

Charity Registration No. 1191346

Company Registration No. 12750793 (England and Wales)

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2021

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr S S Stimler Mr M Stimler Mrs L P Stimler	(Appointed 17 July 2020) (Appointed 17 July 2020) (Appointed 17 July 2020)
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Charity number	1191346
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Company number	12750793
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Registered office	Honeypot House 56a Crewys Road London NW2 2AD
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Auditor	RDP Newmans LLP Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW
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SMS FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

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SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)
FOR THE PERIOD ENDED 31 JULY 2021

The Trustees present their report and financial statements for the period ended 31 July 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 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 2019)".

Principal aims, objectives and activities

The charity's objects are to advance the Jewish religion, advance Jewish religious education and the alleviation of poverty among the Jewish community throughout the world. SMS Foundation operates with the aim of raising funds in order to advance such charitable purposes (according to the law of England and Wales) as the trustees see fit. The Trustees will primarily make grants to Jewish causes but also choose to make grants to general charities if they feel that this would be an appropriate and effective way of advancing the charity's objectives.

In this context the Trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the guidance published by the Charity Commission in relation to the activities being for the public benefit, as well as, the Equalities Act 2010 when reviewing the Charity's aims and objectives and in planning future activities.

The charity has power to do anything which is calculated to further its objects or is conducive or incidental to doing so. During the period the charity has invested in 3 Limited Partnerships. The purpose of these investments was to create income then distribute these as charitable donations. The trustees believe the long term quarterly income received from these investments will give longevity to the donations in the future.

Through grants to organisations or individuals the primary work of the charity will be grants to UK registered charities. In some instances, grants may be made to overseas entities, which would also be registered charities in their respective jurisdictions.

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

Grant making policy

Grants above £5,000 can be made only after a meeting at which at least 2 of the trustees are present and at which Minutes have been taken proposing the award of a grant and indicating the trustees' joint agreement thereon.

Grants are to be made after considering the finite level of funding available and how closely the recipient's objectives are in line with those of the charity. All applications for grants are to be made either in writing or in person to 1 or more trustee.

Trustees will keep a written record of grants awarded and the considerations undertaken.

Grants could be one-off payments or commitments to ongoing payments. The trustees will ensure an appropriate contract is in place for ongoing grants which will include clawback provisions and instalment payments as relevant.

Grant recipients will primarily be organisations registered with the Charity Commission who can provide evidence of full compliance with the reporting requirements, thereby enabling the trustees to place reliance as to the competence and integrity of the organisation.

In the less likely event that grants will be made overseas, the trustees will in such cases require similar and sufficient evidence of compliance with the local reporting requirements for registered charities in that jurisdiction.

In the rare event that a grant is made to an individual, the trustees will be personally familiar with the situation so as to be reliably sure that the cause is genuine, and will, when relevant, require proof financial standing and other relevant information.

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)
(CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the Trustees to present a strategic report.

Achievements and performance

The results for the period are set out in the Statement of Financial Activities on page 9.

The Trustees collected a donation amounting to £1,510,000 and distribution income amounting to £33,769 during the period.

During the period, the charity invested £1,405,718 in to 3 different Limited Partnerships with the aim of generating income. It is intended that surplus income be distributed as charitable donations in the form of long term quarterly grants to fulfil the charitable objects in subsequent years.

This is the first period of the charity has been incorporated and as such there has been no distributions made during the period.

Financial review

The total unrestricted donations received by SMS Foundation reached £1,510,000 and distribution income totalled £33,769.

SMS Foundation has a healthy financial position, with closing fund balances amounting to £1,535,879, of which no funds relate to restricted funds. Furthermore, an amount of £1,405,718 within the closing unrestricted fund balance is held as investments in the Limited Partnerships. This proportion of the fund can only be realised by disposing of the investments. It is therefore the intention that any income from the investments are used for charitable purposes. Distributions have been made post period end from these funds, in accordance with the charitable objectives.

The principal funding source was the donations received from the Trustees' associated company and distribution from the investment portfolio.

Reserves policy and going concern

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the period.

Investment policy

In accordance with the Trust Deed, the Trustees have the power to invest in such assets as they see fit.

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

Plans for the future

Post period end the charity has made distributions from the surplus funds. The charity will continue to make charitable donations going forward which will be made from the income distributed from the property investments held by the charity.

The Trustees have assessed the impact of the Coronavirus pandemic on the charity and are of the opinion that this should not materially impact the charity in the long term.

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)
(CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

Structure, governance and management

The charity is a company limited by guarantee and is governed by its Memorandum of Association and Articles of Association adopted 17 July 2020 and registered at Charities Commission on 18 September 2020. The Charity was established under its Articles of Association, which established the objects and powers of the Charity. The Charity's reference and administrative details are as set out within these financial statements.

History

SMS Foundation is a registered charity (charity number: 1191346), with the purpose to advance such charitable purposes (according to the law of England and Wales) the Trustees see fit from time to time particularly but not limited to advancing the Jewish religion, advancing Jewish religious education and the alleviation of poverty among the Jewish community throughout the world.

The Trustees, who are also the directors for the purpose of company law, and who served during the period and up to the date of signature of the financial statements were:

Mr S S Stimler	(Appointed 17 July 2020)
Mr M Stimler	(Appointed 17 July 2020)
Mrs L P Stimler	(Appointed 17 July 2020)

Recruitment, appointment and terms of office of Trustees

Trustees are appointed in accordance with the Articles of Association.

The Charity has the power to appoint additional Trustees as it sees fit.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Operations and staffing

The Trustees collectively manage the charity with all executive decisions being made by the Trustees.

Risk management

The Trustees have identified and reviewed the major risks to which the charity is exposed. Both manual and automated checks are regularly invoked, particularly those relating to the operations and finance of the charity. The Trustees are satisfied that these systems and procedures mitigate any perceived risks.

Coronavirus pandemic

The Trustees have assessed the impact of the global Coronavirus pandemic and subsequent intervention from governments worldwide. The Trustees monitor the situation and respond to changes as necessary.

Introduction and training of Trustees

All Trustees are now already familiar with the practical work of the charity. Induction procedures are in place for new Trustees, with mechanisms in place to keep all the Trustees abreast of developments in the sector.

Fundraising

The Board of Trustees supports raising funds from the public in relation to our core activities. No professional fundraisers or third party commercial participators are used.

Related parties

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the period.

Aggregate donations received from related parties without conditions for the period amounted to £1,510,000.

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)
(CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

Auditor

RDP Newmans LLP were appointed as auditor to the company and a resolution proposing that they be re-appointed will be put at a General Meeting.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report, including the strategic report, was approved by the Board of Trustees.

Mr S S Stimler

Trustee

Dated: 14 February 2022

Mr M Stimler

Trustee

Dated: 14 February 2022

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 JULY 2021

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

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate 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.

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF SMS FOUNDATION

Opinion

We have audited the financial statements of SMS Foundation (the 'charity') for the period ended 31 July 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

SMS FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF SMS FOUNDATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the Trustees, who are also the directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charity Commission Regulations, Charities Act 2011, Statement of recommended practice (SORP FRS102), taxation legislation and data protection, anti-bribery and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

**SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF SMS FOUNDATION**

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed and tested journal entries to identify unusual transactions and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- reviewing and agreeing financial statement disclosures and testing to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and bankers.
- reviewing minutes of board meetings.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paresh Radia FCA (Senior Statutory Auditor)
for and on behalf of RDP Newmans LLP

14 February 2022

Chartered Accountants
Statutory Auditor

Lynwood House
373-375 Station Road
Harrow
Middlesex
HA1 2AW

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 JULY 2021

	Notes	Unrestricted funds 2021 £
<u>Income from:</u>		
Donations and legacies	3	1,510,000
Investments	4	33,769
Total income		<u>1,543,769</u>
<u>Expenditure on:</u>		
Raising funds	5	<u>1,890</u>
Other	9	<u>6,000</u>
Total resources expended		<u>7,890</u>
Net income for the year/ Net movement in funds		<u>1,535,879</u>
Fund balances at 17 July 2020		-
Fund balances at 31 July 2021		<u><u>1,535,879</u></u>

The statement of financial activities includes all gains and losses recognised in the period.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT 31 JULY 2021

	Notes	2021 £	£
Fixed assets			
Investments	10		1,405,718
Current assets			
Debtors	11	39,919	
Cash at bank and in hand		96,242	
		<u>136,161</u>	
Creditors: amounts falling due within one year	12	(6,000)	
		<u></u>	
Net current assets			130,161
Total assets less current liabilities			<u>1,535,879</u>
Income funds			
Unrestricted funds	13	1,535,879	
		<u></u>	
			1,535,879
			<u>1,535,879</u>
			<u><u>1,535,879</u></u>

The notes at pages 12 to 18 form part of these accounts.

The financial statements were approved by the Trustees on 14 February 2022

Mr S S Stimler
Trustee

Mr M Stimler
Trustee

Company Registration No. 12750793

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2021

	Notes	2021 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	17	1,468,191	
Investing activities			
Purchase of investments		(1,405,718)	
Investment income received		33,769	
Net cash used in investing activities			(1,371,949)
Net cash used in financing activities			-
Net increase in cash and cash equivalents			96,242
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			96,242

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2021

1 Accounting policies

Charity information

SMS Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is Honeypt House, 56a Crewys Road, London, NW2 2AD. The Charity is registered at Charities Commission with registration number 1191346.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 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 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Distribution income is recognised on a receivable basis.

1.5 Expenditure

Costs of generating funds are those costs incurred in attracting and administering voluntary income.

Expenditure on charitable activities include both direct costs and those costs incurred in support of the charitable expenditure and have been allocated to the sole charitable activity.

Other expenditure includes the costs of any legal advice to the trustees on governance or constitutional matters, external accountancy and audit costs.

The charity is not registered for VAT so all expenses shown in the Statement Of Financial Activities and notes to the accounts are shown gross (i.e. inclusive of VAT).

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

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 are shown within borrowings in current liabilities.

1.8 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's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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 and bank balances, are initially measured at transaction price including transaction costs and are 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 future 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 payments 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 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.

1.9 Reporting period

The company was incorporated on 17 July 2020 therefore the first period of accounts are for a longer period than 12 months, to 31 July 2021.

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the view of the Trustees, there are no significant accounting estimates and judgements applied.

3 Donations and legacies

	Unrestricted funds
	2021 £
Donations and gifts	1,510,000
	<u> </u>

4 Investments

	Unrestricted funds
	2021 £
Investment income	33,769
	<u> </u>

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

5 Raising funds

	Unrestricted funds
	2021 £
<u>Fundraising and publicity</u>	
Other fundraising costs	1,890
	<u>1,890</u>
	<u><u>1,890</u></u>

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor and associates:	2021 £
Audit of the charity's annual accounts	4,200
	<u>4,200</u>
Non-audit services	
All other non-audit services	1,800
	<u>1,800</u>

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the period, nor were any expenses reimbursed to them.

8 Employees

The average monthly number of employees during the period was:

	2021 Number
Total	-
	<u>-</u>

There were no employees whose annual remuneration was £60,000 or more.

SMS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

9 Other

**Unrestricted
funds**

2021

Auditors remuneration	6,000
	<u>6,000</u>

10 Fixed asset investments

**Unlisted
investments
£**

Cost or valuation

At 17 July 2020	-
Additions	1,405,718

At 31 July 2021	<u>1,405,718</u>
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Carrying amount

At 31 July 2021	<u>1,405,718</u>
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**2021
£**

Investments at fair value comprise:	
Investments in Limited Liability Partnerships	<u>1,405,718</u>

11 Debtors

**2021
£**

Amounts falling due within one year:

Other debtors	28,328
Prepayments and accrued income	11,591
	<u>39,919</u>

12 Creditors: amounts falling due within one year

**2021
£**

Accruals and deferred income	<u>6,000</u>
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SMS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

13 Unrestricted funds

The income funds of the charity include unrestricted funds:

	Movement in funds		Movement in funds		
	Incoming resources	Balance at 17 July 2020	Incoming resources	Resources expended	Balance at 31 July 2021
	£	£	£	£	£
Donations	-	-	1,510,000	(7,890)	1,502,110
Investment	-	-	33,769	-	33,769
	-	-	1,543,769	(7,890)	1,535,879

The charity has made investments of £1,405,718 as at 31 July 2021 which are treated as capital investments. Whilst the charity has unrestricted reserves of £1,535,879 any significant distribution for charitable purposes may require realisation of these investments. As stated in the Trustees' report, it is the intention that any income from the investments are to be used to further charitable objectives.

14 Analysis of net assets between funds

	Unrestricted funds 2021 £
Fund balances at 31 July 2021 are represented by:	
Investments	1,405,718
Current assets	136,161
Current liabilities	(6,000)
	1,535,879

15 Related party transactions

During the period, a donation of £1,510,000 was received from Loudwater Trade and Finance Limited. A company that is related by virtue of the Trustees Mr S S Stimler and Mr M Stimler also being the directors and shareholders.

16 Limited by guarantee

The liability of members is limited to a sum not exceeding £1, being the amount that each member undertakes to contribute to the assets of the charity in the event of its being wound up while he, she or it is a member or within one year after he, she or it ceases to be a member, for;

- (1) payment of the charity's debts and liabilities incurred before he, she or it ceases to be a member;
- (2) payment of the costs, charges and expenses of winding up; and
- (3) adjustment of the rights of the contributories among themselves.

SMS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2021

17	Cash generated from operations	2021
		£
	Surplus for the period	1,535,879
	Adjustments for:	
	Investment income recognised in statement of financial activities	(33,769)
	Movements in working capital:	
	(Increase) in debtors	(39,919)
	Increase in creditors	6,000
	Cash generated from/(absorbed by) operations	1,468,191
		<hr/> <hr/>
18	Analysis of changes in net funds/(debt)	
	The charity had no debt during the year.	