

THE HENRY SMITH CHARITY
Registered Charity 230102

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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Chairman's Review of 2009

2009 was a dramatic year for global stock markets, but less so for our grant-making, as public spending cuts were generally deferred and the sector was less impacted than expected.

Our grant-making continued to be mainly reactive but with some special initiatives. Our joint grant programme in Northern Ireland with the Esmée Fairbairn Foundation was piloted in 2009 and made encouraging progress. The joint programmes in the domestic violence field with Hestia and with Trust for London (formerly the City Parochial Foundation) continued, and an evaluation of the Hestia Programme provided powerful evidence of the Independent Domestic Violence Adviser model, attracting national media coverage. We also invested in the Criminal Justice Fund launched by the Impetus Trust to help outstanding charities in the field achieve a step change through the venture philanthropy model. The Trustees remain open to partnerships and investments which help achieve outcomes which may not so effectively be accomplished through direct grant-making.

In line with markets, the value of the Charity's assets fell in the first quarter, reaching a low point at the end of March, and the weakness of the pound put pressure on our currency hedging strategy. At this point the Trustees decided that it would be prudent to reduce our grants budget by 10% in case the financial climate deteriorated further in order to preserve our spending power in future years. By the end of 2009 our assets had risen again, reflecting the resurgence of equity and property markets and our policy of diversifying our investments. The rebound repaid the long term strategy of remaining fully invested.

Our volunteer Visitors play a key role in helping us to assess charities via face to face meetings throughout the UK. We launched our new website, which includes a secure site for Trustees and Visitors providing a wealth of contextual information about the sectors in which we fund.

Ronnie Norman retired in May 2010 after twenty two years as a Trustee. His contribution on both investment and grant-making has been outstanding and we will miss his wisdom and humour. We welcome Patrick Maxwell in his place. Our new governance arrangements have enabled the Trustees to have a better oversight of our work and key policy issues, and we plan to hold our first Trustee Away Day later this year to discuss strategic issues.

The speed and severity of the economic downturn led us to expect a higher level of applications from charities in difficulty. Somewhat to our surprise, the volume of applications for our main grants programme was 17% lower than in 2008 with a much more uneven quality. Other funders had a similar experience which may reflect potential applicants' caution about launching new work and uncertainty about future funding needs.

The future is considerably clouded by the imminence of cuts in public expenditure, which could reach far and deep into the charity sector. We will need to ensure that our grants are used as effectively as possible and this will be both a challenge and an opportunity as charities adjust to the new financial climate.

J.D. Hambro

Grant Highlights from 2009

We have described a few of the grants we awarded in 2009, to illustrate the diverse range of organisations and activities we support.

Grand Central Savings (Glasgow)

Grand Central Savings (GCS) was originally launched in 2001 as a project to enable Big Issue Scotland to operate its own savings bank for homeless people and Big Issue sellers who were unable to get a bank account. The demand for the service was so high, it became an independent charity in March 2008.

GCS now operates a stand alone branch in Glasgow that opens basic deposit accounts for unbanked people. The Glasgow Branch has around 1,300 active accounts and deals with nearly 27,000 transactions a year. In addition to this basic bank account they support people to better manage their money. A debt advisor visits the branch once a week and the branch staff can offer basic advice on money management. The target is to open three new branches over the next three years in Inverclyde, Renfrewshire and Aberdeen. In 2009 Grand Central Savings was awarded a three year grant totalling £80,000 towards the core costs of the Head Office.



New Pathways (South Wales)

New Pathways was established in 1993 as a helpline for women affected by rape or sexual abuse. At that time it was staffed by two volunteers. It has grown considerably and is now a provider of specialist counselling and support to men, women, children and young people. For the past six years, New Pathways has provided counselling and therapeutic support through the Outlook Project serving inmates within Cardiff Prison who have been victims of rape, sexual abuse or trauma. There is often a link between a victim's past experience and subsequent offending behaviour and substance misuse. New Pathways provides support during their time in custody and on their release which will help them address the trauma they have suffered and support themselves. Through specialised support, the project aims to enable offenders when released to support their families, reintegrate into society and not re-offend. Their longer term strategy is to convince statutory authorities in general and the Prison and Probation Service in particular to fund the project. During the two years of their first grant from us they assisted 179 clients. In 2009, New Pathways was awarded a further two year grant totalling £80,000 towards the salary of a Project Manager and Project Development Officer.



Home-Start Haringey (London)

Home-Start Haringey was established in April 2002, in one of the most deprived local authority areas in the country. Support is currently provided to 135 families with a wide range of problems and needs including domestic violence issues and children on the Child Protection Register. The organisation has over 100 active volunteers, who between them speak 34 different languages, reflecting the huge ethnic diversity in the Borough.

Grant Highlights from 2009

We have funded two part-time administrators for the past three years. The administrative function has been key in developing a comprehensive family and volunteer database, managing paperwork required for the day to day support of families and for the training and support of volunteers, and a wide range of other tasks which underpin the work of the charity. In 2009 Home Start Haringey was awarded a two year grant totalling £60,000 towards the organisation's core work.

Norris Green Youth Centre (Liverpool)

Norris Green is a very deprived urban area of Liverpool which has a high level of gun and knife crime. It is against this background that Norris Green Youth Centre (NGYC) delivers on its commitment to offer young people an equal chance to achieve and ensure that they gain life enhancing experiences in their teenage years. Established for over 50 years, the organisation helps young people to broaden their horizons, develop skills, competences, confidence and positive attitudes to equip them to deal with a complex and fast changing world and provide a pathway to active community citizenship.



NGYC has a membership of over 300 young people and provides a wide range of activities including residential activity trips, regular sporting and recreational activities, and the opportunity to secure accreditations (during 2009 117 young people secured AQA accreditations as a result of this project). In 2009, the Norris Green Youth Centre was awarded a three year grant totalling £45,000 towards the salary and on costs of the Centre Co-ordinator and Administrator.

CROP (Coalition for the Removal of Pimping) (Leeds)

CROP works with parents to enable them to combat the sexual exploitation of their child by perpetrators external to the family home. Since CROP was founded in 1996, it has built up expertise and gained considerable intelligence in the operation of criminal pimping networks which can use sophisticated methods to control their victims including isolating them from their families. Child sexual exploitation is devastating to the whole family: parents and other family members suffer acute distress leading to poor and sometimes life threatening health problems as well as strains on marriages and partnerships and on other relationships within the family. Parents are vital to a child's protection and wellbeing, but the public perception can often be that parents are part of the problem rather than part of the solution. The financial impact on families is considerable often leading to thousands of pounds of additional expenditure including phone bills, prescription charges, house repairs caused by violence from the perpetrators and distressed family members, theft by the child against his or her parents and the replacement of broken items. Child sexual exploitation results in enormous costs, not just to criminal justice agencies, but to other social agencies including education, health and social care. For some, it can result in violent death of the child or a family member. A two year grant of £60,000 was awarded in 2009 towards the salaries and associated costs of their two part-time Parent Support Workers.

Grant Highlights from 2009

London Detainee Support Group (London)

London Detainee Support Group (LDSG), based in Islington, has been providing emotional support and advocacy to immigration detainees in the London area since 1993. LDSG offers telephone support and maintains a pool of around 70 volunteer visitors who make weekly visits to individual detainees held at Harmondsworth and Colnbrook Immigration Removal Centres, both near Heathrow. LDSG also works to improve detention policy and practice by highlighting key issues, lobbying policy makers and working in partnership with other organisations in the field.



Immigration detainees can be held indefinitely, and their detention is not automatically reviewed by the courts. Detainees' understanding of the law, their rights and entitlements is often very limited, and many detainees are lonely, desperate and depressed and in some cases suicidal and/or experiencing psychotic illness. Colnbrook IRC is the UK's highest security detention centre, at which over 50% of detainees are routinely held for over a year. LDSG's work aims to improve long term detainees' quality of life, offering a lifeline to the outside world through regular workshops which combine emotional support with help in understanding their rights and entitlements; in particular representing detainees in applying for statutory asylum support to enable them to access bail. In 2009, LDSG was paid £15,000, the second year of a three year grant totalling £45,000, towards the running costs of the Colnbrook Advocacy Project.

Review of Grant-making

THE HENRY SMITH CHARITY APPROACH

The Charity's Objects

The Henry Smith Charity was founded in 1628 with a bequest of £2,000 from Henry Smith for the relief of his poor kindred and persons enslaved by Barbary pirates. The Charity's objects (set out in full on page 29) have been widened over its history and now cover the relief of the poor kindred of Henry Smith; relief of poor, aged or sick people; relief, rehabilitation and training of disabled people; medical research; promotion of moral welfare or social service; support of hospitals, hospices and other forms of medical assistance; and relief and rehabilitation of persons who have been enslaved.

Objectives

The Charity aims to fulfil its objects by providing a sustainable and growing grant-making programme, supporting both now and in the future a wide variety of projects and charities, where there is a compelling need and effective work to meet that need.

Strategies

Over 80% of grant-making expenditure is made through the Charity's main grants programme, which makes grants of £10,000 and above to charitable organisations throughout the UK. The remainder of our grant-making is through other programmes as set out below.

Public benefit

The diversity of our grant-making is reflected in the diversity of public benefit achieved by the hundreds of charities which we support each year as they work to alleviate need and distress, seek to release human potential, and help people lead more fulfilling lives. Our medical research grants support projects which seek to identify improvements in treatment and care as well as find new cures. Further direct benefit is provided to the poor kindred and clergy to whom we make grants to alleviate poverty and need. The Trustees have had regard to the Charity Commission's general guidance on public benefit when reviewing aims and objectives and in planning future activities, setting grant-making policies and in making grants.

THE MAIN GRANTS PROGRAMME

The Charity's policy on grant-making is to be primarily reactive and pragmatic, with the aim of selecting the best projects from applications received. The varying mix of applications therefore directs our funding pattern. Most of the grants are for staff costs or core funding.

Process

The Trustees prefer to make decisions based on judgements about the quality and dedication of the applicant's key people, informed by face to face meetings, as well as the application and the work itself.

The Charity's grants staff assess grant applications, taking into account key factors such as the extent of the need, evidence of effectiveness and capacity to deliver. Summary assessments with recommendations are sent to the Charity's two Distribution Committees, whose members decide which applicants should go forward for further assessment.

In most cases a volunteer Visitor meets key individuals from an applicant, to see the work in action and to explore any critical issues or risks. Each Visitor compiles a report with a recommendation for one of the two Distribution Committees, which meet quarterly to decide which applicants to fund.

In 2009 the Charity began running a pilot two stage application process, trialled with Scottish applicants. Evaluation of the pilot will be carried out in 2010.

Review of Grant-making

Funding

The Charity's investment portfolio is managed with the aim of providing sustainable, growing returns, so that grant-making can keep pace with inflation over the long term. Over the past ten years the aggregate value of grants awarded has risen by an average of 4% each year, though recent performance of markets means this growth is unlikely to continue in the short term.

Measuring impact and public benefit

Most of the Charity's grant-making is reactive and is not measured against generic sets of objectives but against what individual charities are seeking to achieve. In most cases, Henry Smith is only one part of a funding mosaic and cannot therefore take sole credit for the outcomes which charities achieve.

The Trustees view impact in many ways, most fundamentally in work which changes people's lives for the better and helps them to realise their potential as individuals and as citizens. This is where public benefit is most directly achieved.

At an organisational level, our grants can enable fragile organisations working in difficult environments to take root and grow; or support unpopular or inconspicuous work which is unlikely to attract continuous public funding or private donations; or enable new buildings or facilities to be commissioned which achieve lasting usefulness and value. Additionally, the reputation of the Charity may encourage other trusts and foundations to contribute.

Relationships

The Charity values its interaction with those it funds, and although it is rarely practicable to have more than a "light touch" relationship, some relationships strengthen as we support applicants through different phases of development. In turn, we often learn much about particular sectors and areas, and the impact of our funding.

The Charity maintains close working relationships with other major Trusts and Foundations, which facilitates informal exchanges of knowledge as well as occasional collaboration in funding.

OTHER GRANT-MAKING

Small grants

The Charity maintains a small grants programme for one off grants of up to £10,000, or grants of up to £20,000 over two or three years. Some of these programmes are administered by individual Trustees, who recommend the award of grants for work in particular counties with which Henry Smith had historic links.

Major Grants

From time to time, the Charity undertakes strategic initiatives through major grants funding programmes. These are targeted at particular regions or themes in order to maximise the impact of our funding, and have distinct objectives. The Trustees normally commission independent evaluations to assess the impact of the initiatives as a whole as well as the individual projects within them.

Poor Kindred

Distributions are made to the poor kindred of Henry Smith based on an assessment of individual need. Grants are awarded throughout the year, at the discretion of the Poor Kindred Committee. The grants are for the relief of poverty (especially those with low retirement incomes) and to fund training and education.

A provision has been made for the future commitments of quarterly payments to retired kindred currently in receipt of grants. A review of the net present value of future commitments will be carried out each year and the provision adjusted accordingly.

Review of Grant-making

Poor Clergy Fund

Grants to needy clergy of the Church of England are awarded on the recommendation of diocesan Bishops on a case by case basis throughout the year. The grants help clergy families to take a break and fund emergency or exceptional costs which cannot be afforded from family incomes. Many of the clergy assisted by our grants work in particularly tough and demanding parishes. The Trustees also award grants to organisations for the furtherance or promotion of knowledge and religion. Grants are awarded throughout the year, at the discretion of the Poor Clergy Committee.

Estates Fund

Grants are made annually to specific parishes for which the fund was originally set up to relieve poverty and need. The grants are administered by local Trustees and are generally used to provide financial assistance to particularly needy individuals within the local community. The Distribution Committees set the grant-making policy and agree the level of grants for individual parishes.

Holiday Grants

Grants are awarded to organisations who provide holidays for disadvantaged and disabled children to the age of 13. Grants are awarded throughout the year, at the discretion of the Director.

Review of Grant-making

A SUMMARY OF 2009

The Trustees awarded grants of £23.1m, a decrease of £3.6m from 2008. The decrease reflected a significantly lower number of applications within our Main Grant Programme and much lower expenditure on Major Grants. In March 2009 the Trustees decided to reduce the budget in light of the stock market falls in 2008 and early 2009 and to hold back funds for the more difficult years to come but the reduction in applications resulted in this lower budget being underspent,

Administration costs were approximately 4% of grants awarded.

Grant Expenditure	2009 £m	2008 £m
Main Grant Programme (grants above £10k)	19.4	22.0
Small Grants (up to £10k)	1.6	1.6
Major Grant – Northern Ireland Pilot	-	0.3
Major Grant – Inspiring Scotland	-	0.8
Major Grant – Domestic Violence Advocacy	0.2	-
Grants to Poor Kindred	0.5	0.5
Grants to Needy Clergy	0.6	0.5
Grants for Christian projects	0.2	0.4
Grants to Historic Parishes (Estates Fund distributions)	0.5	0.5
Holiday Grants	0.1	0.1
Total Grant Awards	23.1	26.7
Less: grants cancelled or returned	(0.9)	(0.7)
Add: grant administration costs	0.9	0.8
Total Grants Expenditure	23.1	26.8

A REVIEW OF THE MAIN GRANTS PROGRAMME

	2009	2008
Number of applications received that met guidelines	1,357	1,630
Number of grants awarded	278	319
Ratio of awards made to applications received	1 to 4.9	1 to 5.1
Number of capital grant awards	22	42
Number of revenue grant awards	256	277
Average size of capital grant awards	£59,000	£52,000
Average size of revenue grant awards (total award over grant term)	£70,000	£71,000

Review of Grant-making

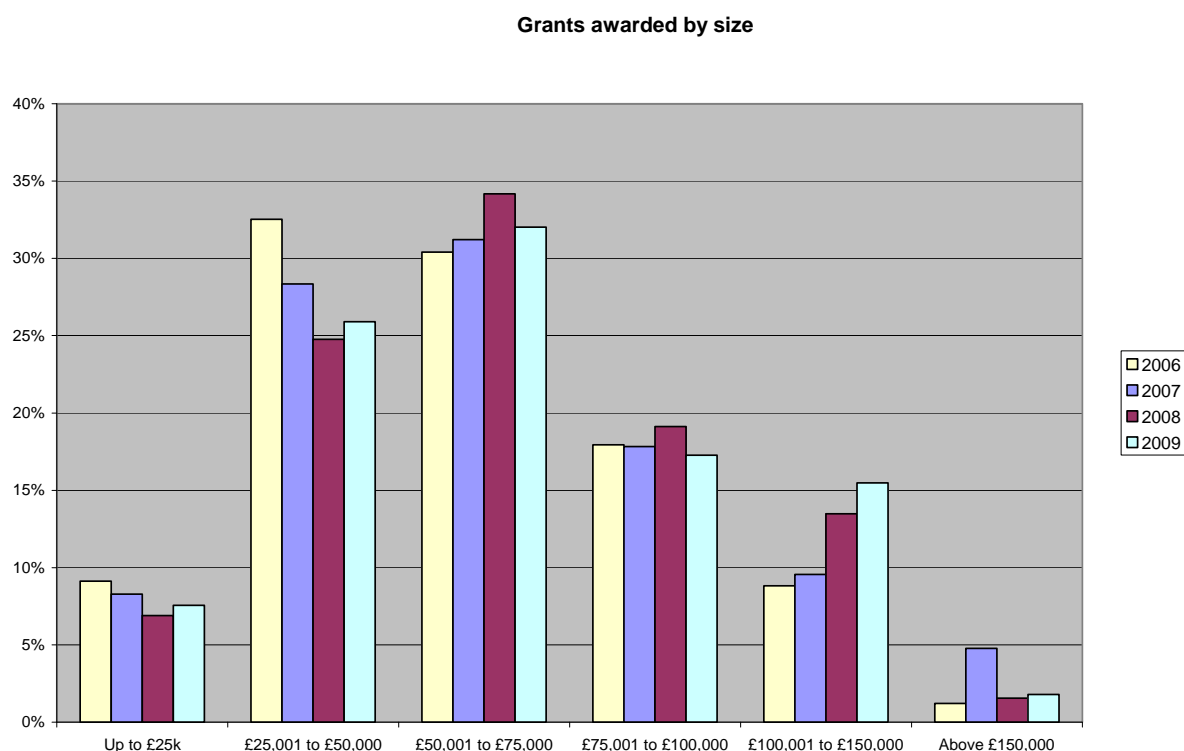
The number of applications to our main grants programme decreased by 17% in 2009. This reversed increases of 12% in 2008 and 9% in 2007.

The number of awards made was 13% lower than in 2008; as in previous years we dealt with around five applications for every award we made.

The average size of award was £70,000, the same as the previous year; most of the grants awarded were for three years funding of revenue costs.

Around 28% of the awards were given as continuation funding, following the completion of previous awards. The Trustees revised the policy for continuation funding during the year; it was agreed that continuous funding of an organisation should normally not exceed nine years.

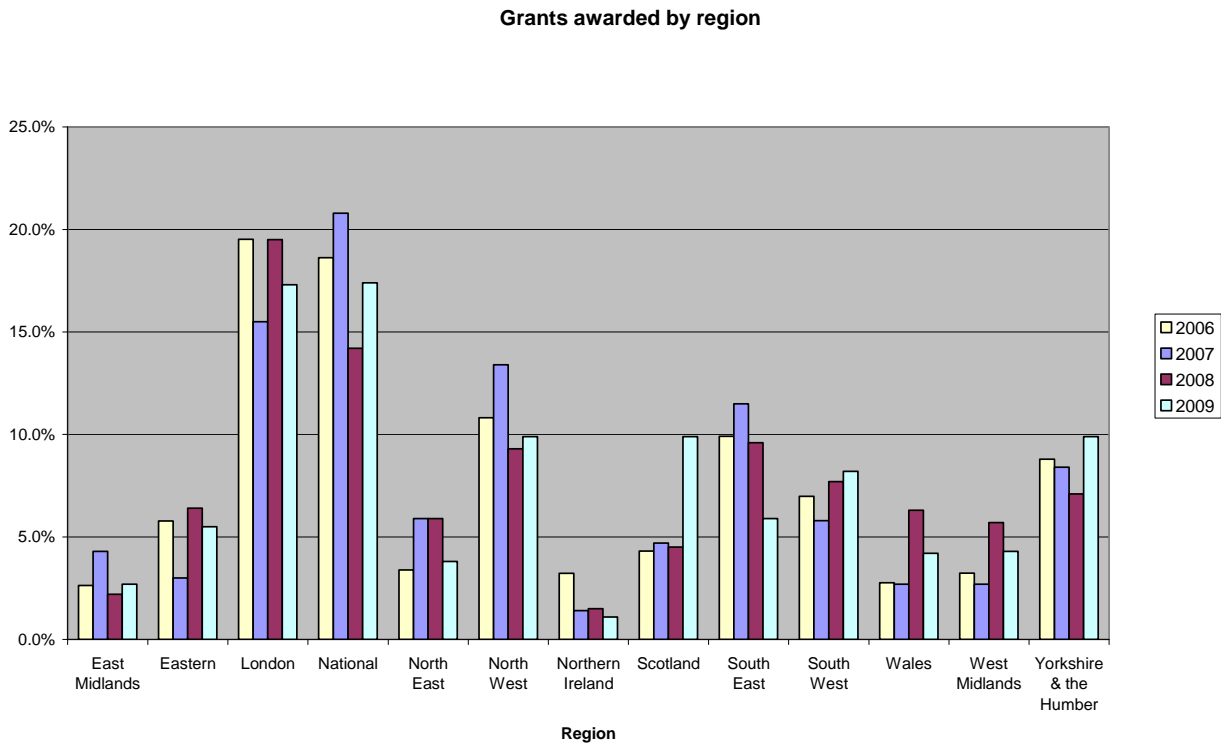
Size of Awards



The size of grant awards was similar to previous years, with grants between £50,000 and £70,000 the most common. The main trend apparent since 2006 is a reduction in grants smaller than £50,000 and a corresponding increase in grants larger than £100,000.

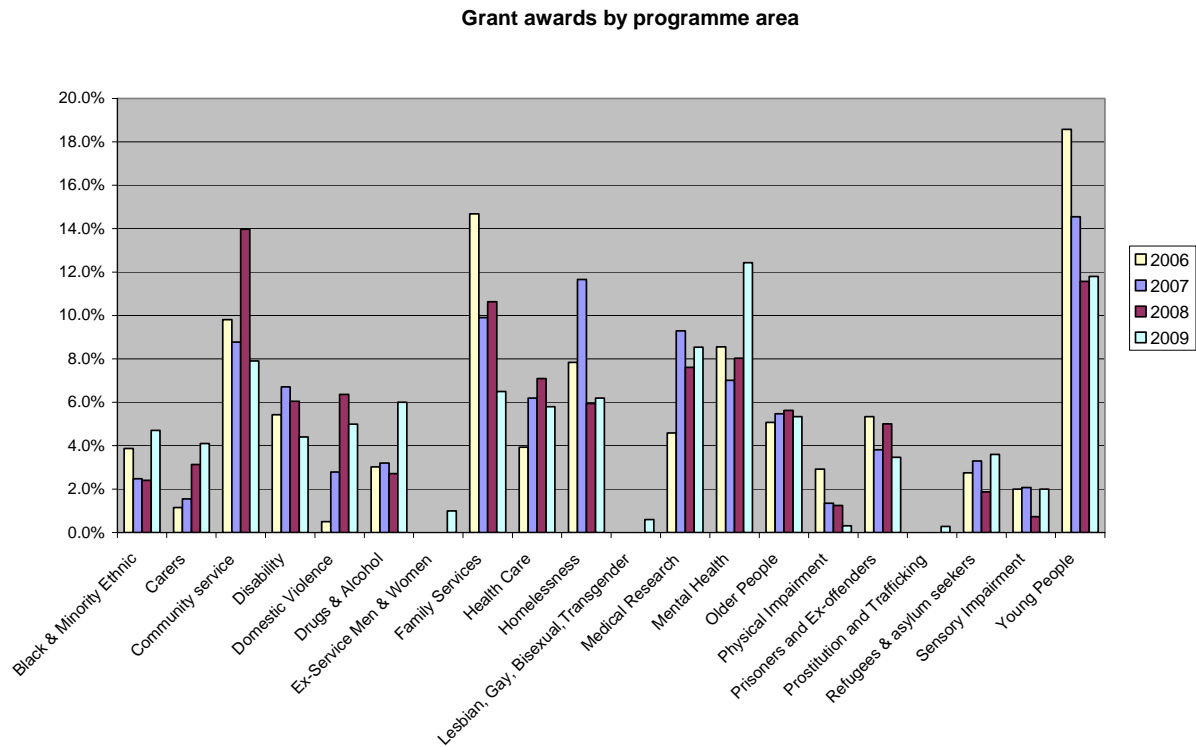
Review of Grant-making

Total grants awarded by region



The largest amounts of grant funding continue to be made for work in London or work that is multi regional or national. The mix of funding across other regions varies significantly year by year.

Total grants awarded by programme area



Review of Grant-making

As we do not target particular programme areas, the mix of our funding varies significantly year by year. Mental Health funding increased to become the area of highest funding whilst Community Service funding fell sharply. New categories of Ex-Service Men & Women and Prostitution and Trafficking were introduced; previous work in these areas was classified under different headings.

A REVIEW OF MAJOR GRANTS

Domestic Violence Advocacy

Our two programmes, one with a national remit (funded via Hestia, which received its funding from the Sigrid Rausing Trust), and the other with a London remit funded jointly by the Henry Smith Charity and Trust for London have now come to an end with regard to data collection for both evaluations although the valuable IDVA work continues in the participating organisations. The evaluation of the national work was published in November 2009; the full report and summary 'Safety in Numbers' is available from our website. The London evaluation will be published in the Autumn of 2010 and will also be available from our website. In March 2010, The Henry Smith Charity and Trust for London agreed to extend the London programme for a further two years with a grant of £100,000 per year from each funder.

East Lancashire

The East Lancashire Major Grant has now come to an end as a formal programme, and the evaluation will be completed before the end of 2010. The organisations being funded cover a wide range in terms of capacity and complexity, and in some cases the grant from The Henry Smith Charity enabled the recipient charity to employ its first member of staff. The evaluation will help inform how Trustees choose, select and manage future Major Grants.

Inspiring Scotland

We are now in the middle of the three year grant of £750,000 awarded to Inspiring Scotland in 2008. The Henry Smith Charity is part of a portfolio of funders which included trusts and foundations, individuals and the Scottish Executive focusing on young people aged 14 to 19 years old across Scotland not in education, training or employment. Twenty four organisations have been selected to receive funding totalling approximately £9m per annum over the next five years. Progress has been good, and as part of our involvement we visit projects twice a year.

Northern Ireland

Following a successful pilot programme in Northern Ireland, launched in 2008 jointly with the Esmee Fairbairn Foundation, the Foundation and the Henry Smith Charity have each committed a further £500,000 per year for the next two years. The programme seeks to help build a more resilient civil society by enabling outstanding leaders of excellent third sector organisations to broaden their impact across the sector. Five new grants have been made this year making a total of eleven in the portfolio. Trustees and Staff from both grant-makers make annual visits to see the work on the ground and the programme will be evaluated.

LOOKING FORWARD

The Trustees have agreed a grants budget of £24.7m in 2010, an increase of 11% from the 2009 expenditure. £27.3m will be transferred from endowment funds into unrestricted funds (and so made available for spending) in 2010, giving a budgeted surplus of around £3m. This surplus will be used to supplement budgets in 2011 and 2012. During these years we anticipate higher demand and smaller transfers from endowment funds into unrestricted funds, as lower investment values work through into our investment distribution calculation.

In the Autumn of 2010, we will begin a Strategic Review, which will aim to finish in 2011 and set the direction of the Charity for 2011 to 2016.

Review of Investments

OUR INVESTMENT APPROACH

The Henry Smith Charity is a permanent endowment. We hold investment assets in perpetuity, with the aim of maintaining the real value of our endowment over the long term whilst providing sufficient returns to sustain our current and future grant-making.

The Charity has power under its Scheme to invest in stocks, shares, funds, securities and other property as the Trustees think fit, and have appointed professional investment advisors, who in particular advise on investment policy and strategy, asset allocation and the performance of managers.

Asset allocation and strategy

The Charity carries out a detailed review of asset allocation every three years, with an annual update. The last detailed review was carried out in early 2010 with changes implemented across the first half of the year. The main change was the introduction of three classifications for asset types, which describe their intended role in the investment portfolio: growth assets, inflation protection and deflation protection.

The Trustees agreed to allocate 70% of the portfolio to growth assets, to provide longer term returns. The remaining allocation was split into equal weightings of inflation and deflation protection assets.

During 2009 the Trustees agreed to switch all developed market equity investments into a global equity tracker. This change was aimed both at diversifying away from the UK stock market, and to enable investment oversight to be more closely focussed on the areas of active investment where returns are more widely dispersed, within private equity, hedge funds and emerging markets.

Total Return approach to distribution

The Charity operates a Total Return approach to investments, with freedom to spend income and/or capital from the “unapplied total return”; which is the part of the Charity’s funds in excess of the level of the core endowment stipulated by the Trustees. This enables investment in a broad range of assets without the limitation of having to achieve a particular level of income. The Trustees aim each year to spend on grant making and operations an average of 4% (subject to regular review) of the total value (on a trailing 13 quarter average) of the investment portfolio.

Over the long term this aims to enable sufficient returns to be retained in order to maintain the real value of the assets. The Trustees review the distribution rate in tandem with its investment reviews and adjust the rate from time to time as necessary. In early 2009, in light of reduced investment values, the distribution rate was temporarily reduced to 3.5%. In 2010, after significant stock market recovery, the Trustees decided to revert to a distribution rate of 4%.

Investment policy

The Henry Smith Charity’s investment portfolio has the primary long term investment 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 aims to spend 4% of the portfolio in grant-making, this means that over time the portfolio has a goal of returning an annual 4% real return over a business cycle (3-5 years).

It is recognized that in order to achieve the primary objective of sustaining a 4% spending objective over the long term, there will be periods of short term volatility of investment returns. The investment strategy pursued seeks to build a diversified portfolio that minimises the impact of short term losses. Given the portfolio’s strategic asset allocation and investment strategy it is understood that potential short term losses are possible (in the order of losses up to 10-15% within a year, during a normal market cycle).

Review of Investments

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 monitoring process of the portfolio. These risks include the careful management of liquidity (which is monitored quarterly at the total portfolio level), the level of exposure to non-Sterling denominated assets (which is managed through a passive currency overlay programme), the level of overall leverage in the portfolio (there is no leverage at portfolio level and manager-level leverage is carefully reviewed and monitored) and the risks associated with investing alongside non long term minded investors (the Charity explicitly avoids investing in managers with unstable capital bases).

A REVIEW OF 2009

Investment returns

Investment returns were approximately £100m (17.3%), benefiting from the recovery in equity markets and strong performance in hedge funds. Directly owned property registered positive returns, offsetting the falls in value of property funds. Total portfolio performance was 1.8% ahead of its long term benchmark for 2009 and 0.2% per annum ahead of its benchmark for the three years from 2007 to 2009.

	2009 Returns	Benchmark Returns	Performance v Benchmark
UK equity	33.2%	30.1% (FTSE All-Share)	+3.1%
Overseas equity	29.4%	20.6% (FT All World ex UK)	+8.9%
Fixed income	2.5%	1.3% (Citigroup WGBI)	+1.2%
Hedge Funds	21.7%	11.5% (HFRI FoF Index)	+10.2%
Property	3.7%	2.2% (IPD UK Index)	+1.5%
Inflation Hedges	27.1%	18.9% (custom benchmark)	+8.3%

(NB: All returns are shown net of fees and taking account of currency hedging)

Total Investments 17.3% 15.5% (blended benchmark) +1.8%

Total investments rose from £601m to £663m.

Investment changes

The Charity continued to diversify its investment portfolio, with the addition of an inflation-linked bonds investment to the inflation hedges basket. We continued to build our private equity portfolio, and by year end had entered into a total of thirteen commitments totalling around £70m.

Over £4m of capital was invested during the year.

The investment portfolio breakdown by asset class at year end was as follows:

	31 December 2009	31 December 2008
UK Equities	10%	11%
Overseas Equities	28%	30%
Emerging Markets Equities	7%	3%
Private Equity*	2%	1%
Inflation Hedges	5%	1%
Hedge Funds	16%	20%
Bonds	11%	13%
Property	17%	19%
Cash	4%	2%

Review of Investments

* - commitments to private equity amounted to around 10% of assets at year end, but called up capital amounted to only 2% of assets. The portfolio is still relatively new, and will not be fully invested for several more years.

Investment costs

£9.7m (2008: £6.2m) was spent on managing our investments, an increase of over 50%. Increasing asset values resulted in higher management fees, because these are charged as a percentage of total assets under management. Also we had substantially increased our allocation to hedge fund investments during 2008, and 2009 saw the first full year of fees at the new allocation level; our investments in alternative assets are more expensive than traditional long-only investment, but we have enjoyed better investment returns which have substantially outweighed the additional fee costs.

We aim to get good value from our managers, so monitor investment performance net of fees. During 2009 our hedge funds and our equity portfolio gave strong returns resulting in the payment of performance fees; these were amply compensated for by the strong investment returns on these portfolios.

LOOKING FORWARD

Investment changes

The most significant change to the portfolio was the switch of a significant amount of equity investment from active managers, including UK and global managers, into a global equity tracker. This should enable us to monitor our remaining active investments more effectively by reducing the spread of active manager risk.

We continue to believe that maintaining a consistent, diversified asset allocation is the best way for us to ensure healthy investment returns over the medium to long term. The addition of inflation-linked bonds will increase our level of protection against the risk of rising inflation.

In 2010 we will continue to build our private equity portfolio, with the aim of a further three or four commitments.

Financial Review

A REVIEW OF 2009

The movement in total funds was as follows:

	2009
	£m
Income	15
Investment gains less management costs	84
Charitable expenditure	(27)
Net movement in funds	72
Funds at beginning of year	582
Funds at end of year	654
<i>Movement in funds</i>	<i>+12%</i>

“Core Endowment”

Under the Total Return approach, the Charity monitors the value of endowment funds compared to the Core Endowment.

In March 2009, after the substantial fall in asset values, there was a risk that further severe investment falls could result in the value of endowment funds falling below the Core Endowment level of around £500m, as measured on the inflation-adjusted basis then in use. As a precautionary measure to maintain flexibility of operations, the Trustees sought and were granted Charity Commission consent to release up to a maximum of £50 million from the Charity's Core Endowment pursuant to Section 75A of the Charities Act 1993, as amended by the Charities Act 2006. In the event this facility was not required.

As a result of these events, and in consultation with the Charity Commission, the Trustees resolved to adopt a fixed Core Endowment value; this brought our practice into line with the approach used by most of its peers. The Core Endowment was fixed at £276m, representing the value of the endowment as at 31 December 1991; for internal purposes the value of endowment funds is also compared to an inflation adjusted measure of the Core Endowment.

At 31 December 2009, the endowment funds of £647m were substantially in excess of the Core Endowment of £276m.

Financial Review

GENERAL FINANCIAL MATTERS

Reserves

The Charity funds expenditure from investments, and has the freedom to spend both income and capital, provided the core endowment of the fund is maintained.

In order to manage short term fluctuations in cash flow, the Trustees have set a target cash reserve (excluding cash held for currency hedging purposes) of three months forward expenditure (currently £6.5m), with a minimum cash balance of £5m. At the year end cash balances were within the target range.

The Trustees review reserves annually, and are satisfied that the Charity is in a position to meet all of its current and anticipated future commitments.

Risk Control

The Trustees have reviewed the areas of potential risk for the Charity and concluded that there are sufficient controls in place across the organisation. One of the key risks identified is that of substantial investment losses; the Charity has a diversified investment portfolio and processes in place to monitor cash flow and spending, which should minimise the potential for long term losses. Another key risk is business continuity in the event of a disaster; a policy and action plan has been adopted to ensure adequate control of this risk.

The Trustees review risk on an annual basis and/or when issues arise, and where appropriate take advice from the auditors. The Trustees met the auditors during the year to discuss their report on internal financial controls and their recommendations arising from their audit, which were adopted.

LOOKING FORWARD

Budget for 2010

The Trustees have set a total grant making and operations expenditure budget of £26.2m. The budget for grants is set at £24.7m, an increase of 11% from the 2009 expenditure.

Organisational Review

Trustees

The Charity's governing document is the Charity Commission Scheme of 2000. This requires the Charity to have between ten and twenty Trustees. Trustees retire upon reaching the age of 75. The list of current Trustees is set out on page 30.

New Trustees are appointed on the nomination of the Archbishop of Canterbury, following a recommendation from the Trustees which is made in the light of the Charity's needs and following interview. Their induction includes meeting the office staff, being briefed on procedures, and addressing any training needs they may have.

Following governance changes agreed during the year, new Trustees will serve up to two terms of five years each, with provision in exceptional cases for a third term of up to five years.

Most of our Trustees have a wide experience of the sector, as many are involved in other charities, and a number of Trustees administer the Henry Smith Charity small grants programme for their home counties.

Committee Structure

The Board is responsible for all major policy decisions and for approving strategy and objectives, but it delegates significant decision making authority to separate Committees.

A new Committee structure was introduced at the beginning of 2009 to support an enhanced role for the Board of Trustees, which now meets four times a year (instead of two previously). The Finance, Investment & Audit Committee has been replaced by an Investment Committee and a Finance & General Purposes Committee. A new Governance & Nominations Committee has been introduced. Other Committees and sub-Committees broadly continue as before, as set out on page 30.

Visitors

The Charity has a network of volunteer Visitors around the UK who visit, assess and report on charities and projects within their region. They make a crucial contribution to the work of the Charity, giving us the capacity to visit many charities and make judgements based on how things look on the ground. We have over thirty active visitors.

New Visitors receive induction training in the office and are initially accompanied on visits. For all Visitors we offer training seminars, which enable us to discuss training and support needs and policy issues in greater depth.

Staffing

A schedule of delegations is in place setting out the terms under which decisions are made across the organisation; Trustees are responsible for approving all grants, with the exception of holiday grants, but day to day grants management is the responsibility of the staff team, led by the Director.

To manage a growing workload, related to our investment portfolio and financial scrutiny of grants, we recruited a Finance Manager in 2009. We now employ 20 full time and part time staff, some of whom are involved in the administration of other charities who bear the costs.

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 charity's financial activities during the year and of its financial position as at the end of the year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 required to follow the accounts direction issued by the Secretary of State, and are responsible for ensuring that proper accounting records are maintained which 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 2006, 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.

The Trustees have a responsibility to ensure that the entity's system of internal control complies with the obligations placed on the entity by the relevant Secretary of State.

The Trustees confirm that the accounts comply with the Statement of Recommended Practice 2005 (Accounting and Reporting by Charities) and the Charities Act and are in accordance with the Charity Commission Scheme governing the Charity.

Approved by the Trustees on 16 September 2010

J. D. Hambro
Chairman

Independent Auditors' Report to the Trustees of The Henry Smith Charity

We have audited the financial statements of The Henry Smith Charity for the year ended 31 December 2009 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with the Charities (Accounts and Reports) Regulations 2005 ("the 2005 Regulations") made under Part VI of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charity's trustees as a body in accordance with paragraph 7(2) of the 2005 Regulations made under Part VI, Charities Act 1993 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion the information given in the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report, the Chairman's Statement, the Grants Highlights from 2009 and all other information as listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity as at 31 December 2009 and of its incoming resources and application of resources, including its cash flows, for the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, London
16 September 2010

Statement of Financial Activities for the Year Ended 31 December 2009

	Main Unrestricted Fund £'000	Estates Restricted Fund £'000	Main Endowment Fund £'000	Estates Endowment Fund £'000	2009 Total £'000	2008 Total £'000
INCOMING RESOURCES						
Investment Income (note 2)	-	-	14,193	319	14,512	19,222
Deposit Interest	189	4	-	-	193	1,838
Other Income	-	-	212	5	217	247
TOTAL INCOMING RESOURCES	189	4	14,405	324	14,922	21,307
RESOURCES EXPENDED						
Costs of generating funds (note 3)	-	-	9,451	205	9,656	6,173
Charitable Activities						
Grant-making (notes 3 and 4)	22,637	520	-	-	23,157	26,754
Provision for Retired Kindred (note 3)	3,900	-	-	-	3,900	-
	<u>26,537</u>	<u>520</u>	<u>-</u>	<u>-</u>	<u>27,057</u>	<u>26,754</u>
Governance Costs (note 3)	112	-	-	-	112	156
TOTAL RESOURCES EXPENDED	26,649	520	9,451	205	36,825	33,083
NET OUTGOING RESOURCES FOR THE YEAR BEFORE TRANSFERS						
	(26,460)	(516)	4,954	119	(21,903)	(11,776)
Transfers between funds (note 6)	24,500	500	(24,500)	(500)	-	-
NET OUTGOING RESOURCES FOR THE YEAR BEFORE OTHER RECOGNISED GAINS & LOSSES						
	(1,960)	(16)	(19,546)	(381)	(21,903)	(11,776)
Gains/(Losses) on investment assets (note 8)	-	-	92,136	2,073	94,209	(178,537)
NET MOVEMENT IN FUNDS	(1,960)	(16)	72,590	1,692	72,306	(190,313)
TOTAL FUNDS BROUGHT FORWARD AT 1 JANUARY 2009						
	8,822	117	560,517	12,681	582,137	772,450
TOTAL FUNDS AT 31 DECEMBER 2009	6,862	101	633,107	14,373	654,443	582,137

The notes on pages 23 to 28 form part of these accounts.

All incoming resources and resources expended 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.

Balance Sheet as at 31 December 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible Fixed Assets	7	183	212
Investments	8	662,538	601,379
Total Fixed Assets		662,721	601,591
CURRENT ASSETS			
Debtors	9	2,281	3,042
Cash at Bank		20,044	6,366
		22,325	9,408
CREDITORS			
Amounts falling due within one year	10	(21,330)	(22,006)
NET CURRENT ASSETS/(LIABILITIES)		995	(12,598)
TOTAL ASSETS LESS CURRENT ASSETS/(LIABILITIES)			
		663,716	588,993
CREDITORS			
Amounts falling due after one year	11	(9,273)	(6,856)
NET ASSETS		654,443	582,137
FUNDS			
Main Endowment Fund		633,107	560,517
Estates Endowment Fund		14,373	12,681
Main Unrestricted Fund		6,862	8,822
Estates Restricted Fund		101	117
		654,443	582,137
Total Funds	12	654,443	582,137

Approved by the Trustees on 16 September 2010 and signed on their behalf by:

J.D. Hambro
Chairman

N.A.B. Acland
Trustee

The notes on pages 23 to 28 form part of these accounts.

Cash Flow Statement for the Year Ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net outgoing resources		(21,903)	(11,776)
Adjustments to exclude investment income and non-cash items (a)		8,730	(82,678)
Net cash outflow from operating activities		(13,173)	(94,454)
Investment income		15,373	21,755
Capital expenditure and financial investment			
Purchase of tangible fixed assets	7	(12)	(9)
Purchase of fixed asset investments	8	(107,261)	(273,604)
Proceeds from sale of fixed asset investments	8	119,534	328,335
Net cash inflow from investing activities		12,261	54,722
Management of liquid resources			
Decrease in cash and short term deposits (investment assets)		(783)	(1,322)
Net cash outflow from liquid resources		(783)	(1,322)
Increase/(decrease) in cash (b)		13,678	(19,299)
(a) Adjustments to exclude investment income and non-cash items			
Investment income and deposit interest		(14,705)	(21,060)
Depreciation	7	41	36
Decrease/(increase) in debtors	9	93	(489)
Increase in creditors	10&11	1,741	1,330
Investment fees deducted through units	8	2,626	3,657
Investment gains/(losses) realised as cash		18,934	(66,152)
Total adjustments to exclude investment income and non cash-items		8,730	(82,678)
(b) Decrease in cash and short-term deposits			
Cash and short-term deposits at 1 Jan 2009		6,366	25,665
Increase/(decrease) in cash		13,678	(19,299)
Cash and short-term deposits at 31 December 2009		20,044	6,366

The notes on pages 23 to 28 form part of these accounts.

Notes to the Accounts

1. ACCOUNTING POLICIES

Basis of Preparation

The accounts have been prepared 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, revised 2005 and the Charities Act 1993.

Funds

The Charity's Funds include two permanent endowments. The Main Endowment Fund may be used to support all the Charity's objects. The Estates Endowment Fund may only be used to support charitable activities in specified, historic parishes in England. The assets of both funds are pooled and managed as a single investment portfolio; investment returns are allocated in proportion to the Funds' asset values.

Incoming resources

Incoming resources are recognised when the Charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of the incoming resources can be measured with sufficient reliability. Dividends are recognised as receivable when a security is listed as ex-dividend. Other income includes fees for administration services provided to the Trusthouse Charitable Foundation and Equitable Charitable Trust.

Resources expended

Liabilities are recognised as resources expended 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 which are within the control of the Trust. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

Cost of generating funds

The cost of generating funds includes the direct costs paid to service providers for managing the investment assets, the direct costs of generating funds including staff salaries and other expenditure, and an allocation of related support costs.

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.

Governance costs

The cost of governance consists of statutory audit and legal fees, Trustees' expenses and costs relating to the public accountability of the Charity and its compliance with regulation and good practice, the direct costs of governance including staff salaries and other expenditure, and an allocation of related support costs.

Investments

Marketable investment assets are included in the financial statements at market value; either at closing market prices (listed investments) or through independent valuation (unlisted direct property) or from valuations provided by the investment manager (unlisted hedge funds and indirect property). Unlisted non-marketable investments (private equity) are included at market value using valuations provided by the investment manager. All investment and currency gains and losses are recognised as incurred.

Pensions

The Charity operates a defined contribution scheme, and contributions are charged on an accruals basis.

Irrecoverable VAT

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

Notes to the Accounts

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 4 years. Assets below £1,000 in cost are not capitalised.

Operating leases

Costs of operating leases are charged to the SOFA on a straight-line basis over the lease term.

2. INVESTMENT INCOME

	2009 £'000	2008 £'000
Equities	6,169	8,829
Fixed Income	2,350	4,270
Property	5,993	6,123
	<u>14,512</u>	<u>19,222</u>

3. EXPENDITURE

	Costs of Generating Funds £'000	Grant- making £'000	Governance £'000	Total 2009 £'000	Total 2008 £'000
Grants awarded (note 4)	-	22,252	-	22,252	25,959
Provision for retired Kindred	-	3,900	-	3,900	-
Direct costs					
Listed investments management	2,318	-	-	2,318	1,863
Alternative investments management	5,656	-	-	5,656	2,806
Property expenses	1,185	-	-	1,185	964
Investment advice	155	-	-	155	207
Staff costs	212	468	32	712	602
Auditors' remuneration	-	-	30	30	28
Trustees' expenses	-	-	3	3	6
Policy reviews	-	-	-	-	41
Other costs	-	75	27	102	71
	<u>9,526</u>	<u>26,695</u>	<u>92</u>	<u>36,313</u>	<u>32,547</u>
Support costs					
Staff costs	22	152	10	184	182
Premises and office services	83	177	8	268	270
IT services	11	22	1	34	37
HR services	14	11	1	26	47
	<u>130</u>	<u>362</u>	<u>20</u>	<u>512</u>	<u>536</u>
Total expenditure	<u>9,656</u>	<u>27,057</u>	<u>112</u>	<u>36,825</u>	<u>33,083</u>

Notes to the Accounts

4. GRANTS AWARDED

	2009	2008
	£'000	£'000
Grants to organisations		
Main Grants	19,046	22,027
Small Grants	1,631	1,602
Major Grants	535	1,108
Holiday Grants	94	88
Grants for the promotion of religion and knowledge	222	329
Estates Fund distributions	520	525
	22,048	25,679
Grants to individuals		
Grants to Clergy	605	524
Grants to Poor Kindred	502	467
	1,107	991
Grants returned or cancelled	(903)	(711)
Total Grants Awarded	22,252	25,959

Further analysis of our main grant awards is given in the Trustees' Report and a full grants listing is available on our website. This information has not been audited.

5. STAFF COSTS

	2009	2008
	£'000	£'000
Wages and salaries costs	728	635
Social Security costs	77	76
Pension costs	72	62
Other benefits	16	2
Temporary staff	3	9
	896	784

The average number of employees calculated on a full-time basis

Generating Funds	4.5	4.5
Grantmaking	13.5	13.0
Governance	0.5	0.5
Total	18.5	18.0

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

£80,000-£90,000	1	-
£70,000-£80,000	2	2
£60,000-£70,000	-	1

Notes to the Accounts

5. STAFF COSTS (CONTINUED)

Pension contributions for employees with emoluments greater than £60,000 amounted to £25,652 (2008: £26,029). No pension contributions were outstanding at the year end.

6. FUND TRANSFERS

With the consent of the Charity Commission (obtained in 2006) the Charity operates a Total Return approach to investments, with freedom to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year.

The Trustees decide each year how much of the unapplied total return is transferred from endowment to income funds and so made available for expenditure. In 2009, the Trustees transferred £25 million, being equal to 3.5% of the total value (on a trailing 13 quarter average) of the endowment at 31 December 2008. The overall movement in unapplied total return was as follows:

	2009 £'000
Unapplied total return at 1 January 2009	297,198
Add: Income received	14,729
Investment gains	94,209
Less: Costs of generating funds	(9,656)
Unapplied total return before transfer to income	<u>396,480</u>
Less: transfer to income	(25,000)
Unapplied total return at 31 December 2009	<u>371,480</u>

7. TANGIBLE FIXED ASSETS

	Office Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost at 1 January 2009	58	216	274
Additions	12	-	12
Cost at 31 December 2009	<u>70</u>	<u>216</u>	<u>286</u>
Accumulated depreciation at 1 January 2009	23	39	62
Depreciation charged in the year	17	24	41
Accumulated depreciation at 31 December 2009	<u>40</u>	<u>63</u>	<u>103</u>
Net Book Value at 31 December 2009	<u>30</u>	<u>153</u>	<u>183</u>
Net Book Value at 31 December 2008	<u>35</u>	<u>177</u>	<u>212</u>

Notes to the Accounts

8. INVESTMENTS

	Market Value 1.1.09 £'000	Acquisitions at cost £'000	Disposals at proceeds £'000	Investment gain/(loss) £'000	Fees deducted* £'000	Market Value 31.12.09 £'000
Equities (L)	265,677	45,212	(61,103)	60,571	(941)	309,416
Fixed Interest (L)	76,864	22,006	(26,682)	(144)	(245)	71,799
Property (U)	115,013	1,867	(250)	(735)	-	115,895
Inflation Hedges (L)	9,240	21,000	-	3,747	(127)	33,860
Hedge Funds (U)	116,458	11,350	(31,499)	9,645	-	105,954
Private Equity (U)	8,710	5,826	-	2,191	(1,313)	15,414
	<u>591,962</u>	<u>107,261</u>	<u>(119,534)</u>	<u>75,275</u>	<u>(2,626)</u>	<u>652,338</u>
Currency Hedge	(10,893)			15,776		(4,686)
Cash and other balances	20,310			3,158		14,886
Total investments	<u>601,379</u>			<u>94,209</u>		<u>662,538</u>

The market value of listed investments at the year end was £415m (2008: £352m) of which £70m (2008: £83m) was held in UK investments. The historical cost of listed investments was £456m (2008: £368m). NB: (L) – listed investments, (U) – unlisted investments

* - relates only to fees deducted from the market value of the investments, not fees paid from cash.

The charity has committed, where contractual terms are made, to undertake a further \$73.3m of fixed asset investment acquisitions in private equity funds in the coming four years. These investments will be funded primarily from the Charity's equity investments.

9. DEBTORS

	2009 £'000	2008 £'000
Dividends receivable	1,205	1,904
Rents receivable	624	589
Interest receivable	8	12
Prepayments	242	138
Other debtors	202	399
	<u>2,281</u>	<u>3,042</u>

10. CREDITORS

Amounts falling due within one year

	2009 £'000	2008 £'000
Grants payable	20,032	21,013
Accruals and deferred income	1,298	993
	<u>21,330</u>	<u>22,006</u>

Notes to the Accounts

11. CREDITORS

Amounts falling due after one year

	2009 £'000	2008 £'000
Grants payable	9,273	6,856

12. ANALYSIS OF FUNDS

	Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Creditors > 1 year £'000	Total £'000
Main Endowment Fund	183	648,004	(9,707)	(5,373)	633,107
Estates Endowment Fund	-	14,534	(161)	-	14,373
Main Unrestricted Fund	-	-	10,762	(3,900)	6,862
Estates Restricted Fund	-	-	101	-	101
	183	662,538	995	(9,273)	654,443

13. RELATED PARTY TRANSACTIONS

Expenses of £2,361 (2008: £2,819) were reimbursed to three Trustees during the year (2008: three) 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.

A grant of £75,000 was awarded during the year to Action on Addiction, of which Mr T Millington-Drake, a Trustee of The Henry Smith Charity, is Principal Consultant.

A grant of £80,000 was awarded during the year to C.A.A.D.A, of which Diana Barran, a Trustee of The Henry Smith Charity, is Chief Executive.

A grant of £75,000 was awarded during the year to St Patrick's Church, Soho, of which Miko Giedroyc, a Trustee of The Henry Smith Charity, is a member of the Finance Board and Appeal Board.

A grant of £79,500 was awarded during the year to Only Connect, of which Miko Giedroyc, a Trustee of The Henry Smith Charity, is an Advisor.

A total of £20,100 was received during the year from Hestia, of which Diana Barran and Miko Giedroyc, Trustees of The Henry Smith Charity are Trustees. This was for reimbursement of Hestia's share of grant instalments paid under the joint Domestic Violence Advocacy programme.

14. OPERATING LEASE COMMITMENTS

At year end the Charity held a lease for its premises expiring in November 2016. Rental payments amount to £116,000 per year.

Legal & Administrative Details

Registered Office

65 Leadenhall Street, London, EC3A 2AD

Telephone

020 7264 4970

Website

www.henrysmithcharity.org.uk

Director

Richard Hopgood

Charity Registration

230102

Constitution

The Henry Smith Charity originated under the Will of Henry Smith who died in 1628. The constitution which governs the Charity is contained in a Scheme of the Charity Commissioners dated 5 October 2000 which came into effect on 1 January 2001.

Objects

The objects of the Main Fund of the Henry Smith Charity 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, provided that no part of the income shall be applied directly in relief of rates, taxes or other public funds, but may be applied in supplementing relief or assistance provided out of public funds;
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; and
- 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.

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

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

Legal & Administrative Details

Trustees

N A B Acland	Mrs C Godman Law	Mrs A McNair Scott
Mrs A E Allen	J D Hambro	T J Millington-Drake
Mrs D Barran	G E Lee-Steere	M R Newton
Lord Egremont	Ms M V Lowther	Ronnie Norman (retired May 2010)
Countess of Euston	N G H Manns	P W Smallridge
Miss M J Gallyer	P Maxwell (appointed Sept 2010)	Sir Richard Thompson
M Giedroyc		

The Trustees meet as a Board four times a year, and operate through a number of Committees each of which is concerned with a different sphere of activity, as follows:

Two Distribution Committees are responsible for taking decisions in respect of the main grants programme, for overseeing decisions in respect of the small grants programme and for setting the budget for distributions from the Estates Fund.

The Poor Kindred Committee oversees policy and administration of grants to poor kindred.

The Poor Clergy Committee oversees policy and administration of grants to needy clergy and the award of other grants for Christian projects.

The Governance and Nominations Committee is responsible for ensuring that governance arrangements comply with requirements, are fit for purpose and in line with good practice.

The Remuneration Committee is responsible for determining the Director's and Senior Managers' remuneration.

The Investment Committee is responsible for investment policy, asset allocation and performance monitoring.

The Finance and General Purposes Committee is responsible for organisational planning, budgeting and performance monitoring, organisational policies, staff remuneration, audit and risk management.

Bankers

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

Solicitors

Denton Wilde Sapte, 5 Chancery Lane, London, EC4A 1BU
Berwin Leighton Paisner, London Bridge, London, EC4R 9HA

Auditors

PricewaterhouseCoopers LLP, 80, The Strand, London, WC2R 0AF

Investment Advisers

Cambridge Associates, 80 Victoria Street, London, SW1E 5JL

Property Advisers

LaSalle Investment Mgt, 33 Cavendish Square, London, W1A 2NF
R H & R W Clutton, 92 High Street, East Grinstead, RH19 3DF

Investment Managers

BGI, 1 Royal Mint Court, London, EC3 4HH
City of London Investment Mgmt Ltd, 10 Eastcheap, London, EC3M 1LX
Colchester Global Investors, 20 Savile Row, London, W1S 3PR
Legg Mason Investments, 75 King William St, London, EC4N 7BE
Marathon Asset Mgmt LLP, 5 Upper St Martin's Lane, London, WC2H 9EA
Newton Investment Mgmt Ltd, 10 Victoria St, London, EC4CV 4LA
Payden & Rygel Global Ltd, 10 King William St, London, EC4N 7TW
State Street Associates, 1 Lincoln St, Boston, USA
State Street Global Advisors, 20 Churchill Place, London, E14 5HJ
Walker Crips Asset Mgrs Ltd, 76-80 City Road, London, EC1Y 2EQ
Wellington Management Intl Ltd, 80 Victoria St, London, SW1E 5JL

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