

REGISTERED COMPANY NUMBER: 06699468 (ENGLAND AND WALES)
REGISTERED CHARITY NUMBER: 1126443

**REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
THE SMITH FAMILY EDUCATIONAL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

Gross Klein
Chartered Accountants
5 St. John's Lane
London
EC1M 4BH



THE SMITH FAMILY EDUCATIONAL FOUNDATION

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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THE SMITH FAMILY EDUCATIONAL FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 December 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number	06699468 (England and Wales)
Registered Charity number	1126443
Registered office	5 Park Town Oxford OX2 6SN

Trustees

Key management personnel The Smith Family Educational Foundation: Trustees

Sir Martin Smith
Lady Smith OBE
Sir Christopher Edwards
J J G Smith
Mrs K Wake
Miss E Buchanan
B G Peerless

The trustees listed above, who are also directors for the purposes of company law, were serving during the year ended 31 December 2016 and since the year end.

Key management personnel The Smith Family Educational Foundation: Other

Geraldine Conneely (administrator)

Company Secretary	Sir Martin Smith
Independent Examiner	Howard Gross FCA FCCA CTA Gross Klein Chartered Accountants 5 St. John's Lane London EC1M 4BH
Solicitors	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD

THE SMITH FAMILY EDUCATIONAL FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

Governing document

The charity is a company limited by guarantee, governed by its Memorandum and Articles of Association and is registered as a charity with the Charity Commission in England and Wales under the charity number 1126443. It was incorporated on 16 September 2008 under the name of The Smith Family Foundation. On that same day the name of the company was changed to The Smith Family Educational Foundation.

Membership is open to other individuals or organisations subject to the approval of the directors. The liability of the members is limited. Every member promises, if the charity is dissolved while he or she is a member or within twelve months after he or she ceases to be a member, to contribute such sum, not exceeding £10 as may be demanded of him or her towards the payment of the debts and liabilities of the charity incurred before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and the adjustment of rights of the contributories among themselves.

Recruitment and appointment of new trustees

The trustees of the charity recruit and appoint new trustees in accordance with the Articles of Association.

Induction and training of new trustees

All new trustees are briefed on their obligations under charity and company law, the Charity Commission guidance, content of the Memorandum and Articles of Association, the trustees and decision-making process, the plans and recent financial performance of the charity. They are also introduced to the key personnel including the other trustees.

Organisational structure

The board of trustees administers the charity. The trustees agree the broad strategy and areas of activity for the charity including consideration of grant making, investment, reserves and risk management policies and performance. The day to day management is carried out by Sir Martin Smith and Geraldine Conneely who is the administrator of the charity.

Sir Martin Smith and Lady Smith OBE provide guidance and recommendations to the trustees about the nature of the projects and organisations that the charity wishes to support. The ultimate decision is taken by the trustees in accordance with the objects of the charity.

Related parties

All trustees give of their time freely and no trustee remuneration was paid in the period. Details of trustee expenses and related party transactions are disclosed in notes 6 and 10 of the accounts. Trustees are required to disclose all relevant interest and withdraw from decisions where a conflict of interest arises unless authorised by the unconflicted trustees.

Risk management

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure thereto.

THE SMITH FAMILY EDUCATIONAL FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's aim and object is to advance the education of the public principally and fund academic research by making grants to and supporting educational bodies including those that work in the fields of business, enterprise and economics and the fields of conservation, protection and improvement of the physical and natural environment.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The charity has been funded during the year by donations from an incorporated charity known as The Martin Smith Foundation and registered in England and Wales under the charity reference number 1150753. Having obtained funds the board of trustees review and discuss projects to further the objects of the charity.

The main strategy is to establish and fund the Smith School of Enterprise and the Environment, at the University of Oxford.

Public benefit

The trustees confirm that they have complied with the duty to have due regard to the public benefit guidance published by the Charity Commission when reviewing the charity's aims and objectives and in planning future activities. Our main activities and what we are trying to do is described above. These are undertaken to further our charitable purposes for the public benefit.

ACHIEVEMENT AND PERFORMANCE

Donations received during the year amounted to £252,400 (2015: £406,827).

The board of trustees continue to review the arrangement, dated 17 November 2008, with the University of Oxford. The purpose of the arrangement is to establish the Smith School of Enterprise and the Environment, in the Social Science Division of the University, as a research and teaching institution. This school will pioneer ways in which public and private enterprise can work jointly and individually to develop solutions to future environmental issues. The charity has an agreement with University of Oxford to make a total grant of £9,000,000. This grant was payable in instalments over a period to 31 December 2015. This commitment has been fully met and there are no amounts outstanding.

THE SMITH FAMILY EDUCATIONAL FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL REVIEW

During the year, donations receivable from The Martin Smith Foundation amounted to £252,400 (2015: £406,827). The other income is the interest receivable of nil (2015: £954).

Donations payable for the year to the University of Oxford amounted to nil (2015: £1,000,000). The only other costs were the governance costs amounting to £702 (2015: £2,505).

The net income for the year amounted to £251,698 (2015: net expenditure of £594,724).

As at 31 December 2016, the unrestricted funds of the charity amounted to a deficit of £700 (2015: deficit of £252,398). The trustees have received assurance from The Martin Smith Foundation that donations will be received to cover the other creditors outstanding at the year end date.

Reserves policy

It is the policy of the charity that unrestricted funds should be maintained at a level equivalent to between three and six month's expenditure, not allowing for special projects, amounting to an estimated figure of £1. The trustees consider that reserves at this level will ensure that they will be able to continue while consideration is given to ways in which additional funds may be raised. This level of resources available has been maintained throughout the period bearing in mind that donations are received from The Martin Smith Foundation to cover any deficit.

Funding sources

The principal funding source are the donations receivable from an incorporated charity known as The Martin Smith Foundation and registered in England and Wales under the charity reference number 1150753.

FUTURE DEVELOPMENTS

The charity has a long term commitment with a grant payable to the University of Oxford. The trustees will review quarterly reports from the University and attend an annual review meeting. Other projects will be considered but will depend upon donations received.

The trustees have ensured that funds are available for the charity to meet its financial commitments for at least one year. In this respect, the trustees have also received assurance from an incorporated charity, known as The Martin Smith Foundation and registered in England and Wales under the charity reference number 1150753, that funding will be received to meet this commitment and expenditure.

THE SMITH FAMILY EDUCATIONAL FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Smith Family Educational Foundation for the purposes of company law) are responsible for preparing the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and 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; and
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

INDEPENDENT EXAMINER

Howard Gross of Gross Klein has been re-appointed as independent examiner for the ensuing year.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The annual report was approved by the trustees of the Charity on 26 September 2017 and signed on its behalf by:



Sir Martin Smith - Trustee

THE SMITH FAMILY EDUCATIONAL FOUNDATION

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE SMITH FAMILY EDUCATIONAL FOUNDATION

I report on the accounts of the charity for the year ended 31 December 2016 which are set out on pages 7 to 13.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) is responsible for the preparation of the accounts. The trustee considers that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Howard Gross FCA FCCA CTA (Independent Examiner)

Gross Klein

Chartered Accountants

5 St. John's Lane

London EC1M 4BH

26 September 2017

THE SMITH FAMILY EDUCATIONAL FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE
ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	31.12.16 Unrestricted funds £	31.12.16 Total funds £	31.12.15 Total funds £
Income and Endowments from:				
Donations and legacies	2	252,400	252,400	406,827
Investment income	3	-	-	954
Total Income		252,400	252,400	407,781
Expenditure on:				
Charitable activities	4	702	702	1,002,505
Total Expenditure		702	702	1,002,505
Net income/(expenditure)		251,698	251,698	(594,724)
Net movement in funds		251,698	251,698	(594,724)
Reconciliation of funds				
Total funds brought forward		(252,398)	(252,398)	342,326
Total funds carried forward	8	(700)	(700)	(252,398)

All of the Charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2015 is shown in note 8.

THE SMITH FAMILY EDUCATIONAL FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2016

(REGISTRATION NUMBER: 06699468)

	Note	31.12.16 £	31.12.15 £
Current assets			
Cash at bank and in hand		2	2
		<u>2</u>	<u>2</u>
Creditors: Amounts falling due within one year	7	(702)	(252,400)
		<u>(700)</u>	<u>(252,398)</u>
Net current liabilities		<u>(700)</u>	<u>(252,398)</u>
Net liabilities		<u>(700)</u>	<u>(252,398)</u>
Funds of the Charity:			
Unrestricted income funds - deficit		(700)	(252,398)
		<u>(700)</u>	<u>(252,398)</u>
Total funds	8	<u>(700)</u>	<u>(252,398)</u>

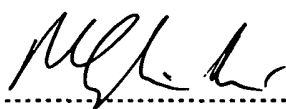
For the financial year ending 31 December 2016, the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Trustee's responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The trustees acknowledges their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 7 to 13 were approved by the trustees, and authorised for issue on 26 September 2017 and signed on their behalf by:



 Sir Martin Smith - Trustee

THE SMITH FAMILY EDUCATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The Smith Family Educational Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest whole number.

Going concern

The trustees have received assurance from an incorporated charity, known as The Martin Smith Foundation and registered in England and Wales under the charity reference number 1150753, that donations will be received to meet the commitments of the charity. The trustees have also considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient, together with the support from The Martin Smith Foundation, for the charity to be able to continue as a going concern.

Exemption from preparing a cash flow statement

In accordance with the Charities SORP (FRS 102) Update Bulletin 1, published on 2 February 2016, the charity has not included a cash flow statement in these financial statements.

Income recognition

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income which includes donations and legacies are recognised when received.

Tax recoverable from voluntary income received under Gift Aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

Dividends receivable from investments and unit trusts is included when receivable by the charity.

Interest from funds held on deposit is included when receivable by the charity.

No amounts are included in the financial statements for services donated by volunteers.

THE SMITH FAMILY EDUCATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Expenditure recognition

Expenditure is recorded when a liability is incurred. Funding provided through contractual agreements are recognised when the contractual obligation arises.

Governance costs represent those costs of the strategic management of the charity and of complying with constitutional and statutory requirements. These costs include legal advice for trustees, audit fees, costs of preparation of the annual report, bank charges and other costs associated with constitutional and statutory requirements.

Any irrecoverable VAT is charged to the relevant category of outgoing resource in the Statement of Financial Activities.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Fund accounting

Unrestricted funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

THE SMITH FAMILY EDUCATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Income from donations and legacies

	Total 31.12.16 £	Total 31.12.15 £
Donations and legacies:		
Donations from companies, trusts and similar proceeds	252,400	406,827

All of the above donations were attributable to unrestricted funds.

3. Investment income

	Total 31.12.16 £	Total 31.12.15 £
Interest receivable on bank deposits	-	954

All of the above investment income were attributable to unrestricted funds.

4. Expenditure on charitable activities

	Total 31.12.16 £	Total 31.12.15 £
Grant funding of activities:		
Institution - University of Oxford	-	1,000,000
Governance costs:		
Audit fees:		
Audit of the financial statements	-	1,200
Other fees paid to auditors	-	1,200
Independent Examiner fees	702	-
Sundry expenses	-	105
	702	2,505
	702	1,002,505

All of the above expenditure on charitable activities were attributable to unrestricted funds.

THE SMITH FAMILY EDUCATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. Net expenditure for the year

This is stated after charging:

	Total 31.12.16 £	Total 31.12.15 £
Auditors remuneration:		
Audit of the financial statements	-	1,200
Other fees paid to auditors	-	1,200
Independent Examiner fees	702	-
	<u>702</u>	<u>-</u>

6. Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year and the previous year.

During the year Miss E Buchanan was reimbursed travel expenses amounting to nil (2015: £92). No other trustees have received any reimbursed expenses from the charity during the year or the previous year.

7. Creditors: amounts falling due within one year

	31.12.16 £	31.12.15 £
Grants payable	-	250,000
Accruals	702	2,400
	<u>702</u>	<u>252,400</u>

All the above creditors related to unrestricted funds.

8. Analysis of charitable funds

	Balance b/fwd £	Income £	Expenditure £	Funds c/fwd £
Unrestricted income funds	(252,398)	252,400	(702)	(700)
Total funds	<u>(252,398)</u>	<u>252,400</u>	<u>(702)</u>	<u>(700)</u>

THE SMITH FAMILY EDUCATIONAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. Analysis of net liabilities between funds

	Unrestricted income funds	Total funds
	£	£
Current assets	2	2
Current liabilities	(702)	(702)
Total net liabilities	(700)	(700)

10. Related party disclosures

During the period the donations receivable from an incorporated charity known as The Martin Smith Foundation and registered in England and Wales under the charity reference number 1150753, amounted to £252,400 (2015: £406,827). All the trustees, except Sir Christopher Edwards, are also trustees of The Martin Smith Foundation.

11. Non adjusting events after the financial period

It has been proposed that the charity will shortly be wound up as it has no ongoing commitments. The charity will receive a donation from The Martin Smith Foundation to clear the shortfall in the reserves and then the charity will apply to be removed from the register of companies at Companies House and the register of charities in England and Wales.

12. Legal status of the company

The company is limited by guarantee and has no share capital. Every member promises, if the charity is dissolved while he or she is a member or within twelve months after he or she ceases to be a member, to contribute such sum, not exceeding £10 as may be demanded of him or her towards the payment of the debts and liabilities of the charity incurred before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and the adjustment of rights of the contributories among themselves.