436,000</u>          | <u>489,362</u>          | <u>380,486</u>          |
| <u>Health and Medicine</u>            |                       |                       |                         |                         |                         |
| Grant funding of activities           | -                     | -                     | 163,524                 | 163,524                 | 370,750                 |
| Support costs                         | <u>39,955</u>         | <u>13,407</u>         | <u>-</u>                | <u>53,362</u>           | <u>57,436</u>           |
| Total                                 | <u>39,955</u>         | <u>13,407</u>         | <u>163,524</u>          | <u>216,886</u>          | <u>428,186</u>          |
| <u>Social Welfare and Development</u> |                       |                       |                         |                         |                         |
| Grant funding of activities           | -                     | -                     | 966,434                 | 966,434                 | 786,185                 |
| Support costs                         | <u>39,955</u>         | <u>13,408</u>         | <u>-</u>                | <u>53,363</u>           | <u>87,036</u>           |
| Total                                 | <u>39,955</u>         | <u>13,408</u>         | <u>966,434</u>          | <u>1,019,797</u>        | <u>873,221</u>          |
|                                       | <b><u>159,820</u></b> | <b><u>53,629</u></b>  | <b><u>1,959,708</u></b> | <b><u>2,173,157</u></b> | <b><u>2,292,393</u></b> |
| <b>Governance costs</b>               | <u>-</u>              | <u>51,276</u>         | <u>-</u>                | <u>51,276</u>           | <u>53,229</u>           |
|                                       | <b><u>159,820</u></b> | <b><u>105,955</u></b> | <b><u>1,959,708</u></b> | <b><u>2,225,483</u></b> | <b><u>2,375,488</u></b> |

The total management and administration expenses attributable to social investment-funded activity are apportioned across the four social investment-making activities. In the year ended 30 November 2007 additional costs were incurred in relation to Rayne Fellowships for Refugees and these were specifically allocated to Social Welfare and Development costs.

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

**5. GRANTS PAYABLE**

|                                | <b>Total<br/>2008<br/>£</b> | <i>Total<br/>2007<br/>£</i> |
|--------------------------------|-----------------------------|-----------------------------|
| Arts                           | <b>393,750</b>              | <i>553,065</i>              |
| Education                      | <b>436,000</b>              | <i>323,050</i>              |
| Health & Medicine              | <b>163,524</b>              | <i>370,750</i>              |
| Social Welfare and Development | <b><u>966,434</u></b>       | <i><u>786,185</u></i>       |
|                                | <b><u>1,959,708</u></b>     | <i><u>2,033,050</u></i>     |

See note 19 for a detailed breakdown of social investments payable to organisations.

**6. SUPPORT COSTS**

|   | <b>2008<br/>£</b>      | <i>2007<br/>£</i>      |
|---|------------------------|------------------------|
| Administrative expenses                                   | <b>76,588</b>          | <i>199,687</i>         |
| Staff costs   | <b><u>228,129</u></b>  | <i><u>112,063</u></i>  |
| Total gross support costs                                 | <b>304,717</b>         | <i>311,750</i>         |
| Less costs recoverable from The Rayne Trust (see note 15) | <b><u>(91,268)</u></b> | <i><u>(52,407)</u></i> |
|   | <b><u>213,449</u></b>  | <i><u>259,343</u></i>  |

General support costs have been divided equally across the four social investment activity categories. In the year ended 30 November 2007 additional costs were incurred in relation to Rayne Fellowships for Refugees and these were specifically allocated to Social Welfare and Development costs.

**7. GOVERNANCE COSTS**

|   | <b>2008<br/>£</b>    | <i>2007<br/>£</i>    |
|---|----------------------|----------------------|
| Gross governance costs                                    | <b>51,819</b>        | <i>53,545</i>        |
| Less costs recoverable from The Rayne Trust (see note 15) | <b><u>(543)</u></b>  | <i><u>(316)</u></i>  |
|   | <b><u>51,276</u></b> | <i><u>53,229</u></i> |

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

**8. ANALYSIS OF STAFF COSTS**

|   | <b>2008</b>            | <i>2007</i>            |
|---|------------------------|------------------------|
|   | <b>£</b>               | <b>£</b>               |
| Wages and salaries  | <b>185,905</b>         | <i>89,159</i>          |
| Social security costs                                     | <b>20,408</b>          | <i>11,066</i>          |
| Pension contributions                                     | <b><u>21,816</u></b>   | <i><u>8,055</u></i>    |
| Total gross staff costs                                   | <b>228,129</b>         | <i>108,280</i>         |
| Less costs recoverable from The Rayne Trust (see note 15) | <b><u>(68,309)</u></b> | <i><u>(22,420)</u></i> |
|   | <b><u>159,820</u></b>  | <i><u>85,860</u></i>   |

The average number of full-time equivalent employees analysed by function was:

|                    | <b>2008</b>     | <i>2007</i>     |
|--------------------|-----------------|-----------------|
|                    | <b>No.</b>      | <b>No.</b>      |
| Direct charitable: |                 |                 |
| Administration     | <b>3</b>        | <i>2</i>        |
| Management         | <b><u>1</u></b> | <i><u>1</u></i> |
|                    | <b><u>4</u></b> | <i><u>3</u></i> |

The number of employees earning in excess of £60,000 per annum are detailed below:

|                     | <b>2008</b>     | <i>2007</i>     |
|---------------------|-----------------|-----------------|
|                     | <b>No.</b>      | <b>No.</b>      |
| £90,000 to £100,000 | <b><u>1</u></b> | <i><u>-</u></i> |

Defined contribution pension costs payable with regard to the above totalled £13,936 (*2007: £Nil*).

For the first half of the year ended 30 November 2007, employment costs were part of the donations in kind from London Merchant Securities Plc and were allocated to support costs.

The Trustees received no remuneration in either year.

The following expenses, as included within Governance costs, were payable to Trustees in respect of travelling expenses during the year:

|   | <b>2008</b>         | <i>2007</i>          |
|---|---------------------|----------------------|
|   | <b>£</b>            | <b>£</b>             |
| Gross Trustees' expenses                                  | <b>2,157</b>        | <i>22,670</i>        |
| Less costs recoverable from The Rayne Trust (see note 15) | <b><u>(543)</u></b> | <i><u>(316)</u></i>  |
|   | <b><u>1,614</u></b> | <i><u>22,354</u></i> |
| Number of Trustees'                                       | <b><u>2</u></b>     | <i><u>7</u></i>      |

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

**9. NET INCOMING RESOURCES FOR THE FINANCIAL YEAR**

Net incoming resources of £167,333 are stated after charging:

|                                  | 2008<br>£     | 2007<br>£ |
|----------------------------------|---------------|-----------|
| Auditors' remuneration           | 7,475         | 8,225     |
| Auditors' remuneration non-audit | <u>11,119</u> | <u>-</u>  |

**10. FIXED ASSET INVESTMENTS**

|   | Quoted<br>Investments<br>£ | Works of<br>Art<br>£    | Total<br>£               |
|---|----------------------------|-------------------------|--------------------------|
| Market value at 1 December 2007         | 56,867,740                 | 1,204,100               | 58,071,840               |
| Additions                               | 3,537,653                  | -                       | 3,537,653                |
| Disposals                               | (3,889,054)                | -                       | (3,889,054)              |
| Unrealised (losses)/gains in the year   | <u>(24,050,323)</u>        | <u>82,400</u>           | <u>(23,967,923)</u>      |
| <b>Market value at 30 November 2008</b> | <u><b>32,466,016</b></u>   | <u><b>1,286,500</b></u> | <u><b>33,752,516</b></u> |
| Historical costs:                       |                            |                         |                          |
| <b>At 30 November 2008</b>              | <u><b>11,784,810</b></u>   | <u><b>376,611</b></u>   | <u><b>12,161,421</b></u> |
| At 30 November 2007                     | <u>20,399,421</u>          | <u>376,611</u>          | <u>20,776,032</u>        |

Works of art are valued for insurance purposes on a rolling basis at least every 5 years. In 2007 valuations were provided by Christie's and Sotheby's for pictures and by Partridge Fine Art for furniture. These valuations have been used by the Trustees as a proxy for market value. Some of the items are on loan for display by public or charitable organisations.

The market value of investments held outside the UK was £1,869,964 (2007 - £1,719,202).

The following investments comprise more than 5% of the portfolio:

| Investment  | Market Value<br>£ | %        |
|---|-------------------|----------|
| Derwent London Plc                                | 15,438,271        | 46       |
| LMS Capital Plc                                   | 7,106,608         | 21       |
| Sterling Eurobonds traded on the Interbank market | <u>2,334,670</u>  | <u>7</u> |

**11. DEBTORS**

|               | 2008<br>£             | 2007<br>£             |
|---------------|-----------------------|-----------------------|
| Other debtors | 346,880               | 394,589               |
| Prepayments   | <u>-</u>              | <u>14,866</u>         |
|               | <u><b>346,880</b></u> | <u><b>409,455</b></u> |

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

**12. CREDITORS: Amounts falling due within one year**

|                 | 2008<br>£               | 2007<br>£               |
|-----------------|-------------------------|-------------------------|
| Grants payable  | 1,383,212               | 1,093,992               |
| Other creditors | -                       | 214,432                 |
| Accruals        | <u>7,475</u>            | <u>24,507</u>           |
|                 | <u><b>1,390,687</b></u> | <u><b>1,332,931</b></u> |

**13. CREDITORS: Amounts falling due after more than one year**

|                | 2008<br>£      | 2007<br>£      |
|----------------|----------------|----------------|
| Grants payable | <u>199,500</u> | <u>248,000</u> |

**Reconciliation of grants payable:**

|                                 | 2008<br>£               | 2007<br>£               |
|---------------------------------|-------------------------|-------------------------|
| Commitments at 1 December 2007  | 1,341,992               | 1,559,500               |
| Commitments made in the year    | 1,959,708               | 1,989,235               |
| Grants paid during the year     | <u>(1,718,988)</u>      | <u>(2,206,743)</u>      |
| Commitments at 30 November 2008 | <u><b>1,582,712</b></u> | <u><b>1,341,992</b></u> |

**14. ENDOWMENT FUNDS**

The movement during the year on the endowment fund was as follows:

|                              | <i>Balance at<br/>1 December<br/>2007<br/>£</i> | <b>Investment<br/>losses<br/>£</b> | <b>Balance at 30<br/>November<br/>2008<br/>£</b> |
|------------------------------|---|------------------------------------|--|
| <b>Expendable endowments</b> |   |                                    |  |
| Endowment fund               | <u>57,176,982</u>                               | <u>(24,086,380)</u>                | <u><b>33,090,602</b></u>                         |

**15. RELATED PARTIES**

Lady Rayne and the The Hon R A Rayne also serve as Trustees of The Rayne Trust (TRT), a company limited by guarantee and a registered charity. Included in other debtors is £76,654 due from TRT (2007: £214,432 in other creditors due to TRT).

For the year under review, The Rayne Foundation (TRF) recharged expenses to TRT in an amount of £91,811 (2007: £45,290).

At the year end TRF owed the sum of £Nil (2007: £13,113) to Lady Rayne, £Nil (2007: £2,081) to The Hon R A Rayne, and £Nil (2007: £692) to Professor Sir Anthony Newman Taylor.

Expenditure of £Nil (2007: £14,101) was made in respect of Developing Philanthropy which relates to travelling expenses to Israel incurred by family members of two of the Trustees, in order to attend the opening of the Max Rayne School established in memory of the late Lord Rayne.

**THE RAYNE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 NOVEMBER 2008**

**16. RESTRICTED FUNDS**

The income funds of the charity include restricted funds comprising of the following unexpended balances of donations and grants held on trust for specific purposes:

|                                      | <i>Balance at<br/>1 December<br/>2007</i> | <b>Incoming<br/>resources</b> | <b>Resources<br/>expended</b> | <b>Investment<br/>gains</b> | <b>Balance at<br/>30 November<br/>2008</b> |
|--------------------------------------|---|-------------------------------|-------------------------------|-----------------------------|--|
|                                      | £   | £                             | £                             | £                           | £  |
| Rayne Fellowships for Choreographers | 54,801                                    | -                             | (47,801)                      | -                           | 7,000                                      |
| Peggy Nash Legacy                    | -   | <u>1,136,391</u>              | -                             | <u>967</u>                  | <u>1,137,358</u>                           |
|                                      | <u>54,801</u>                             | <u>1,136,391</u>              | <u>(47,801)</u>               | <u>967</u>                  | <u>1,144,358</u>                           |

Rayne Fellowships for Choreographers represents the balance of contributions of £104,250 from the Arts Council in respect of The Rayne Fellowship for Choreographers Len resources expended.

The Peggy Nash Legacy has been restricted for medical research.

**17. UNRESTRICTED FUNDS**

The movement during the year on the unrestricted fund was as follows:

|                   | <i>Balance at<br/>1 December<br/>2007</i> | <b>Incoming<br/>resources</b> | <b>Resources<br/>expended</b> | <b>Balance at 30<br/>November<br/>2008</b> |
|-------------------|---|-------------------------------|-------------------------------|--|
|                   | £   | £                             | £                             | £  |
| Unrestricted fund | <u>5,836,928</u>                          | <u>1,256,425</u>              | <u>(2,177,682)</u>            | <u>4,915,671</u>                           |

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                    | <b>Investments</b> | <b>Net current<br/>assets</b> | <b>Long term<br/>liabilities</b> | <b>Total</b>      |
|--------------------|--------------------|-------------------------------|----------------------------------|-------------------|
|                    | £                  | £                             | £                                | £                 |
| Unrestricted Funds | -                  | 5,115,171                     | (199,500)                        | 4,915,671         |
| Restricted Funds   | 102,225            | 1,042,133                     | -                                | 1,144,358         |
| Endowed Funds      | <u>33,650,291</u>  | <u>(559,689)</u>              | -                                | <u>33,090,602</u> |
| <b>Total Funds</b> | <u>33,752,516</u>  | <u>5,597,615</u>              | <u>(199,500)</u>                 | <u>39,150,631</u> |

**THE RAYNE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 NOVEMBER 2008**

**19. SOCIAL INVESTMENTS PAYABLE TO ORGANISATIONS**

Social investments £10,000 and over payable in the year.

| <b>NAME OF ORGANISATION</b>                     | <b>PURPOSE OF SOCIAL INVESTMENT</b>                                      | <b>£</b>       |
|---|--|----------------|
| <b>Arts</b>                                     |  |                |
| Dance UK  | Rayne Fellowships for Choreographers                                     | 40,000         |
| National Youth Theatre of Great Britain         | Training and Personal Development through the Arts for Young People      | 30,000         |
| Chetham's School of Music                       | Millgate Project (Boys House/IT suite)                                   | 25,000         |
| Photographers' Gallery Ltd                      | Focus Forward: Building Development                                      | 25,000         |
| Royal Opera House, Covent Garden Ltd            | Production Workshop  | 25,000         |
| Serpentine Trust                                | Skills Exchange  | 25,000         |
| Wigmore Hall Trust                              | Music for Life   | 25,000         |
| Dance United                                    | National Centre for Dance in Social Inclusion                            | 20,000         |
| Drake Music Scotland                            | Education and Training Officer   | 20,000         |
| Germination Community Interest Company          | Eye of the Storm   | 20,000         |
| Studio 3 Arts                                   | Intergeneration Arts Projects  | 20,000         |
| Anne Peaker Centre for Arts in Criminal Justice | Learning 2 Learn   | 15,000         |
| Aune Head Arts                                  | Core Costs   | 15,000         |
| North Music Trust                               | Building Bridges to Progression via Learning and Participation Programme | 15,000         |
| Holton Lee                                      | National Disability Arts Collection and Archive                          | 10,000         |
| Independent Photography                         | Active Age   | 10,000         |
| Musicworks                                      | Musicworks Chamber Courses   | 10,000         |
| The Almeida Theatre                             | Almeida Projects   | 10,000         |
| Other grants less than £10,000                  |  | <u>33,750</u>  |
|   |  | <u>393,750</u> |
| <b>Education</b>                                |  |                |
| The Place to Be                                 | The Place 2 Train  | 200,000        |
| University of Greenwich                         | Access Mentoring Programme   | 30,000         |
| University College London                       | Building Development   | 25,000         |
| University of Southampton                       | Autism Diagnostic Research Centre  | 25,000         |
| Read – The Reading Agency                       | Radio Reading Clubs  | 25,000         |
| Sense About Science                             | Project Liaison Post   | 20,000         |
| Gemin-I.org                                     | Diverse Links: Social Justice Education Programme                        | 20,000         |
| Mental Health Matters                           | Wellbeck Parade: Employment Link Service                                 | 15,000         |
| Deafax  | Virtual Learning Academy: Literacy Module                                | 15,000         |
| Volunteer Reading Help                          | Regional Operations Manager for the Midlands                             | 15,000         |
| University of Birmingham                        | Inclusive Libraries  | 15,000         |
| Trust Youth                                     | Trust Youth Development  | 10,000         |
| Faith Regen Foundation                          | Employability Training and Support for Young Asylum Seekers              | 10,000         |
| Other grants less than £10,000                  |  | <u>11,000</u>  |
|   |  | <u>436,000</u> |

**THE RAYNE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 NOVEMBER 2008**

**19. SOCIAL INVESTMENTS PAYABLE TO ORGANISATIONS (Continued)**

Social investments £10,000 and over payable in the year.

| <b>NAME OF ORGANISATION</b>                           | <b>PURPOSE OF SOCIAL INVESTMENT</b>   | <b>£</b>       |
|---|---|----------------|
| <b>Health and Medicine</b>                            |   |                |
| Children Living with Inherited Metabolic Diseases     | Supporting Families with Researched Information                               | 25,000         |
| Changing Faces  | New Centre (£20,000) and Research Fund (£30,000)                              | 20,000         |
| Motor Neurone Disease Association                     | MND Care Centre – Royal London Hospital                                       | 15,000         |
| Muscular Dystrophy Campaign                           | London Regional Care Advisor  | 15,000         |
| Naz Project London                                    | HIV Care and Support Services   | 15,000         |
| The National Centre for Young People with Epilepsy    | Medical Assessment and Research Centre (MARC)                                 | 15,000         |
| Innovations in Dementia CIC                           | Video Booklets for People with Dementia                                       | 10,000         |
| Other grants less than £10,000                        |   | <u>48,524</u>  |
|   |   | <u>163,524</u> |
| <b>Social Welfare and Development</b>                 |   |                |
| Praxis  | Rayne Fellowships for Refugees  | 250,000        |
| Catch-22  | Supportive Employment- Building Services                                      | 50,000         |
| University of Cambridge                               | School of Divinity Interfaith Programme:<br>Work with the Metropolitan Police | 44,000         |
| Citizen Organising Foundation                         | Expansion to 3 New Cities   | 30,000         |
| HTV Circles   | Hampshire and Thames Valley Circles of<br>Support and Accountability          | 30,000         |
| Reach   | Older Generation Project  | 30,000         |
| String of Pearls Project/Relate Exeter                | Relationship Counselling and Training for<br>Offenders and their Families     | 30,000         |
| Women in Prison                                       | Women Out of Remand   | 30,000         |
| Salaam Shalom   | Radio Salaam Shalom   | 25,000         |
| BTCV  | Active Roots Volunteering Programme   | 20,000         |
| Caledonia Youth Limited                               | The Offenders Project   | 20,000         |
| Counselling in Prison                                 | Core Costs & Expansion into New Prisons                                       | 20,000         |
| Extra Care Charitable Trust                           | Wellbeing Centre, Lark Hill Village,<br>Nottingham                            | 20,000         |
| Family Friends  | Services Manager Salary/Independent<br>Evaluation                             | 20,000         |
| Family Links (Educational Programmes)                 | Animated DVD for Use with Parents with<br>Learning Difficulties               | 20,000         |
| The Brainwave Centre Ltd                              | National Home Support Network: Salary of<br>one part-time Home Support Worker | 20,000         |
| Refugee New Arrivals Project Sheffield                | Engineering Bridges in Yorkshire  | 16,000         |
| Employment Opportunities for People with Disabilities | See the Ability, not the Disability   | 15,000         |
| Integrated Neurological Services                      | Core Costs  | 15,000         |
| Missing People  | Finding Vulnerable Missing Children and<br>Adults                             | <u>15,000</u>  |
|   | Carried forward to next page  | <u>720,000</u> |

**THE RAYNE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 NOVEMBER 2008**

**19. SOCIAL INVESTMENTS PAYABLE TO ORGANISATIONS (Continued)**

Social investments £10,000 and over payable in the year.

| <b>NAME OF ORGANISATION</b>                       | <b>PURPOSE OF SOCIAL INVESTMENT</b>                              | <b>£</b>         |
|---|--|------------------|
| <b>Social Welfare and Development (Continued)</b> |  |                  |
|   | Brought forward from previous page                               | 720,000          |
| National Family Mediation                         | Mediation Cases with a Fear of Domestic Abuse                    | 15,000           |
| New Horizon Youth Centre                          | Redesign and Renovation Building Project                         | 15,000           |
| New Pathways                                      | The Outlook Project  | 15,000           |
| Peace Direct                                      | Truce 20/20 Conflict Resolution Programme                        | 15,000           |
| Quaker Service                                    | Quaker Connections: Volunteering Opportunities at Maghaberry     | 15,000           |
| Respond   | Elderly Carers Helpline  | 15,000           |
| The Forgiveness Project                           | Forgiveness Prison Programme                                     | 15,000           |
| Broadway Homelessness and Support                 | It's Your Health: Health and Homelessness Training               | 14,434           |
| Action for Blind People                           | Employment Service   | 10,000           |
| Action on Addiction                               | M-PACT Project for Children                                      | 10,000           |
| Alone in London                                   | Advice Worker to Support Young Offenders at Risk of Homelessness | 10,000           |
| Family Service Unit Scotland                      | HMP Corton Vale - Women Leaving Prison                           | 10,000           |
| Help The Aged                                     | First Connect  | 10,000           |
| New Philanthropy Capital: Results Library         | Results Library: Development Work                                | 10,000           |
| Prison Advice and Care Trust                      | Core Costs   | 10,000           |
| Worldwide Volunteering for Young People           | Bursary Scheme   | 10,000           |
| Other grants less than £10,000                    |  | <u>47,000</u>    |
|   |  | <u>966,434</u>   |
| Total social investments payable in the year      |  | <u>1,959,708</u> |