

willow
foundation

Annual Report and Financial Statements

For the year to 31 December 2010

Charity No: 1106746
Company No: 5207070

SATURDAY



A41 *AJ20GTQI* 110
30/04/2011
COMPANIES HOUSE

Charity information

Life Presidents

Megs Wilson
Bob Wilson OBE

Patrons and Ambassadors

Jadene Bircham	Simon McCoy
Joe Calzaghe CBE	Lee Mears
Lee Dixon	Mary Nightingale
Tim Don	Matt Perry
Pat Jennings OBE KSG	Ian Poulter
Sam Kane	Gary Rhodes OBE
Natasha Kaplinsky	Jim Rosenthal
Richard Keys	David Seaman MBE
Hardeep Singh Kohli	Theo Walcott
Linda Lusardi	Tim Westwood
Gary Mabbutt MBE	

Trustees and Directors

Richard King (chair)	
Kate Baldwin (vice chair)	
Dean Barrett	
Ken Haddon	
Greg Hall	
Dr Philip Lodge	(appointed 30 November 2010)
Terry Mitchinson	
Oliver Peterken	(appointed 7 September 2010)
Nicki Swan	
Tina Tietjen	(resigned 1 February 2010)
Gina Tress	(appointed 27 January 2010)
Bob Wilson OBE	(resigned 1 February 2010)

Chief Executive & Company Secretary

Gill Edelman	(from 15 November 2010/30 November 2010)
David Williams OBE	(until 15 November 2010/30 November 2010)

Principal address and registered office

Willow House
18 Salisbury Square
Hatfield
Hertfordshire
AL9 5BE
Telephone 01707 259777
Fax 01707 259289
Website www.willowfoundation.org.uk

Auditors

Saffery Champness
Fox House
26 Temple End
High Wycombe
Buckinghamshire
HP13 5DR

Solicitors

SA Law
Keystone
60 London Road
St Albans
Hertfordshire
AL1 1NG

Bates Wells and Braithwaite
6 Cannon Street
London
EC4M 6YH

Principal banker

The Royal Bank of Scotland Group
3rd Floor Cavell House
2a Chancery Cross Road
London
WC2H 0NN

Investment managers

EFG Private Bank Ltd
Leconfield House
Curzon Street
London
W1J 5JB

Cheviot Asset Management
90 Long Acre
London
WC2E 9RA

Willow Foundation

Chair and Chief Executive statements for the year ended 31 December 2010

Chair's review of the year

I would like to pay tribute to Tina Tietjen for her contribution as Willow's Chair, and to David Williams, for his leadership of the charity over the last 8 years and his unstinting support for Bob and Megs Wilson, its founders. During this time, Willow has grown from providing 205 special days to local beneficiaries to one providing 1400 special days a year to young people with serious illness and their families across the UK. As Willow's joint Life Presidents, Bob and Megs will remain very active as senior ambassadors for Willow as the charity continues to develop.

The economic environment remains particularly difficult for charities. Demand for our services continues to rise and we rely heavily on the generosity of the general public and a relatively small group of committed donors and supporters. We are very grateful for this continuing support.

The charity is in a better position than others as we have built reserves to protect us in the event of just such a downturn and to enable us to invest for the future. At a time when our beneficiaries and their families need our support more than ever, trustees have therefore drawn down from reserves whilst bearing down on costs, in order to sustain our services and meet the needs of a 5% increase in the number of special days. Trustees have also invested in fundraising and essential infrastructure in order to build capacity, and grow and diversify voluntary income. Whilst we do not expect a rapid rate of return in the current economic climate, this investment has enabled us to lay solid foundations for growth in 2011 and beyond.

After 11 years, Willow is now at an important transition point as it moves out of its founding stage and into the next stage of growth and development. I would like to welcome Gill Edelman, Willow's new Chief Executive who joined us in November 2010 and who will lead the charity at this exciting but challenging time. We have also welcomed three new trustees to the Board in 2010, Gina Tress, Oliver Peterken and Dr Philip Lodge, consultant in Palliative Care at the Royal Free Hospital and Marie Curie Hospice, Hampstead.

Finally, I would like to say thank you to all Willow's trustees, staff, volunteers and supporters for their commitment to the charity over this last year. I look forward to working with you all as we undertake a major strategic review of the charity in 2011 to develop our plans for the future.

Chief Executive's statement

I am delighted to be joining the Willow Foundation as its new Chief Executive. The charity has a unique role in supporting young adults aged 16 to 40 with serious illness, and has an impressive track record of delivering high quality special days that make a real difference to them and their families.

Demand has never been higher for Willow's services nor the feedback more positive from beneficiaries, their families and referring medical professionals. We are committed to maintaining the high quality of support for which Willow is well known, and to growing and developing the organisation to support many more young people and their families in living with the challenge of serious and life threatening illness.

In this next stage of development the task is to build on the core values and beliefs which have guided Willow's early growth whilst building the organisation's capacity for the future. The strategy review will enable us to refresh Willow's vision and mission and create a plan for the future that is informed by an understanding of the needs of beneficiaries and their families, the charity's key strengths and development needs, the contribution of other organisations working in the area of serious illness, and the opportunities and challenges of the current external environment. We aim to create a compelling vision that inspires and motivates Willow's key stakeholders.

Whilst we have been fortunate to be able to draw down on reserves in 2010, there is no room for complacency. A robust plan for service development will be underpinned by independent research to evaluate the immediate and longer term impact of our special days. An increased focus on cost control combined with a robust strategy to grow and diversify voluntary income will enable us to provide more services even more cost effectively and to develop an organisation that is resilient and sustainable for the longer term. We will seek to build relationships with other organisations to share knowledge and skills, make best use of resources available and maximise our impact on beneficiaries.

The strategic planning process will start in January and will lead to the development of a new strategic framework approved by Trustees in June 2011 with detailed 3 year plans in the Autumn. I look forward to working with Richard, trustees, Bob and Megs, staff and supporters as we seek to grow and develop the charity and increase its reach and impact.

Willow Foundation

Annual Report and Financial Statements for the year ended 31 December 2010

The trustees of the Willow Foundation, who are also directors for the purpose of this report, present their annual report and audited financial statements for the year to 31 December 2010 which have been prepared in accordance with 'Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005)', and with applicable accounting standards

Objectives and activities

Objects

The Willow Foundation is a unique national charity that offers quality of life and quality of time for seriously ill 16-40 year olds, through the provision of special days

Vision:

A world in which the importance of quality of life and quality of time for those living with serious illness is recognised, respected and promoted

Mission.

To improve the quality of life of every seriously ill 16-40 year old in the UK by offering them a special day

Special days

The aim of every special day is to offer time out from treatment and allow seriously ill 16-40 year olds quality time with loved ones whilst pursuing an activity they all enjoy. Each special day is entirely of the applicant's choosing and is organised in meticulous detail. The Willow Foundation funds every aspect of the chosen special day. For some a special day is their last chance to fulfil a dream. For others it is the opportunity to return some normality back into their lives. But for all, a special day boosts morale and creates precious memories for the future.

There is no other UK charity that provides quality of life experiences for this age group across all serious illnesses

Criteria

The Willow Foundation defines seriously ill as any medical condition that is life threatening. To date special days have been organised for young adults living with, amongst others, cancer, motor neurone disease, cystic fibrosis, organ failure and Duchenne Muscular Dystrophy. All applications must meet the Foundation's medical criteria and be endorsed by a medical professional involved in the individual's care.

Public Benefit Statement

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit"

The charitable purpose of the Willow Foundation is enshrined in its objects to provide quality of life and quality of time for seriously ill 16-40 year olds, through the provision of special days. The Willow Foundation defines seriously ill as any condition that is life threatening. The trustees believe the charity fulfils the charitable purpose of relief for those in need by reason of youth, age, ill health or disability.

The evaluation of the impact of special days on beneficiaries continues to confirm a clear positive benefit to the morale of seriously ill young adults. An objective for next year is to undertake further research and independent evaluation of the benefits experienced.

The Willow Foundation has never turned away an application for a special day, which meets its age, medical, and UK residency criteria. The opportunity to benefit is not means tested and the charity does not charge fees to any beneficiaries.

Structure, governance and management

The Willow Foundation is a registered charity and a company limited by guarantee. It is governed by its memorandum and articles of association, which were adopted on 9 August 2004. On 1 January 2005, the assets and activities of the Willow Foundation, a charity established in 1999 and constituted by trust deed, were transferred to this charity.

Life Presidents

In February 2010, the charity created the post of Life President, which Bob and Megs Wilson, the founders of the charity, jointly hold. This is an honorary role in recognition of their inspirational leadership and outstanding achievement in establishing the Willow Foundation and to reflect the key ambassadorial role they continue to play on behalf of the charity.

Governance

The governing body of the Willow Foundation is the Board of Trustees, which comprises ten members and meets with the Chief Executive and Senior Management Team every quarter with one annual away day. Three new members were appointed during the period of review and two retired.

Richard King was appointed Chair of Trustees in February 2010, succeeding Tina Tietjen.

Appointment of trustees

A Steering Committee comprising a quorum of trustees, reviews the skill set of the existing board, identifies skills needed and then decides on the most appropriate recruitment method. This may include approaching independent professional advisers or advertising externally or through the charity's internal communications to supporters and beneficiaries. The Steering Committee is responsible for preparing job descriptions and interviewing trustee candidates.

Induction and training of trustees

On appointment, the charity provides an induction pack of information and organises induction meetings as appropriate, in accordance with the recommendations of the Charity Commission.

Organisational structure

The Board of Trustees seeks advice from a variety of experienced individuals and delegates detailed review of activities to two main sub-committees:

- The Finance and Audit Committee monitors the financial results and forecasts of the Willow Foundation, including investment performance and policy and is responsible for reviewing the risk register, insurance, internal and external audit. The committee meets quarterly in advance of the trustees' meetings.
- The Steering Committee comprises a quorum of trustees and meets as required to discuss strategic issues in depth, such as changes to the Board of Trustees.

The trustees are also represented on the Board of Willow Events Limited, the wholly owned subsidiary trading company.

Willow Foundation

Annual Report and Financial Statements for the year ended 31 December 2010

Organisational structure (continued)

A Development Board supports the fundraising strategy and activities of the Willow Foundation by facilitating relationships with companies and individuals sympathetic to the vision of the charity

The Senior Management Team comprises the Chief Executive, Communications Director, Fundraising Director, Finance Director, Director of Special Days and Chief Medical Advisor. This team meets weekly to discuss the operational and financial performance of the charity and prepares a comprehensive monthly report to the trustees

The Beneficiaries' Panel and Medical Professionals' Panel comprise beneficiaries, relatives of beneficiaries and representatives from the medical profession. The Senior Management Team is able to consult these panels where necessary on a variety of policy matters

The trustees approve the strategy of the charity and policy on special days, fundraising and investment. They agree a three-year business plan on a rolling annual basis and delegate the responsibility for delivering the plan to the Chief Executive and Senior Management Team

Governance review

A review of the charity's governance arrangements, including the committee structures, is planned to take place in 2011

Staff and volunteers

The trustees are grateful to the staff of the charity for their continuing commitment to the work of the Willow Foundation

The charity is fortunate to benefit from 203 volunteers who have made a commitment to the Willow Foundation without financial reward. Ninety one of these volunteers are active in providing assistance at fundraising events and seventeen provide administrative assistance in the office on a regular part-time basis, saving the equivalent cost of three full-time members of staff (approximately £45,000 per annum)

Subsidiary company

The Willow Foundation owns 100% of the shares in Willow Events Limited, a company established in 2005 to undertake commercial activity of benefit to the charity. To date, commercial activity has been minimal and has been undertaken within the charity. Willow Events Limited has been dormant since incorporation but the need to activate the company is reviewed by its directors on a quarterly basis. All future profits of Willow Events Limited will be donated to the charity

Risk management

The trustees review the major risks that the charity faces at every Board meeting and work with staff to establish systems to mitigate significant risks

The Finance and Audit Committee reviews the risk register on a quarterly basis and delegates responsibility for addressing each area of significant risk to the CEO and Senior Management Team

The principal risks identified are the impact of the economic downturn on fundraising, staff absences due to maternity leave and adverse publicity

The Willow Foundation will undertake a full strategic review in 2011 which will lead to the development of a sustainable three year plan. The charity will continue to hold reserves but will designate funds for investment in activities which will build strong foundations for the future. The trustees have sought to reduce the risk on investments by appointing a second fund manager in the year and withdrawing funds required in the foreseeable future to be held on deposit

Other actions identified to manage risk include development of new income generating activities to reduce the reliance on events, investment in senior interim support, an audit of internal policies and procedures and a governance review. These are incorporated in the charity's objectives for 2011

Achievements and performance

Achievement of objectives

At the beginning of 2010, the Willow Foundation set the following objectives, which have been broadly achieved during the year

- **Respond to the unfulfilled demand for special days by providing 10% more days** In 2010, 1,380 seriously ill young adults and their families benefitted from a special day. Despite challenging financial circumstances, this represents a 5% increase from 2009, and more than in any previous year. Applications rose by 14% compared with 2009. Every eligible application was fulfilled or will be fulfilled in 2011.
- **Improve relationships with key suppliers so the quality of service can be maintained.** The special day co-ordinators have worked closely with suppliers to ensure each beneficiary receives a seamless special day that meets their needs and wishes. This is supported by evaluation data, with 99% of respondents in 2010 agreeing that discussions with their special day co-ordinator were good and allowed them to plan the day to meet their needs. A review of procurement in 2011 will build on these relationships and will seek economies by consolidating our purchasing with key suppliers. The value of gifts in kind provided by suppliers increased by 37% in the year, helping to make each special day high quality.
- **Conduct independent research to confirm evidence of need and the positive impact of special days** A steering group designed the methodology for the research project, completed a tender exercise and appointed a research partner in 2010. The research will be conducted during 2011 with the aim of providing independently validated research evidence to support the strong internal evidence of the positive impact of Willow special days on the lives of beneficiaries and their families.
- **Develop the online evaluation project with beneficiaries and medical professionals and communicate the results to stakeholders on a regular basis** All beneficiaries and their medical professionals receive a web based or paper evaluation questionnaire and are encouraged to submit following their special day. Further enhancements were made in September 2010. These evaluation responses provide a valuable source of timely feedback on the quality of the Willow Foundation's service and also act as a mechanism for longer term engagement with the charity.
- **Implement a new contact management database.** Following a review and tender process in 2009, the Willow Foundation implemented the Raiser's Edge database in February 2010 and went live at the beginning of March across the charity. It has enabled a significant improvement in the quality of information available to staff, management and trustees, and more effective management of charitable activities and donor relationships.
- **Develop the website for online special day registrations, online donations and event registration.** A decision has been taken to defer this project pending the strategic review.
- **Invest in training to improve IT skills.** Following the upgrade to the servers and operating system early in 2010, all staff received basic training on the applications' new features. Super user training was carried out in the year on the most frequently used applications. Further training is planned for 2011 to improve skills across the board which will improve the efficient use of resources and cross team collaboration.
- **Raise £3 million** The Willow Foundation set an ambitious fundraising target for 2010. Despite the difficult financial environment, the Willow Foundation raised more income than in 2009, thanks to the generosity of donors and supporters and the efforts of staff and volunteers. Investment has been made in staff development, improved reporting systems, research and new initiatives to develop fundraising in 2011 and beyond. The trustees recognise the need to grow and diversify sources of income and improve the efficiency of fundraising. This will be addressed as part of the strategic review process with the object of assuring the long term development and sustainability of the Willow Foundation.

Willow Foundation Annual Report and Financial Statements for the year ended 31 December 2010

Achievement of objectives (continued)

- **Develop community fundraising, pro-active trust fundraising and increase regular giving.** Investment has been made in research and staff development and the number of donors giving regular gifts increased by 45% in the year
- **Diversify events creating new events for new audiences.** Several major new events were planned in 2010 to take place in 2011, some with the potential for replication in future years
- **Invest in staff development with more training, interim appraisals and a staff satisfaction survey.** The staff appraisal process is now well established and is used to inform a performance related reward system. A second staff satisfaction survey was completed in 2010 with a 95% response rate. The results demonstrate a pleasing improvement in awareness of objectives, staff amenities and IT systems, reflecting the actions undertaken since the last survey. Staff benefitted from training in systems, team skills and personal effectiveness
- **Articulate what is important to the charity's culture and nurture this in a growing organisation** The trustees approved a values and ethics statement in 2010, and this work will be reviewed and developed as part of the strategic review
- **Investigate stronger celebrity links to secure advocates and key speakers** During the year, the Willow Foundation has developed its network of celebrity supporters and some of the existing patrons and ambassadors have taken a higher profile role, contributing to special days, acting as advocates and speaking at events
- **Appoint a trustee from the medical profession.** Three new trustees were recruited during the year, including Dr Philip Lodge, consultant in palliative medicine at the Royal Free Hospital and Marie Curie Hospice, Hampstead. He brings a wealth of knowledge, experience and understanding of the charity sector, NHS and palliative care

Review of charitable activities

The Willow Foundation faced a challenging year in 2010, experiencing growth in demand and activity. Demand for special days continued to increase but fundraising targets became harder to achieve and the charity drew on its reserves to ensure that every eligible applicant was offered a special day of their choosing and more seriously ill young adults benefitted from a special day than ever before.

In 2010 the Willow Foundation fulfilled 1,380 special day experiences for 16-40 year olds, a 5% increase compared to the previous year. Beneficiaries came from across the UK and lived with a range of life-threatening conditions including cancer, motor neurone disease, cystic fibrosis, muscular dystrophy and organ failure.

The number of applications rose to 1,885, from 1,658 in 2009. The difference between applications received and days fulfilled arises when special days applied for take place in the following year or more sadly when days are cancelled due to the deterioration in health or death of the applicant.

Reported beneficiary satisfaction levels are extremely high, demonstrating the commitment to care and dedication to quality as the charity continues to grow. All beneficiaries were encouraged to complete an evaluation of their special day. With a response rate of over 50%, 98% of respondents agreed that the application process was clear and easy to follow and 99% agreed that the overall impact of their special day was positive.

Now in its eleventh year, the Willow Foundation is moving out of its founding phase. In recognition of their outstanding achievement in establishing the charity and their continued ambassadorial role, Bob and Megs Wilson have been appointed honorary life presidents of the Willow Foundation.

In planning for the next stage of the Willow Foundation's development, the trustees have appointed a new chair, Richard King, and chief executive, Gill Edelman. Together with the board of trustees, staff and other stakeholders, they will build on the existing strengths of the charity, address areas requiring development and seek to establish a robust organisation fit for the future and capable of having an even greater positive impact on more beneficiaries and their families.

Willow Foundation

Annual Report and Financial Statements for the year ended 31 December 2010

Financial review

The current economic climate continues to exert a significant impact on the Willow Foundation's income. Despite this difficult environment, the Willow Foundation managed a small increase in its income this year, thanks to the loyalty of donors who continue to support fundraising events and activities.

This year, the charity's eleventh year, marked the start of a transition period which will continue into 2011. Potentially, the next stage of development for the Willow Foundation will be in an even more difficult giving environment and the trustees recognise the need to reposition the charity to cope with the challenges ahead.

Funds have been set aside to undertake and act on the recommendations of a full strategic review, which will seek the views of trustees, staff, beneficiaries, medical professionals, related charities and other external stakeholders.

Income

Income raised in 2010 totalled £2,481,122 representing growth of 2% from the previous year (2009 £2,435,949).

Investment in fundraising is crucial to the future success of the charity and the trustees allocated reserves in 2010 for this purpose (see note 16). A new fundraising director was appointed in 2009 and made significant improvements to fundraising research, systems and reporting which will lay the foundations for future growth and diversification of income.

A new contact database was installed in February 2010 which improved the quality of information available to staff, management and trustees, and more effective management of donor relationships.

Income from major events exceeded expectations, with an increase in both income and profitability from the annual ball and golf day. Growth in new sources of income has been slower than anticipated, although new opportunities for fundraising have arisen for 2011.

Expenditure

Expenditure totalled £2,879,882 (2009 £2,556,779). This increase largely reflects investment in systems and fundraising, including the recruitment of four new fundraising staff.

Inevitably, the rate of return on this investment has been slowed by the current economic environment. The trustees are scrutinising the return on investment for each income stream closely and will continue to monitor progress carefully during 2011.

A key objective of the strategic review, heightened by the economic climate, is the development of a sustainable cost structure which better aligns income generation and service delivery.

The total average cost of providing each day in 2010 was £1,280 (2009 £1,225). This includes both the cost of providing the special day experience and the cost of organising the day. The small increase in cost per day reflects both the mix of beneficiary requirements and an allocation of exceptional investment in systems. The new contact management database, implemented in 2010, has helped to improve service development, delivery, analysis and reporting.

Evaluation results continue to show how much beneficiaries value the careful organisation of their special day. Every day is tailored to the needs and wishes of the individual and can take up to three days to plan depending on the complexity of the wish, the transport arrangements and the beneficiary's medical needs. The aim is to provide a seamless but non-intrusive experience throughout the special day.

Willow Foundation

Annual Report and Financial Statements for the year ended 31 December 2010

Investment policy

The governing document of the Willow Foundation gives the trustees the power to invest the assets of the charity in such investments as they see fit. The Finance and Audit Committee meets every quarter with the fund manager to review the investment strategy. Investment performance is monitored on a monthly basis.

The Finance and Audit Committee undertook an investment review in the summer of 2010. A revised policy was approved by the trustees, focusing on the funding needs of the charity in the next three years and the need to minimise the risk of investment losses. Several alternative fund managers were identified, approached and interviewed. A decision was made to withdraw short term fund requirements and hold these on deposit and transfer a proportion of the remaining fund to Cheviot Asset Management to manage on a medium to long term basis.

The fund managers have been instructed not to invest in tobacco stocks in line with the charity's ethical investment policy.

The value of the portfolio increased by 10% for the year (2009 increase of 13.73%) compared to a base rate of 0.5% during 2010. The performance of investment markets contributed to gains of £155,286 (2009 gains of £234,906).

Reserves policy and reserves

The Willow Foundation has three different categories of reserves being restricted, designated and unrestricted general funds.

Restricted reserves comprise funds which have been donated to the charity for specific purposes and represent the balance still to be used for those purposes. As at 31 December 2010, restricted funds held by the charity totalled £22,677 (2009 £17,960).

Designated reserves are unrestricted funds set aside by the trustees to finance future obligations, commitments or investments in strategic plans deemed necessary to deliver the charity's future objectives. Designated funds at the end of the year totalled £1,827,987 (2009 £2,052,197).

These included £431,750 representing the current book value of the charity's freehold premises from which the charity operates and £681,012 set aside to fund applications in progress being the estimated cost of fulfilling the charity's existing commitments for special days yet to be taken.

A further sum of £415,225 has been set aside to fund possible deteriorations in the value of charity's investment portfolio up to a maximum of 20% of their current value. Finally a fund of £300,000 has been established to finance estimated investment and reorganisation costs arising from the full strategic review which is being carried out in 2011 in order to establish the development of a sustainable three year plan.

The remaining reserves are unrestricted general funds, which provide finance for the charity's working capital and non-property fixed assets. These reserves enable the charity to operate at a consistent level notwithstanding temporary funding shortfalls. At 31 December 2010, the Willow Foundation held unrestricted general funds of £1,166,532, less fixed assets of £57,912, (2009 £1,190,513, less fixed assets of £62,875).

The trustees believe that in view of the ongoing economic climate and the charity's relative dependency on high risk, event based fundraising, the reserves need to be maintained at their current level.

The trustees review the level of reserves on a quarterly basis.

Future plans

The Willow Foundation has grown rapidly over its eleven year history. The level of ambition for the charity has always been very high but it has reached a stage of development where a strategic review is needed.

Strategic review

Following the appointment of a new Chief Executive, the Willow Foundation will undertake a major strategic review in 2011. This will involve reviewing the needs of beneficiaries, the external environment within which the charity operates, its internal organisation, engagement with key stakeholders and other organisations, and the scope of its activities in the future. This will lead to the development of a refreshed mission, vision and values and detailed three year strategic plan encompassing objectives for service development and delivery, income generation, and organisational development. Pending this review, the previously agreed strategic objectives have been modified to set the context for this year's operating plan.

Six key objectives underpin the operating plan:

- 1 To deliver an increase in high quality special days that meet the needs of beneficiaries,
- 2 To develop the charity's infrastructure, including premises, IT and other supporting systems,
- 3 To diversify the charity's income sources and increase efficiency and cost effectiveness,
- 4 To ensure effective engagement and communication with the charity's key stakeholders
- 5 To invest in the charity's people,
- 6 To develop the charity's management and governance arrangements

Objectives for 2011

Over the next year, the Willow Foundation aims to:

- 1a) Review the special days provided over the previous year to ensure effective prioritisation and alignment of resources with beneficiary need and intended impact,
- 1b) Review and streamline the referral and application process,
- 1c) Build relationships with key referrers,
- 1d) Undertake independent research to evaluate beneficiaries' needs and the impact of special days,
- 2a) Ensure appropriate policies and procedures are in place to comply with legislation and best practice,
- 2b) Improve procurement systems & processes,
- 3a) Increase corporate donations and sponsorship,
- 3b) Increase individual giving through tribute funds, direct mail and regular giving,
- 3c) Further invest in training to improve IT skills,
- 4a) Produce high quality organisational literature at reduced cost,
- 4b) Improve communications with referrers,
- 5a) Develop staff training to support organisational priorities,
- 6a) Strengthen the interim capacity of the senior management team,
- 6b) Develop the governance framework,
- 6c) Develop a robust strategic plan

**Willow Foundation
Annual Report and Financial Statements for the year ended 31 December 2010**

Statement of trustees' responsibilities

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the income and expenditure 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 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 charity 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

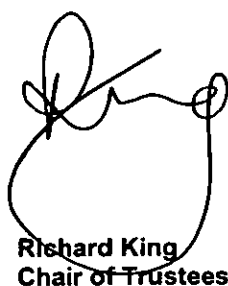
Disclosure of information to auditors

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware The trustees have taken all reasonable steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the charitable company

Approved by the Board of Trustees and signed on its behalf by:



Richard King
Chair of Trustees

5/4/2011

Independent Auditors' Report to the trustees of the Willow Foundation

We have audited the financial statements on pages 14 to 25. 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the 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 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 charity'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 trustees 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 financial statements

In our opinion the financial statements

- give a true and fair view of the charity's state of affairs as at 31 December 2010 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 prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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.

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' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Saffery Champness

Leah Sowden (Senior Statutory Auditor)
For and on behalf of
Saffery Champness
Chartered Accountants
Statutory Auditors

Fox House
26 Temple End
High Wycombe
Buckinghamshire
HP13 5DR

7 April 2011

Willow Foundation
Statement of financial activities for the year ended 31 December 2010
(including income and expenditure account)

	Note	Unrestricted & designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	1,413,183	63,493	1,476,676	1,697,872
Activities for generating funds	3	913,192	14,610	927,802	655,975
Investment income	4	76,644	-	76,644	82,102
Total incoming resources		2,403,019	78,103	2,481,122	2,435,949
Resources expended					
Costs of generating funds					
	5				
Costs of generating voluntary income		551,645	-	551,645	425,767
Costs of activities for generating funds		477,169	-	477,169	440,321
Investment management costs		25,597	-	25,597	25,212
Charitable activities	6	1,697,698	73,386	1,771,084	1,622,756
Governance costs	7	54,387	-	54,387	42,723
Total resources expended		2,806,496	73,386	2,879,882	2,556,779
Net (expenditure)/income before other recognised gains and losses		(403,477)	4,717	(398,760)	(120,830)
Realised gains/(losses) on investment assets	12	103,222	-	103,222	(72,164)
Unrealised gains on investment assets	12	52,064	-	52,064	307,070
Net movement in funds		(248,191)	4,717	(243,474)	114,076
Reconciliation of funds					
Total funds brought forward		3,242,710	17,960	3,260,670	3,146,594
Total funds carried forward	16	2,994,519	22,677	3,017,196	3,260,670

The Statement of Financial Activities includes all gains & losses recognised in the period

All incoming resources and resources expended derive from continuing operations

The notes on the accompanying pages form part of the financial statements

Willow Foundation
Balance sheet at 31 December 2010

	Notes	31 December 2010 £	31 December 2009 £
Fixed assets			
Tangible assets	11	489,662	504,503
Investments	12	2,074,191	2,276,365
		<u>2,563,853</u>	<u>2,780,868</u>
Current assets			
Stock		11,074	13,784
Debtors	13	88,278	116,308
Cash at bank and in hand	14	560,093	559,512
		<u>659,445</u>	<u>689,604</u>
Creditors amounts falling due within one year	15	<u>(206,102)</u>	<u>(209,802)</u>
Net current assets		<u>453,343</u>	<u>479,802</u>
Net assets		<u>3,017,196</u>	<u>3,260,670</u>
Funds			
Restricted funds	16	22,677	17,960
Unrestricted funds			
General fund	16	1,166,532	1,190,513
Designated funds	16	1,827,987	2,052,197
Total funds		<u>3,017,196</u>	<u>3,260,670</u>

The notes on the accompanying pages form part of the financial statements

The financial statements on pages 14 to 25 were approved by the trustees on 5 April 2011 and were signed on their behalf by


Richard King
Chair of Trustees

1) Principal accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with applicable accounting standards. In preparing the financial statements the charity follows best practice as set out in 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)'

Incoming resources

Grants receivable and legacies are included in the Statement of Financial Activities when the charity is entitled to receipt and the amount can be measured with reasonable certainty. Other donations are accounted for in the period of receipt.

Income has been deferred where the donor has specified that the income be expended in a future period or where contractual conditions for entitlement will be met in a future period.

Donations in kind comprise goods, services and facilities donated to the charity, which would otherwise have had to be purchased. They are valued at the amount that the charity would have paid in order to obtain them and are included both in incoming resources and resources expended. No amounts are included in the financial statements for services donated by volunteers.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources.

The costs of generating funds include the salaries and overhead costs of the staff who undertake fundraising activities. Also included are the marketing and publicity costs associated with raising the profile of the charity but not those that are used in an educational manner in furtherance of the charity's objects.

Other staff support costs comprise the costs of those staff engaged in management, finance and administration. Other office support costs comprise common services, communication and depreciation costs. These are allocated across the categories of costs of generating funds, charitable activities and governance costs and the basis of the cost allocation has been explained in the notes to the accounts.

Governance costs are the costs associated with the governance arrangements of the charity, which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to the day-to-day management of the charity's activities.

Irrecoverable VAT is included with the item of expense to which it relates.

Tangible fixed assets

Tangible fixed assets are valued at their purchase cost, including any incidental expenses of acquisition. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual values, on a straight-line basis over their expected useful economic lives as follows:

Freehold property	2% per annum
Fixtures, fittings and equipment	25% per annum

Items with a cost of less than £500 are written off on acquisition.

1) Principal accounting policies (continued)**Investments and investment income**

Investments are classified as fixed assets except where the intention is to realise the asset without reinvestment of the sale proceeds. In such cases, investments are classified as current assets.

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year. Investment income is recognised in the accounts when it is receivable.

Stock

Stock is valued at the lower of cost and net realisable value.

Pensions

The Willow Foundation has arranged a stakeholder pension scheme and contributes to this scheme or to other defined contribution personal pension schemes for its staff. The assets of these schemes are held separately from those of the charity, being invested with financial institutions. The Willow Foundation contributes a maximum of 5% of gross salary for eligible employees. Pension contributions charged in the Statement of Financial Activities represent the contributions payable by the Willow Foundation in the year.

Funds

Funds held by the charity are:

Unrestricted general funds – these are funds that can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted funds – these are funds that can be used only for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

2) Voluntary income

	Unrestricted funds	Restricted funds	2010	2009
	£	£	£	£
Corporate & individual donations	534,499	7,015	541,514	664,046
Trusts and foundations	68,445	31,125	99,570	230,793
Community fundraising	382,564	5,082	387,646	432,482
Challenge events	284,956	20,271	305,227	266,732
Donations in kind	142,719	-	142,719	103,819
	1,413,183	63,493	1,476,676	1,697,872

2) Voluntary income (continued)

Donations in kind represent the estimated cost of services donated to the charity, had they been purchased. These amounts are included as costs in the appropriate expenditure or tangible asset category and comprise

		2010	2009
Gift	Donor	£	£
Special day donations and discounts	Various	140,049	102,419
Other	Various	2,670	1,400
		<u>142,719</u>	<u>103,819</u>

3) Activities for generating funds

		2010	2009
		£	£
Fundraising events		908,079	625,476
Sale of merchandise		12,521	22,689
Other trading		7,202	7,810
		<u>927,802</u>	<u>655,975</u>

4) Investment income

		2010	2009
		£	£
Investment income		73,365	79,042
Bank interest		3,279	3,060
		<u>76,644</u>	<u>82,102</u>

Willow Foundation
Notes to the financial statements for the year ended 31 December 2010

5) Costs of generating funds

	Basis of allocation	2010 £	2009 £
Costs of generating voluntary income	<i>Direct costs including direct staff</i>	389,681	290,479
Other staff support costs	<i>% Staff time involved</i>	76,499	61,680
Office support costs	<i>% Staff time involved</i>	85,465	73,608
		551,645	425,767
Fundraising events	<i>Direct costs including direct staff</i>	469,498	434,287
Sale of merchandise	<i>Direct costs</i>	7,671	6,034
Investment management fees	<i>Direct costs</i>	25,597	25,212
		1,054,411	891,300

6) Charitable activities

	Basis of allocation	Unrestricted funds £	Restricted funds £	2010 £	2009 £
Provision of special days	<i>Direct costs/ % Staff time</i>	1,414,739	73,386	1,488,125	1,382,753
National PR	<i>Direct costs</i>	24,054	-	24,054	30,779
Other marketing costs	<i>Direct costs</i>	15,431	-	15,431	19,204
Evaluation	<i>Direct costs</i>	28,864	-	28,864	10,705
Other staff support costs	<i>% Staff time involved</i>	190,466	-	190,466	154,746
Office support costs	<i>% Staff time involved</i>	24,144	-	24,144	24,569
		1,697,698	73,386	1,771,084	1,622,756

7) Governance costs

	Basis of allocation	2010 £	2009 £
Trustee expenses	<i>Direct costs</i>	234	2,764
Auditors costs – audit	<i>Direct costs</i>	8,340	7,618
Legal advice	<i>Direct costs</i>	5,381	1,569
Staff support costs	<i>% Staff time involved</i>	36,343	26,655
Office support costs	<i>% Staff time involved</i>	4,089	4,117
		54,387	42,723

Willow Foundation
Notes to the financial statements for the year ended 31 December 2010

8) Staff costs

	2010	2009
	£	£
Salaries	985,605	879,615
Employer's national insurance	95,180	83,948
Employer's pension contributions	47,647	44,947
	<u>1,128,432</u>	<u>1,008,510</u>

The average number of employees by function, calculated on a full time equivalent basis, was as follows

	No	No
Fundraising	14.8	11.1
Charitable activities	19.2	19.2
Governance	0.5	0.5
	<u>34.5</u>	<u>30.8</u>

One employee earned between £60,000 and £70,000 on an annual basis during the period (2009 none)

None of the trustees are remunerated. During the year, two trustees received £270 in total in respect of reimbursement of expenses incurred on behalf of the charity in relation to their role as trustees (2009 three trustees received £2,764). Bob Wilson also received £384 to reimburse expenses incurred whilst fundraising for the Willow Foundation (2009 £8,294). The charity paid a further £550 towards the cost of accommodation used by Bob Wilson whilst fundraising for the Willow Foundation during his time as a trustee.

9) Taxation

The Willow Foundation is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within the scope of section 505 of the Income and Corporation Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year.

10) Net outgoing resources are stated after charging:

	2010	2009
	£	£
Depreciation of tangible fixed assets	30,797	18,141
Loss on disposal of tangible fixed assets	107	139
Auditors remuneration		
- For audit only	8,340	7,618

11) Tangible fixed assets

	Freehold property	Equipment	Total
	£	£	£
Cost			
At 1 January 2010	493,885	111,824	605,709
Additions	-	16,064	16,064
Disposals	-	(5,647)	(5,647)
At 31 December 2010	493,885	122,241	616,126
Depreciation			
At 1 January 2010	52,257	48,949	101,206
Charge for year	9,878	20,919	30,797
Disposals	-	(5,539)	(5,539)
At 31 December 2010	62,135	64,329	126,464
Net book value			
At 31 December 2010	431,750	57,912	489,662
At 1 January 2010	441,628	62,875	504,503

12) Investments

	2010	2009
	£	£
Market value at 1 January 2010	2,276,365	2,397,427
Purchase of investments	878,909	645,133
Disposal at value	(1,452,152)	(635,296)
Realised gains / (losses)	103,222	(72,164)
Unrealised gains	52,064	307,070
Increase/(decrease) in cash held by fund manager	217,225	(265,155)
Decrease in unsettled transactions	(1,442)	(100,650)
Market value as at 31 December 2010	2,074,191	2,276,365
Historical cost at 31 December 2010	1,864,875	2,133,988
Listed investments are represented by		
UK Equity shares	610,980	426,101
UK Bonds	764,949	1,129,159
UK Property & infrastructure funds	189,729	232,693
UK Hedge funds	132,156	428,238
US Equity shares	68,426	33,982
Asia Equity shares	53,813	-
Global commodities	12,165	-
Liquid assets	241,973	26,192
	2,074,191	2,276,365

12) Investments (continued)

Individual holdings with value in excess of 5% of the total portfolio value

	2010		2009	
	£	% portfolio	£	% portfolio
Scottish & Southern Energy	108,214	6.5%	-	-
Vodafone Group plc 4.625% 8/9/14	-	-	143,628	6.3%
Bluebay High Yield	-	-	121,884	5.4%
Brandeaux Sterling Fund	-	-	124,826	5.5%
Blackrock UK Equity Hedge	-	-	116,799	5.1%

13) Debtors

	2010	2009
	£	£
Trade debtors	6,150	25,562
Other debtors	-	937
Prepayments	29,088	36,652
Accrued income	53,040	53,157
	<u>88,278</u>	<u>116,308</u>

14) Cash at bank and in hand

	2010	2009
	£	£
Deposit accounts	558,999	557,135
Current accounts and petty cash	1,094	2,377
	<u>560,093</u>	<u>559,512</u>

15) Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	64,331	96,895
Other creditors	4,360	1,233
Other tax and social security	32,407	26,243
Accruals	39,904	69,821
Deferred income	65,100	15,610
	<u>206,102</u>	<u>209,802</u>

Willow Foundation
Notes to the financial statements for the year ended 31 December 2010

Analysis of deferred income

	2010	2009
	£	£
Balance at 1 January	15,610	4,500
Deferred income released in the year	(15,610)	(4,500)
Income deferred in the year	65,100	15,610
Balance at 31 December	<u>65,100</u>	<u>15,610</u>

Deferred income represents ticket income received for events taking place in the following financial year and is a factor of the timing and scale of the events

16) Funds

Restricted funds

	Specific Day	Location Restriction	Type of Day Restriction	Magic Wand Foundation	Total
	£	£	£	£	£
Balance at 1 January 2010	-	16,360	1,600	-	17,960
Income for the year	17,275	27,417	7,125	26,286	78,103
Expenditure for the year	(16,145)	(22,230)	(8,725)	(26,286)	(73,386)
Balance at 31 December 2010	<u>1,130</u>	<u>21,547</u>	<u>-</u>	<u>-</u>	<u>22,677</u>

Some donors have given to fund a specific special day of their choice

The Location restricted fund includes a £16,000 grant from Barclays Capital given at the end of 2009 to support the provision of special days in East London and donations from various branches of Waitrose and Sainsbury's to be spent on beneficiaries in each local area

The Type of Day restricted fund represented donations to fund special days of a specific nature, for example, for a beneficiary to attend a football match

The Magic Wand Foundation is a fund established by Willow supporter, Helen Bull. Helen, her friends and colleagues, have raised this magnificent sum so that fellow beneficiaries living with cancer can benefit from special days

Unrestricted funds

General Fund

	£
Balance at 1 January 2010	1,190,513
Deficit for the year	(403,477)
Net transfers from designated funds	379,496
Balance at 31 December 2010	<u>1,166,532</u>

The purpose of the general fund of free reserves is to ensure the financial viability of the charity in uncertain times

Willow Foundation
Notes to the financial statements for the year ended 31 December 2010

16) Funds (continued)

Designated funds

	Property Fund	Applications in progress	Investment Reserve	Fund-raising Fund	Systems Fund	Medical Fund	Strategy Fund	Total Designated Funds
	£	£	£	£	£	£	£	£
Balance at 1 January 2010	441,628	900,000	484,906	25,663	100,000	100,000	-	2,052,197
Transfers to the strategy fund	-	-	-	-	(63,905)	(96,979)	160,884	-
Transfers to the general fund	(9,878)	(218,988)	(69,681)	(25,663)	(36,095)	(3,021)	-	(363,326)
Transfers from general fund	-	-	-	-	-	-	139,116	139,116
Balance at 31 December 2010	431,750	681,012	415,225	-	-	-	300,000	1,827,987

The Property Fund represents the net book value of the freehold land and building occupied by the charity and is not readily available for spending on special days

The Applications in Progress Reserve is an ongoing fund to reflect the commitments made by the charity to fulfil applications in progress. The number of applications in progress at any one time is equivalent to approximately half the number of special days forecast in the following twelve months

The Investment Reserve is an ongoing fund to protect the provision of special days from downward fluctuations in investment markets. Net investment gains are added to this fund in subsequent years subject to a maximum of 20% of the value of the investment portfolio

The Investment in Fundraising Fund was a temporary fund to finance a new fundraising strategy in 2009/2010 focused on investing in skills and research to develop and diversify income streams. The balance on this fund was spent on further investment in community fundraising in 2010

Similarly, the Investment in Systems Fund financed a review of systems in 2009/2010 and the investment in and migration to preferred alternatives. New servers, operating systems, applications and a contact database were installed over this period. The trustees have decided to incorporate this fund and the Medical Fund, established to invest in medical advocacy into a new Strategy Fund

The Strategy Fund was established following the appointment of new leadership for the charity. A full strategic review will take place in 2011, the likely outcome of which could include recommendations for future activities, research and staffing. The specific investment funds held in previous years have been closed and the funds transferred to the Strategy Fund, with an additional investment from the General Fund. This fund will be used to support the transition to the next stage of development for the Willow Foundation

17) Analysis of assets between funds

	Unrestricted and designated funds			Restricted funds	
	General Fund	Property Fund	Other Designated Funds	Restricted Funds	Total
	£	£	£	£	£
Tangible assets	57,912	431,750	-	-	489,662
Investments	677,954	-	1,396,237	-	2,074,191
Current assets	636,768	-	-	22,677	659,445
Current liabilities	(206,102)	-	-	-	(206,102)
	1,166,532	431,750	1,396,237	22,677	3,017,196

18) Pension scheme

The Willow Foundation provides a stakeholder pension scheme operated by HSBC Life (UK) Limited available to all employees after three months service. The charity contributes a maximum of 5% of the employee's gross salary to this scheme or to another defined contribution personal pension scheme of choice. The employee must at least match the employer contribution. The assets of the schemes are held separately from those of the charity in independently administered funds.

The pension cost of these schemes during the year was £47,647 (2009 £44,947). At 31 December 2010 contributions of £1,762 were outstanding (2009 £1,233).

19) Related party transactions

There were no related party transactions during the year other than those disclosed in note 8 (2009 £nil).

20) Financial commitments

Operating lease commitments		2010	2009
		£	£
2- 5 years	Office accommodation and storage	4,048	25,575
2- 5 years	Photocopiers	1,714	1,678
		<u>5,762</u>	<u>27,253</u>

The lease on the office accommodation has a break opportunity in May 2011 which was exercised in November 2010. The remaining office lease at 31 December 2010 is for storage space only.

At 31 December 2010, the charity had no other financial commitments (2009 £nil).