

**THE SMITH FOUNDATION
ANNUAL REPORT AND
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023**

The Smith Foundation
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THE SMITH FOUNDATION

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THE SMITH FOUNDATION
TRUSTEES' ANNUAL REPORT

For the year ended 31 March 2023

Administrative Details, Trustees and Advisers

The Smith Foundation (529132) is governed by a Charity Commission Scheme dated 4 August 1998 amended by resolutions dated 20 June 2000, 5 July 2011 and 2 February 2023.

The office for all correspondence is:

The Smith Foundation, Boothroyd Lane, Brighouse, West Yorkshire, HD6 3JW.

Present Trustees of the Foundation are:

Roger Tilbrook, Chair

Brendan Heneghan, Vice Chair

Andrew Fairbairn, Treasurer (resigned 15.3.23) *

Grant McIntosh (resigned 15.3.23) *

David Duncan

Michelle Cuffe

Caroline Booth (appointed 7.12.22 resigned 8.2.23)

*Remain as advisors to the board and will rejoin the board upon incorporation of the charity later in 2023.

Key officers

Trust Secretary: Vanessa Talbot

William Henry Smith School, sixth form & college

Sue Ackroyd, Principal

Caroline Booth, Deputy Principal

Damien Talbot, Deputy Principal

Karl Adamski, Deputy Principal

Leanne Clarke, Vice Principal

Tom Gilbody, Vice Principal

Georgina Poole, Vice Principal

Trust Advisers and Agents:

Bankers

Lloyds Bank plc
6/7 Park Row
LEEDS
LS1 1NX

Investment Advisors

Investec Wealth & Investment Ltd
3 Wellington Place
LEEDS
LS1 4AP

Solicitors

Weightmans LLP
Westgate Point
Westgate
LEEDS
LS1 2AX

Auditors

Firth Parish, Chartered Accountants
1 Airport West
Lancaster Way
Yeadon
LEEDS
LS19 7ZA

Land & Valuation Chartered Surveyors

Carter Jonas
Manor House
Nabbs Lane
Slaithwaite
HUDDERSFIELD
HD7 5AU

THE SMITH FOUNDATION
TRUSTEES' ANNUAL REPORT (CONTINUED)

For the year ended 31 March 2023

Health & Safety Consultants

Senior H & S Advisor
Calderdale H & S Department
Calderdale MBC

Chartered Surveyors

PSK Building Surveyors Limited
Batley Business Centre
513 Bradford Road
BATLEY
WF17 8LL

Historical Context

The Smith Foundation originates from a Trust established on the 16th of August 1916 by William Smith. The main purpose of that Trust was to establish a Home for orphan girls. This was changed to a home for boys and girls under a scheme of 1923 just after William died in 1922. The bulk of his estate had been intended for his cousin's adopted son William Henry Smith but unhappily he was killed in the 1914-18 war so this money too was passed to the Trust. The homes continued through the 1920's, 1930's and through the 1939-45 war. During the war they took in children from The Sailors' Orphan Home in Hull and also this school was used as a transit home for children from Sheffield.

In 1951 a scheme changed the name of the Trust to The Smith Homes. This came about following an approach by the Ministry of Education after the enactment of the 1948 Children's Act. The revised scheme allowed the continuance of the Homes for a limited time but added an authority for the Trustees to make grants to Special schools and to establish Special schools of their own.

Grants were made to Breckenborough and Chaigley Schools and Holly Bank House was purchased by the Trust to convert into a Special School for Physically disabled children. This School was opened in 1953 and was run by the Trust until 1998 when it was handed over to the newly formed Holly Bank Trust.

By the end of 1959 the last of the children left the Homes and by then plans were in hand to open a further residential special school in the buildings. The William Henry Smith School opened in September 1961 for 48 boys. In December of the following year the Charity Commission made a scheme that changed the name of the Trust to The Smith Foundation.

Over the next 30 years the school developed its education and social provision becoming recognised as a specialist school for boys experiencing social, emotional and mental health difficulties, becoming very much a part of the national spectrum of special needs provision. During this period the Trustees with the help of the DfES provided a new science building, new kitchen and then portable classrooms and a Gymnasium. In the early 1990's it became clear that the residential accommodation needed to be replaced and the Trustees provided two new houses using some of their capital and money raised from Trusts.

In 1994 the Trustees commissioned a feasibility study that identified a plan to maximise the use of existing buildings through conversion and refurbishment to create new teaching facilities to allow the school to meet the challenges of the new millennium.

Since that time each summer there has been building work to fulfil the plan as money has allowed. This has seen the whole site transformed with derelict buildings becoming teaching and communal facilities, single en-suite bedrooms for all the boys and recreation improvements in the houses on the Care side of the school. On the Education side all the original temporary classrooms have been rebuilt to provide permanent accommodation; an IT suite, Assembly Hall, Design and Technology Rooms, Art Room, Music Room, Sports Hall, Life Skills Kitchen and a new therapy suite have been provided. There has also been onsite expansion in recent years including the addition of a new building for Commissioned Services in 2019 and in 2020, which will be used as a learning space for new students from September 2023. The Foundation also purchased a former B&B which has been developed and will be used as a 52-week children home from late 2023, known as Boothroyd House.

In 2021 the Trustees purchased a further property offsite which was a former day nursery in Elland which will be operating as a College from September 2023. This financial year work has also been completed on converting Lowry house, from residential accommodation to a state of the art therapy building. Houses 5 and 6 have also been converted during summer 2022 into a 4 bedroomed residential provision.

THE SMITH FOUNDATION
TRUSTEES' ANNUAL REPORT (CONTINUED)

For the year ended 31 March 2023

A final scheme was established by the Charity Commission in 1998 that revised the membership requirements for Trustees and the objects of the charity (amended by resolutions dated 20 June 2000, 5 July 2011 and 2 February 2023 (The 2023 amendments were to reduce the number of Trustees and provide the power to Incorporate). The trust is due to convert to a charitable company limited by guarantee later this year when the year end will also alter to 31 August to align with the academic year.

The instruments and articles of the governing body of the school were revised at that time and approved by the DfES in 1999. The governing body was reconstituted during the academic year 1999/2000. These have been further revised on 7th March 2023 and 4th July 2023. The revisions were to amend the number and makeup of the Governing Body and to reflect the name change of the School to include Sixth Form and College.

Structure, Governance and Management

Constitution

The Trust is governed by a Charity Commission Scheme dated 4 August 1998, as varied by a resolution of the Trustees dated 20 June 2000, and further resolutions dated 5 July 2011 and 2 February 2023. Trustees terms are reviewed every five years.

All Trustees are nominated by current Trustees. In making appointments to the Trust, Trustees "shall have regard to the desirability of appointing persons". When vacancies arise, Trustees seek expressions of interests. So far this approach with prospective Trustees suggested by the present Trust body had provided a representative and active group of Trustees. When looking at vacancies the Trust considers the skills and experience gap in their body.

All prospective Trustees are informally interviewed by the chairperson, who at that time makes verbal checks on the eligibility of Trustees. Each new Trustee is given an induction pack containing the charity's governing document, the Instruments and Articles of the school, sixth form & college, annual reports, together with previous meeting minutes of the Trust and Governing body. They are given a tour of the Trust grounds and meet senior members of the school, sixth form & college management as well as the Trust secretary. DBS and the other relevant checks are initiated before a Trustee is finally accepted. At the first meeting of the Trust they attend they formally sign the minutes book declaration.

The Trust secretary has reported that all Trustees have completed DBS checks in relation to Trustee's appointments, adding that since the Commission's Scheme sealed on 4th August 1998 all Trustees have signed a statement as follows:- "I the undersigned hereby declare that I am willing to accept the office and appointment of Trustee of The Smith Foundation and of acceptance and willingness to act in the Trusts of the scheme approved and established by the Charity Commission on the 4th August 1998".

Organisational structure

The Trustees delegate the running of the school, sixth form & college to the governing body. They operate under Instruments and Articles approved by the DfES in 1999. These have been further revised 7th March 2023 and 4th July 2023. The establishment of the governing body is up to 13 members: 2 Trustees, the Principal, 1 parent representative, 1 teaching staff representative, 1 non-teaching staff representative, 1 employed by a Local Authority, 2 from a professional background and 4 other persons deemed suitable by the Governing Body to enhance the skillset.

The Governing body in turn delegate the day to day running of the school & sixth form & college to the Principal. In practice this means that the Trustees have final responsibility for the school, sixth form & college staffing complement, audit and banking, insurance and security. They have joint responsibility with the governors and Principal for Admissions, Terms and Holiday dates, financial budgeting in the school, sixth form & college, Prospectus, the use of the premises, all statutory policies such as Health & Safety, Religious Education and Sex Education. The Governors and Principal are jointly responsible for Staffing, Curriculum policy, welfare and child protection. The Principal is solely responsible for the organisation of the curriculum and the day-to-day running of the school, sixth form & college. The governors do not sit over Boothroyd House but the trustees do.

The Governors fulfil these functions through three sub committees for Finance, Education and Premises.

THE SMITH FOUNDATION
TRUSTEES' ANNUAL REPORT (CONTINUED)
For the year ended 31 March 2023

Risk Assessment

During the year the Trustees have carried out a review of the risk assessment and confirm that all major risks have been reviewed and action plans are in place to mitigate these risks. The Emergency Plan and Business Continuity Plan are subject to regular review.

Objectives and Activities

Objective

- (a) To promote the education of children who have special educational needs, and in particular but in no way limiting the generality of the foregoing by the provision of a special school, sixth form & college within the meaning of the education acts; and
- (b) To promote the general welfare of children and young persons requiring assistance who have or have had special educational needs, with preference for students and former pupils of the school, sixth form & college of the charity.

Mission Statement

The Trust fulfils its objects by empowering everyone to become the best they can be through granting equity of access to provision of life enhancing opportunities leading to achievement, fulfilment and happiness.

Our vision supported by our whole community of services is to provide outstanding individualised education, care, welfare and support for children and young people experiencing social, emotional and mental health difficulties.

The Trustees recognise their three principal functions as:

- i) Overseeing the working and development of The William Henry Smith School, sixth form & college, and Boothroyd House through the work of the Governing Body and designated lead Trustees;
- ii) The safeguarding of the assets including finance, building and grounds in their care, and;
- iii) Planning for the future use of property and other assets.

Activities

To meet these objectives the Trustees, the Governors of the school, sixth form & college, the Principal as Chief Executive Officer and senior members of staff have worked together on the continued development of the services. The Trustees for their part have continued to provide finance for capital development and have worked alongside the senior staff in developing a 5-year strategic plan covering all areas of the school, sixth form & college. The return on investment has been carefully forecast.

Once again, a principal activity of Trustees this year has been that of critical friends, being active members of the school, sixth form & college's governing body and working alongside the Principal and the senior staff in examining and promoting the Self-Evaluation and Improvement Plan.

Staff training continues to be a vital part of the Foundations operation. The Foundation actively aids all staff development to the long-term benefit of the school, sixth form, college and Children's Home.

THE SMITH FOUNDATION
TRUSTEES' ANNUAL REPORT (CONTINUED)

For the year ended 31 March 2023

Achievement & Performance

The school & sixth form was awarded an 'Outstanding' rating by Ofsted in all areas of operation, including the nineteenth consecutive outstanding rating for 'Care'. A splendid achievement for which we are all immensely proud.

Financial

The financial statements are prepared in accordance with the Charities Statement of Recommended Practice (FRS102) and Financial Reporting Standard 102. Under FRS102 28.22 a pension scheme surplus / asset should only be recognised by an entity to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Therefore, the amount of the surplus has been restricted to reversing the £1m liability brought forward at 01.04.22 only and not brought in any asset. At 31.03.23 the balance sheet therefore shows a pension scheme liability of £nil and a pension reserve of £nil.

To control the fluctuating liability no further entrants have been taken into this defined benefit scheme and all new employees now enter The Peoples Pension. Further investigation into a subsumption agreement with one or more of the Local Authorities in the West Yorkshire Pension Fund (WYPF) were investigated during the financial year to further reduce the liability alongside possible exit options. The Trustees voted to exit the WYPF whilst market conditions appeared more favourable based on an actuarial Exit Valuation at 30.11.22 of £2.3m and the remaining 37 members became deferred members of the scheme on 31.8.23. A subsequent actuarial Exit Valuation dated 5.10.23 valued the financial effect of exiting the Scheme at £3.803m. This particular valuation assumes a 'probability of funding success' of 95%. We are advised by WYPF that a decision to update their funding strategy to reduce the probability of funding success to 90% is expected by the end of January 2024 and that this would reduce the Exit Valuation; however definitive figures are not available at this time. Once the exit valuation has been determined and agreed, it is intended the exit deficit will be financed from a mixture of reserves and through a debt spreading agreement to be entered with WYPF. The repayments of the debt will be offset by reduced contributions in the new scheme and no lump sum capital contributions.

Reserves Policy

The level of capital investment required in the 5-year strategic plan continues to be balanced against the need to maintain reserves at 50% of running costs. This is continually monitored.

Plans for Future Periods

Future plans, subject to reserves, include developing the college and acquiring Fordsall House, a building next door to the current college on a five-year lease. The masterplan will also be reviewed and updated and subject to Budgets and planning permission the Trustees have a five-year plan to increase car parking provision on site and undertake capital replacement and improvement of existing buildings.

Future Prospects

The Trustees are confident for the future. This confidence is bolstered by a strong school, sixth form, college and children's home management team, with excellent leadership and a balanced achievable strategy to deliver excellent results in ensuring student and resident numbers are maintained and a high level of success in education and care. This is further supported by recent changes such as a reduction in the lower age range to incorporate Key Stage 1 and an increase in the maximum student admission number from 83 to 87. Other new income streams such as college and 52-week will further supplement income.

Further Information & News

The school, sixth form & college management team under the leadership of Sue Ackroyd has produced excellent results in the further development of the school, sixth form & college in teaching, care and learning to bring out the full potential of the boys in the school, sixth form & college. This success is further recognised in the finances of the Trust and gives us confidence to pursue further our improvement plans.

Please visit our new website at www.whsschool.org.uk

THE SMITH FOUNDATION
TRUSTEES' ANNUAL REPORT (CONTINUED)

For the year ended 31 March 2023

Statement of Disclosure to Auditors

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors is unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the charity's auditors are aware of that information.

Public Benefit

In identifying the activities that the charity will undertake, the Trustees complied with their duty in section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Statement of Trustees' Responsibilities

Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of its financial activities for that period. In preparing those financial statements the Trustees are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) State whether the policies adopted are in accordance with the Charities (Accounts & Reports) Regulations 2008 and with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Approved on behalf of the Board of Trustees and signed on their behalf by:


Roger J Tilbrook MRICS
Chair of Trust

22 November 2023

THE SMITH FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SMITH FOUNDATION

Opinion

We have audited the financial statements of The Smith Foundation (the "Charity") for the year ended 31 March 2023 which comprise of the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements. 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 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 require us to report to you if, in our opinion:

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

THE SMITH FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SMITH FOUNDATION

Responsibilities of the trustees

As explained more fully in the statement of the trustees responsibilities set out on page 6, 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 they 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 members of the executive committee 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 144 of the Charities Act 2011 and report in accordance with the Act 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.

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.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

The extent to which the audit is capable of detecting irregularities, including fraud, is affected by the inherent difficulties in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities resulting from fraud usually are inherently more difficult to detect than irregularities that result from error.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered: the nature of the industry and sector, control environment and business performance including the charity's remuneration policies; the results of our enquiries of management about their own identification and assessment of the risks or irregularities; any matters we identified having reviewed the charity's procedures relating to identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, detecting and responding to the risks of fraud and whether they have any knowledge of any actual, suspected or alleged fraud and the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations. We also considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We assessed the effectiveness of the internal control environment for minimising the incidences of irregularities and considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for irregularities including fraud to be in the following areas: the completeness of income, the operation and accounting for cut off around the year end date and the ability of management to override controls.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts in the financial statements. The key laws and regulations we considered in this context included the Charity Act 2011 and pensions legislation. 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 may be fundamental to the Charity's ability to operate to avoid a material penalty.

THE SMITH FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SMITH FOUNDATION

Audit response to risks identified

We tested the operation of the sales system by checking that a sample of pupils resulted in the recognition of corresponding income. We addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the Board that represented a risk of material misstatement due to fraud.

In addition to the above, our procedures to respond to risks identified included the following: reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements; enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and in addressing the risk of fraud through management override of controls, assessing whether the judgements made in making accounting estimates were indicative of a potential bias and evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Firth Parish 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.



Firth Parish
Chartered Accountants
Statutory Auditor

22 November 2023

1 Airport West
Lancaster Way
Yeadon
Leeds
West Yorkshire
LS19 7ZA

THE SMITH FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	Endowment £	2023 Total £	2022 Total £
Income and endowments from:						
Charitable activities	4	9,605,824	109,284	-	9,715,108	8,325,143
Investment activities	3	12,241	-	-	12,241	1,192
Total income		9,618,065	109,284	-	9,727,349	8,326,335
Expenditure on:						
Charitable activities:						
Salaries	14	6,237,485	-	-	6,237,485	5,251,478
Establishment costs	5	1,008,014	-	-	1,008,014	816,803
Education & welfare	6	1,367,362	109,476	-	1,476,838	1,130,476
		8,612,861	109,476	-	8,722,337	7,198,757
Support and governance costs:						
Interest payable - pension		20,000	-	-	20,000	70,000
Depreciation		176,844	3,919	-	180,763	157,375
Professional fees		12,475	-	-	12,475	10,242
Clerk charges & subscriptions		25,902	-	-	25,902	13,868
Auditor remuneration		24,460	-	-	24,460	11,340
Actuary fees		2,292	-	-	2,292	426
Investment activities:						
Investment management fees		11,668	-	-	11,668	-
Total expenditure		8,886,502	113,395	-	8,999,897	7,462,008
Net income before investment gains/(losses)						
		731,563	(4,111)	-	727,452	864,327
Net (losses)/gains on investments						
		(26,900)	-	(1,440)	(28,340)	7,347
Net income/(expenditure)		704,663	(4,111)	(1,440)	699,112	871,674
Transfers between funds						
		-	-	-	-	-
Actuarial gain/(loss) on defined benefit pension scheme						
		1,020,000	-	-	1,020,000	2,770,000
Net movement in funds		1,724,663	(4,111)	(1,440)	1,719,112	3,641,674
Reconciliation of funds:						
Total funds brought forward		6,632,436	193,895	718,884	7,545,215	3,903,541
Total funds carried forward		8,357,099	189,784	717,444	9,264,327	7,545,215

All incoming resources and resources expended derive from continuing activities.

The comparative figures are analysed by funds in note 18 of the accounts.

THE SMITH FOUNDATION

BALANCE SHEET

as at 31 March 2023

	Note	2023	2022
		£	£
Fixed assets			
Land & buildings	7	6,075,545	5,271,858
Furniture & equipment	7	78,559	66,719
Investments	8	1,001,862	344,530
		<hr/>	<hr/>
		7,155,966	5,683,107
Current assets			
Stocks		54,320	54,393
Debtors	10	202,931	288,276
Cash at bank and in hand		2,355,323	3,083,767
		<hr/>	<hr/>
		2,612,574	3,426,436
Liabilities			
Creditors falling due within one year	11	(504,213)	(564,328)
		<hr/>	<hr/>
Net current assets		2,108,361	2,862,108
		<hr/>	<hr/>
Net assets before pension liability		9,264,327	8,542,775
Defined benefit pension scheme liability	15	-	(1,000,000)
		<hr/>	<hr/>
Total net assets		9,264,327	7,545,215
		<hr/>	<hr/>
The funds of the charity:			
Endowment funds		717,444	718,884
Restricted income funds		189,784	193,895
Unrestricted income funds:			
Unrestricted funds		8,155,096	7,332,030
Pension reserve	15	-	(1,000,000)
School Improvement Plan designated fund		202,003	300,406
		<hr/>	<hr/>
Total charity funds	12	9,264,327	7,545,215
		<hr/>	<hr/>

These Financial Statements were approved by the Trustees on 22 November 2023 and signed on their behalf by

Roger J Tilbrook MRICS
Chair of Trust

22 November 2023



THE SMITH FOUNDATION
STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

Reconciliation of net income/(expenditure) to net cash flow from operating activities	2023 £	2022 £
Net income for the year (as per the statement of financial activities)	699,112	871,674
Add back depreciation charge	180,763	157,375
Deduct interest income shown in investing activities	(12,241)	(1,192)
Net losses/(gains) on investments	28,340	(7,347)
Decrease/(increase) in stocks	73	(419)
Decrease in debtors	85,345	812,296
(Decrease)/increase in creditors	(60,115)	202,564
FRS102 pension adjustment	20,000	140,000
	<hr/>	<hr/>
Net cash provided by operating activities	941,277	2,174,951
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest and dividends	12,241	1,192
Purchase of property, plant and equipment	(996,290)	(1,480,187)
Purchase of listed investments	(705,806)	(300,130)
Proceeds on sale of listed investments	20,134	18,927
	<hr/>	<hr/>
Net cash used in investing activities	(1,669,721)	(1,760,198)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	(728,444)	414,753
	<hr/>	<hr/>
Cash and cash equivalents brought forward	3,083,767	2,669,014
	<hr/>	<hr/>
Cash and cash equivalents carried forward	2,355,323	3,083,767
	<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

1 Accounting Policies

Charity Information

The Smith Foundation is an unincorporated charity registered with the Charity Commission in England & Wales. The public address is William Henry Smith School, Boothroyd Lane, Brighouse, West Yorkshire, HD6 3JW.

Basis of preparation and assessment of going concern

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), with FRS 102, with the requirements of the Charities Act 2011 and under the historical cost convention as modified by the revaluation of investments assets.

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

The trust constitutes a public benefit entity as defined by FRS 102.

The Trustees believe that the Foundation is a going concern because it has a strong balance sheet, good leadership and management to ensure boy numbers are maintained at a satisfactory level. The more recent addition of Commissioned Services (Bespoke Education, Support and Tuition) extends the school offering and makes a welcome financial contribution.

Stocks

Stocks are held for distribution at no or nominal consideration. Stocks are valued at the lower of cost and replacement cost.

Pensions

The charity contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the school. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The charity also contributes to a Defined Benefits pension scheme for non-teaching staff. Rates are set by the scheme Actuary and advised to the School by the Scheme Administrator. This scheme is now being accounted for under FRS102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a designated fund entitled "Pensions Reserve", which is deducted from Unrestricted Funds in the balance sheet. The trustees believe that the scheme currently meets statutory minimum funding requirements. The Trustees note that the calculated notional deficit or surplus calculated under FRS102 can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cashflows.

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

1 Accounting Policies (Continued)

Income recognition

All income is recognised when the charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities and sale of goods, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure recognition

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for it. All costs have been directly attributed to one of the functional categories of resources expended in the SOFA. The charity is not registered for VAT and accordingly expenditure is shown including the irrecoverable VAT.

Capital expenditure:

Freehold property will be capitalised and depreciated over 50 years. Regular valuations, other than for insurance purposes, are not considered to be of any benefit to the Trustees.

Fixtures & equipment will be capitalised and depreciated at 20% per annum on a straight-line basis. Any single item costing £1,000 or less will be written off.

Computer equipment is depreciated at 100% on a straight-line basis.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the mid-market value. The increase or decrease in fair value is credited or charged to the endowment fund in the statement of financial activities as unrealised gains or losses on investments. Income from the endowment fund is unrestricted.

Donations, legacies and grants

Donations, legacies and grants are credited to income as they are received.

Designated funds

The trustees set aside amounts within unrestricted funds for designated expenditure. The designated fund balances do not affect the statement of financial activities.

Leasing

Rentals payable under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments.

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

1 Accounting Policies (Continued)

Financial instruments

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

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through the statement of financial activities, are assessed for indicators of impairment at each reporting end date.

Financial assets 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original interest rate. The impairment loss is recognised in the statement of financial activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of financial activities.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

1 Accounting Policies (Continued)

Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Defined benefit pension scheme liability

Determining the level of the defined benefit pension scheme liability requires updating the most recent actuarial valuation, allowing for appropriate financial and demographic assumptions. The asset at 31 March 2023 was £2,690,000, which has been restricted to £Nil (2022 – liability of £1,000,000). This calculation was performed by a qualified independent actuary and details are set out in note 15.

2 Net income/(expenditure)	2023 £	2022 £
Net income/(expenditure) is stated after charging:		
Depreciation of tangible assets	180,763	157,375
Operating lease rentals	51,754	58,488
Auditors remuneration - audit	7,500	4,600
- other services	16,960	6,740
	<hr/>	<hr/>
3 Investment income	2023 £	2022 £
Interest received	1,570	348
Dividends	10,671	844
	<hr/>	<hr/>
	12,241	1,192
	<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

4	Income from charitable activities	2023	2022
		£	£
	Fees : Standard	5,468,983	5,194,074
	: Additional services	1,953,303	1,526,006
	: Off roll/off site provisions	1,246,184	578,000
	: ESFA funding grant	574,909	488,871
	Other grants	421,171	485,650
	Other generated income	50,558	52,542
		<hr/>	<hr/>
		9,715,108	8,325,143
		<hr/>	<hr/>
	Grants comprise mainly of ESFA funding towards education.		
5	Establishment costs	2023	2022
		£	£
	Cleaning	125,837	119,112
	Maintenance and security	467,527	377,558
	Heat and light	120,195	90,224
	Water	25,778	23,497
	Insurance	95,581	73,790
	Office costs	126,754	96,312
	Professional fees	46,342	36,310
		<hr/>	<hr/>
		1,008,014	816,803
		<hr/>	<hr/>
6	Education and Welfare Costs	2023	2022
		£	£
	Education costs	142,744	130,802
	ICT	107,994	76,832
	Catering	182,123	147,344
	Housekeeping and laundry	44,674	45,212
	Motor and travel	84,371	62,195
	Training	162,432	90,393
	Care	224,786	179,951
	Therapy	-	11,400
	Other	7,948	4,570
	School Improvement Plan – designated fund expenditure	410,290	297,997
	Other restricted and designated fund expenditure	109,476	83,780
		<hr/>	<hr/>
		1,476,838	1,130,476
		<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

7 Tangible Fixed Assets

	Freehold Land & Buildings £	Computers £	Fixtures & Equipment £	Total £
Cost				
1 April 2022	7,076,599	52,269	450,411	7,579,279
Additions	959,100	4,973	32,217	996,290
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2023	8,035,699	57,242	482,628	8,575,569
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 April 2022	1,804,741	52,269	383,692	2,240,702
Charge for year	155,413	4,973	20,377	180,763
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2023	1,960,154	57,242	404,069	2,421,465
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
31 March 2023	6,075,545	-	78,559	6,154,104
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2022	5,271,858	-	66,719	5,338,577
	<hr/>	<hr/>	<hr/>	<hr/>

8 Investments

Movement in fixed asset investments

	2023 £	2022 £
Market value at 1 April 2022	344,530	55,979
Additions at cost	705,806	300,131
Disposals	(20,134)	(18,927)
Net (losses) / gains on revaluations	(28,340)	7,347
	<hr/>	<hr/>
Market value at 31 March 2023	1,001,862	344,530
	<hr/>	<hr/>
Investments at market value comprised:		
Charities Official Investment Fund	60,200	61,640
Listed investments:		
Equities	554,575	176,447
Fixed interest securities	163,161	30,100
Alternatives	159,443	51,527
Property	37,667	24,816
Emerging markets	26,816	-
	<hr/>	<hr/>
	1,001,862	344,530
	<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

9	Financial instruments	2023	2022
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	181,906	251,653
		<hr/>	<hr/>
	Carrying amount of financial liabilities		
	Measured at amortised cost	395,791	474,300
		<hr/>	<hr/>
10	Debtors	2023	2022
		£	£
	Trade debtors	179,673	250,516
	Other debtors	2,233	1,137
	Prepayments	21,025	36,623
		<hr/>	<hr/>
		202,931	288,276
		<hr/>	<hr/>
11	Creditors: amounts falling due within one year	2023	2022
		£	£
	Trade creditors	182,324	307,534
	Other taxes and social security	108,422	90,028
	Other creditors	133,411	109,128
	Accruals and deferred income	80,056	57,638
		<hr/>	<hr/>
		504,213	564,328
		<hr/>	<hr/>

Creditors includes deferred income of £Nil (2022 - £24,884), being BEST fees invoiced in advance.

12	Reserves	Unrestricted	Restricted	Endowment	Total
		£	£	£	£
	Brought forward	6,632,436	193,895	718,884	7,545,215
	Surplus for the year	751,563	(4,111)	-	747,452
	Decrease in valuations	(26,900)	-	(1,440)	(28,340)
	Pension movement	1,000,000	-	-	1,000,000
		<hr/>	<hr/>	<hr/>	<hr/>
		8,357,099	189,784	717,444	9,264,327
		<hr/>	<hr/>	<hr/>	<hr/>

Restricted funds represent grants and donations invested in buildings of £111,636 and the unspent portion of other grants totalling £78,148.

THE SMITH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2023

12 Reserves (Continued)

Analysis of Net Assets between Funds

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Endowment	Unrestricted	Restricted	Endowment
	£	£	£	£	£	£
Fixed assets	5,385,224	111,636	657,244	4,565,777	115,556	657,244
Investments	941,661	-	60,200	282,890	-	61,640
Stock and debtors	257,251	-	-	342,669	-	-
Cash and bank	2,277,176	78,148	-	3,005,428	78,339	-
Creditors	(504,213)	-	-	(564,328)	-	-
Pension liability	-	-	-	(1,000,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,357,099	189,784	717,444	6,632,436	193,895	718,884
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

13 Transactions with Trustees

During the financial year the Smith Foundation was invoiced £55,062 (2022: £146,293) by PSK Building Surveyors Limited for property consultancy. R Tilbrook and G McIntosh were trustees of the Smith Foundation and directors and shareholders of PSK Building Surveyors Limited during the year. A balance of £Nil (2022: £9,781) was due to PSK Building Surveyors Limited at the year end.

During the financial year the William Henry Smith School was invoiced £20,461 (2022: £Nil) by Cuffe and Lacey Associates Limited for RI duties at Boothroyd House. M Cuffe is a trustee of the Smith Foundation and a director and shareholder of Cuffe and Lacey Associates Limited. A balance of £Nil (2022: £Nil) was due to Cuffe and Lacey Associates Limited at the year end.

14 Expenditure

	2023	2022
	£	£
Staff costs		
Wages and salaries	4,939,749	4,096,233
Social security costs	452,891	333,782
Pension costs (see note 15)	844,845	821,463
	<hr/>	<hr/>
	6,237,485	5,251,478
	<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

14 Expenditure (Continued)

Staff earning over £60,000

	2023	2022
	Number	Number
Employees with emoluments falling within the following bands:		
£60,001 to £70,000	2	1
£70,001 to £80,000	1	3
£80,001 to £90,000	2	-
£100,001 to £110,000	1	1
	<hr/>	<hr/>

Pension costs were £134,727 (2022: £113,739). 3 employees (2022: 2) were accruing benefits under defined contribution schemes and 3 employees (2022: 3) were accruing benefits under defined benefit schemes.

	2023	2022
	£	£
Average number of employees:		
Senior Leadership Team	6	6
Teaching Department	46	46
Care	26	25
Administration	13	13
Maintenance	8	7
Domestic	7	7
Education Support ISIP	80	66
Boothroyd House	5	1
	<hr/>	<hr/>
	191	171
	<hr/>	<hr/>

No remuneration was paid to any of the trustees. Expenses of £366 (2022: £202) were reimbursed to one trustee during the year.

The key management team received remuneration of £489,246 (2022: £440,835).

15 Pensions

	2023	2022
	£	£
Contributions payable by the Foundation for the employees:		
Teachers Pension	185,083	148,396
West Yorkshire Pension Fund	568,322	605,939
Peoples Pension	91,440	67,128
	<hr/>	<hr/>
	844,845	821,463
	<hr/>	<hr/>
Contributions outstanding at the yearend:		
Teachers Pension	24,971	17,808
West Yorkshire Pension Fund	51,090	47,511
Peoples Pension	15,271	11,005
	<hr/>	<hr/>
	91,332	76,324
	<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

15 Pensions (Continued)

Teachers Pension

The school contributes to the Teachers Pension Scheme (England & Wales) for the teaching staff. The assets of these funds are held separately from The Smith Foundation.

The Teachers Pension Scheme is a multi-employer defined benefits scheme, to which the school pays contributions at the rate set by the Scheme Actuary (currently 23.68% of pensionable earnings). The school has no responsibility for or benefit from any deficit or surplus of this Scheme. It is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the school and it is therefore accounted for as a defined contribution scheme. Contributions to the Scheme are accounted for when they fall due.

Peoples Pension

The charity also operates a defined contribution scheme for qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund. The charity contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the charity with respect to the scheme is to make the specified contributions.

West Yorkshire Pension Fund

The West Yorkshire Pension Fund is also a multi-employer defined benefits scheme but in this case the school are required to make up the deficit of the Scheme relating to their employees and former employees. At the last valuation of the West Yorkshire Pension Fund made as at 31 March 2022 and published 31 March 2023 the scheme was assessed to have a deficit. This deficit is set to be made up over a period of 22 years from 1 April 2023. The rate for contributions as set by the Fund Actuary for 2023/24, 2024/25 and 2025/26 was 35.7% of pensionable earnings plus secondary contributions of £74,500 in 2023/24, £77,200 in 2024/25 and £79,900 in 2025/26.

The trustees recognise that action was being taken by the fund managers to recover the deficit over the next 22 years.

Pension contributions for the West Yorkshire Pension Fund are determined by the scheme actuary on the basis of triennial valuations using the projected unit method. The most recent full actuarial valuation was as at 31 March 2022 and was carried out by a qualified independent actuary. This has been updated by the actuary as at 31 March 2023.

At 31 March 2023 the updated figures show a pension scheme surplus. This has been restricted in these financial statements to the reversal of the £1m deficit brought forward at 1 April 2022.

The scheme was closed to new members during the year ended 31 March 2018.

The remaining 37 members became deferred members of the scheme on 31 August 2023, see note 17.

The key assumptions used by the actuary were:

	2023	2022	2021
	% p.a.	% p.a.	%p.a.
Discount rate	4.6	2.7	2.1
Rate of inflation (CPI)	2.6	2.9	2.7
Rate of increase in salaries	3.9	4.2	4.0
Rate of increase to pensions	2.6	2.9	2.7
Pension accounts revaluation rate	2.6	2.9	2.7

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

15 Pensions (Continued)

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below:

	2023 Years	2022 Years
Males		
Member aged 65 at accounting date	21.6	21.8
Member aged 45 at accounting date	22.9	22.5
Females		
Member aged 65 at accounting date	24.6	24.6
Member aged 45 at accounting date	25.7	25.7

The major categories of assets in the scheme as a percentage of total plan assets are as follows:-

	2023 %	2022 %
Equities	80.8	79.8
Corporate Bonds	4.6	4.8
Government Bonds	6.9	7.4
Property	3.3	4.0
Cash	2.3	2.9
Other	2.1	1.1

Analysis of the amount recognised in the SOFA:

	2023 £	2022 £
Current service cost	570,000	610,000
Contributions already paid by the employer	(570,000)	(540,000)
Net interest charge	20,000	70,000

Actuarial gains/(losses) on defined benefit pension scheme

Asset (gains)/losses arising during the period	520,000	(1,260,000)
Liability (gains)/losses arising during the period	(4,230,000)	(1,510,000)
Asset restriction	2,690,000	-
	<hr/>	<hr/>
Movement in pension scheme deficit	(1,000,000)	(2,630,000)
	<hr/>	<hr/>

	2023 £	2022 £
Actual return on assets:		
Interest income on assets	330,000	220,000
Gains/(losses) on assets	(520,000)	1,260,000
	<hr/>	<hr/>
	(190,000)	1,480,000
	<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

15 Pensions (Continued)

Changes to the present value of the plan liabilities	2023	2022
	£	£
Opening scheme liabilities	13,210,000	13,840,000
Current service cost	570,000	610,000
Interest expense	350,000	290,000
Actuarial (gains)/losses on liabilities	(4,230,000)	(1,510,000)
Contributions by the participants	100,000	90,000
Net benefits paid out	(280,000)	(110,000)
	<hr/>	<hr/>
Closing scheme liabilities	9,720,000	13,210,000
	<hr/>	<hr/>
Changes to the fair value of the plan assets:	2023	2022
	£	£
Opening fair value of assets	12,210,000	10,210,000
Interest income	330,000	220,000
Remeasurement (loss)/gain on assets	(520,000)	1,260,000
Contributions by the employer	570,000	540,000
Contributions by the participants	100,000	90,000
Net benefits paid out	(280,000)	(110,000)
Asset restriction	(2,690,000)	-
	<hr/>	<hr/>
Closing fair value of assets	9,720,000	12,210,000
	<hr/>	<hr/>
Net scheme liabilities	-	1,000,000
	<hr/>	<hr/>

16 Financial Commitments

At 31 March 2023 the charity was committed to making the following payments under non-cancellable operating leases: -

	Plant & Machinery	
	2023	2022
	£	£
Leases expiring in: -		
< 1 year	8,133	-
2-5 years	67,292	110,498
	<hr/>	<hr/>

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

17 Events after the reporting date

Transfer of Charitable Activities to the Company

In pursuit of our mission to enhance the efficiency and sustainability of our charitable initiatives, a strategic decision was made to transfer the management and operation of our charitable activities to a newly formed company limited by guarantee - The Smith Foundation Limited.

This transfer is yet to be executed due to delays with the Charity Commission meaning the new company is awaiting charitable status. It will however mark a pivotal step in our commitment to optimise the delivery of our charitable services. The establishment of The Smith Foundation Limited allows for enhanced focus and dedicated resources in furthering our charitable objectives.

We have taken all necessary steps to ensure the seamless transition of these activities to the new entity. The legal costs associated with this transfer are estimated to be £106,050 in total of which £28,495 have been met through the School Improvement Plan designated fund during the year to 31 March 2023 with the remaining estimated costs of £77,555 expected to be incurred during the current reporting period.

Exit from West Yorkshire Pension Fund (WYPF)

During the year, the Foundation decided to conclude its membership in the West Yorkshire Pension Fund (WYPF). This decision was made as part of our broader financial and operational restructuring efforts to better align our resources with our long-term strategic goals.

The exit from WYPF was executed post year end on 31 August 2023 in accordance with the relevant regulatory requirements and contractual obligations. As a result of this exit, the organisation is no longer a participant in the WYPF pension scheme.

We have and will continue to diligently manage the associated financial aspects of this transition, including the settlement of any outstanding liabilities or obligations as required by the pension fund's regulations. At the date of the approval of these accounts, the financial effect of exiting the Scheme based on an actuarial Exit Valuation dated 5 October 2023 is £3,803,000. This particular valuation assumes a 'probability of funding success' of 95%. We are advised by WYPF that a decision to update their funding strategy to reduce the probability of funding success to 90% is expected by the end of January 2024 and that this would reduce the Exit Valuation deficit; however definitive figures are not available at this time.

THE SMITH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2023

18 Comparative Statement of Financial Activities

	Note	Unrestricted £	Restricted £	Endowment £	2022 Total £
Income and endowments from:					
Charitable activities	4	8,202,987	122,156	-	8,325,143
Investments	3	1,192	-	-	1,192
Total income		8,204,179	122,156	-	8,326,335
Expenditure on:					
Charitable activities:					
Salaries	14	5,251,478	-	-	5,251,478
Establishment costs	5	816,803	-	-	816,803
Education & welfare	6	1,046,696	83,780	-	1,130,476
		7,114,977	83,780	-	7,198,757
Support and governance costs:					
Interest payable - pension		70,000	-	-	70,000
Depreciation		153,456	3,919	-	157,375
Professional fees		10,242	-	-	10,242
Clerk charges & subscriptions		13,868	-	-	13,868
Auditor remuneration		11,340	-	-	11,340
Actuary fees		426	-	-	426
Total expenditure		7,374,309	87,699	-	7,462,008
Net income before investment gains/(losses)		829,870	34,457	-	864,327
Net gains/(losses) on investments		1,687	-	5,660	7,347
Net income/(expenditure)	2	831,557	34,457	5,660	871,674
Transfers between funds		-	-	-	-
Actuarial gain/(loss) on defined benefit pension scheme		2,770,000	-	-	2,770,000
Net movement in funds		3,601,557	34,457	5,660	3,641,674
Reconciliation of funds:					
Total funds brought forward		3,030,879	159,438	713,224	3,903,541
Total funds carried forward	12	6,632,436	193,895	718,884	7,545,215

All incoming resources expended derive from continuing activities.