

REGISTERED COMPANY NUMBER: 08336723 (ENGLAND AND WALES)
REGISTERED CHARITY NUMBER: 1150753

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

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



THE MARTIN SMITH FOUNDATION

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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THE MARTIN SMITH 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	08336723 (England and Wales)
Registered Charity number	1150753
Registered office	5 Park Town Oxford OX2 6SN

Trustees

Key management personnel The Martin Smith Foundation: Trustees

Sir Martin Smith
Lady Smith OBE
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 Martin Smith Foundation: Other

Geraldine Conneely (administrator)

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 MARTIN SMITH 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 1150753. It was incorporated on 19 December 2012 under the registration number 08336723 and has the consent of the Registrar of Companies to be exempt from the requirement to use the word "Limited" in its name.

The subscribers to the Memorandum of Association and the trustees from time to time shall be the members. The company is limited by guarantee and has no share capital. Every member undertakes that, if the charity is wound up while he or she is a member or within one year after he or she ceases to be a member, to contribute an amount to the assets of the company as may be required for payment of the debts and liabilities of the charity contracted before he or she ceases to be a member, payment of the costs, charges and expenses of winding up, and the adjustment of rights of the contributories among themselves provided that such amount shall not in aggregate exceed £1.

Recruitment and appointment of new trustees

Sir Martin Smith shall, for so long as he remains a trustee, have the power to appoint a person who is willing to act as a trustee or to fill a vacancy or as an additional trustee, and thereafter such power will rest with the trustees. No person may be appointed as a trustee unless he or she has attained the age of 18 or is disqualified to be a trustee as set out in 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 7 and 13 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 MARTIN SMITH 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 be charitable in any part of the world and in particular (but without prejudice to the generality of the foregoing): the performing arts; education; ecology and the environment; recreational sport; the relief of poverty; and religion.

The main strategy employed to achieve the charity's objectives is to review possible charitable projects and then provide financial support as determined by the trustees.

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. Virtually without exception, the charity operates by making donations to other registered charities, most of which operate in the public arena, and all of which, we are satisfied, deliver public benefit.

ACHIEVEMENT AND PERFORMANCE

There were no donations received during the year or the previous year. Other income comprised of investment income of £32,140 (2015: £39,236) and bank interest receivable of £1,606 (2015: £21,536).

During the year, the trustees resolved to provide donations to a number of organisations amounting to £413,780 (2015: £583,985). The only other costs were the investment management costs of £4,840 (2015: £16,849) and governance costs amounting to £3,717 (2015: £4,048).

FINANCIAL REVIEW

The total income during the year amounted to £33,746 (2015: £60,772) and the total expenditure amounted to £422,337 (2015: £604,882). Net gain on fixed asset investments during the year amounted to £47,583 (2015: £3,696). The net expenditure for the year amounted to £341,008 compared to the net expenditure of £540,414 in the previous year.

Investments amounting to £296,115 (2015: £559,737) were bought during the year and investments amounting to £1,534,410 (2015: £522,065) were sold during the year. The market value of the investments held at 31 December 2016 amounted to £894,237 (2015: £2,055,462) which is managed by the investment manager Schroder & Co. Limited. Other assets at the balance sheet date comprised of accrued income of £1,833 (2015: £586) and cash at bank of 1,530,683 (2015: £715,058).

As at 31 December 2016, the unrestricted funds of the charity amounted to £2,423,480 (2015: £2,764,488).

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 £13,000. The trustees consider that reserves at this level will ensure that they will be able to continue. This level of resource has been maintained during the year.

THE MARTIN SMITH FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2016

Funding sources

In the future, the charity may receive donations from Sir Martin Smith and/or entities related to him.

Investment policy

The trustees, having regard to the reserves policy, have operated a policy of keeping sufficient funds in interest-bearing accounts held by the investment manager Schroder & Co. Limited to meet its financial commitments for at least one year and surplus funds to be invested as advised by the investment manager. The charity earned investment income of £32,140 (2015: £39,236) on investments and bank interest receivable of £1,606 (2015: £21,536) on surplus funds. The gain on investments during the year was £47,583 (2015: £3,696).

FUTURE DEVELOPMENTS

The charity continues to look for new recipients. The surplus funds held at 31 December 2016 will be managed by the investment manager. Payment requests will be sent to the investment manager for expenditure made by the charity if funds are not available.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Martin Smith 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.

THE MARTIN SMITH FOUNDATION

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2016**


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:

A handwritten signature in black ink, appearing to read 'M. Smith', is written over a horizontal dotted line.

Sir Martin Smith - Trustee

THE MARTIN SMITH FOUNDATION

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE MARTIN SMITH FOUNDATION

I report on the accounts of the charity for the year ended 31 December 2016 which are set out on pages 7 to 14.

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 MARTIN SMITH 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:				
Investment income	2	33,746	33,746	60,772
Total Income		33,746	33,746	60,772
Expenditure on:				
Raising funds	3	4,840	4,840	16,849
Charitable activities	4	417,497	417,497	588,033
Total Expenditure		422,337	422,337	604,882
Net expenditure before gains and losses on investments		(388,591)	(388,591)	(544,110)
Net gains on investments assets		47,583	47,583	3,696
Net expenditure		(341,008)	(341,008)	(540,414)
Net movement in funds		(341,008)	(341,008)	(540,414)
Reconciliation of funds				
Total funds brought forward		2,764,488	2,764,488	3,304,902
Total funds carried forward	11	2,423,480	2,423,480	2,764,488

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

The funds breakdown for 2015 is shown in note 11.

THE MARTIN SMITH FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2016

(REGISTRATION NUMBER: 08336723)

	Note	31.12.15 £	31.12.14 £
Fixed assets			
Investments	8	894,237	2,055,462
Current assets			
Debtors	9	1,833	586
Cash at bank and in hand		1,530,683	715,058
		<u>1,532,516</u>	<u>715,644</u>
Creditors: Amounts falling due within one year	10	<u>(3,273)</u>	<u>(6,618)</u>
Net current assets		<u>1,529,243</u>	<u>709,026</u>
Net assets		<u>2,423,480</u>	<u>2,764,488</u>
Funds of the Charity:			
Unrestricted income funds		<u>2,423,480</u>	<u>2,764,488</u>
Total funds	11	<u>2,423,480</u>	<u>2,764,488</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 14 were approved by the trustees, and authorised for issue on 26 September 2017 and signed on their behalf by:



Sir Martin Smith - Trustee

THE MARTIN SMITH 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 Martin Smith 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.

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 MARTIN SMITH 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

Costs of raising funds

The costs of generating funds consist of investment management costs.

Taxation

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

Fixed asset investments

Investments held as fixed assets are revalued at market value at the balance sheet date. All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between the sales proceeds and opening market value or purchase cost, 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 cost if later.

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.

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have 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 with the level of reserves for the charity to be able to continue as a going concern.

THE MARTIN SMITH FOUNDATION

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

2. Investment income

	Total 31.12.16 £	Total 31.12.15 £
Interest receivable on bank deposits	1,606	21,536
Other income from fixed asset investments	32,140	39,236
	<u>33,746</u>	<u>60,772</u>

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

3. Expenditure on raising funds

	Total 31.12.16 £	Total 31.12.15 £
Investment management fees	4,840	16,849
	<u>4,840</u>	<u>16,849</u>

All of the above investment management fees were attributable to unrestricted funds.

4. Expenditure on charitable activities

	Total 31.12.16 £	Total 31.12.15 £
Grant funding of activities (see note 5)	413,780	583,985
Governance costs:		
Legal and professional fees	1,032	1,298
Audit fees:		
Audit of the financial statements	-	1,290
Other fees paid to auditors	-	1,290
Independent Examiner fees	2,580	-
Bank charges	54	157
Sundry expenses	51	13
	<u>3,717</u>	<u>4,048</u>
	<u>417,497</u>	<u>588,033</u>

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

THE MARTIN SMITH FOUNDATION

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

5. Analysis of grants

The total grants paid to institutions during the year was as follows:

	31.12.16
	£
The Smith Family Educational Foundation	252,400
University of Oxford	55,000
Orchestra of the Age of Enlightenment	18,600
Glyndebourne	15,000
Arcangelo	10,000
St Edmund Hall	10,000
Orchestra of St. Johns	10,000
National Orchestra For All	6,000
Bath Mozartfest	5,910
The Sixteen Ltd	5,000
Blenheim Literary Festival	5,000
The Prince's Countryside Fund	4,500
Helen and Douglas House	2,500
The Lennox Berkeley Society	2,500
The Wigmore Hall Trust	2,200
IMS Prussia Cove	2,120
British Friends of Piccola Accademia Di Montisi	2,000
MS Society	2,000
Speakers Trust	2,000
Others	1,050
	<hr/>
	413,780 <hr/>

6. Net expenditure for the year

This is stated after charging:

	Total	Total
	31.12.16	31.12.15
	£	£
Auditors remuneration:		
Audit of the financial statements	-	1,290
Other fees paid to auditors	-	1,290
Independent Examiner fees	2,580	-
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THE MARTIN SMITH FOUNDATION

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

7. 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 £51 (2015: nil). No other trustees have received any reimbursed expenses from the charity during the year or the previous year.

8. Fixed asset investments

Movement in fixed asset listed investments:

	31.12.16	31.12.15
	£	£
Market value brought forward at 1 January 2016	2,055,462	2,019,257
Additions to investments at cost	296,115	559,737
Disposals	(1,534,410)	(522,065)
Revaluation	77,070	(1,467)
	<hr/>	<hr/>
Market value carried forward at 31 December 2016	894,237	2,055,462
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Investments at fair value comprised:

	31.12.16	31.12.15
	£	£
Equities	-	1,040,452
Bonds	362,877	310,321
Multi asset funds	65,537	58,620
Alternatives	465,823	646,069
	<hr/>	<hr/>
	894,237	2,055,462
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All investments related to unrestricted funds.

9. Debtors

	31.12.16	31.12.15
	£	£
Prepayments and accrued income	1,833	586
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All prepayments and accrued income related to unrestricted funds.

10. Creditors: amounts falling due within one year

	31.12.16	31.12.15
	£	£
Accruals	3,273	6,618
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All accruals related to unrestricted funds.

THE MARTIN SMITH FOUNDATION

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

11. Analysis of charitable funds

	Balance b/fwd £	Income £	Expenditure £	Gains and losses £	Funds c/fwd £
Unrestricted funds	2,764,488	33,746	(422,337)	47,583	2,423,480
Total funds	2,764,488	33,746	(422,337)	47,583	2,423,480

12. Analysis of net assets between funds

	Unrestricted income funds £	Total funds £
Fixed asset investments	894,237	894,237
Current assets	1,532,516	1,532,516
Current liabilities	(3,273)	(3,273)
Total net assets	2,423,480	2,423,480

13. Related party disclosures

Donations were paid to the Smith Family Educational Foundation, which is a charity registered with the Charity Commission in England and Wales under the registration number 11264443, amounting to £252,400 (2015: £406,827). All the trustees are also trustees of the Smith Family Educational Foundation.

Legal and professional fees were paid to Charles Russell Speechlys LLP of £1,032 (2015: £1,298). B G Peerless, who is a trustee, is a partner at Charles Russell Speechlys LLP.

Donation of nil (2015: £900) was paid to the Becket Collection, a charity which was registered with the Charity Commission of England and Wales under the registration number 1072238. Sir Martin Smith, Lady Smith OBE and B.G. Peerless were also trustees of the Becket Collection.

14. Legal status of the company

The company is limited by guarantee and has no share capital. Every member undertakes that, if the charity is wound up while he or she is a member or within one year after he or she ceases to be a member, to contribute an amount to the assets of the company as may be required for payment of the debts and liabilities of the charity contracted before he or she ceases to be a member, payment of the costs, charges and expenses of winding up, and the adjustment of rights of the contributories among themselves provided that such amount shall not in aggregate exceed £1.