

THE HENRY SMITH CHARITY
Registered Charity 230102

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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Chair's Review

Henry Smith will be launching a new strategy in June 2025, and the organisation review preceding this launch has been an important and stimulating exercise. Key aspects of the new strategy include working in a smaller number of priority areas to maximise the impact of our funding and wider resources; developing a new Opportunity Fund to strengthen the sector (with a focus on management and leadership; governance; diversity; technology and volunteering) and funding policy and systems change work to ensure that we are intervening earlier addressing causes as well as symptoms.

The new strategy sets out an ambition to be a learning organisation and to work collaboratively with other foundations across the UK to be more closely connected with the communities we support. I am particularly enthused by the convening potential of Henry Smith and our networks combining government, funders and delivery partners, and our role in providing the time and space for leaders and managers to connect, and to stimulate and catalyse creative work across organisation silos. The scale of the social challenges we are tackling are too big for any institution to address alone, and funders and delivery organisations working in related areas need to come together effectively to address these challenges.

With a greater focus on impact, collaboration and networks, the new strategy represents a huge cultural shift for Henry Smith. A new brand and organisation values have been developed in recognition of this strategic approach.

In 2024 we gave £62m in grants, primarily through our Improving Lives and Strengthening Communities programmes. These two programmes, which together constitute our 2017 Main Grants strategy, awarded over £53m in grants, a record year for us. Our smaller, more historic and specialised programmes awarded grants over £6m. Our Main Grants funding included £11m of additional, one-off investment which will support our grant holders through our transition to a new strategy in 2025. Our 2025 budget is lower, due to this additional funding in 2024, but still aims to award almost £40m in grants.

We have enjoyed strong investment performance over several years, but 2024 continued a more recent trend of challenging markets and the backdrop of inflation. Our active portfolio managers struggled to meet their benchmarks, but although our total portfolio returns of 7% for 2024 were more than 5% behind benchmark, we were pleased to see returns higher than 2023 and exceeding our long-term benchmark of CPI inflation plus 4%. Over longer periods our diversified, actively managed portfolio continues to outperform its benchmarks by a significant margin. During 2024 we marketed for sale our largest rural estate, in Sutton Bridge, Lincolnshire, and successfully completed a sale in early 2025 for more than £50 million.

The closure of the last strategy coupled with the development of the new strategy and associated implementation plan has been a complex and demanding exercise. I am extremely grateful to the team for their continued hard work, skill and passion during this period of organisation change.

Finally, I was delighted to welcome Nicola Pollock onto the Henry Smith Board this year. I am pleased to be able to thank my fellow Trustees for their support and commitment, shown in their continuing generosity with time, skills and experience.

William Sieghart, Chair.

Report of the Trustees

Trustees

J Asquith	A Beeforth
B Colgrain	E Davies
V Dews (retired January 2024)	E Feisal (retired January 2024)
P Feilden (retired January 2024)	J Garrill
M Granger	P Hackwood (retired January 2024)
B Kernighan	B Nahl
F Rahman	G Roberts
W Sieghart (Chair)	N Pollock (appointed April 2024)

Registered Office

3rd Floor, Caledonia House, 223 Pentonville Road, London N1 9NG

Website

www.henrysmithcharity.org.uk

Chief Executive

A Shukla

Charity Registration

230102

Bankers: Bank of Scotland, 8 Lochside Avenue, Edinburgh, EH12 9DJ

Solicitors: SNR Denton LLP, One Fleet Place, London, EC4M 7WS
Veale Wasbrough Vizards LLP, 24 King William Street, London, EC4R 9AT

Auditor: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

Investment Custodian: Northern Trust, 50 Bank St, London, E14 5NT

Investment Advisers: Cambridge Associates, 80 Victoria Street, London, SW1E5JL

Property Advisers: JLL, 33 Cavendish Square, London, W1A 2NF
Savills UK Ltd, Stuart House, City Road, Peterborough, PE1 1QF

Report of the Trustees

Overview

Introduction

The Henry Smith Charity was established from a gift of land given during the lifetime of Henry Smith, and a bequest upon his death in 1628. Since then, the charity has honoured the spirit of Henry Smith's will, working to combat disadvantage and meet the challenges and opportunities facing people in need throughout the UK. Nearly four centuries after we were first established, The Henry Smith Charity is one of the largest grant-making charities in the UK.

The Henry Smith Charity aims to bring about lasting change to people's lives, helping them to benefit from and contribute to society. We achieve this by providing funding to reduce social and economic disadvantage. Our grantees are at the core of our mission and work.

The charity is registered in England and Wales and governed by a Scheme of the Charity Commissioners dated 5 October 2000 which came into effect on 1 January 2001.

Trustees

The Charity is required to have between ten and twenty trustees and current trustees are listed on page 1 of this report. New trustees serve up to two terms of five years each, with provision in exceptional cases for a third term of up to five years. Trustees are appointed following a formal recruitment process, including an assessment of the Charity's needs and the mix of skills and experience on the Board. A structured induction programme is provided for all for new trustees. Board effectiveness is maintained and ensured through regular reviews of both Board and individual trustee performance, and training is provided as needed.

Decision Making

The Board is responsible for all major policy decisions and for approving strategy and objectives. It meets four times a year. The Charity's most significant grants are approved by the Board, but significant decision-making authority is also delegated to the following committees and others:

- Decisions in respect of the Charity's grant programmes are delegated to trustee committees or appointed staff, with recommendations and decisions being reported to the Board.
- The Governance and Nominations Committee is responsible for ensuring good governance of the charity.
- The Investment Committee is responsible for investment policy, asset allocation, fund selection and performance monitoring.
- The Finance and General Purposes Committee is responsible for budgeting and financial management, organisational policies, staff remuneration, audit and risk management.

Day to day operational activities are delegated to the Chief Executive and members of the senior leadership team under a formal schedule of delegations.

Report of the Trustees

The Charity's objects and activities for the public benefit

The Charity is constituted as two funds, the Main Fund and the Estates Fund.

The objects of the Main Fund of the Henry Smith Charity have been changed at various points over the years, while maintaining the spirit of Henry Smith's original bequest. The objects as currently agreed with the Charity Commission are as follows:

- For the relief of the poor kindred of Henry Smith;
- For hospitals, hospices and other forms of residential care or provision of health care for those who are sick or in need and for other institutions providing medical assistance for those in financial need;
- For the relief of poor, aged or sick persons and their spouses, widows, widowers and dependants;
- For the relief of poor, aged or sick members of the clergy and their spouses, widows, widowers and dependants;
- For the relief, rehabilitation and training of disabled persons including disabled ex-Servicemen and war widows;
- For any medical research;
- For the promotion of moral welfare or social service;
- For the relief and rehabilitation of those persons who are or have been slaves or serfs and their dependants who are in need or distress or for preventing their seizure;
- For the costs of property to be used as accommodation for poor persons; and
- For the relief and maintenance of godly preachers or otherwise for the furtherance or promotion of knowledge and religion.

The objects of the Estates Fund of the Henry Smith Charity are as follows:

- For the relief of poor, aged or infirm persons or advancing in life such persons in specified, historic parishes;
- For the benefit of hospitals or convalescent homes in the specified, historic parishes;
- For the relief of poor, aged or infirm or advancing in life such persons elsewhere in England and Wales; and
- For the benefit of hospitals or convalescent homes elsewhere in England and Wales.

The Charity's objects provide the framework within which more detailed funding priorities are set; these priorities will change from time to time as needs change and the funding landscape shifts. ***Current priorities for the Charity's grant programmes are set out on the Charity's website.***

In summary, the Charity aims to bring about lasting change to people's lives, helping them to benefit from and contribute to society. This is achieved by funding organisations that work with people to reduce social and economic disadvantage.

Public Benefit

Trustees have considered the Charity Commission guidance on public benefit when planning future activities, setting grant-making policies and in making grants. The positive social impact anticipated from each grant is considered before a grant is awarded and monitored. This enables trustees to be confident that the Charity has, through its wide range of grantees, achieved significant public benefit for a number of vulnerable groups across the UK. A diverse range of public benefit is provided by the hundreds of charities we support each year, as they work to alleviate need and distress, and help people lead more fulfilling lives. A summary of our grant making in 2024 is set out below illustrating the work we have supported.

Report of the Trustees

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion (DEI) is at the heart of our organisation and decision making. We embed DEI in our organisation culture and values, empowering different groups of individuals, including people of different races, ethnicities, religions, ages, abilities, genders, and sexual orientations. We acknowledge the strength that diversity brings to the organisation and our funding is designed to address structural inequalities, supporting initiatives that create fairer opportunities and improve outcomes for marginalised groups.

Our DEI working group is the driving force behind these efforts, ensuring that staff, trustees, and volunteers feel empowered to embed DEI principles in their work. In early 2024, our DEI working group introduced a new set of DEI definitions for the organisation. These serve as a foundation for ensuring that our DEI principles are woven into all policies, processes and guidelines, shaping how we work internally and externally. These definitions also support our grant-making activities, helping us engage more meaningfully with stakeholders at all levels. To find out more about our approach to DEI, including our definitions, please visit the Henry Smith website.

As we implement our new strategy, these DEI principles and definitions will be embedded in our grant programmes and ways of working. Transparency is key, and we are committed to sharing the lessons we learn, both positive and negative. We are committed to measuring, monitoring and publishing our progress in these areas. We collect DEI data from all Main Grant applicants using the DEI Data standard, an independent standard developed in order to better understand funding flows to groups or communities experiencing structural inequities. This enables us to better understand our applicants and grant holders and helps us make more informed decisions about our grant making strategies and approaches.

Organisational Values

In 2024, we developed a set of organisational values to reflect our new strategy approach and which reflects our commitment to diversity, equity and inclusion.

These values are:-

Catalysts for Change, using our resources to create lasting impact and drive positive change

Relationship-centred, understanding diverse perspectives through compassion and inclusion, putting good relationships at the heart of all we do

Forward thinking, looking outward, innovating and pursuing insights

Always learning, improving continually by challenging, reflecting, holding ourselves to account and sharing learning

Report of the Trustees

Grant Making Programmes

We awarded grants through the following programmes during the year.

Programme	Overview
Main Grants	Grants for organisations that work to reduce social and economic disadvantage, divided into two separate programmes, Improving Lives and Strengthening Communities. These programmes closed to new applications in 2024, while the Charity undertook a strategy review.
Strategic Grants	Grants identified proactively, supported by the evidence and learning from our responsive programmes.
Transition Grants	During the closure of our Main Grants programmes we made transition awards, both to support existing grant holders and to provide new funding to the sector through the strategy development phase.
County Grants	Grants for smaller organisations working with disadvantaged people and communities in certain English counties. This programme permanently closed in 2024.
Holiday Grants	Grants for recreational trips and holidays for groups of children aged 13 and under in the UK who are disabled or disadvantaged.
Parishes Grants	Grants for local organisations, based broadly on an allocation by the Trustees of Henry Smith's will for relief of poverty in specified parishes.
Clergy and Christian Projects	Grants for projects that support Anglican Clergy wellbeing.
Kindred Grants	Grants to individuals who are descendants of the sister of Henry Smith or adopted by a descendant, awarded on a means-tested basis.

Grants totalling £ 61.9 million were awarded as follows:

Programme	Total Funding Committed £
Main Grants	40,721,000
Strategic Grants	1,573,000
Grants in Transition	13,150,000
County Grants	370,000
Holiday Grants	330,000
Parishes Grants	1,677,000
Clergy and Christian projects	3,054,000
Kindred Grants	1,123,000
Less: Cancelled/Refunded Grants	(74,000)
Total Grant Awards	£ 61,924,000

A full list of the grants we made to organisations over the last year along with the detailed criteria for each grant programme is available on our website www.henrysmithcharity.org.uk.

Report of the Trustees

Achievements and Performance – Main Grants

£40,721,000

In June 2024, we closed our Main Grants strategy, which comprised the Improving Lives and Strengthening Communities grants programmes, after seven years. This was a carefully planned exercise to ensure that the 2024 grants budget was distributed effectively within a shorter timeframe than usual, with the marshalling of resources and streamlining of activity to ensure that decisions would be made swiftly and with high quality at a time of increased application numbers.

In 2024, we received applications and made grants as follows:

	Improving Lives	Strengthening Communities	Total
Total number of applications	1,709	377	2,086
Total number of grants	208	39	247
Success rate	12%	10%	12%

We assess the quality of applications against a wide variety of different criteria to ensure that we are achieving our charitable objectives and that we are making robust, transparent and consistent funding decisions. Almost all grants were for three years and the average total grant award was £165,000, a 4% increase on the previous year.

Improving Lives

Through the Improving Lives grant programme, we support charitable organisations across the UK to help people for whom other sources of support have failed, been inappropriate or are simply not available. This is our largest funding programme, through which we distribute most of our funds.

The Improving Lives programme has six funding priorities, which describe the work we fund and how we want to bring about change for the most disadvantaged people in greatest need. Grant holders must demonstrate how the outcomes they deliver meet one or more of these priority areas:

- **Help at a Critical Moment** - Helping people to rebuild their lives following a crisis, critical moment, trauma or abuse;
- **Positive Choices** - Helping people whose actions or behaviours have led to negative consequences for themselves and others, to make positive choices;
- **Accommodation / Housing Support** - Enabling people to work towards or maintain accommodation;
- **Employment and Training** - Supporting people to move towards or gain employment;
- **Financial Inclusion, Rights & Entitlements** - Supporting people to overcome their financial problems and ensure they can claim their rights and entitlements; and
- **Support Networks & Family** - Working with people to develop improved support networks and family relationships.

Strengthening Communities

The Strengthening Communities programme supports small grassroots organisations working in the most deprived areas of the UK. Smaller organisations rooted in their communities play a vital role in supporting people to make positive changes, and we support these organisations to create lasting solutions for both individuals and their communities.

Report of the Trustees

Cause Area Addressed	% of Grants
Black and Minority Ethnic Communities	6%
Carers	4%
Children and Young people	20%
Disability	9%
Disadvantaged Communities	27%
Domestic and Sexual Abuse	11%
Family Services	17%
Homelessness	4%
Learning Disabilities	9%
LGBTQI+	3%
Mental Health and Wellbeing	15%
Older People	4%
Prisoners and Ex-Offenders	4%
Refugees and Asylum Seekers	8%
Sex Work, Trafficking and Modern Slavery	1%
Substance Misuse and Dependency	2%
Women	8%

We are a broad, responsive grant maker, supporting people with a range of different, and sometimes intersecting needs. The table above highlights the groups of people and needs supported by applicants and grant holders; grant holders frequently support more than one group or need, so many of our grant awards will fall within more than one category as highlighted above.

Geographical Distribution

As a UK-wide responsive funder running an open grant programme, we seek to make grants across the UK. We find that much of the work meeting the greatest need is within the most deprived, mainly urban areas of the UK. We continue to review the geographical spread of our grant making to ensure that we are receiving applications from all areas of the UK and that our grant making is targeted to need; this includes work to promote the Charity in areas with relatively fewer applications.

Geographical Area	Grants	Applications
Crown Dependency	0	1
East Midlands	9	88
East of England	15	128
London	33	299
National	12	220
North East	8	78
North West	34	219
Northern Ireland	4	63
Scotland	37	269
South East	35	227
South West	19	143
Wales	6	79
West Midlands	20	129
Yorkshire and the Humber	15	143
Total	247	2,086

Report of the Trustees

Grant Reporting

Once a grant has been approved, grant holders report back to us on their progress annually for the duration of their grant. They report on the numbers of people they helped, activities delivered, beneficiary outcomes, organisational developments, external changes that have affected their work, their financial performance and outlook for the year ahead. They also provide beneficiary case studies.

Learning and Evaluation

In line with the wider voluntary sector we need to understand the impact of our work. We require those applying to us to demonstrate the outcomes they are achieving and believe we should apply the same rigour to ourselves. This is a challenge, as our grants cover a wide range of services and groups to relieve poverty, deprivation and disadvantage.

We monitor the outcomes of all grants through our progress reporting process. We examine the specific outcomes that organisations have achieved in terms of the number of people they work with and the benefit they provide. We monitor our grantmaking throughout the year but also carry out a detailed annual review to confirm our understanding of who and what we are funding. We analyse applications and grants made and use the data to inform our policy-making and future planning. This continues to be particularly important for understanding the changing environment within which our grant holders work. We also gather insight and learning from the wider sector to inform our grantmaking.

Achievements and Performance – Grants in Transition

£13,150,000

In order to ensure that the flow of our funding to the sector continued during the strategy transition period (June 2024 to June 2025), we launched a FlexFund to release an additional £11m in the second half of 2024. The fund was designed to provide greater flexibility for the organisations we fund to use the grant and enable existing grantees to benefit from continuation funding while we are closed.

In addition, we have established funding partnerships with other foundations in related areas of work during the strategy transition period. The first of these partnerships with Community Foundation Northern Ireland and Unltd were established at the end of 2024, and other funding partnerships across the UK will be implemented in the first half of 2025, including with Corra Foundation and UK Community Foundations.

We also made our first Opportunity Fund grant awards at the end of 2024, with an initial focus on diversity, management and leadership development, and support for social entrepreneurs.

Achievements and Performance – Other Programmes

County Grants

£370,000

The County Grants programme supports the work of small organisations and charities in counties with which the Henry Smith Charity has a historical connection. A decision was made in 2021 to phase out the programme, and the final awards were made in 2024.

Grants support work with people experiencing social and/or economic disadvantage and work to address problems in areas of high deprivation. Grants range from £2,000 to £20,000.

In 2024, 49 grants were awarded and were used for organisation running costs, salaries, project costs, or one-off small capital expenditure.

Report of the Trustees

Holiday Grants

£330,000

The Holiday Grants programme provides one-off grants for short holidays and recreational trips for groups of children aged 13 and under who are disabled or disadvantaged. During the year we made 150 grants. Grants ranged between £500 and £2,750 and were made to schools, youth groups, not for profit organisations and charities.

Clergy and Christian Projects

£3,054,000

The Clergy and Christian Projects grants programme focusses on Anglican Clergy Wellbeing, and has two elements: grants to support individual clergy, and grants to organisations for projects that provide a means for Anglican Clergy to be supported or take preventative measures to ensure they remain healthy and effective in their ministry.

During the year grants were awarded as follows:

Programme	Grant Amount
Grants to support individual clergy, managed through Church of England dioceses	£758,000
Grants to Christian Projects to support Anglican Clergy Wellbeing	£2,296,000

Kindred

£1,123,000

In line with Henry Smith's will, which included a legacy to help members of his family in financial need, we award grants to individuals who are descendants of the sister of Henry Smith or adopted by a descendant. Our Kindred grant making goes directly to address financial need among the descendants of Henry Smith and grants are awarded on a means-tested basis. Over 220 people received financial support in 2024.

In addition to our standard grants, we have provided:

- Support with welfare benefit, debt advice and casework via our partnership with Pennysmart CIC
- Winter warmth packages to reduce energy costs which include energy saving measures to heat the home and the person
- A free and confidential helpline for support with counselling and access to information specialists on a range of topics such as employment law, bereavement and menopause.

Parishes

£1,677,000

The parish scheme is a separate fund within the endowment, representing just over 2% of our assets. Under the scheme we distribute annual grants of between £2,000 and £20,000 to over 150 entities, based broadly on an allocation set out by the Trustees of Henry Smith's will for the relief of poverty in particular parishes.

These entities use the money for the relief of poverty within their designated parishes, and report annually how the money was used. We also offer the opportunity for parishes to apply for supplementary grants to meet additional needs in their area.

The entities include local ecclesiastical parishes, specially established local Henry Smith Charities and larger grant making organisations. In 2024 we made approximately 200 grants intended to support 15,000 beneficiaries.

Report of the Trustees

Plans for Future Development

Henry Smith will implement its new strategy from June 2025, including an organisation rebrand and new website. The first grants programmes under this new strategy will be launched at that time. Additional future priorities include development of partnerships with funders and government on shared priorities and understanding how AI can improve our effectiveness and efficiency.

We continue to develop and embed a shared understanding of DEI across the organisation, led by our Chief Executive and Senior People and Culture Manager, and are working to embed our organisational values. This work is closely aligned with our strategy implementation.

Finally, we continue to build our communications resources and activities, and are changing our Charity brand in the context of our new strategy.

Financial Review

Investments

The Henry Smith Charity is a permanent endowment, with assets held in perpetuity. These assets are the primary funding source for the Charity, so the performance of investments over the long term is vitally important to the sustainability of the Charity, and the impact it can make through the grants it awards.

The Charity operates a Total Return approach to investment, with power to spend both income and capital, provided the core endowment of the fund is maintained. The Charity has power under its Scheme to invest in stocks, shares, funds, securities and other property. The Trustees have appointed professional investment advisors, who advise on investment policy and strategy, asset allocation, manager selection and performance.

Investment Policy

The investment portfolio has the primary long-term objective of maximising sustainable spending from the portfolio in order to support grant-making. The secondary long-term objective is to maintain the real value of the fund in perpetuity after spending. The Charity currently aims to spend 4% per annum of the portfolio in grant-making over the long-term and the portfolio has a goal of returning an annual 4% real return over a rolling 5 year period.

It is recognised that in order to achieve the primary objective of sustaining a 4% spending rate over the long term, there will be periods of short-term volatility of investment returns. The investment strategy seeks to build a diversified portfolio that minimises the impact of short-term fluctuations. Given the portfolio's strategic asset allocation and investment strategy it is understood that potential short-term losses are possible.

The Charity also recognises that there are several other forms of risk beyond short term volatility that need to be managed as part of the ongoing oversight of the portfolio. These risks include the prudent management of liquidity, the level of exposure to non-Sterling denominated assets, the level of overall leverage in the portfolio and risks associated with investing alongside investors with different goals.

ESG and Carbon

The Charity adopted the following policy in relation to Environmental, Social and Governance (ESG) issues, and has communicated the policy to all fund managers with whom it invests.

Report of the Trustees

- We take ESG factors into account when we select new managers and when assessing existing managers.
- We also review our direct equity investments held via index-tracking funds to assess which companies we may wish to exclude/engage with.
- We apply a materiality lens to the observations and judgements that we make.

The Trustees have excluded from our directly held investment portfolio companies who have significant involvement (greater than 10% of turnover) in the production or retailing of alcohol or tobacco, gambling or predatory lending. Companies with any involvement in the production or sale of indiscriminate weaponry are also excluded.

All our public equity managers have implemented ESG policies, which are integrated into their investment approach and lead to engagement with portfolio companies regarding ESG issues. Almost all our hedge fund managers have ESG policies in place. The public equity portfolio exposure to fossil fuel producers is less than 50% of the exposure of the benchmark indices, and the weighted average carbon intensity for all the companies held in the public equity portfolios is 60% of the carbon intensity of the benchmark indices. We continue to review our portfolio exposures and consider our approach to carbon on a regular basis.

During the year we agreed to move our directly held equity investment portfolio to a new custom ESG benchmark, managed by Northern Trust. This will be implemented in 2025. We are also exploring the potential to invest some of our property assets into social and/or community housing, to achieve market returns while providing greater social impact.

Asset Allocation and Strategy

Approximately 60% of the investment portfolio was allocated to growth assets during the year, to provide longer term returns, with the remaining allocation invested in diversifying assets. Further details are given in note 9 to the accounts.

Total Return Approach to Investing

The Charity operates a Total Return approach to investments, with freedom to invest the entire endowment with the aim of maximising total returns regardless of whether those returns accrue by way of income or capital growth. Over the long term the investment portfolio has a target annualised return of CPI +4%; over shorter periods we assess performance against a blended benchmark comprising benchmarks for the individual asset classes in which we invest.

Investment Returns for 2024

Total investment returns (investment income net of fees plus capital gains), totalled just under £98m for the year. Total returns for the portfolio (including the currency hedge) in 2024 were 8.2% (2023: 5.6%), just under 6% behind the portfolio benchmark. The property portfolio, representing 14% of the total portfolio, returned 6.7% net of fees over the year.

Over the last 5 years the equity portfolio has outperformed the portfolio benchmark by 1.0% per annum but has slightly lagged behind its long-term return target of CPI + 4% by -0.5% per annum. Performance was largely affected by periods of high inflation and the equity benchmark performance being driven by a very narrow range of stocks.

Report of the Trustees

Investment Costs

The Charity aims to maintain transparency over the total fees paid on investments and regularly reviews manager fees to ensure they are matched by performance. All investment performance is reported net of fees to enable us to monitor this closely and take corrective action where necessary. We spent £17.1m (2023: £15.8m) on our investment fees and costs. Over time we have obtained excellent returns with lower volatility, which have more than compensated for the fee costs.

Issuance of Long-Term Loan Notes

In early 2022 the Charity issued £100m in 50-year loan notes, with a fixed interest rate of 2.75% and full repayment of capital due in 2072.

Detailed analysis from the Charity's investment advisor shows that investment of the £100m proceeds across the investment portfolio for the full 50 years will enable the Charity both to increase its annual distributions and see an increased portfolio value in 50 years' time. The trustees are satisfied that the risks are demonstrably very low, and the expected benefit, while taking the long-term to fully accrue, will prove to be material.

"Core Endowment" (endowment funds)

Under the Total Return approach, the Charity must ensure that the value of total endowment funds does not fall below the Core Endowment. The Core Endowment is fixed at £276m, representing the value of the endowment as at 31 December 1991. Endowment funds in excess of the Core Endowment are known as the Unapplied Total Return; these are the accumulated returns from which the Charity may make funds available for grant-making. The Trustees also monitor the value of endowment funds compared to an inflation-adjusted measure of the Core Endowment, recognising the need to maintain the Charity's spending power in real terms.

The Charity's current policy is to transfer each year from the endowment funds, into the Main Unrestricted and Estates Restricted funds, 4.0% of the total value of the endowment as averaged over the previous 5 years (referred to as the "Distribution Rate"); these funds are then available for grant making and operations.

These transfers are funded over time by the total investment returns achieved by the Charity's endowment. The Trustees review the Distribution Rate from time to time and adjust as necessary to take account of prevailing rates of investment return.

In addition, the Trustees agreed in 2021 to distribute an additional up to £100m over ten years, in light of strong historic investment performance. With advice from Cambridge Associates this additional amount has been assessed as affordable while preserving the long-term funding capacity of the Endowment. A total of approximately £50m has already been committed from this to support the grants programmes over the last four years.

The movements in Unapplied Total Return for 2024 are shown in note 7 to the accounts. The Charity transferred £47.2m into the Main Unrestricted and Estates Restricted funds for its annual distribution, calculated at a 4.0% Distribution Rate, and an additional £18.0m to accommodate agreed additional grant spending. For 2025 the Trustees have agreed a transfer of £49.1m calculated at a 4.0% Distribution Rate. At 31 December 2024, the endowment funds of £1.3bn were well in excess of the Core Endowment.

Reserves (grant-making funds)

The Main Unrestricted fund balance was nil throughout the year, with the Charity withdrawing funds from the Endowment as required for grant-making. The Estates Restricted fund is used solely for grants under the Parish programme, with reserves of £0.5m at the year-end.

Report of the Trustees

Risk Management

The Trustees formally review risk on an annual basis as well as when issues arise, and during the year adopted a new risk management framework to enable more effective risk management.

The Trustees also meet the auditors during the year to discuss recommendations arising from their annual audit, which inform our approach.

One of the key risks identified is that of substantial investment losses, which would reduce the amount of funding available over the longer-term and hence the Charity's impact; to address this the Charity has a diversified investment portfolio and actively manages a range of risks, including performance, liquidity, currency and other risks, which should minimise the potential for long term losses. The investment portfolio continues to be resilient, and saw positive returns in 2025.

The Charity actively monitors a range of current risks, including the ongoing impact of the cost-of-living crisis, and wider economic and political events. Risks include business continuity in the event of disaster or other business interruption, and a policy and action plan are in place to manage this risk.

Maximising impact through its grant-making is one of the Charity's over-arching goals, and failure to achieve this is a key risk. The Charity will be launching a new strategy in 2025, aimed at ensuring that its grant-making approach is designed to maximise impact.

Safeguarding is a key risk area, and a safeguarding policy and training plan are in place.

Data Protection and the GDPR legislation remain important priorities. Key areas have been addressed, and work is ongoing to ensure compliance as the Charity's activities develop over time.

The Charity continues to monitor staff wellbeing, aiming to provide a supportive and safe working environment, along with specific support and tools where this can benefit individuals.

The Trustees have reviewed areas of potential risk for the Charity and concluded that there are sufficient controls in place across the organisation to ensure it meets its responsibilities.

Preparation of the Accounts on a Going Concern Basis

The Charity's normal practice is to distribute no more than 4% of assets annually calculated on a five-year rolling basis. On occasion, the Charity may make additional distributions, in which case an assessment of affordability and long-term sustainability is carried out, with advice from its investment advisor.

Total assets at 31 December 2024 were well in excess of the £276 million "core endowment" which must be preserved. The Trustees continue to consider the Charity to be a going concern and to prepare the accounts on this basis.

Remuneration of Key Management Personnel and Staffing

The Trustees consider the Board of the Charity and the Senior Leadership Team as comprising the key management personnel of the charity, in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis.

No Trustees are remunerated by the Charity. Remuneration for the Senior Leadership Team is reviewed annually, with salary increases determined in light of inflation rates and affordability. Salary increases and remuneration levels are also reviewed against other grant-making charities of a similar size and activity, to ensure remuneration is fair and not out of line with that generally paid for similar roles.

Report of the Trustees

Conflicts of Interest

From time to time the Charity makes grants to organisations with whom one or more of its Trustees is connected, typically as a Trustee or member of staff. The Charity takes steps to ensure that decisions on these grants are made at arms-length, and in accordance with its policies for dealing with potential conflicts of interest.

Fundraising

The Charity has no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 of the Charity 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 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 business.

The Trustees are responsible for keeping proper 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

Disclosure of information to auditors

So far as each of the Trustees at the date of this report is aware:

- There is no relevant audit information of which the Charity's auditor are unaware.
- Each trustee has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Trustees on 11 June 2025



William Sieghart
Chair

Independent Auditor's Report to the Trustees of The Henry Smith Charity

Opinion

We have audited the financial statements of The Henry Smith Charity ('the Charity') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, Charity Balance Sheet, Statement of Cash Flows 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 Financial Reporting Standard 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 Charity's affairs as at 31 December 2024 and of the Charity's income and receipt of endowments 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 Charities Act 2011.

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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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.

Independent Auditor's Report to the Trustees of The Henry Smith Charity

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee's report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees 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 Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

Independent Auditor's Report to the Trustees of The Henry Smith Charity

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Charity for fraud.


Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and General Purposes Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters 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 anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor

London

20 August 2025

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of Financial Activities for the Year Ended 31 December 2024

	Main Unrestricted Fund £'000	Loan Notes Designated Fund £'000	Estates Restricted Fund £'000	Endowment Funds £'000	2024 Total £'000	2023 Total £'000
INCOME						
Investment income (note 3)	-	1,133	-	15,064	16,197	14,446
Other income	143	-	-	11	154	2
Transfer to income (note 7)	63,557	-	1,062	(64,619)	-	-
TOTAL INCOME	63,700	1,133	1,062	(49,544)	16,351	14,448
EXPENDITURE (note 4)						
Expenditure on raising funds (investment costs)	-	2,750	-	14,311	17,061	15,761
Charitable activities						
Grant-making	63,700	-	1,602	-	65,302	49,774
TOTAL EXPENDITURE	63,700	2,750	1,602	14,311	82,363	65,535
Gains on investment and currency assets (note 9)	-	7,539	-	100,226	107,765	88,041
NET MOVEMENT IN FUNDS	-	5,922	(540)	36,371	41,753	36,954
TOTAL FUNDS BROUGHT FORWARD AT 1 JANUARY 2024	-	1,027	1,038	1,256,585	1,258,650	1,221,696
TOTAL FUNDS AT 31 DECEMBER 2024	-	6,949	498	1,292,956	1,300,403	1,258,650

All income and expenditure derive from continuing activities. The statement of financial activities includes all gains and losses recognised during the year and there is no difference between the results for the year stated above and their historical cost equivalents.

The notes on pages 18 to 29 form part of these accounts.

Balance Sheet as at 31 December 2024

	Main Unrestricted Fund £'000	Loan Notes Designated Fund £'000	Estates Restricted Fund £'000	Endowment Funds £'000	2024 Total £'000	2023 Total £'000
FIXED ASSETS						
Tangible Fixed Assets (note 8)	15	-	-	-	15	42
Investments (note 9)	69,154	106,949	-	1,293,718	1,469,821	1,417,942
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fixed Assets	69,169	106,949	-	1,293,718	1,469,836	1,417,984
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS						
Debtors (note 10)	357	-	-	341	698	838
Cash at bank	7,052	-	1,250	-	8,302	13,952
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,409	-	1,250	341	9,000	14,790
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS						
Amounts falling due within one year (note 11)	(51,556)	-	(752)	(1,103)	(53,411)	(47,843)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS	(44,147)	-	498	(762)	(44,411)	(33,053)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	25,022	106,949	498	1,292,956	1,425,425	1,384,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS						
Amounts falling due after one year (note 12)	(25,022)	(100,000)	-	-	(125,022)	(126,281)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS	-	6,949	498	1,292,956	1,300,403	1,258,650
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUNDS						
Main Endowment Fund	-	-	-	1,262,959	1,262,959	1,229,905
Estates Endowment Fund	-	-	-	29,997	29,997	26,680
Loan Notes Designated Fund	-	6,949	-	-	6,949	1,027
Estates Restricted Fund	-	-	498	-	498	1,038
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AT 31 DECEMBER 2024	-	6,949	498	1,292,956	1,300,403	1,258,650
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Approved by the Trustees on 11 June 2025 and signed on their behalf by:

William Sieghart

William Sieghart
Chairman

Ben Kernighan

Ben Kernighan
Trustee

The notes on pages 18 to 29 form part of these accounts.

Cashflow Statement for the Year Ended 31 December 2024

	2024 £'000	2023 £'000
Net cash used in operating activities (note 16)	(60,829)	(53,629)
Cash flows from investing activities		
Investment Income received	16,204	14,777
Payments for Investment Management and advice	(4,294)	(9,989)
Interest paid on Long-Term Bond	(2,750)	(2,750)
Purchase of tangible fixed assets	(3)	(4)
Cash withdrawn from investments to fund operating costs	46,022	51,063
Net cash provided by investing activities	55,179	53,097
Change in cash and cash equivalents in the year	(5,650)	(532)
Cash and cash equivalents at 1 January 2024	13,952	14,484
Cash and cash equivalents at 31 December 2024	8,302	13,952

Reconciliation of net debt

	Cash at bank £'000	Long-Term Bond £'000	Total Net Debt £'000
Balance at 1 January 2024	13,952	(100,000)	(86,048)
Cashflows	(5,650)	-	(5,650)
Balance at 31 December 2024	8,302	(100,000)	(91,698)

The notes on pages 18 to 29 form part of these accounts.

Notes to the Accounts

1. CHARITY INFORMATION

The Charity (registered no. 230102) is a public benefit entity established in the UK as a Trust governed by a Scheme of the Charity Commissioners dated 5 October 2000. It operates from its principal place of business, 65 Leadenhall Street, London EC3A 2AD.

2. ACCOUNTING POLICIES

Basis of Preparation

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain fixed asset investments, and in accordance with applicable accounting standards, the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Trustees have considered the impact of the external environment on the Charity's activities and resources. The impacts on investment performance and grant making activities have been reviewed and included in our risk management framework. These factors have been considered alongside relevant forecasts and budgets and trustees are not aware of any material uncertainties surrounding the Charity's ability to continue as a going concern.

Funds

The Charity's Funds include two permanent endowments. The Main Endowment Fund may be used to support all of the Charity's objects. The Estates Endowment Fund may only be used to support charitable activities in specified, historic parishes in England. The Loan Notes Designated Fund represents the current valuation of £100m raised through issuing loan notes in 2022 and invested in the Charity's investment portfolio, less the £100m creditor balance repayable in 2072. The assets of these three funds are pooled and managed as a single investment portfolio; investment returns are allocated in proportion to the Funds' asset values. The Estates Restricted Fund reflects funds made available from the Estates Endowment Fund for grant-making which are not yet spent.

During the year the Charity completed the management of legacy activities related to the Equitable Charitable Trust. Remaining funds of £170k, which had been held within endowment funds to cover potential costs of management, were made available for grant-making during the year and used to fund grants in line with the objects of the Equitable Charitable Trust.

Income

Dividends are recognised as receivable when a security is listed as ex-dividend. Income from fixed interest investments is recognised 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 or investment fund. Other investment income is recognised when notified as payable to the Charity by the relevant fund managers.

Expenditure

Liabilities are recognised as expenditure when there is a legal or constructive obligation committing the Charity to the expenditure. Grants, both single and multi-year, are recognised in the accounts as liabilities after they have been approved by the Trustees, the recipients have been notified and there are no further terms and conditions to be fulfilled within the control of the Charity. In these circumstances there is a valid expectation by the recipients that they will receive the grant. Future grant liabilities are measured at their amortised cost, using a discount rate agreed by the Trustees and equal to the interest rate received on the charity's savings at year-end. Movements in amortised cost are recognised in the accounts as expenditure, and are shown in note 4.

Notes to the Accounts

Expenditure on raising funds

Expenditure on raising funds includes the direct costs of fund management activities, the direct costs of activities including staff salaries and other expenditure, and an allocation of related support costs. Support costs are allocated according to an estimate of the proportional usage across different activities supported, generally on a staff time basis.

Charitable activities

The cost of charitable activities consists of grants awarded, the direct costs of grant making activities including staff salaries and other expenditure, and an allocation of related support costs.

Investments

Marketable investment assets are included in the financial statements at their fair values, either at closing market prices (listed investments) or through independent valuation (unlisted direct property) or from valuations provided by the investment manager (unlisted fixed income investments, hedge funds, private equity and indirect property). Cash held for investment purposes is included within investments. The Charity enters into forward currency contracts to reduce currency exposure in its investment portfolio. The basis of fair value of these forward exchange contracts is estimated by using the gain or loss that would arise from closing the contract at the balance sheet date. All investment and currency gains and losses are recognised as incurred.

Pensions

The Charity operates a defined contribution scheme. Contributions payable to the scheme are included as expenditure in the period in which the Charity receives the related services from the employees.

Irrecoverable VAT

Irrecoverable VAT is included in the Statement of Financial Activities or Fixed Assets within the expenditure to which it relates.

Fixed assets

Leasehold improvements are included at cost and depreciated on a straight-line basis over the remaining term of occupation of the Charity's premises. Fixtures, fittings and equipment are included at cost and depreciated on a straight-line basis over 3 years. The cost of assets includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Operating leases

Rental costs of operating leases where the Charity is a lessee are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Rental income from operating leases where the Charity is a lessor is recognised on a straight-line basis over the term of the relevant lease.

Key judgements and assumptions

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

Notes to the Accounts

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Valuation of investment properties – these are stated at their estimated fair value based on professional valuations as disclosed in note 9. Commercial Property valuations are prepared by applying an investment yield to the appropriate rental income stream, having regard to the individual asset fundamentals, including inter alia, location, lease length and tenant covenant strength. The relevant investment yield and rental values are determined principally through the use of comparative data.

Valuations for Rural Estates properties let on Assured Shorthold, Farm Business or protected residential tenancies are calculated by applying a discount to the vacant possession value to reflect the degree to which vacant possession is not immediately available. Valuations for properties let under the Agricultural Holdings Act 1986 are prepared by making an assessment of the estimated rental value of the properties, as compared to the current rent passing, and applying to the estimated rental value a valuation yield to reflect the individual characteristics of the property.

Valuation of private equity investments – these are stated at their estimated fair value based on valuations carried out by the fund managers.

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Financial assets held at amortised cost comprise cash at bank, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

3. INVESTMENT INCOME

	2024 £'000	2023 £'000
Equities	3,370	3,470
Fixed Income	6,301	4,657
Property	6,526	6,319
	16,197	14,446

Notes to the Accounts

4. EXPENDITURE

	Expenditure on Raising Funds £'000	Grant- making £'000	Governance £'000	Total 2024 £'000	Total 2023 £'000
Grants awarded (note 5)	-	61,924	-	61,924	46,446
Direct costs					
Direct property costs	2,120	-	-	2,120	2,032
Investment management, administration and advice	14,705	-	-	14,705	13,543
Staff costs (note 6)	118	1,341	167	1,626	1,516
Auditors' remuneration*	-	-	54	54	51
Other costs	-	200	160	360	308
Effect of discounting grant liability	-	(726)	-	(726)	-
	<u>16,943</u>	<u>815</u>	<u>381</u>	<u>18,139</u>	<u>63,896</u>
Support costs					
Staff costs (note 6)	33	1,045	14	1,092	836
Premises and office services	85	1,087	36	1,208	803
	<u>118</u>	<u>2,132</u>	<u>50</u>	<u>2,300</u>	<u>1,639</u>
Total expenditure	<u>17,061</u>	<u>64,871</u>	<u>431</u>	<u>82,363</u>	<u>65,535</u>

* - in the current and previous year the auditors' remuneration was solely for audit services.

5. GRANTS AWARDED

	2024 £'000	2023 £'000
Grants to organisations	60,167	45,053
Grants to individuals	1,831	1,958
Grants returned or cancelled	(74)	(565)
Total Grants Awarded	<u>61,924</u>	<u>46,446</u>

Further analysis of our main grant awards is given in the Trustees' Report and a full listing of grants awarded to organisations is available on our website (www.henrysmithcharity.org.uk). This information has not been audited.

6. STAFF COSTS

	2024 £'000	2023 £'000
Wages and salaries costs	2,132	1,844
Social security costs	233	210
Pension costs	239	200
Other benefits	114	97
	<u>2,718</u>	<u>2,351</u>

Notes to the Accounts

The average number of employees

Generating Funds	2	1
Grant-making	41	39
Governance	1	1
Total	44	40

The number of employees with emoluments greater than £60,000

£140,000-£150,000	1	-
£130,000-£140,000	-	1
£120,000-£130,000	1	-
£100,000-£110,000	1	1
£70,000-£80,000	2	3
£60,000-£70,000	3	4

No pension contributions were outstanding at the year end.

Termination payments totalling £96,438 were made to three members of staff during the year (2023: £29,394 for one member of staff) and this is included within wages and salaries costs.

Total remuneration for key management personnel for the year amounted to £644,000 (2023: £549,000). Expenses reimbursed to key management personnel for the year amounted to £5,632 (2023: £4,570).

7. MOVEMENT IN UNAPPLIED TOTAL RETURN

The overall movement in unapplied total return in the year was as follows:

	2024 £'000	2023 £'000
Unapplied total return at 1 January	980,585	948,070
Add: Income received	15,075	13,437
Less: Expenditure on raising funds	(14,311)	(13,011)
Add : Investment gains	100,226	82,095
Unapplied total return before transfer to income	1,081,575	1,030,591
Less: transfer to income	(64,619)	(50,006)
Unapplied total return at 31 December	1,016,956	980,585
Add: core endowment	276,000	276,000
Endowment assets at 31 December	1,292,956	1,256,585

The Charity is permitted to adopt a total return approach to its investments by Order of the Charity Commissioners for England and Wales dated 20th December 2006.

Notes to the Accounts

8. TANGIBLE FIXED ASSETS

	Fixtures, Fittings & Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost at 1 January 2024	204	224	428
Additions	6	-	6
Disposals	-	(9)	(9)
Cost at 31 December 2024	<u>210</u>	<u>215</u>	<u>425</u>
Accumulated depreciation at 1 January 2024	172	214	386
Depreciation charged in the year	23	1	24
Accumulated depreciation at 31 December 2024	<u>195</u>	<u>215</u>	<u>410</u>
Net Book Value at 31 December 2024	<u>15</u>	<u>-</u>	<u>15</u>
Net Book Value at 31 December 2023	<u>32</u>	<u>10</u>	<u>42</u>

9. INVESTMENTS

	2024 £'000	2023 £'000
Listed Investments	391,288	397,830
Unlisted Investments	801,746	742,490
Investment Properties	208,154	199,201
Cash and other balances	68,633	78,421
Total Investments	<u>1,469,821</u>	<u>1,417,942</u>

The movement in market value of investments (excluding cash and other balances) was as follows:

	2024 £'000	2023 £'000
<i>Listed Investments</i>		
Market Value at 1 January 2024	397,830	336,401
Investment gains net of fees	2,485	27,527
Additions	21,793	41,496
Disposals	(30,820)	(7,594)
Market Value at 31 December 2024	<u>391,288</u>	<u>397,830</u>

Notes to the Accounts

Unlisted Investments

Market Value at 1 January 2024	742,490	778,118
Investment gains net of fees	86,464	48,489
Additions	23,259	20,155
Disposals	(50,467)	(104,272)

Market Value at 31 December 2024	801,746	742,490
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Investment Properties

Market Value at 1 January 2024	199,201	206,951
Investment gains net of fees	8,953	9,009
Disposals	-	(16,759)

Market Value at 31 December 2024	208,154	199,201
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Total gains were made up as follows:	2024	2023
	£'000	£'000

Gains on investment assets	97,902	85,024
Other currency gains	9,863	3,017

Investment and currency gains	107,765	88,041
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The market value of listed investments at the year-end was £391m (2023: £303m). None of these were UK-only investments (2023: Nil).

At 31 December 2024 the Charity had nine foreign exchange forward contracts open in eight currencies, with a notional sterling liability of £11.9m (2023: £2.3m). These contracts were entered into to mitigate the currency risk of being a UK based charity while holding global equity and hedge fund assets in local currencies. These foreign exchange forward contracts have all been revalued at the applicable year-end rates and the resulting unrealised gains are included within the overall value of the investments above. The settlement date for the contracts ranged from 31 January 2025 to 30 June 2025.

The Charity's direct holdings in property were valued at 31 December by currently Registered RICS Valuers employed by the Charity's property advisers, and in accordance with the RICS Valuation – Professional Standards (January 2014) published by the Royal Institution of Chartered Surveyors.

The Charity sold Sutton Bridge, one of its agriculture investment properties, in February 2025, valued at £50.3m at year-end.

The Charity has committed to fund up to a further £73.6m (2023: £89m) of capital calls from private equity funds. These calls will be funded from the sale of liquid assets across the investment portfolio, and from distributions from private equity funds.

Notes to the Accounts

10. DEBTORS

	2024 £'000	2023 £'000
Rents receivable	341	195
Other debtors	86	-
Prepayments	271	643
	698	838

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £'000	2023 £'000
Grants payable	52,003	46,654
Accruals	864	860
Rental income in advance	544	329
	53,411	47,843

Movements in rental income in advance were as follows:

Balance brought forward at 1 January 2024	329
Released to income in the year	(329)
Deferred in the year	544
Balance carried forward at 31 December 2024	544

12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024 £'000	2023 £'000
Grants payable	25,602	26,281
Effect of discounting grant liability	(726)	-
Accruals and provisions	146	-
Fixed-term bond issuance	100,000	100,000
	125,022	126,281

The Charity received £100m from a bond issued on 10 March 2022 to Metropolitan Life Insurance Company and Metlife Insurance K.K. The Charity pays annual interest of 2.75% and the balance is repayable in full in 2072.

Notes to the Accounts

13. MATURITY OF FINANCIAL LIABILITIES

	2024 £'000	2023 £'000
In one year or less, or on demand	53,411	47,843
In more than one year, but not more than two years	20,107	20,824
In more than two years, but not more than five years	4,915	5,457
In more than five years	100,000	100,000
	178,433	174,124

The movement in grants payable during the year was as follows:

	2024 £'000	2023 £'000
Grants payable at 1 January 2024	72,935	75,944
Grants awarded	61,998	47,012
Cancelled grants	(74)	(565)
Payments made	(57,254)	(49,456)
Market Value at 31 December 2024	77,605	72,935

14. RELATED PARTY TRANSACTIONS

Expenses of £4,838 (2023: £5,843) were reimbursed to six Trustees during the year to cover travel and other related costs incurred by them in fulfilment of their duties. The Trustees received no remuneration during the year or in the previous year.

There were a total of £244,204 (2023: £97,300) grants awarded during the year to organisations of which the Trustees of the Henry Smith Charity were involved.

A grant of £210,000 was awarded during the year to Dads Unlimited for whom Bella Colgrain (Trustee) is a patron, and a grant of £34,204 was awarded to the Diocese of Leeds for whom Mark Granger (Trustee) is also connected. Ben Kernighan (Trustee) is CEO of Galop of which £89,850 of grants awarded in 2023 is still payable at year-end.

The charity made use of the services of Carter Jonas of which Mark Granger (Trustee) was Chief Executive, advising on vacating the existing offices at 65 Leadenhall Street London EC3A 2AD, totalling £8,914 for the year. Cushman & Wakefield of which George Roberts (Trustee) is Chief Executive has assisted the charity with the new office at 223 Pentonville Road, London, N1 9NG, totalling £26,898 for 2024.

15. OPERATING LEASE COMMITMENTS

At year-end the Charity held a lease for its premises expiring in May 2027. Rental payments amounted to £161,222 in 2024 and are contracted to be 265,832 per annum until the end of the lease term.

At year-end the Charity held rental leases on its investment properties under which payments are receivable until lease expiry or term of notice as follows:

Notes to the Accounts

Year	Payments receivable in year	
	2024 £'000	2023 £'000
2024	-	1,799
2025	75	162
2026	707	-
2027	536	36,955
2028 and subsequently	33,969	-

The total payments receivable under rental leases at 31 December 2024, until expiry or term of notice for all leases, was £35.3 (2023: £39.7) million.

16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2024 £'000	2023 £'000
Net movement in funds	41,753	36,954
Investment losses/(gains)	(108,111)	(85,861)
Investment income and deposit interest	(16,351)	(14,447)
Investment management and advice	17,061	15,761
Depreciation	24	41
Decrease/(Increase) in debtors	140	(48)
(Decrease)/Increase in creditors	4,308	(3,849)
Currency gains/(losses)	347	(2,180)
Net cash flow from operating activities	(60,829)	(53,629)

Notes to the Accounts

18. STATEMENT OF FINANCIAL ACTIVITIES FOR PRIOR YEAR

	Main Unrestricted Fund £'000	Loan Notes Designated Fund £'000	Estates Restricted Fund £'000	Endowment Funds £'000	2023 Total £'000	2022 Total £'000
INCOME						
Investment income (note 3)	-	1,011	-	13,435	14,446	11,894
Other income	-	-	-	2	2	2
Transfer to income (note 7)	48,984	-	1,022	(50,006)	-	-
TOTAL INCOME	<u>48,984</u>	<u>1,011</u>	<u>1,022</u>	<u>(36,569)</u>	<u>14,448</u>	<u>11,896</u>
EXPENDITURE (note 4)						
Expenditure on raising funds (investment costs)	-	2,750	-	13,011	15,761	12,643
Charitable activities						
Grant-making	48,984	-	790	-	49,774	68,060
TOTAL EXPENDITURE	<u>48,984</u>	<u>2,750</u>	<u>790</u>	<u>13,011</u>	<u>65,535</u>	<u>80,703</u>
Gains/(losses) on investment and currency assets (note 9)	-	5,946	-	82,095	88,041	(96,357)
NET MOVEMENT IN FUNDS	<u>-</u>	<u>4,207</u>	<u>232</u>	<u>32,515</u>	<u>36,954</u>	<u>(165,164)</u>
TOTAL FUNDS BROUGHT FORWARD AT 1 JANUARY 2023	-	(3,180)	806	1,224,070	1,221,696	1,386,860
TOTAL FUNDS AT 31 DECEMBER 2023	<u>-</u>	<u>1,027</u>	<u>1,038</u>	<u>1,256,585</u>	<u>1,258,650</u>	<u>1,221,696</u>

Notes to the Accounts

19. BALANCE SHEET FOR PRIOR YEAR

	Main Unrestricted Fund £'000	Loan Notes Designated Fund £'000	Estates Restricted Fund £'000	Endowment Funds £'000	2023 Total £'000	2022 Total £'000
FIXED ASSETS						
Tangible Fixed Assets (note 8)	42	-	-	-	42	129
Investments (note 9)	60,007	101,027	-	1,256,908	1,417,942	1,383,980
Total Fixed Assets	60,049	101,027	-	1,256,908	1,417,984	1,384,109
CURRENT ASSETS						
Debtors (note 10)	260	-	-	578	838	790
Cash at bank	12,853	-	1,099	-	13,952	14,484
	13,113	-	1,099	578	14,790	15,274
CREDITORS						
Amounts falling due within one year (note 11)	(46,881)	-	(61)	(901)	(47,843)	(44,537)
NET CURRENT ASSETS/ (LIABILITIES)	(33,768)	-	1,038	(323)	(33,053)	(29,263)
TOTAL ASSETS LESS CURRENT LIABILITIES	26,281	101,027	1,038	1,256,585	1,384,931	1,354,846
CREDITORS						
Amounts falling due after one year (note 12)	(26,281)	(100,000)	-	-	(126,281)	(133,150)
NET ASSETS	-	1,027	1,038	1,256,585	1,258,650	1,221,696
FUNDS						
Main Endowment Fund	-	-	-	1,229,905	1,229,905	1,197,007
Estates Endowment Fund	-	-	-	26,680	26,680	27,063
Main Unrestricted Fund	-	-	-	-	-	-
Loan Notes Designated Fund	-	1,027	-	-	1,027	(3,180)
Estates Restricted Fund	-	-	1,038	-	1,038	806
TOTAL FUNDS AT 31 DECEMBER 2023	-	1,027	1,038	1,256,585	1,258,650	1,221,696