

***CITY OF LONDON FREEMEN'S SCHOOL
BURSARY FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018***

Charity Number: 284769

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report and Financial Statements for the year ended 31 March 2018

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CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report for the year ended to 31 March 2018

1. Reference and Administration Details

Charity Name	City of London Freeman's School Bursary Fund
Registered Charity Number:	284769
Principal Address:	Guildhall, London EC2P 2EJ
Trustee:	The City of London Corporation
Chief Executive:	The Town Clerk of the City of London Corporation
Treasurer:	The Chamberlain of London
Solicitor:	The Comptroller and City Solicitor
Banker:	Lloyds TSB Bank plc City Office, PO Box 72 Bailey Drive Gillingham, Kent ME8 OLS
Investment Fund Managers:	Artemis Investment Management LLP
Auditor:	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB

2. Structure, Governance and Management

The Governing Documents and constitution of the charity

The administration of the City of London Freeman's School Bursary Fund is set out in the governing Scheme approved by The Charity Commission for England and Wales on 1 December 2011. This Scheme replaces the previous governing document dated 30 April 1982 and its supplementary deeds of 25 August 1993 and 29 April 1997.

Trustee

The body corporate known as The City of London Corporation is the Trustee of The City of London Freeman's School Bursary Fund, acting through the Board of Governors of The City of London Freeman's School.

Policies and Procedures for the Induction and Training of Trustees

The City of London Corporation makes such seminars and briefings available to its Members as it considers are necessary to enable the Members to efficiently carry out their duties. Such events relate to various aspects of the City's activities, including those concerning City of London Freeman's School Bursary Fund.

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report (continued)

2. Structure, Governance and Management (continued)

Organisational structure and decision making process

The charity is administered in accordance with the charity's governing scheme and the City of London Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations of the City of London Corporation. These governance documents are available from the Town Clerk of the City of London Corporation at the principal address. The Bursary Committee are also Members of the City of London Corporation.

Each elected Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the exercise of its duties as Trustee of the charity by faithfully acting in accordance with the Terms of Reference of the relevant committee or sub-committee, and the City Corporation's agreed corporate governance framework as noted above.

Individuals act as Trustees by virtue of positions that they hold in the City of London Corporation in accordance with the governing document. They act as Trustees during their tenure of these positions.

Related Parties

Details of any related party transactions are disclosed in note 10 to the Financial Statements.

Risk identification

The Trustee is committed to a programme of risk management as an element of the Trustee's strategy to preserve the charity's assets, enhance productivity for service users and members of the public.

In order to embed sound practice a Risk Management Group of employed officers has been established by the City of London Corporation to ensure that risk management policies are applied, that there is an ongoing review of risk management activity and that appropriate advice and support is provided to elected Members and officers.

The City of London Corporation has approved a strategic risk register for all of its activities. This register helps to formalise existing processes and procedures and enables the City of London Corporation to further embed risk management throughout the organisation in the exercise of all its functions, including when acting as charity trustee.

Consequently, a key risk register has been prepared for this charity and has been reviewed by the Trustee. It identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

3. Objectives and Activities for the Public Benefit

The City of London Freeman's School Bursary Fund was established in April 1982. The original funds are invested and distributed by the Trustee.

The object of the Charity is the promotion of education (including physical training) by the provision of bursaries and other forms of financial assistance for fees and/or other costs

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report (continued)

incurred through attendance at the School to enable pupils to further their education at the School by for example providing financial assistance to those who would not be able to enter the School having been accepted, or having commenced education at the School would not be able to continue their education at the School. Income can also be used for such other charitable purposes as shall be associated with the school, as the Trustee shall direct.

Grant Making Policy

The charity has established its grant making policy to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure that proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria.

The Trustee has due regard to the Charity Commission's public benefit guidance when setting objectives and planning activities.

4. Targets, Achievements and Performance for 2017/18

The target for 2017/18 was to continue to contribute towards fees of pupils where financial hardship would cause the pupil to be unable to enter or continue at the School. In line with this, four bursaries (2016/17: two bursaries) were awarded during the year amounting to £21,927 (2016/17: £11,464).

5. Financial Review

During the year ended 31 March 2018 total funds increased by £22,070 (2016/17: total funds increased by £123,843) to £937,534 (2016/17: £915,464). This movement comprised the following:-

- i) a net gain on investments of £6,518 (2016/17: a net gain of £89,293);
- ii) investment income of £29,897 (2016/17: £30,142);
- iii) voluntary income of £8,784 (2016/17: voluntary income of £16,768); and
- iv) expenditure on charitable activities of £23,129 (2016/17: £12,360) which was made up of four bursary awards (2016/17: two bursary awards) amounting to £21,927 (2016/17: £11,464) and bursary administration costs of £1,202 (2016/17: £896).

Going Concern

The Trustee considers the Charity to be a going concern for the foreseeable future as detailed in the Accounting Policies note 1(b).

Reserves Policy

The Reserves Policy is to maintain the expendable endowment of the charity in investments in the Charities Pool administered by the City of London Corporation and to use the investment income in accordance with the objectives of the charity.

5. Financial Review (continued)

Investment Policy

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report (continued)

The charity's investments are held in units of the City of London Charities Pool. The Charities Pool is an investment mechanism operating in a similar way to a unit trust. It enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually. The investment policy of the Charities Pool is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool are available from the Chamberlain of London.

6. Plans for Future Periods

The objective for 2018/19 is to continue to contribute towards the fees payable to the School of pupils, who, but for financial assistance, would not be able to continue at or enter the School.

7. Statement of Trustee's Responsibilities

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective from 1 January 2015.

The law applicable to charities in England & Wales requires the Trustee 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 Trustee is required to:

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

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the trust deed. The Trustee is 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.

8. Adopted and signed for on behalf of the Trustee on 13 November 2018

Jeremy Paul Mayhew MA MBA
Chairman of Finance Committee
Guildhall, London

Jamie Ingham Clark
Deputy Chairman of
Finance Committee

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Independent Auditor's Report to the Trustees of The City of London Freeman's School Bursary Fund

Opinion

We have audited the financial statements of The City of London Freeman's School Bursary Fund (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and,

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Independent Auditor's Report to the Trustees of The City of London Freeman's School Bursary Fund (continued)

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Independent Auditor's Report to the Trustees of The City of London Freeman's School Bursary Fund (continued)

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street

London

EC1A 4AB

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Date:

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Statement of Financial Activities for the year ended 31 March 2018

	Note	Endowment Fund £	Total Funds 2017/18 £	Total Funds 2016/17 £
Income and endowments from:				
Donations		8,784	8,784	16,768
Income from investments				
Managed investment income		29,643	29,643	29,747
Interest receivable		254	254	395
Total income and endowments	3	<u>38,681</u>	<u>38,681</u>	<u>46,910</u>
Expenditure on:				
Charitable activities				
Bursaries awarded	4	21,927	21,927	11,464
Bursary administration	4 & 5	1,202	1,202	896
Total expenditure	4	<u>23,129</u>	<u>23,129</u>	<u>12,360</u>
Net gains/(losses) on investments	7	6,518	6,518	89,293
Net income/(expenditure)		<u>22,070</u>	<u>22,070</u>	<u>123,843</u>
Other recognised gains/(losses)		-	-	-
Net movement in funds		<u>22,070</u>	<u>22,070</u>	<u>123,843</u>
Reconciliation of funds				
Total funds brought forward	9	915,464	915,464	791,621
Total funds carried forward	9	<u>937,534</u>	<u>937,534</u>	<u>915,464</u>

There are no recognised gains or losses other than as shown in the statement of financial activities above.

All incoming resources and resources expended derive from continuing activities.

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed Assets			
Managed Investments – 102,479 Charities Pool Units	7	<u>901,815</u>	<u>837,843</u>
Current Assets			
Cash at bank and in hand		43,028	81,442
Creditors: amounts falling due within one year	8	<u>(7,309)</u>	<u>(3,821)</u>
Net Current Assets	8	35,719	77,621
Total Assets less Current Liabilities		<u>937,534</u>	<u>915,464</u>
The funds of the charity:			
Endowment Fund		<u>937,534</u>	<u>915,464</u>
Total funds	9	<u>937,534</u>	<u>915,464</u>

Approved and signed for and on behalf of the Trustee

The notes at pages 11 to 15 form part of these accounts.

Dr Peter Kane
Chamberlain of London
13 November 2018

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Notes to the Financial Statements for the year ended 31 March 2018

1. Accounting Policies

The following accounting policies have been applied consistently throughout the year and in the preceding year in dealing with items which are considered material in relation to the charity's financial statements.

(a) ***Basis of Preparation***

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the *Statement of Recommended Practice (SORP) Accounting and Reporting by Charities*, published in 2015, *Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102)* and the Charities Act 2011.

(b) ***Going Concern***

The charity is considered a going concern for the foreseeable future as the Trustee has due regard to maintaining the capital base and only the investment income is generally used in furtherance of the objectives of the Trust. The majority of the Charity's income is generally from investments in the Charities Pool administered by the City of London Corporation. The Pool's investment policy is set out in Section 5 of the Trustee's Report.

(c) ***Cash Flow Statement***

The Trust has taken advantage of the exemption in FRS102 from the requirement to produce a statement of cash flows on the grounds that it is a small entity.

(d) ***Income Recognition***

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

(e) ***Investment Income***

Investment income consists of distributions from the Charities Pool and interest receivable on cash balances. The Charities Pool is an investment mechanism operating in a similar way to a unit trust. It enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

(f) ***Expenditure Recognition***

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Notes to the Financial Statements for the year ended 31 March 2018

1. Accounting Policies (continued)

(g) ***Bursaries Awarded***

Bursaries are accounted for when the recipient has a reasonable expectation that they will receive the bursary and where any conditions attached to the bursary are outside the control of the Fund.

(h) ***Investments***

Investments are valued annually at the middle market price at the close of business on 31 March. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities. The unrealised loss on investments at the balance sheet date is included in the Trust's funds.

(i) ***Fund Accounting***

The charity comprises a single Endowment Fund which is expendable.

2. Tax Status of the Charity

City of London Freeman's School Bursary Fund is a registered charity and as such its income and gains are exempt from income tax to the extent that they are applied to its charitable purposes.

3. Incoming Resources

Incoming resources are analysed as follows:

	2017/18	2016/17
	£	£
Voluntary Income		
Donations	8,784	16,768
Investment Income		
Managed investment income	29,643	29,747
Interest received	254	395
Total Incoming Resources	38,681	46,910

Investment Income:

Consists of income derived from the investments in the City of London Corporation's Charities Pool noted in 1(e) and interest received on cash balances which amounted to £29,897 (2016/17: £30,142).

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Notes to the Financial Statements for the year ended 31 March 2018

4. Resources Expended

Resources expended are analysed as follows:

	2017/18	2016/17
	£	£
Charitable Activities		
Bursaries Awarded	21,927	11,464
Bursary Administration	1,202	896
Total Resources Expended	23,129	12,360

Charitable activities

Four bursary awards were made during the year (2016/17: two bursary awards were made during the year). Included in the charitable activities are bursary administration costs (refer to note 5 below for details of these).

5. Support and Governance Costs

Staff numbers and costs

The charity does not employ any staff. Officers of the City of London Corporation provide administrative assistance to the charity when required, but this is not considered material and is not separately calculated by the City of London Corporation. However, some administration services concerned with Bursary Administration are directly charged to the charity. Such costs charged to the fund in 2017/18 amounted to £1,202 (2016/17: £896).

Auditor's remuneration and fees for external financial services

The City of London's external auditor audits this charity as one of the numerous charities administered by the City of London Corporation. The City of London Corporation does not attempt to apportion the audit fee between all the different charities but prefers to treat it as part of the cost to its private funds. No other external financial services were provided for the Fund during the year or in the previous year.

6. Other Items of Expenditure

Trustee expenses

Members of the City of London Corporation acting on behalf of the Trustee received no remuneration or reimbursement of expenses during the current or previous year.

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Notes to the Financial Statements for the year ended 31 March 2018

7. Investment Assets

The value and cost of investments is comprised as follows:

	Endowment Fund	
	2018	2017
	£	£
Market Value 1 April	837,843	698,552
Purchase of Charities Pool units (1)	57,454	49,998
Net investment gains	6,518	89,293
Market value 31 March	901,815	837,843
Cost when purchased	602,200	544,746
Units in Charities Pool (Units)	102,479	96,083

(1) As agreed by the Board of Governors of the City of London Freeman's School at its meeting on 2 February 2017 and 25 September 2017, cash of £28,696 and £28,764 was invested in The City of London Charities Pool. Accordingly, a total of 3,287 units were purchased at £8.73 per unit on 1 April 2017 and a total of 3,109 units were purchased at £9.25 per unit on 1 October 2017.

The geographical spread of listed investments at 31 March was as follows:

	2018	2017
	£	£
Equities:		
UK	703,774	652,281
Overseas	110,530	117,866
Bonds UK	5,830	4,607
Pooled Units: UK	61,241	41,514
Cash Held By Fund Manager	20,440	21,575
Total Funds	901,815	837,843

The majority of the charity's surplus funds are invested within the Charities Pool administered by the City of London Corporation and interest is received from the Chamberlain of London on cash balances held on behalf of the Trust. The investments are managed by Artemis Investment Management Limited and the performance of the fund is measured against the Fund manager benchmark (FTSE All Share Index).

As at 31 March 2018 the Fund achieved a return of +4.28% compared to the FTSE All Share Index return of +1.25%, an out-performance of 3.03%. Over three and five years the Fund has outperformed the index as follows:

	3 Years	5 Years
Fund	5.97%	7.96%
FTSE All Share	5.86%	6.59%
Out performance	0.11%	1.37%

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Notes to the Financial Statements for the year ended 31 March 2018

8. Analysis of Net Assets by Fund at 31 March 2018

	Endowment Fund	Total 2018	Total 2017
	£	£	£
Fixed Assets			
Investments	901,815	901,815	837,843
Total Fixed Assets	901,815	901,815	837,843
Current Assets	43,028	43,028	81,442
Current Liabilities (1)	(7,309)	(7,309)	(3,821)
Net Current Assets	35,719	35,719	77,621
Total Assets	937,534	937,534	915,464

(1) Current liabilities represent bursaries awarded by the Trust for the Summer term 2018.

9. Summary of funds and movements during the year to 31 March 2018

	Fund Balance Brought Forward	Income	Expenditure	Gains and Losses	Fund Balance Carried Forward
	£	£	£	£	£
Endowment Fund:					
Expendable	915,464	38,681	(23,129)	6,518	937,534
Total Funds	915,464	38,681	(23,129)	6,518	937,534

Notes to the Funds:

Expendable Endowment Fund

The purpose of this fund is to provide support to students in the form of bursaries. Planned use comprises of the distribution of bursary awards, with any surplus income carried forward to be used in subsequent years. Awards are funded by donations and any income generated from The City of London Charities Pool as a result of the investment of such donations.

10. Details of related parties and wider networks

The City of London Corporation is also the Trustee of a number of other Charitable Funds. With the exception of the City of London Charities Pool, these Funds do not undertake transactions with the City of London Freeman's School Bursary Fund. A full list of these Funds is available on application to the Chamberlain of London.

The Fund has investments in the City of London Charities Pool. Investment income from the Charities Pool in 2017/18 amounted to £29,643 (2016/17: £29,747).