

**THE HENRY SMITH CHARITY**  
Registered Charity 230102

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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# Chairman's Review

I am pleased to report 2016 was a successful year for the charity both in terms of grantmaking and investments.

On the grantmaking side we awarded £28.6m (£28.5m) of grants with £24.7m on 308 grants under the main grant scheme. The number of main grant applications increased by just under 2% to 1,552 and the average grant size increased slightly to £80,000. These grants are typically of three years duration which we feel is important to give a degree of funding certainty to organisations we support to help them to plan in the current uncertain environment.

As I mentioned in my last report we took the decision at the end of 2015 to carry out a strategic review of our grantmaking. This carried on through the course of 2016 and will culminate in the launch of a new website and grant strategy later this year. As part of the review we took the decision that we would stop funding capital, healthcare and grants to charities helping ex-service people. These difficult decisions were based on a careful analysis of where our funding could be of most use taking into account the availability of other funding and also where we felt our expertise as an organisation lay which is in the assessment of revenue rather than capital grant applications. We look forward to completing the review and launching the new strategy during this year which we hope will set out clearly what we are trying to achieve, be clear and helpful to those applying to us and enable us to bring to bear our knowledge and learning continually to improve the effectiveness of our grantmaking. We expect some characteristics of our grantmaking to remain unchanged, namely that we will still focus on issues for which it is difficult to fundraise from the public or elsewhere, be largely reactive in our grant making and give grants principally for direct service delivery.

On the investment side I am delighted to be able to report an outstandingly successful year with a return of 16%. The effect of this was to increase the value of our endowment by £112m to £950m after grantmaking and all other costs. This remarkable result arising largely from the strong performance of global equities and the weakness of sterling has enabled us to budget to spend in excess of £30m on our grantmaking for the first time in the coming year.

In 2016 we saw the retirement of two trustees both of whom had served for 17 years and over that time had made a huge contribution to the charity. Mark Newton gave generously of his time and expertise to our property committee, in particular overseeing the management of our agricultural holdings as well as serving on our Finance and General Purposes Committee. On the grantmaking side he also ably looked after our county grant scheme in Leicestershire. Tristan Millington-Drake, with his huge knowledge of the voluntary sector as a whole and a particular specialism in the area of Drug and Alcohol addiction, made a great contribution to our grantmaking. In his time as a trustee he chaired one of our Distribution Committees as well as also serving on our Finance and General Purposes Committee. We will much miss their sound advice and huge expertise. On behalf of the charity I would like to record our grateful thanks to them both.

I would like to extend my thanks to my fellow Trustees, our volunteer assessment visitors, the Community Foundations and to our staff all of whom have made their contribution to a successful year. I would also particularly like to thank those organisations we have had the privilege of supporting over the last year. One of the joys of being involved in the Henry Smith Charity is the opportunity it brings to see charities all over the UK led by extraordinary people striving to make life better for those in the greatest need. Without their dedication, commitment and hard work, often in very difficult circumstances, our funds would achieve nothing. It is they who make the difference and our good fortune to have the resources to help.

Diana Barran  
Chairman

# Report of the Trustees

## Trustees

D Allam	M Giedroyc	G M McGrath
D Barran	P Hackwood	A McNair Scott
B Biddell	J P Hordern	T J Millington-Drake
Lady Colgrain	V Y Hunt	(retired 23 <sup>rd</sup> November 2016)
V Dews	M V Lowther	M R Newton
E Feisal	N G H Manns	(retired 23 <sup>rd</sup> November 2016)
P Feilden	P R V Maxwell	

## Registered Office

65 Leadenhall Street, London, EC3A 2AD

## Website

[www.henrysmithcharity.org.uk](http://www.henrysmithcharity.org.uk)

## Director

N Acland

## Charity Registration

230102

## Bankers

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

## Solicitors

SNR Denton LLP, One Fleet Place, London, EC4M 7WS  
DLA Piper UK LLP, 3 Noble Street, London, EC2V 7EE

## Auditor

Crowe Clark Whitehill LLP, 10 Salisbury Square, London EC4Y 8EH

## Investment Custodian

Northern Trust, 50 Bank St, London, E14 5NT

## Investment Advisers

Cambridge Associates, 80 Victoria Street, London, SW1E5JL

## Property Advisers

LaSalle Investment Mgt, 33 Cavendish Square, London, W1A 2NF  
Savills UK Ltd, Stuart House, City Road, Peterborough, PE1 1QF

# Report of the Trustees

The Trustees present their annual report and financial statements for the year ended 31 December 2016. The financial statements have been prepared in accordance with the accounting policies set out beginning on page 18.

## **Structure, governance and management**

The Henry Smith Charity was established from a gift of land given during the lifetime of Henry Smith, and a bequest upon his death in 1628. It is a charity registered in England and Wales, number 230102, governed by a Scheme of the Charity Commissioners dated 5 October 2000 which came into effect on 1 January 2001.

The Charity is required to have between ten and twenty Trustees. New Trustees serve up to two terms of five years each, with provision in exceptional cases for a third term of up to five years. Trustees are appointed following a formal recruitment process, including an assessment of the Charity's needs. Trustee induction includes meeting the office staff, being briefed on procedures, and addressing any training needs they may have.

The Board is responsible for all major policy decisions and for approving strategy and objectives, meeting four times a year. Significant decision making authority is also delegated to the following committees:

- Several different Grants Committees are responsible for decisions in respect of the Charity's various grant programmes
- The Governance and Nominations Committee is responsible for ensuring good governance. Current governance arrangements were reviewed and updated in 2014
- 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 planning, budgeting and performance monitoring, organisational policies, staff remuneration, audit and risk management

Day to day operational activities are delegated to the Director and members of the senior management team, under a formal schedule of delegations.

## **The Charity's objects and activities for the public benefit**

The Charity is constituted as two funds, the Main Fund and Estates Fund. The objects of the Main Fund of the Henry Smith Charity have been changed at various points over the years, while maintaining the spirit of Henry Smith's original bequest. The objects as currently stated are as follows:

- For the relief of the poor kindred of Henry Smith;
- For hospitals, hospices and other forms of residential care or provision of health care for those who are sick or in need and for other institutions providing medical assistance for those in financial need;
- For the relief of poor, aged or sick persons and their spouses, widows, widowers and dependants;
- For the relief of poor, aged or sick members of the clergy and their spouses, widows, widowers and dependants
- For the relief, rehabilitation and training of disabled persons including disabled ex-Servicemen and war widows;
- For any medical research;
- For the promotion of moral welfare or social service; 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.

# Report of the Trustees

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.

## **Grant-making policy**

The Charity aims to fulfil its objects by providing a sustainable and growing grant-making programme, supporting a wide variety of charitable projects and organisations across the UK.

We regard ourselves as a broad, generalist and predominantly reactive grant maker, with a policy of selecting the best projects from applications received in order to achieve the maximum possible beneficial social impact.

To ensure a good level of social impact we prefer to fund organisations which have real difficulty getting funding elsewhere and which demonstrate evidence of effective work meeting a compelling need. For this reason many of the grants are to fund smaller organisations and those without public appeal.

We try not to over-burden applicants with requests for information but we have to balance this with the need to satisfy ourselves that a grant will be effectively used. Our network of volunteer Visitors allows us to meet most charities face-to-face, a key element in our assessments. We typically fund for three years to give a degree of stability and continuity. We are happy to make grants towards general running costs as this is sometimes the most helpful type of funding to the applicant.

## **Main Grants Programme**

Our Main Grants Programme is for grants of £10,000 p.a. or over. These are revenue grants of up to three years for things like core costs (including salaries and overheads), or the running costs of a specific project (including staffing costs).

## **County Grants Programme**

Our County Grants Programme supports the work of small organisations and charities in eight counties with which the Henry Smith Charity has a historical connection. The eight counties are Gloucestershire, Hampshire, Kent, Leicestershire, Suffolk, Surrey, East Sussex and West Sussex. To be eligible to apply for a County Grant, the organisation's annual income must be below £250,000, unless the organisation is working county-wide, in which case its income must be below £1 million.

## **Small Grants in the North East of England**

Our Small Grants Programme is a time-limited programme operating in the North East of England. This programme is administered by the Community Foundation for Tyne & Wear and Northumberland. Applications are sent directly to the Community Foundation, who assess the applications on behalf of the Henry Smith Charity.

## **Holiday Grants for Children**

One off grants of up to £2,500 for organisations, schools, youth groups etc. specifically for holidays or outings for children under the age of 13 who are disabled or who live in areas of high deprivation.

# Report of the Trustees

## Grant Assessment and Evaluation

In order to ensure that we are achieving our charitable objectives we inform applicants via our website of the type of projects we like to fund and give guidelines of what applications should cover. We are then able to assess each application against specific criteria including:

- i.) Demonstration of clear need for the work
- ii.) Evidence of impact/social benefit from the work
- iii.) Capacity of the organisation to deliver the service in terms of expertise and sustainability

For main grants, once an application has passed the initial paper based assessment, an assessment visit takes place. The purpose of this process is to better understand the need for the project, ensure the organisation's management and governance are fit for purpose, and confirm that the project is sustainable and the outcomes are both realistic and achievable.

We monitor grants through the requirement of charities to provide progress reports demonstrating the achievement of satisfactory results against the original objectives.

## Public benefit

The Trustees have had regard to the guidance published by the Charity Commission under section 4 of the Charities Act 2011 in planning future activities, setting grant-making policies and in making grants. The positive social impact anticipated from each grant is considered before a grant is awarded, and monitored. This enables Trustees to be confident that the Charity has, through its wide range of grantees, achieved significant public benefit for a number of vulnerable groups across the UK.

A diverse range of public benefit is provided by the hundreds of charities we support each year, as they work to alleviate need and distress, and help people lead more fulfilling lives. Further direct benefit is provided to the poor kindred and clergy to whom we make grants to alleviate poverty and need.

## Grant-making objectives and achievements

We awarded grants totalling £28.6m in 2016. These grants were made across various grant programmes as follows:

### Main Grants - £24.7m

Over 80% of grant-making expenditure is made through the Charity's main grants programme, which makes grants of £10,000 and above. In 2016 £24.7m was awarded under this scheme. We received around 1,500 applications in the year and awarded just over 300 grants with an average size of approximately £80k.

### Kindred - £776k

Support of the Kindred is the Charity's primary object. In 2016 we made 298 grants to just over 100 kindred, all on a means-tested basis.

### Clergy - £905k

£494k was distributed to clergy (priority being given to clergy with dependants) through the Church of England dioceses. £91k was spent to fund bursaries for ordinands while the balance of £320k was spent to support various Christian projects giving particular priority to the spiritual needs of the elderly and cognitively impaired.

# Report of the Trustees

## County Grants – £1,199k

The county scheme runs in Gloucestershire, Hampshire, Leicestershire, East Sussex, West Sussex, Surrey, Kent and Suffolk. Grant recommendations are made by County trustees who use their local knowledge to assess the merit of applications; currently the Suffolk scheme is administered by the local Community Foundation. The guidelines for the county grant scheme are the same as for the main grant scheme although there is a limit on size of the grant and size of the charity.

## Small Grants - £150k

The current Small Grants scheme opened in 2014. In 2016 £150k was distributed in the northeast through the Community Foundation Serving Tyne and Wear and Northumberland.

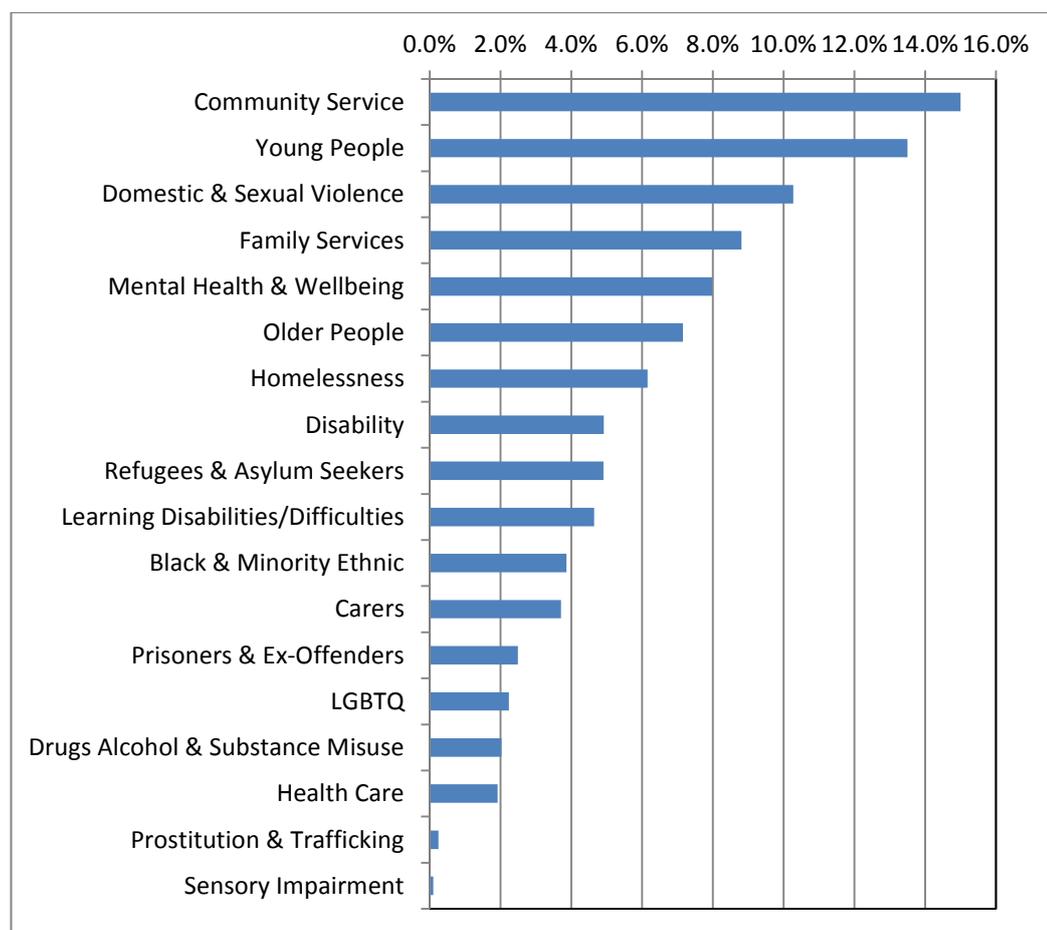
## Parishes - £599k

The parish scheme is a separate fund within the endowment, representing approximately 2% of our assets. Grants are made to local organisations in a number of parishes, based broadly on an allocation set out by the trustees of Henry Smith's will for the relief of poverty in particular parishes. Local organisations make grants within each parish and report back annually on how the funds have been spent.

## Holiday Grants - £200k

The grants are awarded for recreational activities for groups of deprived children. The maximum payment is £2,500 and will typically be for a residential trip to an activity centre for inner city primary school children or a trip to the seaside.

We funded a variety of grants across our programme areas, with the highest demand continuing to be for grants related to young people, mental health, domestic & sexual violence and community service.



# Report of the Trustees

To illustrate our funding the following are some examples of the type of work we prioritise for support through our grants, within our programme area classifications:

## **Black, Asian and Minority Ethnic**

Culturally appropriate services for Black, Asian and Minority Ethnic communities; including those that promote integration and access to mainstream services.

## **Carers**

Advice and support; including respite services for carers and those who are cared for, and educational opportunities for young carers.

## **Community Service**

Support services for communities in areas of high deprivation; including furniture recycling projects, debt advice services and community centres.

## **Disability**

Rehabilitation, support services, training and advocacy for people who are disabled; this includes people with learning disabilities as well as physical disabilities.

## **Domestic and Sexual Violence**

Advice, support and secure housing projects for families affected by domestic violence or sexual violence.

## **Drugs, Alcohol and Substance Misuse**

Rehabilitation and support services for people affected by, or at risk of, drug and/or alcohol dependency, and projects providing support to their families

## **Family Services**

Support services for families in areas of high deprivation.

## **Homelessness**

Advice, support and housing services for homeless people and those at risk of homelessness.

## **Lesbian, Gay, Bisexual and Transgender**

Advice, support and counselling services for people who are Lesbian, Gay, Bisexual or Transgendered.

## **Mental Health**

Advice and support services for people experiencing mental health problems, and projects that promote positive mental health.

## **Older People**

Residential, health and emotional support services, such as befriending services and day care centres.

## **Prisoners and Ex-offenders**

Rehabilitation and resettlement services for prisoners and/or ex-offenders; including education and training projects that improve employability, and projects that provide support to prisoners' families.

## **Prostitution and Trafficking**

Advice and support services for sex industry workers; including advice on housing support and personal health, escaping exploitation and exiting prostitution.

## **Refugees and Asylum Seekers**

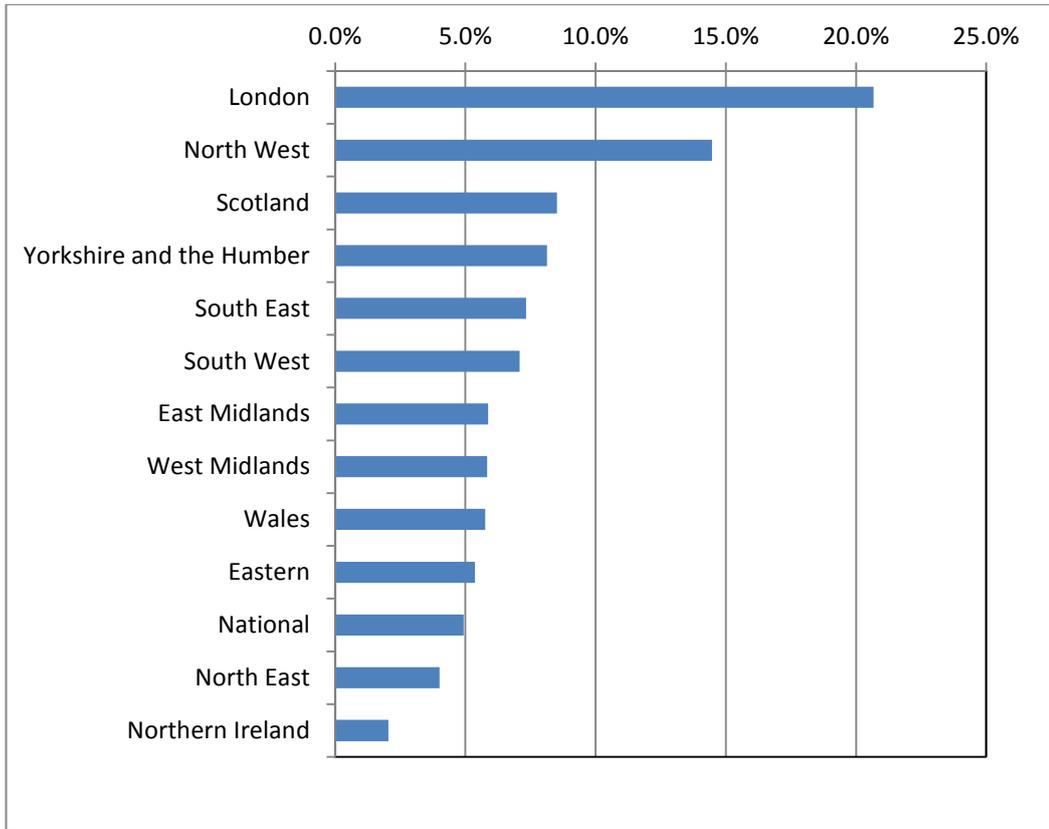
Advocacy, advice and support services for refugees and asylum seekers, and projects that help promote integration.

## **Young People**

Projects and services that help maximise the potential of young people who experience educational, social and economic disadvantage; including young people in, or leaving, care.

# Report of the Trustees

We funded organisations across the UK, but continue to find that much of the work meeting the greatest need is within the most deprived, mainly urban areas of the UK.



# Report of the Trustees

## Investments

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

The Charity operates a total return approach to investment, with power to spend income and/or capital. The Charity has power under its Scheme to invest in stocks, shares, funds, securities and other property. The Trustees have appointed professional investment advisors, who in particular advise on investment policy and strategy, asset allocation and the performance of managers.

## Investment policy

The investment portfolio has the primary long term objective of maximising sustainable spending from the portfolio in order to support grant-making. The secondary long term objective is to maintain the real value of the fund in perpetuity after spending. The Charity currently aims to spend 4% of the portfolio in grant-making over the long-term, distributing 3.75% in 2016, and the portfolio has a goal of returning an annual 4% real return over a business cycle (3-5 years).

It is recognised that in order to achieve the primary objective of sustaining a 4% spending rate over the long term, there will be periods of short term volatility of investment returns. The investment strategy seeks to build a diversified portfolio that minimises the impact of short term 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).

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, the level of exposure to non-Sterling denominated assets, the level of overall leverage in the portfolio and risks associated with investing alongside investors with different goals.

## Asset allocation and strategy

70% of the investment portfolio is allocated to growth assets, to provide longer term returns, with the remaining allocation invested in diversifying assets. The Charity carries out a detailed review of asset allocation every three years, with an annual update. Further details are given in note 9 to the accounts.

## Total Return approach to investing

The Charity operates a Total Return approach to investments, with freedom to invest the entire endowment with the aim of maximising total returns regardless of whether those returns accrue by way of income or capital growth.

## Investment returns for 2016

Investment returns, net of fees, were around £140m. Total returns for the portfolio for the year were +16.0%, almost 10% ahead of the long term benchmark of RPI + 4%. Portfolio performance has exceeded this benchmark over the last 3 years.

## Investment portfolio changes

Since year-end we have carried out an annual allocation review; this confirmed the continuation of our diversified, equity-based approach to investment with some modest changes which have been agreed and will be implemented across 2017.

# Report of the Trustees

## Investment costs

£10.4m (2015: £10.9m) was spent on managing our investments, of which over 50% was for management of investments in alternative assets. These are more expensive than traditional long-only investment, but over time we have enjoyed good investment returns with lower volatility, which has more than compensated for the additional fee costs.

We aim to maintain transparency over the total fees paid on our investments and regularly review manager fees to ensure they are matched by performance. As we aim for good value, all investment performance is monitored net of fees. The majority of investment fees are charged internally within the investment funds; fees paid in cash were much lower at £4.0m (2015: £3.7m).

## “Core Endowment”

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

The Charity’s current policy is to transfer each year into unrestricted and restricted funds, 4.0% of the total value of the endowment as averaged over the previous 5 years (referred to as the “Distribution Rate”); these funds are then available for grant making and operations. These transfers are funded over time by the total investment returns achieved by the Charity’s endowment. The Trustees review the Distribution Rate from time to time and adjust as necessary to take account of prevailing rates of investment return.

The movements in Unapplied Total Return for 2016 are shown in note 7 to the accounts. The Charity transferred £28.1 million into unrestricted and restricted funds, calculated at a 3.75% Distribution Rate. For 2017 the Trustees have agreed a transfer of 4.0%, amounting to £31.4 million. At 31 December 2016, the endowment funds of £950m were in excess of the Core Endowment.

## 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. The Trustees have agreed that an amount of funds made available for grant-making should be retained in reserve, held as unrestricted and restricted funds, equal to at least one year’s costs of running the office. This target amounted to £1.8 million at 31 December, and the Charity’s unrestricted and restricted funds of £2.3 million and £0.2 million respectively (out of total funds of £953 million) were in excess of this figure. During 2017 the Charity intends to spend down reserves towards the target level.

The Charity holds cash balances to manage fluctuations in cash flow, and as a reserve against private equity capital calls and currency hedging settlements. The Trustees review liquidity quarterly and reserves annually, and are satisfied that the Charity is in a position to meet all its current and anticipated future commitments.

## Risk Management

The Trustees formally review risk on an annual basis as well as when issues arise. The Trustees also meet the auditors during the year to discuss recommendations arising from their annual audit, which inform our approach.

The Trustees have reviewed 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, which would reduce the amount of money available for grant-making over the longer-term and hence the impact of the Charity through the grants it awards; to address this 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.

## Report of the Trustees

Another key risk is business continuity in the event of a disaster; a policy and action plan have been adopted to ensure adequate control of this risk.

We also consider the sustainability of the organisations we fund and the risk of the projects to which we make grants both in terms of the likelihood of them achieving their objectives and the resulting impact.

### **Preparation of the accounts on a going concern basis**

The Charity distributes no more than 4% of assets annually, including in 2016, and its total assets of £953 million at 31 December 2016 were well in excess of the £276 million “core endowment” which must be preserved. The Trustees continue to consider the Charity to be a going concern and to prepare the accounts on this basis.

### **Remuneration of key management personnel**

The Trustees consider the Board of the Charity and the senior management team (the Director, Head of Grants Team, Head of Grants Administration and Head of Finance) as comprising the key management personnel of the charity, in charge of directing and controlling the charity and running and operating the charity on a day to day basis.

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

### **Conflicts of interest**

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

Occasionally the Charity may collaborate with other funders, to share expertise and knowledge, or in jointly providing grants or other assistance to charities.

### **Grant-making strategy review and plans for future developments**

In November 2015 we commenced a grant-making strategy review. This continued through 2016, with the aim of issuing new grant-making guidelines later in 2017. The aim of this review is to focus our grant-making more clearly onto those areas where we can make the most difference through the grants we award; as our review develops, the implications for the Charity’s development are being worked through by Trustees and staff.

From 2018 we will be receiving applications under our new guidelines; this will give us the opportunity to consider whether further development of our grant-making is required.

### **Other developments**

The Charity established a trading subsidiary in 2016, Henry Smith Trading Ltd, to manage the grant-making services it provides to the Trusthouse Charitable Foundation. These services are provided by a separate staff team housed within the Charity. The subsidiary is wholly owned by the Charity, with a share capital of £100, but the results of the subsidiary are not consolidated within these accounts as the overall impact on the financial statements is immaterial. During the first trading period to 31<sup>st</sup> December 2016 the trading subsidiary had income of £80k and expenditure of £70k. The subsidiary donated its profit of £10k under Gift Aid to the Charity, leaving nil net assets at 31 December 2016.

During 2017 the Charity transferred its investment administration operations to its custodian, Northern Trust. This change is intended to reduce the risks to the Charity.

# Report of the Trustees

## Statement of Trustees' Responsibilities

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

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period.

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

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 8<sup>th</sup> June 2017

Diana Barran  
Chairman

# **Independent Auditor's 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 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 19.

The financial reporting framework that has been applied in their preparation is FRS102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees and Chairman's Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2016, and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with FRS102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees 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 and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP  
Chartered accountants and Statutory Auditors  
London

Date: 8<sup>th</sup> June 2017

Crowe Clark Whitehill is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011

## Statement of Financial Activities for the Year Ended 31 December 2016

	Main Unrestricted Fund £'000	Estates Restricted Fund £'000	Endowment Funds £'000	2016 Total £'000	2015 Total £'000
<b>INCOME</b>					
Investment income (note 3)	-	-	12,444	12,444	11,455
Other income	29	1	366	396	245
Transfer to income (note 7)	27,470	630	(28,100)	-	-
<b>TOTAL INCOME</b>	<b>27,499</b>	<b>631</b>	<b>(15,290)</b>	<b>12,840</b>	<b>11,700</b>
<b>EXPENDITURE</b> (note 4)					
Expenditure on raising funds	-	-	10,405	10,405	11,281
<b>Charitable activities</b>					
Grant-making	28,948	579	-	29,527	29,396
<b>TOTAL EXPENDITURE</b>	<b>28,948</b>	<b>579</b>	<b>10,405</b>	<b>39,932</b>	<b>40,677</b>
Gain on investment and currency assets (note 9)	-	-	138,150	138,150	31,927
<b>NET MOVEMENT IN FUNDS</b>	<b>(1,449)</b>	<b>52</b>	<b>112,455</b>	<b>111,058</b>	<b>2,950</b>
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 JANUARY 2016</b>	<b>3,709</b>	<b>164</b>	<b>837,881</b>	<b>841,754</b>	<b>838,804</b>
<b>TOTAL FUNDS AT 31 DECEMBER 2016</b>	<b>2,260</b>	<b>216</b>	<b>950,336</b>	<b>952,812</b>	<b>841,754</b>

The notes on pages 18 to 27 form part of these accounts.

All income and expenditure derives 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 2016

	Main Unrestricted Fund £'000	Estates Restricted Fund £'000	Endowment Funds £'000	2016 Total £'000	2015 Total £'000
<b>FIXED ASSETS</b>					
Tangible Fixed Assets (note 8)	51	-	-	51	24
Investments (note 9)	28,911	-	949,812	978,723	864,510
Programme Related Investments (note 10)	-	-	83	83	118
<b>Total Fixed Assets</b>	<b>28,962</b>	<b>-</b>	<b>949,895</b>	<b>978,857</b>	<b>864,652</b>
<b>CURRENT ASSETS</b>					
Debtors (note 11)	115	-	1,441	1,556	1,826
Cash at bank	3,632	347	-	3,979	4,570
	<b>3,747</b>	<b>347</b>	<b>1,441</b>	<b>5,535</b>	<b>6,396</b>
<b>CREDITORS</b>					
Amounts falling due within one year (note 12)	(21,959)	(131)	(1,000)	(23,090)	(19,211)
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>	<b>(18,212)</b>	<b>216</b>	<b>(441)</b>	<b>(17,555)</b>	<b>(12,815)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
	<b>10,750</b>	<b>216</b>	<b>950,336</b>	<b>961,302</b>	<b>851,837</b>
<b>CREDITORS</b>					
Amounts falling due after one year (note 13)	(8,490)	-	-	(8,490)	(10,083)
<b>NET ASSETS</b>	<b>2,261</b>	<b>216</b>	<b>950,336</b>	<b>952,812</b>	<b>838,754</b>
<b>FUNDS</b>					
Main Endowment Fund	-	-	928,913	928,913	819,016
Estates Endowment Fund	-	-	21,423	21,423	18,865
Main Unrestricted Fund	2,260	-	-	2,260	3,709
Estates Restricted Fund	-	216	-	216	164
<b>TOTAL FUNDS AT 31 DECEMBER 2016</b>	<b>2,260</b>	<b>216</b>	<b>950,336</b>	<b>952,812</b>	<b>841,754</b>

Approved by the Trustees on 8<sup>th</sup> June 2017 and signed on their behalf by:

Diana Barran  
Chairman

Merlyn Lowther  
Trustee

The notes on pages 18 to 27 form part of these accounts.

## Notes to the Accounts

	2016 £'000	2015 £'000
<b>Net cash used in operating activities (note 17)</b>	<b>(24,650)</b>	<b>(28,152)</b>
 <b>Cash flows from investing activities</b>		
Investment Income received	12,613	9,596
Payments for Investment Management and advice	(4,178)	(3,637)
Purchase of tangible fixed assets	(52)	-
Cash withdrawn from fixed asset investments to fund operating costs	15,641	23,816
Repayments of social investments	35	135
<b>Net cash provided by investing activities</b>	<b>24,059</b>	<b>29,910</b>
 <hr/>		
<b>Change in cash and cash equivalents in the year</b>	<b>(591)</b>	<b>1,758</b>
 <hr/>		
Cash and cash equivalents at 1 Jan 2016	4,570	2,812
<b>Cash and cash equivalents at 31 December 2016</b>	<b>3,979</b>	<b>4,570</b>

The notes on pages 18 to 27 form part of these accounts.

# Notes to the Accounts

## 1. CHARITY INFORMATION

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

## 2. ACCOUNTING POLICIES

### Basis of Preparation

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain fixed asset investments, and in accordance with applicable accounting standards, the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities effective from 1 April 2005 which has since been withdrawn.

During the year a trading subsidiary, Henry Smith Trading Limited, was established with a share capital of £100, company number 10153657 and registered address at 65 Leadenhall St, London, EC3A 2AD. This subsidiary company is wholly owned by the Charity. The results of the trading subsidiary are not consolidated as the impact on the financial statements is immaterial.

### 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.

### Income

Dividends are recognised as receivable when a security is listed as ex-dividend. Income from fixed interest investments is recognised when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank or investment fund. Other investment income is recognised when notified as payable to the Charity by the relevant fund managers. Other income includes fees for administration services provided to the Trusthouse Charitable Foundation and Equitable Charitable Trust and is recognised in line with the service provided. During the year the Equitable Charitable Trust, which has now wound down, made a payment of £178k to the Charity, to be used to cover the costs of managing legacy activities related to the Equitable Charitable Trust. Once these legacy activities are completed any remaining funds will be made available for grant-making. At 31 December 2016 £178k was held within endowment funds for this purpose.

### Expenditure

Liabilities are recognised as expenditure when there is a legal or constructive obligation committing the Charity to the expenditure. Grants, both single and multi-year, are recognised in the accounts as liabilities after they have been approved by the Trustees, the recipients have been notified and there are no further terms and conditions to be fulfilled within the control of the Charity. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

### Expenditure on raising funds

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

# Notes to the Accounts

## Charitable activities

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

## Investments

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

## Pensions

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

## Irrecoverable VAT

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

## Fixed assets

Leasehold improvements are included at cost and depreciated on a straight-line basis over the remaining term of occupation of the Charity's premises. Fixtures, fittings and equipment are included at cost and depreciated on a straight-line basis over 4 years. Assets below £1,000 in cost are not capitalised. The cost of assets includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

## Operating leases

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

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

## Key judgements and assumptions

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

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

Valuation of investment properties – these are stated at their estimated fair value based on professional valuations as disclosed in note 9.

## Notes to the Accounts

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

### Financial instruments

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

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

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

### 3. INVESTMENT INCOME

	2016 £'000	2015 £'000
Equities	5,626	4,884
Fixed Income	528	796
Property	6,290	5,775
	<u>12,444</u>	<u>11,455</u>

### 4. EXPENDITURE

	Costs of Generating Funds £'000	Grant- making £'000	Governance £'000	Total 2016 £'000	Total 2015 £'000
<b>Grants awarded (note 5)</b>	-	28,141	-	28,141	28,090
<b>Programme-related-investments costs</b>	-	(88)	-	(88)	(6)
<b>Direct costs</b>					
Investment management	10,002	-	-	10,002	10,882
Investment advice	178	-	-	178	133
Staff costs (note 6)	155	551	51	757	702
Auditors' remuneration	-	-	34	34	41
Other costs	-	151	38	189	174
	<u>10,335</u>	<u>28,755</u>	<u>123</u>	<u>39,213</u>	<u>40,016</u>
<b>Support costs</b>					
Staff costs (note 6)	10	290	12	312	301
Premises and office services	60	338	9	407	360
	<u>70</u>	<u>628</u>	<u>21</u>	<u>719</u>	<u>661</u>
<b>Total expenditure</b>	<u>10,405</u>	<u>29,383</u>	<u>144</u>	<u>39,932</u>	<u>40,677</u>

## Notes to the Accounts

### 5. GRANTS AWARDED

	2016 £'000	2015 £'000
Grants to organisations	27,194	27,377
Grants to individuals	1,360	1,123
Grants returned or cancelled	(413)	(410)
<b>Total Grants Awarded</b>	<b>28,141</b>	<b>28,090</b>

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

### 6. STAFF COSTS

	2016 £'000	2015 £'000
Wages and salaries costs	851	787
Social Security costs	96	89
Pension costs	96	94
Other benefits	26	33
	<b>1,069</b>	<b>1,003</b>

The average number of employees

Generating Funds	3.0	4.0
Grant-making	17.0	15.5
Governance	0.5	0.5
<b>Total</b>	<b>20.5</b>	<b>20.0</b>

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

£110,000-£120,000	1	-
£100,000-£110,000	-	1
£70,000-£80,000	1	1
£60,000-£70,000	1	-

Pension contributions for employees with emoluments greater than £60,000 amounted to £29,477 (2015: £22,828). No pension contributions were outstanding at the year end.

Total remuneration for key management personnel for the year amounted to £379,000 (2015: £354,000).

## Notes to the Accounts

### 7. MOVEMENT IN UNAPPLIED TOTAL RETURN

The overall movement in unapplied total return in 2016 was as follows:

	2016 £'000
<b>Unapplied total return at 1 January 2016</b>	<b>561,881</b>
Add: Income received	12,810
Less: Costs of generating funds	(10,405)
Add: Investment gains	138,150
Unapplied total return before transfer to income	702,436
Less: transfer to income	(28,100)
<b>Unapplied total return at 31 December 2016</b>	<b>674,336</b>
Add: core endowment	276,000
<b>Endowment assets at 31 December 2016</b>	<b>950,336</b>

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

### 8. TANGIBLE FIXED ASSETS

	Fixtures, Fittings & Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost at 1 January 2016	87	216	303
Additions	11	41	52
Cost at 31 December 2016	98	257	355
Accumulated depreciation at 1 January 2016	82	197	279
Depreciation charged in the year	5	20	25
Accumulated depreciation at 31 December 2016	87	217	304
<b>Net Book Value at 31 December 2016</b>	<b>11</b>	<b>40</b>	<b>51</b>
Net Book Value at 31 December 2015	5	19	24

## Notes to the Accounts

### 9. INVESTMENTS

	2016	2015
	£'000	£'000
Listed Investments	403,373	377,728
Investment Properties	173,608	172,555
Unlisted Investments	374,476	304,001
Cash and other balances	27,266	10,226
<b>Total Investments</b>	<b>978,723</b>	<b>864,510</b>

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

	2016	2015
	£'000	£'000
<i>Listed Investments</i>		
Market Value at 1 January 2016	377,728	398,457
Investment gains net of fees	71,591	(13,761)
Additions	35,760	44,024
Disposals	(81,706)	(50,992)
<b>Market Value at 31 December 2016</b>	<b>403,373</b>	<b>377,728</b>
<i>Unlisted Investments</i>		
Market Value at 1 January 2016	304,001	286,972
Investment gains net of fees	56,569	22,366
Additions	66,210	45,222
Disposals	(52,304)	(50,559)
<b>Market Value at 31 December 2016</b>	<b>374,476</b>	<b>304,001</b>
<i>Investment Properties</i>		
Market Value at 1 January 2016	172,555	159,664
Investment gains net of fees	1,694	15,641
Disposals	(641)	(2,750)
<b>Market Value at 31 December 2016</b>	<b>173,608</b>	<b>172,555</b>

	2016	2015
	£'000	£'000
Total gains were made up as follows:		
Gains on investment assets	135,856	31,625
Other currency gains	2,294	302
<b>Investment and currency gains</b>	<b>138,150</b>	<b>31,927</b>

The market value of listed investments at the year-end was £403m (2015: £378m). None of these were UK-only investments (2015: Nil). The historical cost of listed investments was £228m (2015: £274m).

## Notes to the Accounts

At 31 December 2016 the Charity had nine foreign exchange forward contracts open in eight currencies, with a notional sterling liability of £10.1 million. These contracts were entered into to mitigate the currency risk of being a UK based charity while holding global equity and hedge fund assets in local currencies. These foreign exchange forward contracts have all been revalued at the applicable year-end rates and the resulting unrealised gains are included within the overall value of the investments above. The settlement date for the contracts ranged from 31 January 2017 to 30 June 2017.

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

The Charity has committed to fund up to a further £81.0 m of capital calls from private equity funds. These calls will be funded from the sale of liquid assets across the investment portfolio.

### 10. PROGRAMME RELATED INVESTMENTS

The Charity had programme related investments valued at 31 December 2016 as follows:

	2016 £'000	2015 £'000
Venturesome Development Programme	43	75
Social Impact Partnership (Peterborough prison)	40	43
	<u>83</u>	<u>118</u>

The movement in value for the year was as follows: £'000

**Value at 1 January 2016** **118**

Less: repayments of capital (123)  
Add: revaluation 88

**Value at 31 December 2016** **83**

### 11. DEBTORS

	2016 £'000	2015 £'000
Dividends and distributions receivable	-	996
Rents receivable	1,335	478
Other debtors	67	291
Prepayments	154	61
	<u>1,556</u>	<u>1,826</u>

## Notes to the Accounts

### 12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Grants payable	21,890	18,133
Accruals	904	792
Rental income in advance	296	286
	<b>23,090</b>	<b>19,211</b>

Movements in rental income in advance were as follows:

Balance brought forward at 1 January 2016	286	
Released to income in the year	(286)	
Deferred in the year	296	
Balance carried forward at 31 December 2016	<b>296</b>	

### 13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Grants payable	8,279	10,008
Accruals and provisions	211	75
	<b>8,490</b>	<b>10,083</b>

### 14. MATURITY OF FINANCIAL LIABILITIES

	2016 £'000	2015 £'000
In one year or less, or on demand	23,090	19,211
In more than one year, but not more than two years	8,206	7,952
In more than two years, but not more than five years	142	2,056
In more than five years	142	75
	<b>31,580</b>	<b>29,294</b>

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

	2016 £'000	2015 £'000
Grants payable at 1 January 2016	28,141	27,716
Grants awarded	28,554	28,500
Cancelled grants	(413)	(410)
Payments made	(26,113)	(27,665)
<b>Market Value at 31 December 2016</b>	<b>30,169</b>	<b>28,141</b>

## Notes to the Accounts

### 15. RELATED PARTY TRANSACTIONS

Expenses of £3,239 (2015: £1,492) were reimbursed to five Trustees during the year (2015: four) to cover travel and other related costs incurred by them in fulfilment of their duties. £3,215 was incurred by the Charity on behalf of one Trustee for costs of travel to the USA to meet private equity and venture capital firms (nil in 2015). The Trustees received no remuneration during the year or in the previous year.

A final grant instalment of £10,000 was due at 31 December 2016 to Hereford Cathedral Perpetual Trust, of which Mr N G H Manns, a Trustee of The Henry Smith Charity, is a Trustee. This balance was paid in 2017.

During the year costs of £68k from the Charity were recharged to Henry Smith Trading Limited in relation to its management and administration. Amounts due to the Charity at 31 December 2016 were £46k, including gift aided profits of £10k which will be paid to the Charity in 2017.

### 16. OPERATING LEASE COMMITMENTS

At year-end the Charity held a lease for its premises expiring in March 2026. Rental payments amounted nil in 2016, during an initial rent-free period, and are contracted to be £220,000 per annum from February 2017 until the end of the lease term.

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

Year	Payments receivable in year £000
2017	1,576
2018	223
2018	1,222
2019	197
2020	1,649
2021 and subsequently	39,530

The total payments receivable under rental leases at 31 December 2016, until expiry or term of notice for all leases, was £44.4 million.

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

	2016 £'000	2015 £'000
Net movement in funds	111,058	2,950
Investment gains	(138,150)	(31,927)
Investment income and deposit interest	(12,474)	(11,481)
Investment management and advice	10,180	11,015
Depreciation	25	29
Decrease in debtors	131	391
Increase in creditors	2,286	569
Currency gains	2,294	302
<b>Net cash flow from operating activities</b>	<b>(24,650)</b>	<b>(28,152)</b>

## Notes to the Accounts

### 18. FINANCIAL INSTRUMENTS

At year-end the Charity held financial assets at amortised cost of £5.4 million (2015: £6.4 million), financial assets at fair value through income or expenditure of £805.2 million (2015: £692.0 million) and financial liabilities at amortised cost of £31.1 million (2015: £28.8 million).

During the year the Charity's income, expenditure and net investment gains for financial assets at fair value was £6.1 million, £9.3 million and £136.4 million respectively (2015: £5.7 million, £9.3 million and £16.2 million).

During the year the Charity's income for financial assets at amortised cost was £0.1 million (2015: £0.1 million).

### 19. STATEMENT OF FINANCIAL ACTIVITIES FOR PRIOR YEAR

	Main Unrestricted Fund £'000	Estates Restricted Fund £'000	Endowment Funds £'000	2015 Total £'000
<b>INCOME</b>				
Investment income	-	-	11,455	11,455
Other income	25	1	219	245
Transfer to income	26,390	610	(27,000)	-
<b>TOTAL INCOME</b>	<b>26,415</b>	<b>611</b>	<b>(15,326)</b>	<b>11,700</b>
<b>EXPENDITURE</b>				
Expenditure on raising funds	-	-	11,281	11,281
<b>Charitable activities</b>				
Grant-making	28,701	695	-	29,396
<b>TOTAL EXPENDITURE</b>	<b>28,701</b>	<b>695</b>	<b>11,281</b>	<b>40,677</b>
Gain on investment and currency assets	-	-	31,927	31,927
<b>NET MOVEMENT IN FUNDS</b>	<b>(2,286)</b>	<b>(84)</b>	<b>5,320</b>	<b>2,950</b>
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 JANUARY 2015</b>	<b>5,995</b>	<b>248</b>	<b>832,561</b>	<b>838,804</b>
<b>TOTAL FUNDS AT 31 DECEMBER 2015</b>	<b>3,709</b>	<b>164</b>	<b>837,881</b>	<b>841,754</b>