

Charity Registration
No: 1154027

REED FAMILY FOUNDATION

TRUSTEES' ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016

REED FAMILY FOUNDATION
REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Registration Number 1154027

Principal Office

c/o Bond Dickinson LLP
112 Quayside
St Ann's Wharf
Newcastle upon Tyne
NE1 3DX

Trustees	Richard Reed Charlotte Anne Reed Kate May Adam Balon Jonathon Wright
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Bankers
Barclays Bank Plc
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 3DX

Solicitors and Accountants

Bond Dickinson LLP
112 Quayside
St Ann's Wharf
Newcastle upon Tyne
NE1 3DX

Investment Managers	Whitley Asset Management Limited 116 Princedale Road London W11 4NH
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REED FAMILY FOUNDATION

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REED FAMILY FOUNDATION
TRUSTEES ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The trustees present their report and accounts for the year ended 31 December 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Charities Act 2011 and the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Structure, Governance and Management

The charity's governing document is its Constitution adopted on 1 October 2013, as amended on 20 January 2015, and it is constituted as a "Charitable Incorporated Organisation" (CIO).

Apart from the first charity trustees, new trustees will be appointed by the founding trustee, Richard Reed in accordance with clause 10 of the governing document. If he ceases to be a trustee, the remaining trustees have the power to appoint new trustees.

At any time, there must be a minimum of three and a maximum of seven trustees in office.

Administration

The charity does not have any employees and has appointed Bond Dickinson LLP to administer the day to day activities of the charity.

Objectives and Activities

The charity's objects are to further such exclusively charitable purposes according to the law of England and Wales as its trustees in their discretion determine from time to time.

The charity makes grants to organisations and individuals for exclusively charitable purposes.

The charity has a grant-making policy in place which sets out priorities for funding, the process the trustees follow in making grants and what is required from grant recipients in terms of monitoring and reporting.

Public Benefit

The trustees have had regard to the guidance issued by the Charity Commission on public benefit and all grants which are made are to further the charity's purposes for public benefit.

Achievements and Performance

No donations were received in the year and the charity committed to make 6 grants totalling £80,000 (2015 - 7 grants totalling £995,000) out of resources brought forward from the previous year.

The most significant grants during this financial year were to African Prisons Project, to support its charitable purposes.

REED FAMILY FOUNDATION

TRUSTEES ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Financial Review

During the year under review, total income was £13,605 (2015 - £5,646,584); total expenditure was £103,609 (2015 - £1,022,179); and net gains on investments totalled £452,139 (2015 - £57,532), resulting in unrestricted reserves for the year carried forward of £5,044,072 (2015 - £4,681,937) as shown on page 4 of the accounts.

Investment Policy

This is summarised as:

1. The overall objective of the charity is to maximise return on investments while minimising risk and expense.
2. Specifically the charity would like to achieve an annual return to 5% after all fees and expenses to distribute. This required return may be obtained through either income or capital appreciation or a combination of both.
3. The trustees have retained Whitley Asset Management to manage the investments on a discretionary basis.

Reserves Policy

The trustees are developing a reserves policy which will be implemented in the next accounts.

Plans for future periods

The trustees intend to continue to identify projects worthy of charitable support throughout the next financial period. The trustees shall continue to review the grant-making strategy and the priorities for funding.

Risk Management

The trustees have identified two main areas of concern and have implemented procedures to mitigate these:

1. That investments do not perform as expected. The trustees have appointed an investment manager to minimise this.
2. That inappropriate grant making occurs. The trustees have procedures in place to mitigate this and the trustees are actively involved in the grant making processes, although no formal risk register is in place. The latter will be developed as the charity continues to operate.

REED FAMILY FOUNDATION

TRUSTEES ANNUAL REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Annual Report and the accounts in accordance with applicable law.

Charity law requires the trustees to prepare accounts for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity 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 charity and of the profit and loss of the charity for that period. In preparing these accounts, the trustees are required to:

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

The trustees are responsible for keeping sufficient accounting records which disclose with reasonable accuracy at any time the financial position of the charity and them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the governing document. 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.

Signed on behalf of the charity's trustees

Richard Reed
Trustee

Dated : 

26/10/2017

REED FAMILY FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Total 2016 £	Total 2015 £
<u>Income from:</u>			
Donations	2	-	5,625,000
Investment income	3	13,605	21,584
Total income		13,605	5,646,584
<u>Expenditure on:</u>			
Raising funds			
Investment management costs		12,605	6,491
Charitable activities			
Grants payable	4	80,000	995,000
Support costs of grant making		11,004	20,688
Total charitable expenditure	5	103,609	1,022,179
Net income/(expenditure) for the year		(90,004)	4,624,405
Other recognised gains and (losses)			
Net gains/(losses) on revaluation of fixed assets		452,139	57,532
Net movement in funds		362,135	4,681,937
Fund balance at 1 January 2016		4,681,937	-
Fund balance at 31 December 2016		5,044,072	4,681,937

REED FAMILY FOUNDATION

BALANCE SHEET
AS AT 31 DECEMBER 2016

		2016		2015	
	Notes	£	£	£	£
Fixed Assets					
Investments	9		2,820,357		2,371,403
Current Assets					
Debtors	10	1,614		1,133,121	
Cash at bank and in hand		<u>2,266,799</u>		<u>1,637,769</u>	
		2,268,413		2,770,890	
Creditors: amounts falling due within one year	11	<u>(44,698)</u>		<u>(460,356)</u>	
Net current assets			2,223,715		2,310,534
Net Assets			<u>5,044,072</u>		<u>4,681,937</u>
Funds of the Charity					
Unrestricted general fund			5,044,072		4,681,937
			<u>5,044,072</u>		<u>4,681,937</u>

The notes on pages 6 - 13 form part of these accounts.

The accounts were approved by the trustees on 26/10/2017.



Richard Reed

Signed on behalf of the charity's trustees

REED FAMILY FOUNDATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

The Reed Family Foundation is a CIO registered with the Charity Commission.

The principal address is c/o Bond Dickinson LLP, 112 Quayside, St Ann's Wharf, Newcastle upon Tyne, NE1 3DX.

1.1 Basis of preparation

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, The Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The charity is a Public Benefit Entity as defined by FRS 102.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a "true and fair" view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these accounts are rounded to the nearest £.

The accounts have been prepared under the historical cost convention.

The principal accounting policies adopted are set out below.

1.2 Public benefit

Reed Family Foundation constitutes a public benefit entity as defined by FRS102.

1.3 Incoming resources

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period. Donations in the Statement of Financial Activities include any associated gift aid.

REED FAMILY FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Accounting policies (continued)

1.4 Investment gains and losses

This includes any realised gains or losses on the sale of investments and any gains or losses resulting from revaluing to market value at the end of the year.

1.5 Resources expended

Expenditure and liabilities are recognised on an accruals basis as soon as there is a legal or constructive obligation committing the charity to that expenditure or liability, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Where the charity gives a grant with performance conditions for its payment, being a specific level of service or output to be provided, such grants are only recognised in the Statement of Financial Assets once the recipient of the grant has provided the specified service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the Charity.

Governance costs comprise all costs involving the public accountability of the charity and costs related with statutory requirements.

1.6 Investments

Fixed asset investments in quoted shares, traded bonds and similar investments are valued initially at cost and subsequently at fair value (their market value) at the year end. Any gains or losses on revaluation are taken to the Statement of Financial Activities. Where a reliable valuation cannot be obtained investments will be held at cost.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts where applicable are shown within borrowings in current liabilities.

1.8 Taxation

The CIO is a registered charity and is not liable to United Kingdom income tax or corporation tax on charitable activities.

REED FAMILY FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Accounting policies (continued)

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity Balance Sheet once the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the accounts, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash bank balances, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for the goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Funds

The unrestricted general fund represents capital together with the balance of income from all sources after deduction of grants made and other necessary expenditure. The capital and income can be spent at the trustees' absolute discretion.

1.11 Going concern

The trustees have reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual accounts.

REED FAMILY FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2. Donations

	2016	2015
	£	£
Donations under gift aid	-	4,500,000
Tax reclaimed under gift aid	-	1,125,000
	<u>-</u>	<u>5,625,000</u>

3. Investment income

	2016	2015
	£	£
Interest on cash deposits	5,451	17,396
Dividends - equities	8,154	4,188
	<u>13,605</u>	<u>21,584</u>

4. Grants payable

Grants to institutions from unrestricted funds comprise:

	Number of grants	2016 £	Number of grants	2015 £
African Prisons Project	4	70,000	2	35,000
Ballet Black	-	-	1	10,000
Katie Piper Foundation	1	5,000	-	-
Keeping Kids Company (now in liquidation)	-	-	1	15,000
Octavia Housing	-	-	1	900,000
Royal Foundation of the Duke and Duchess of Cambridge & Prince Harry	-	-	1	25,000
Quintessentially Foundation	-	-	1	10,000
Whitley Fund for Nature	1	5,000	-	-
	<u>6</u>	<u>80,000</u>	<u>7</u>	<u>995,000</u>

Reconciliation of grants payable

Commitments made in the year	80,000	995,000
Grants paid during the year	(495,000)	(545,000)
Commitments at 1 January 2016	450,000	-
Commitments at 31 December 2016	<u>35,000</u>	<u>450,000</u>

REED FAMILY FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5. Total charitable expenditure

	2016	2015
	£	£
Costs of raising funds		
Investment management costs	12,605	6,491
Costs of charitable activities		
Grants payable	80,000	995,000
Support costs of grant making		
Bank charges	30	85
Exchange rate differences	(28)	1,653
Legal and Professional fees:		
Administration and accountancy fees	11,002	14,450
Auditor's fees	-	4,500
	11,004	20,688

Support costs include governance costs of £Nil (2015 - £3,750)

6. Trustees

None of the trustees (or any persons connected with them) received any remuneration or reimbursed expenses during this financial year or the previous financial year.

7. Employees

There were no employees during this financial year or the previous financial year.

The charity has not benefitted from the work of volunteers during this financial year or the previous financial year.

8. Auditor's remuneration

The charity does not meet the conditions necessary for the accounts for this financial year to be audited so auditor's remuneration is £Nil (2015 - £4,500).

REED FAMILY FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9. Fixed asset investments

	2016	2015
	£	£
Market value at 1 January 2016	2,371,403	-
Acquisitions at cost	321,240	2,915,075
Market value of disposals	(322,096)	(607,768)
Net gains/(losses) on revaluation during the year	449,810	64,096
Market Value at 31 December 2016	2,820,357	2,371,403
Historic cost	2,162,935	2,291,380

	2016	2015
	£	£
Investments at fair value comprise:		
Equities	2,693,228	2,355,477
Cash held within the investment portfolio	127,129	15,926
	2,820,357	2,371,403

The valuation of investments prepared by Whitley Asset Management Limited as at 31 December 2017 gives the following geographical spread:

	2016	2015
	£	£
Europe	36,092	248,799
North America	830,497	616,333
United Kingdom	515,030	399,648
International	1,438,738	1,106,623
	2,820,357	2,371,403

Individual investments, the market value of which represent more than 5% of the market value of the portfolio, are:

	Market Value
	£
Capita Financial Managers CF Lindsell Train UK Equity Fund Acc	320,769
Fundsmith LLP Equity I Instl Acc Nav	482,349
Lindsell Train Limited Global Equity B Inc Nav	365,478
MDO Management Company S.A. Smead US Value UCITS I GBP	211,502
Polen Capital Investment Funds Plc Focus US Growth USD Instl Acc Nav	246,450
Sharefunds Limited Metropolis Value S Acc	311,367
T Bailey Fund Managers Lts Evenlodge c GBP Acc	217,948
Vulcan Global Value Fund plc Value Equity Acc Nav	166,969

REED FAMILY FOUNDATION

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Debtors

	2016	2015
	£	£
Tax reclaimed under gift aid and interest	-	1,133,121
Barclays interest	1,614	-
	<u>1,614</u>	<u>1,133,121</u>

11. Creditors : amounts falling due within one year

	2016	2015
	£	£
Bond Dickinson LLP	6,048	3,346
Saffery Champness LLP	-	4,500
Whitley Asset Management Limited	3,650	2,510
Grants payable	35,000	450,000
	<u>44,698</u>	<u>460,356</u>

12. Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Financial assets measured at fair value	2,693,229	2,355,477
Financial assets measured at amortised cost	2,395,541	2,786,816
	<u>5,088,770</u>	<u>5,142,293</u>
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	44,698	460,356

Financial assets measured at fair value comprise fixed assets investments

Financial assets measured at amortised cost comprise cash held by investment managers and cash at bank.

Financial liabilities measured at amortised cost comprise accruals and grants payable.

REED FAMILY FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13. Movement in funds

	Balance at 1 January 2016	Income	Expenditure	Gains and Losses	Balance at 31 December 2016
	£	£	£	£	£
Unrestricted general fund	4,681,937	13,605	(103,609)	452,139	5,044,072

14. Fair value of assets and liabilities

Exposure to liquidity risk

The liquidity risk exposure of the charity not being able to meet short-term financial demands is mitigated by Bond Dickinson LLP receiving, checking and reconciling monthly bank statements for the charity's main bank account and also checking the amount and timing of any pending liabilities.

Exposure to credit risk

The debtor of the charity in this financial year is Barclays Bank plc. The risk of loss from Barclays not paying over the interest accruing on the bank account is considered very low as the income is paid quarterly into the charity's bank account.

Exposure to market risk

Investments represent the majority of the charity's net assets. The risk of financial loss arising from an investment due to the changes in the market are mitigated by the active management of the investment portfolio by a professional investment manager and the diversification of the investment portfolio based on an investment policy approved by the trustees.

Changes in fair values of debtors, creditors and investments due to credit risk

There have been no changes in the fair values of basic financial instruments (debtors, creditors and investments) attributable to changes in credit risk.

15. Related parties

There have been no related party transactions during this financial year or the previous financial year.