

Montpelier Foundation Limited
(a Company Limited by shares and registered as a charity)
Company Registration Number: 07462731
Charity Registration Number: 1139851

REPORT AND FINANCIAL STATEMENTS

for the year to 31 December 2012

CONTENTS

	<i>Page</i>
Trustees' Annual Report	1 - 4
Report of the Independent Auditors	5 - 6
Statement of Financial Activities	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10 - 13

Montpelier Foundation Limited

TRUSTEES' ANNUAL REPORT

for the period to 31 December 2012

Montpelier Foundation Limited (the 'Foundation') is a charitable company limited by shares and incorporated as Company number 07462731 on 7 December 2010 and listed on the Central Register of Charities under registration Charity number 1139851.

The Foundation was established under, and is governed by, its Articles of Association. The directors of the Foundation are its trustees for the purposes of charity law and throughout this report are collectively referred to as 'the trustees'.

As set out in the Articles of Association, the trustees, who shall number not less than two but shall not be subject to any maximum, may be appointed for such terms as thought fit by the shareholder, in the case of shareholder appointments, or the trustees in the case of appointments made by the trustees.

Reference and administrative information

Trustees	Nicholas Cournoyer Lara Cournoyer Richard Brass
Secretary	Temple Secretarial Limited
Registered Office	16 Old Bailey London, EC4M 7EG
Independent Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London, EC1M 7AD
Bank and Investment Managers	Schroder and Co Limited 100 Wood Street London, EC2V 7ER

TRUSTEES' ANNUAL REPORT cont'd
for the period to 31 December 2012

Report of the trustees for the period ended 31 December 2012

The trustees present their report along with the financial statements of the Foundation for the period from 1st January to 31st December 2012.

The financial statements comply with statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities and have been prepared in accordance with Companies Act 2006 and Charities Act 2011.

Objects, Objectives, Governance & Management The objects of the Foundation are such charitable purposes as the trustees may in their absolute discretion determine. The Foundation was established as a grant making organisation and its ongoing strategy is to make grants pursuant to its objects from its assets. The trustees are responsible for the strategic direction and policy of the Foundation and, subject to any prudent delegation to advisers and agents, make all substantive decisions in relation to the Foundation.

Within the range of eligible purposes, the trustees have agreed that their objectives and criteria for grant-making are as set out below:
The broad objective of the Foundation is to improve the lives of disadvantaged people, through the provision of support by way of grants or social investments. These will support programmes in the areas of education and training, health, infrastructure, social justice or livelihood improvement. The Foundation looks for sustainable solutions to economically empower people and communities and foster self-sufficiency. By sustainable, we mean programmes that have a lasting beneficial impact on individuals, their communities and environments. The Foundation aims to support practical applied solutions rather than research.
The support the Foundation provides may in some cases be structured as grants, and in other cases as loans or equity investments. The trustees will consider innovative forms of social investment as well as traditional grants. In all cases these will be programme related investments where the primary purpose is achieving the charitable objectives of the Foundation. The structure of all Foundation support, whether by way of grant or social investment, will aim to maximize the long-term beneficial impact of the programmes we support.

Activities and Achievements

Following the first operational period of the Foundation in the prior financial period ending 31 December 2011, which included its incorporation and registration with the Charity Commission and recognition as a charity for tax purposes by HMRC, the Foundation commenced its programme of grant making in the current period. Grant purposes and recipients were scrutinised appropriately by the trustees, and awards made subject to appropriate grant conditions, including conditions as to monitoring where appropriate. To facilitate this, the trustees hired the first member of the programme staff during the period and also began the process of recruiting further staff members to assist the trustees in developing the grant programme further. Prior to the start of grant making in the current period, the trustees approved a Grant Making Policy, a Risk Policy, and a Conflicts of Interest Policy with a Register of Trustees' interests. It is anticipated that the grant making programme will be further scaled up in the financial year ending 31 December 2013.

Public Benefit

As required by the Charities Act 2011, the trustees have referred to the Charity Commission's general guidance on public benefit when setting up the Foundation. The trustees will have due regard to the Charity Commission's general guidance on public benefit when making grants in future.

Financial Review

The Foundation received £281,490 in income on investments during the period. This comfortably exceeded Resources Expended of £68,155, which comprised Charitable Activity expenditure, Legal, Audit and Investment Management costs, and Foreign Exchange losses. In addition, the Foundation had realised and unrealised gains on its Investments and foreign exchange of £557,738. As a result of both the excess of income over expenditure and investment/foreign exchange movements, the net movement in funds was £771,073. As a result, the Foundation ended the year with Capital and Reserves of £8,917,653.

TRUSTEES' ANNUAL REPORT cont'd

for the period to 31 December 2012

Risk Management	The major risks to which the Charity is exposed, as identified by the trustees, have been reviewed and the trustees are satisfied that the systems in place mitigate those risks. A Risk Policy was approved by the Trustees during the period as part of this process.
Investment Policy and Performance	<p>Under the Foundation's Articles of Association, the trustees have wide powers of investment in respect of the Foundation's assets. In recognition of their general duty of prudence and the need to have proper regard to the suitability of investments and the need to consider diversification, the trustees have adopted the current investment policy to maintain a balance of income and capital growth while avoiding speculative or hazardous investments such as futures or traded options.</p> <p>The prudent investment of the Foundation's assets continued with a balance of cash and investments providing both income and the potential for capital appreciation. Income of £281,490 (2011: £98,456) was generated during the period, alongside Realised and Unrealised gains on the Investment Portfolio of £568,090 (2011: £61,410 gain).</p>
Reserves Policy	Unrestricted funds totalled £8,917,653 as at 31 December 2012. This is considerably in excess of planned annual expenditure in the near term since the Foundation is still scaling up its charitable activities. In addition, income was also considerably in excess of expenditure, so the Trustees are satisfied that reserves are adequate and will remain so in the near term. As the activities of the Foundation scale up in the future, this position will continue to be closely monitored and appropriate reserves policies implemented to account for any larger future expenditure.
Appointment of new trustees	No new trustees were appointed during the period. New trustees may be appointed by the shareholders or by the trustees themselves, to fill a vacancy or as an additional trustee. In this initial operational period no trustee appointments have been made but in respect of future appointments, the Foundation shall select appropriate trustees and provide to them an Induction Pack to acquaint them with the governance and policies of the Foundation as well as what is expected of them in their new role. Additional training and/or information will be provided to the trustees on an ongoing basis.
Independent Auditors	Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act, it is proposed that they be re-appointed auditors for the ensuing year.

Statement of trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Montpelier Foundation Limited

TRUSTEES' ANNUAL REPORT cont'd Montpelier Foundation Limited

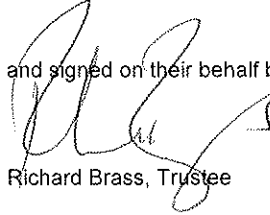
In so far as the trustees are aware:

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

Approved by the Trustees on:

Date: 17/9/13

and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Richard Brass', is written over the text 'and signed on their behalf by:'. The signature is cursive and somewhat stylized.

Richard Brass, Trustee

Independent Auditors' Report to the Trustees of Montpelier Foundation Limited

We have audited the financial statements of Montpelier Foundation Limited for the period ended 31 December 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act

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

Independent Auditors' Report to the Trustees of Montpelier Foundation Limited

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

Anjali Kothari
Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD
Date:

19th September 2013

Montpelier Foundation Limited

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account)

for the year ended 31 December 2012

	Note	Unrestricted Funds	2012 Total Funds	2011 Total Funds
		£	£	£
INCOMING RESOURCES				
Incoming resources from generated funds:				
Investment Income	3	281,490	281,490	98,456
Voluntary income:				
Grants and donations		-	-	8,000,000
TOTAL INCOMING RESOURCES		<u>281,490</u>	<u>281,490</u>	<u>8,098,456</u>
RESOURCES EXPENDED				
Cost of Generating Funds	4	4,611	4,611	2,127
Charitable activities	5	55,376	55,376	-
Governance costs	6	8,168	8,168	11,159
TOTAL RESOURCES EXPENDED		<u>68,155</u>	<u>68,155</u>	<u>13,286</u>
NET INCOMING RESOURCES FOR THE YEAR BEFORE RECOGNISED GAINS				
		213,335	213,335	8,085,170
OTHER RECOGNISED GAINS/(LOSSES)				
Gains/(losses) on investments				
Realised	8	106,189	106,189	(7,250)
Unrealised	8	461,901	461,901	68,660
Losses on foreign exchange		(10,352)	(10,352)	-
NET MOVEMENT IN FUNDS		<u>771,073</u>	<u>771,073</u>	<u>8,146,580</u>
RECONCILIATION OF FUNDS				
Total funds brought forward		8,146,580	8,146,580	-
TOTAL FUNDS CARRIED FORWARD		<u>8,917,653</u>	<u>8,917,653</u>	<u>8,146,580</u>

All of the charity's activities relate to continuing operations

The charity has no recognised gains and losses other than those shown in the statement of financial activities.

Montpelier Foundation Limited

BALANCE SHEET

as at 31 December 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Investments	7	<u>4,644,605</u>	<u>2,023,081</u>
CURRENT ASSETS			
Accrued interest		75,345	73,227
Prepayments		3,079	-
Cast at Bank		<u>4,202,039</u>	<u>6,054,472</u>
		<u>4,280,463</u>	<u>6,127,699</u>
LIABILITIES			
Creditors: falling due within one year	8	(7,415)	(4,200)
NET CURRENT ASSETS		<u>4,273,048</u>	<u>6,123,499</u>
TOTAL ASSETS LESS LIABILITIES		<u><u>8,917,653</u></u>	<u><u>8,146,580</u></u>
CAPITAL AND RESERVES			
Share Capital	9	1	1
Unrestricted reserves		8,917,652	8,146,579
		<u><u>8,917,653</u></u>	<u><u>8,146,580</u></u>

Approved by the Trustees and authorised for issue on:

Date: 17 September 2013

and signed on their behalf by:


Richard Brass, Trustee

COMPANIES HOUSE NUMBER: 07462731

The accompanying notes form part of these financial statements

Montpelier Foundation Limited

CASH FLOW STATEMENT

as at 31 December 2012

	2012 £	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES (NOTE 1)		(70,137)
RETURNS ON INVESTMENTS		
Interest received		33,297
Dividends		248,193
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Loss on Foreign Exchange	(10,352)	
Cost of purchasing investments	(2,428,104)	
Proceeds from sale of investments	<u>374,670</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE & FINANCIAL INVESTMENT		(2,063,786)
DECREASE IN CASH (NOTE 2)		<u><u>(1,852,433)</u></u>

NOTE 1: Reconciliation of Net Incoming Resources in the Year before Net Gains to Net Cash Inflow from Operating Activities

Operating Profit	213,335
Investment Income	(281,490)
Increase in debtors and prepayments	(5,197)
Increase in creditors	3,215
Net cash inflow from operating activities	<u><u>(70,137)</u></u>

NOTE 2: Reconciliation of Net Cash Flow to Movement in Net Cash

Increase/(Decrease) in cash in the year	(1,852,433)
Cash at Bank at 31 December 2011	6,054,472
Cash at Bank at 31 December 2012	<u><u>4,202,039</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2012

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared under the historic cost convention, modified to include the revaluation of investments. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Companies Act 2006 and the Charities Act 2011.

(b) Fund Structure

Unrestricted Funds comprise those funds which the trustees are free to use in accordance with the charitable objects.

(c) Incoming Resources

All income is recognised in the Statement of Financial Activities (SOFA) when the conditions for receipt have been met and there is reasonable assurance of receipt. Where a claim for repayment of income tax has or will be made such income is grossed up for the tax recoverable. The following accounting policies are applied to different categories of income:

Grants and Donations Receivable

Grants and donations are recognised in the SOFA when conditions for receipt have been complied with.

Investment Income

Investment income is accounted for when receivable and is stated gross of any reclaimable taxation relief.

(d) Resources Expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The following accounting policies are applied to the different categories of expenditure:

Costs of generating funds

The costs of generating funds consist of investment management fees.

Charitable Activities

Donations payable are recognised when they are approved by the trustees and the recipient of the grant has been informed of the amount to be paid.

Governance Costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2012

1. ACCOUNTING POLICIES cont'd.

(e) Fixed Asset Investments

Investments are stated at market value at the balance sheet date and are primarily held to provide an investment return. The SOFA includes the net gains and losses on revaluation and disposals throughout the year.

(f) Realised and Unrealised Gains and Losses

All gains and losses are taken to the SOFA as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

(g) Foreign Exchange

Assets and liabilities expressed in foreign currency are translated into sterling at appropriate rates of exchange ruling at the end of the financial year. Differences on exchange arising during the year are taken through the Statement of Financial Activities.

2. REMUNERATION OF TRUSTEES

In the financial period ended 31 December 2012, none of the trustees received any remuneration or had expenses reimbursed by the charity (2011: none).

3. INVESTMENT INCOME

	2012	2011
	£	£
Income from Investments	33,297	86,771
Interest on cash deposits	248,193	11,685
	<u>281,490</u>	<u>98,456</u>

4. COST OF GENERATING FUNDS

	2012	2011
	£	£
Investment management fees	4,451	2,127
Other expenses	160	-
	<u>4,611</u>	<u>2,127</u>

Montpelier Foundation Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2012

5. CHARITABLE ACTIVITIES

	2012 No.	2011 No.	2012 £	2011 £
Analysis of donations made				
EM Power UK - Helping children receive a better start	1	-	35,000	-
New Life Mexico - To build and maintain three drinking water blocks in Mexican schools	1	-	13,560	-
Stanley Brown - To install water filtration systems and a basic food programme in Laos	1	-	4,609	-
	<u>3</u>	<u>-</u>	<u>53,169</u>	<u>-</u>
Staff costs (see note 7)			2,207	-
Total Charitable activities			<u>55,376</u>	<u>-</u>

6. ANALYSIS OF GOVERNANCE COSTS

	2012 Total £	2011 Total £
Accountancy	43	-
Staff costs (see note 7)	552	-
Auditor's fee	4,135	4,200
Legal and professional fees	3,438	6,959
	<u>8,168</u>	<u>11,159</u>

7. STAFF COSTS

	2012 £	2011 £
Gross salaries	2,500	-
Social security costs	259	-
	<u>2,759</u>	<u>-</u>

The average number of staff employed by the Foundation for this year was 0.1 (2011: Nil). No employees received remuneration greater than £60,000 in the year (2011: none).

8. INVESTMENTS

	Quoted Investments 2012 £	Total 2012 £	Quoted Investments 2011 £	Total 2011 £
Balance brought forward	2,023,081	2,023,081	-	-
Acquisitions at cost	2,428,104	2,428,104	2,441,416	2,441,416
Less: disposal proceeds	(374,670)	(374,670)	(479,745)	(479,745)
Net Realised Gains/(losses) on disposals	106,189	106,189	(7,250)	(7,250)
Net gain on revaluation	461,901	461,901	68,660	68,660
Market Value Carried Forward	<u>4,644,605</u>	<u>4,644,605</u>	<u>2,023,081</u>	<u>2,023,081</u>
<i>Historical Cost</i>	<i>4,128,104</i>	<i>4,128,104</i>	<i>1,954,421</i>	<i>1,954,421</i>
Geographical Analysis				
United Kingdom investments	2,340,900	2,340,900	1,754,600	1,754,600
Overseas investments	2,303,705	2,303,705	268,481	268,481
	<u>4,644,605</u>	<u>4,644,605</u>	<u>2,023,081</u>	<u>2,023,081</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2012

8. INVESTMENTS (CONTINUED)

The following investments comprise in excess of 5% of the value of the portfolio:

Quoted Investments	Value
iShares Itrust S&P Global Energy	£447,148
SPDR Gold Trst	£618,016
iShares Itrust S&P Global Consumer	£815,443
11.04% LBG Cap No1 PLC	£2,340,900

9. ANALYSIS OF LIABILITIES

Creditors falling due within one year

	2012 Total £	2011 Total £
Accruals	4,320	4,200
Other creditors	3,095	-
	<u>7,415</u>	<u>4,200</u>

10. SHARE CAPITAL

Ordinary shares of £1 each at 1 January and 31 December 2012

Authorised £	Alloted, Called Up and Fully Paid £
<u>1</u>	<u>1</u>