

PAUL SMITH'S FOUNDATION

Registered Charity No: 1065751

Company No: 03346635

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2025

Paul Smith's Foundation

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Paul Smith's Foundation

Trustees' Report for the year ended 30 June 2025

The trustees present their report along with the financial statements of the Foundation for the year to 30th June 2025. The Foundation is a registered charity with the Charity Commission for England and Wales with registered charity number 1065751 and is a registered Company in England and Wales with Company number 03346635. The Foundation is constituted by its Memorandum and Articles of Association.

Trustees Sir Paul Smith
Ashley Long (resigned 17 December 2025)
Sean Baker
James Horsley (resigned 17 December 2025)
Mary Findlay (appointed 7 May 2025)
Toby Monk (appointed 7 May 2025)
Heather Sturdy (appointed 7 May 2025)

Registered Office 20 Kean Street
London
England
WC2B 4AS

Bankers Yorkshire Bank Plc
11 Smithy Row
Nottingham

Auditor Moore Kingston Smith LLP
Chartered Accountants
6th Floor
9 Appold Street
London EC2A 2AP

Objects, Activities and Public Benefit

The objects of the Charity are to advance the education of the public in all matters concerning design, fine arts and design movement.

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit including the guidance 'public benefit: running a charity (PB2).'

Appointment of new trustees

In May 2025, the Foundation announced the appointment of three new Trustees to support the Foundation. They are Toby Monk as Deputy Chair, Global Recruitment and Engagement Director at Christie's, Mary Findlay as Visual Arts Trustee, Senior Curator at Deutsche Bank and Heather Sturdy as Development Trustee, Head of National Partnerships at TATE. Toby, Mary & Heather join existing Trustees, Sir Paul Smith and Sean Baker. With the new appointments, James Horsley and Ashley Long will step down as Trustees from September 2025.

The Foundation also appointed two members to the inaugural Development Committee, a sub-committee who will support in the creation and deliverance of the Foundation's Development Strategy, reporting back to the board.

Paul Smith's Foundation

Trustees' Report for the year ended 30 June 2025

Achievements, Performance and Financial Review

Grant-giving

The programme of grants and donations in support of and for the furtherance of the objects of the charity has continued throughout the year. The Foundation now makes four grants annually to promising creative practitioners in visual arts and fashion design, through established partners including the Royal Academy Schools, Royal Drawing School, and British Fashion Council in London, and Fashanne in Nottingham. At present there are no plans to further increase the grant making programme.

During the year, the charity made grant payments and donations of £203,056 (2024: £48,493). All grants were given in support of and for the furtherance of the objects of the charity.

Programme

We took occupancy of Studio Smithfield to commence our flagship project, The Fashion Residency at Studio Smithfield. Established with the Mayor of London and Projekt, and supported by British GQ and the City of London Corporation, the programme includes a free studio space for 12-months at Studio Smithfield in Farringdon, accompanied by an accelerator programme of bespoke business mentoring. The mentoring programme includes group workshops and 1-to-2 sessions on the topics of Business Development, Legal, Finance, Trade and Production, E-com, PR & Marketing, Digital Media and Planning. Throughout the year over 80+ hours of business teaching was undertaken. The initiative has seen a sharp rise in the efficiency and productivity of each brand, some of whom quadrupled in turnover and quintupled in staff. Awareness of the initiative grew, with the programme being featured in British Vogue, Vogue Runway, ELLE and British GQ, with visitors including Lisa Nandy MP, Secretary of State for Culture, Media and Sport. To further support the business development of the designer Cohort, we held a pop up shopping event in December 2025, funded by Projekt and Paul Smith's Foundation giving opportunity to sell direct to the public.

Additional support in this programme included free use of the Paul Smith showroom in Paris (June 2025) for sales appointments during Paris Fashion Week, resulting in all showcasing designers securing new stockists.

Our legal mentoring partner, Osborne Clarke, donated 60 pro bono hours to the cohort in addition to the business lessons.

In December 2024 we extended the residency programme to 18 months, from 12, making the full-term June 2024-December 2025. This was decided on the basis that we wanted to ensure sustained and meaningful support where we are responsibly preparing the designers for market realities. We are grateful to the Mayor of London and Projekt for agreeing to the extension, and affording the group more time to develop and grow under the guidance of Paul Smith's Foundation.

In 2024, Winsor & Newton and Paul Smith's Foundation launched the International Art Prize – an opportunity for artists working in painting and drawing which simultaneously took place in Tokyo, Hong Kong, London, Paris, New York and Los Angeles. One artist was selected in each city by a notable industry judge. Each made a new piece of work which was exhibited in their local Paul Smith store. In October, we celebrated the six winning artists of the inaugural art prize in an intimate dinner at Mount St. Restaurant. The dinner brought together a crowd of industry leaders based in London. Amongst them were Sir Paul Smith; Romain Guinier, CEO of Colart; Dr Nicholas Cullinan OBE, Director of The British Museum; artist Yinka Ilori MBE; Fabien Vallérian, Director of Art for Maison Ruinart; gallerist Maureen Paley; Sarah Douglas; Sarah Philp, Deputy Director of Delfina Foundation; artist Martha Freud, Charlene Prempeh and Lewis Dalton Gilbert, co-founders of A Vibe Called Tech; Alice Rawsthorn as well as the winning artists. In January 2025 we premiered, *With Artists*, a short film exploring the unique role that artists play in shaping our world, using self-submitted content from the 2024 winning artists and judges and narrated by Paul. The film and screening are delivered with support from ArtReview, the world's leading international art market publication.

Paul Smith's Foundation

Trustees' Report for the year ended 30 June 2025

Achievements, Performance and Financial Review (continued)

“For an emerging artist like myself, this prize has provided me with the opportunity not just to showcase my work, but to connect with so many incredible people in the art world. I know how vital these connections are for my growth and career, and I feel incredibly fortunate to have had this opportunity.”

In response to the budget cuts for the council in Nottinghamshire, Sir Paul Smith donated his time for two public talks at Nottingham Playhouse. 100% of the proceeds from the talks were donated to Nottingham Playhouse for them to use on their community and outreach programme.

The Foundation expanded the education programme in the Paul Smith archive, in partnership with Nottingham Trent University. Led by Archive manager, Alice O'Hanlon, the programme included tours and talks to students on BA Fashion Design and BA Fashion Management.

The Foundation launched an addition to the programming, The Archive Residency. A biannual creative project, where a visual artist is selected to respond to the Archive of Paul Smith's work, as nominated by an industry professional. The resident artist will receive a grant of £5,000 and is given scope to freely create in response to their archival visits.

In order to effectively communicate the programme to supporters and alumni, the Foundation launched a newsletter and created a blog page on paulsmithsfoundation.org. Here, interested parties can stay up to date with happenings at the Foundation and with our alumni.

Investments Policy

The majority of investments are shares held in a range of private companies as analysed in Note 12 to the financial statements. The trustees have wide powers of investment in respect of the Foundation's assets.

The Foundation will invest in and hold assets that will:

- i. Directly promote of the Objects of the charity, and or;
- ii. Provide a long term investment return to maintain the reserves of the Charity.

The trustees ensure the Programme Related Investment (PRI) strategy is aligned with the charitable mission and objectives of the Foundation.

Grant Policy

The trustees review grant requests on a case-by-case basis in the light of the requested purpose of the grant. All grants are awarded in accordance with the objects which are to advance the education of the public in all matters concerning design, fine arts and design management.

Paul Smith's Foundation

Trustees' Report for the year ended 30 June 2025

Reserves Policy

The trustees aim to provide sufficient funds to cover the existing level of grants committed as well as provide a long term fund from which its charitable activities can be increased in the future. Total unrestricted funds at the year-end totalled £17,016,183 (2024: £19,239,227). During the year a loss on investments of £2,305,668 (2024: loss of £780,496) was recognised in respect of its investments in Paul Smith Group Holdings Limited and Floral Street Property Partners Limited.

Free reserves are described as those reserves, excluding fixed assets which are readily available for use in the operations of the charity. At year end, unrestricted free reserves totalled £217,073 (2024: £201,202). The trustees consider the level of free reserves sufficient to fund its grant programme and cover any unplanned expenditure.

Key management and remuneration policy

The trustees are not remunerated.

The Foundation historically had no employees of its own. Two new employees were hired in the year ending 30 June 2025. They are employed by Paul Smith Limited with costs recharged to the Foundation.

Principle risks and uncertainties

The trustees have assessed the major risks to which the charity is exposed, in particular those related to the investments, operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate the exposure to the major risks.

Statement of Trustees' Responsibilities

The trustees (who are also directors of the Paul Smith Foundation) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the Trust 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 judgments 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 Trust will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Company Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

Each of the Trustees confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustee has taken all the steps that they ought to have taken as a trustee in order to make himself/ herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Paul Smith's Foundation

Trustees' Report for the year ended 30 June 2025

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the Trustees



Toby Monk (Mar 27, 2026, 10:22am)

Toby Monk (Trustee)

Date: 27 Mar 2026

Independent Auditor's Report to the Trustees of Paul Smith's Foundation

Opinion

We have audited the financial statements of Paul Smith's Foundation for the year ended 30th June 2025, which comprise the Statement of Financial Activities, the Balance Sheet and 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 30th June 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 charitable company 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 charitable company'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 there is 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.

Independent Auditor's Report to the Trustees of Paul Smith's Foundation

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Other Matter

The corresponding figures in the financial statements of Paul Smith's Foundation were not audited as the Charity did not require a statutory audit under Companies Act 2006 or Charities Act 2011 in the prior year.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
 - the charitable company's 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; or
 - the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report to the Trustees of Paul Smith's Foundation

Auditor's Responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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 objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Independent Auditor's Report to the Trustees of Paul Smith's Foundation

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

· Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 and trustees those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.



Adam Fullerton, FCA, DChA (Senior Statutory Auditor)
For and on behalf of Moore Kingston Smith LLP, Statutory Auditor

6th Floor
9 Appold Street
London, EC2A 2AP

Date: 27 March 2026

Paul Smith's Foundation
Statement of Financial Activities
For the year ended 30 June 2025

		2025 Unrestricted	2024 Unrestricted
	Note	£	£
Income from:			
Donations	2	100,000	-
Investment income	3	<u>323,376</u>	<u>159,641</u>
Total		<u>423,376</u>	<u>159,641</u>
Expenditure on:			
Charitable Activities	4	<u>228,252</u>	<u>299,414</u>
Total		<u>228,252</u>	<u>299,414</u>
Net (loss)/gain on investments	12	<u>(2,305,668)</u>	<u>(780,496)</u>
Net movement in funds		(2,110,544)	(920,269)
Total funds brought forward		19,239,227	20,159,496
Total funds carried forward		<u><u>17,128,683</u></u>	<u><u>19,239,227</u></u>

The notes on pages 12 to 19 form part of the financial statements.

Paul Smith's Foundation

Balance Sheet as at 30 June 2025

	Note	2025 £	2025 £	2024 £	2024 £
Fixed Assets					
Investments	12		16,850,640		19,156,308
Current Assets					
Cash at bank		217,073		201,202	
Debtors	13	<u>135,059</u>		<u>19,106</u>	
		<u>352,132</u>		<u>220,308</u>	
Creditors: Amounts falling due within one year	14	<u>(74,089)</u>		<u>(137,389)</u>	
		<u>(74,089)</u>		<u>(137,389)</u>	
Net Current Assets			<u>278,043</u>		<u>82,919</u>
Total Assets less current liabilities			<u>17,128,683</u>		<u>19,239,227</u>
Total Net Assets			<u><u>17,128,683</u></u>		<u><u>19,239,227</u></u>
Funds					
Unrestricted Funds			<u><u>17,128,683</u></u>		<u><u>19,239,227</u></u>

The notes on pages 12 to 19 form part of the financial statements.

The accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of the Financial Reporting Standard 102.

The accounts were approved by the board and authorised for issue on and signed on its behalf by:



Toby Monk (Mar 27, 2026, 10:22am)

Trustee - Toby Monk

27 Mar 2026

Company number: 03346635

Paul Smith's Foundation

Notes to the Accounts

For the year ended 30 June 2025

1 Accounting policies

Basis of accounting

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments being measured at fair value through income and expenditure within the Statement of Financial Activities.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company is a public benefit entity for the purposes of FRS 102 and therefore the charitable company also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

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 pound.

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

Going Concern Basis

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation income, dividend income and the valuation of the investment portfolio and income generation from the fund. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

Income

Income is credited to the Statement of Financial Activities on an accruals basis when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably. Donated investments are valued at their market value on the date of transaction. Investment income and bank interest are accounted for on a receivable basis.

Expenditure

Expenditure is charged on an accruals basis. Grants payable are included in the Statement of Financial Activities when approved by trustees and offered to the grantee. Support costs have been apportioned across expenditure relating to charitable activities.

Investments

In valuing investments the trustees have had due regard to Section 11 Paragraph 17 of the SORP. Investments are accounted at their fair value. Those unlisted investments for where fair value cannot be established using a valuation technique are accounted at cost. Investments are reviewed each year for impairment with any write off included in the Statement of Financial Activities. Realised and unrealised gains and losses on investments are included within the funds.

Paul Smith's Foundation
Notes to the Accounts
For the year ended 30 June 2025

1 Accounting policies (continued)

Creditors

Contractual arrangements are recognised as goods and services are supplied. Other grant payments are recognised when a constructive obligation arises.

Governance costs

This expenditure includes the independent examination fee, services provided by the charity's legal advisors and any other expenditure related to governance or the strategic direction of the charity.

Unrestricted funds

These resources arise from unrestricted purposes and from accumulated surpluses and deficits in the operations for charitable purposes and are expendable at the discretion of the Trustees.

Intangible fixed assets

The amortisation policy is as follows:

Website 5 years straight line

Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with a maturity date of three months or less.

Financial instruments

The Foundation 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 company's balance sheet when the company 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.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102.

Critical accounting estimates and areas of judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Impairment and Valuation of Fixed Asset Investments

The trustees have reviewed the appropriateness of methods used in valuing the unlisted shares of the Company's investments. The trustees believe the investment value is supported by the underlying assets held in the companies of those shares.

Investments are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

Paul Smith's Foundation
Notes to the Accounts
For the year ended 30 June 2025

2	Donation income	2025 £	2024 £
	Donations	100,000	-

3	Investment income	2025 £	2024 £
	Investment Income - Dividends received - FS 1979 Ltd	283,623	133,206
	Investment Income - 9 St Thomas Street	36,420	21,129
	Bank interest	3,333	5,306
	Total	323,376	159,641

4	Charitable activities	2025 Direct charitable expenditure	Allocation of support costs - note 7	Total
	Grants & donations - note 5	73,913	129,143	203,056
	Archive costs - note 6	9,691	15,505	25,196
	Total	83,604	144,648	228,252

	2024 Direct charitable expenditure	Allocation of support costs - note 7	Total
Grants & donations - note 5	38,000	10,493	48,493
Archive costs - note 6	196,626	54,295	250,921
Total	234,626	64,788	299,414

In 2025 and 2024, support costs have been allocated across the charitable expenditure streams based on total costs.

5	Grants & donations	2025 £	2024 £
	British Fashion Council	10,000	10,000
	Royal Academy of Arts	25,000	25,000
	The Royal Drawing School	-	3,000
	Fashanne	5,000	-
	Other grants awarded	33,913	-
	Total	73,913	38,000

Paul Smith's Foundation
Notes to the Accounts
For the year ended 30 June 2025

6	Archive costs	2025 £	2024 £
	Costs incurred organising and auditing Paul Smith's archive for use by the foundation	9,691	196,626
		<u>9,691</u>	<u>196,626</u>
7	Support costs	2025 £	2024 £
	Salaries and wages	103,083	-
	Insurance	3,805	4,760
	Website expenditure	4,769	-
	Legal Services	-	12,000
	Digital advertising costs	1,605	4,651
	Governance costs - note 8	18,100	43,364
	Bank charges	83	13
	Other expenses	13,203	-
		<u>144,648</u>	<u>64,788</u>
		<u>144,648</u>	<u>64,788</u>
8	Governance costs	2025 £	2024 £
	Independent Auditor fees - current year	17,000	-
	Independent Auditor fees (other) - current year	1,100	-
	Independent examiner fees - prior year	-	8,356
	Independent examiner fees - prior year under accrual	-	3,252
	Accounting services	-	31,756
		<u>18,100</u>	<u>43,364</u>
		<u>18,100</u>	<u>43,364</u>
9	Transactions with Trustees		
	No trustee received any remuneration for services as a trustee (2024: £Nil), nor any reimbursement of expenditure (2024: £Nil).		
10	Employees		
	The Foundation does not employ any staff. Two staff (2024: nil) that are employed by Paul Smith Limited have their time re-charged to the Foundation as they work on its activities. The total re-charge for the year was £103,083 (2024: £nil)		
11	Taxation		
	The Foundation has suffered no tax charge, as it is not subject to UK corporation tax on its charitable activities.		

Paul Smith's Foundation

Notes to the Accounts

For the year ended 30 June 2025

12 Investments	Unlisted 2025 £	Unlisted 2024 £
Fair value at 1st July	19,156,308	19,936,804
Additions/(disposals) in the year	-	-
(Loss)/gain on investments	<u>(2,305,668)</u>	<u>(780,496)</u>
Fair value at 30th June	<u><u>16,850,640</u></u>	<u><u>19,156,308</u></u>

Historical cost as at 30th June 2025: All investments were gifted to the Foundation so had no cost.

At 30th June 2025 the following investment holdings represent 5% or more of the fair value of the total portfolio:

Share class	Shareholding	Country of incorporation
Floral Street 1979 Limited 140 Ordinary C shares	14.00%	England & Wales
Paul Smith Group Holdings Ltd 5,043 Ordinary A shares	13.72%	England & Wales
Partnership - 9 St Thomas Street Not applicable	11.24%	Unincorporated

Detailed breakdown of investments

	Fair Value Total 2025 £	Fair Value Total 2024 £
Floral Street 1979 Ltd	8,578,835	8,578,846
Paul Smith Group Holdings Ltd	7,090,827	9,396,484
Partnership - 9 St Thomas Street	<u>1,180,978</u>	<u>1,180,978</u>
	<u><u>16,850,640</u></u>	<u><u>19,156,308</u></u>

Market risks

The Foundation's exposure to market risks is restricted to the specific markets of the companies that the Foundation invests in; there is no direct exposure to general market risks. The specific markets include Paul Smith Group Holdings Limited who operate in the luxury fashion retail and wholesale markets, and Floral Street 1979 Limited in property investment. The fashion wholesale and retail and market has continued to face significant challenges since Covid, but not to the extent that it would challenge the carrying value of the investment in the accounts. The property company is well funded and generally maintains a consistent dividend policy. As with risks, the Foundation's portfolio has a limited direct exposure to general market performance and instead is impacted by specific market performance.

The Foundation's exposure ties to its investment objectives as the investments either continue to directly promote the objects and profile of the charity or provide a long-term investment return for the charity. Sir Paul Smith, as a Trustee and Ambassador for the charity, has direct interest and influence in managing the risk of the investments. The charity is also currently recruiting new independent trustees.

The Foundation acquired its shares in Paul Smith Group Holdings Limited and Floral Street 1979 Limited by way of a gift to the Foundation from Sir Paul Smith's Trust. The charity co-funded alongside Sir Paul Smith, the purchase and restoration of the 9 St Thomas Street building as a long-term investment.

The Foundation's investments are considered reasonably liquid as Itochu Corporation or Sir Paul Smith could acquire the shares in Paul Smith Group Holdings Limited at any time if required.

Paul Smith's Foundation
Notes to the Accounts
For the year ended 30 June 2025

12 Investments (continued)

Currency risks

All of the Foundation's investments are held in GBP and therefore the Foundation is not exposed to currency risk.

Credit risks

The carrying amounts stated above represent the Foundation's maximum exposure to credit risk. Management is not aware of any further credit risks and therefore further disclosure is not required.

13 Debtors	2025	2024
	£	£
Prepayments and other debtors	1,049	9,977
Accrued Investment Income - 9 St Thomas Street	21,510	9,129
Dividend receivable	112,500	-
	<u>135,059</u>	<u>19,106</u>

14 Creditors: amounts falling due within one year	2025	2024
	£	£
Accruals	73,349	137,389
Other creditors	740	-
	<u>74,089</u>	<u>137,389</u>

15 Financial and capital commitments

The Foundation has no outstanding financial or capital commitments.

16 Related parties

The charity held the following investments at year end in which Paul Smith (and his wife), a trustee of Paul Smith's Foundation has an interest; Floral Street 1979 Limited, 9 St Thomas Street Partnership & Paul Smith Group Holdings Limited.

During the year, trustees donated £100,000 (2024: £nil) to the Foundation.

During the year, the Foundation recognised dividend income of £283,623 from Floral Street 1979 Limited (2024: £133,206) of which £112,500 (2024: £nil) was outstanding at year-end, and £36,420 (2024: £21,129) from 9 St Thomas Street partnership.

Included within other creditors is a balance of £140 (2024: £140) due to Paul Smith Limited in which a number of trustees of the Paul Smith's Foundation are also directors of Paul Smith Limited.

Included in other creditors is a balance of £600 (2024: £600) owed to Paul Smith, a trustee of Paul Smith's Foundation

Paul Smith's Foundation
Notes to the Accounts
For the year ended 30 June 2025

17 Statement of movement on reserves	2025	2024
	£	£
Reserves brought forward	19,239,227	20,159,496
(Deficit)/surplus for the year	<u>(2,110,544)</u>	<u>(920,269)</u>
Reserves carried forward	<u><u>17,128,683</u></u>	<u><u>19,239,227</u></u>

The charity's reserves consists of unrestricted general reserves only.