

***CHARITIES ADMINISTERED IN CONNECTION WITH (ICW)  
THE CITY OF LONDON FREEMEN'S SCHOOL***

***REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013***

**Charity Number: 312120**

**CHARITIES ADMINISTERED ICW  
THE CITY OF LONDON FREEMEN'S SCHOOL**

**Trustee's Annual Report (continued)**

**2. Structure, Governance and Management (continued)**

**Organisational structure and decision making process**

The charity is administered under the governance rules applying to the City of London Corporation and its governance and administration is in accordance with the Standing Orders and Financial Regulations of the City of London Corporation. These regulations are available from the Town Clerk of the City of London at the principal address.

**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 their strategy to preserve the charity's assets, enhance productivity for service users and members of the public and protect its employees.

In order to embed sound practice a Risk Management Group has been established in 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 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.

A key risk register has been prepared for this charity and has been reviewed by the Trustees. 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 funds are used to provide prizes in various subjects. The funds may also be used to assist children to study various subjects at school and to aid school pupils who have gone on to University.

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

**4. Achievements and Performance**

The school awarded 257 book prizes during the year (2011/12: 275).

**5. Financial Review**

During the year ended 31 March 2013 total funds increased by £13,291 (2011/12: total funds decreased by £188,618) to £151,908 (2011/12: £138,617). This movement comprised the following:-

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**Trustee's Annual Report (continued)**

**5. Financial Review (continued)**

- i) A net gain on investments of £10,409 (2011/12: net loss of £287)

The increase in the market value of the investments held in the Charities Pool reflects the general recovery in the UK and overseas stock markets, together with some relative outperformance achieved by the Fund Manager which was mainly due to favourable asset allocation within the portfolio. The investments are managed by Artemis Investment Management Limited and in the year ended 31 December 2012 achieved a total return of 13.3%, which was a relative outperformance of 1.4% compared to its benchmark, the WM Unconstrained Charity Universe;

- ii) Income of £10,332 (2011/12: £15,001) which comprised investment income of £3,922 (2011/12: £8,186) and voluntary income of £6,410 (2011/12: £6,815); and
- iii) Expenditure of £7,450 (2011/12: £7,221) relating to 257 book prizes (2011/12: 275 book prizes).

During the previous year the Charity Commission approved the transfer of five scholarship and prize funds totalling £196,111 to the City of London Freeman's School Bursary Fund. This transfer is the main reason for the significant reduction in funds during 2011/12.

**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 capital base of the charity in investments in the Charities Pool administered by the City of London Corporation and use the investment income in accordance with the objectives of the charity.

**Investment Policy**

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 on-going targets are to continue to provide for prizes in various subjects, to continue to provide sums to assist children to study various subjects at the school and to assist in further education.

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**Trustee's Annual Report (continued)**

**7. The Financial Statements**

These consist of the following and include comparative figures for the previous year.

- **Statement of Financial Activities** showing all resources available and all expenditure incurred and reconciling all changes in the funds of the Trust.
- **Balance Sheet** setting out the assets, liabilities and funds of the Trust.
- **Notes to the Financial Statements** explaining the accounting policies adopted and explanations of information contained in the financial statements.

The financial statements have been prepared in accordance with statutory requirements and the Statement of Recommended Practice *Accounting and Reporting by Charities (Revised 2005)*.

**8. Statement of Trustee's Responsibilities**

The Trustee is responsible for preparing the Trustee's 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 & 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 enables the Trustee to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and provisions of the governing document. 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.

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**Trustee's Annual Report (continued)**

**9. Adopted and signed for on behalf of the Trustee on 23 July 2013.**

R.A.H. Chadwick  
Chairman of Finance Committee  
Guildhall, London

Raymond Michael Catt  
Deputy Chairman of  
Finance Committee

# **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE CHARITIES ADMINISTERED IN CONNECTION WITH THE CITY OF LONDON FREEMEN'S SCHOOL**

We have audited the financial statements of the Charities Administered in Connection with the City of London Freemen's School for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustee in accordance with section 145 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 Trustee those matters we are required to state to the Trustee 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 the Trustee and auditor**

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

We have been appointed as auditor under section 145 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 annual report to identify material inconsistencies with the audited financial statements. 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 March 2013 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.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE CHARITIES  
ADMINISTERED ICW THE CITY OF LONDON FREEMEN'S SCHOOL (continued)**

**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 Trustee's 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.

*Deloitte LLP*

**Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
St Albans, UK

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

*24 January 2013*

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**Statement of Financial Activities for the year ended 31 March 2013**

	Note	Restricted Fund £	Endowment Fund £	Total 2012/13 £	Total 2011/12 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		6,410	-	6,410	6,815
<b>Investment income</b>					
Managed investment income		2,730	-	2,730	5,867
Interest receivable		1,192	-	1,192	2,319
<b>Total incoming resources</b>	3	<u>10,332</u>	-	<u>10,332</u>	<u>15,001</u>
<b>Resources expended</b>					
Transfer of funds to City of London Freeman's School Bursary Fund		-	-	-	196,111
<b>Charitable activities</b>					
Scholarships and prizes awarded		7,450	-	7,450	7,221
<b>Total resources expended</b>	4	<u>7,450</u>	-	<u>7,450</u>	<u>203,332</u>
<b>Net incoming/(outgoing) resources before other recognised gains/(losses)</b>					
		2,882	-	2,882	(188,331)
<b>Other recognised gains/(losses)</b>					
Net gain/(loss) on revaluation	7	10,048	361	10,409	(287)
<b>Net movement in funds</b>		<u>12,930</u>	361	<u>13,291</u>	<u>(188,618)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward	9	126,079	12,538	138,617	327,235
<b>Total funds carried forward</b>	9	<u>139,009</u>	<u>12,899</u>	<u>151,908</u>	<u>138,617</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.



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**Balance Sheet as at 31 March 2013**

	Note	2013 £	2012 £
<b>Fixed Assets</b>			
Managed Investments	7	83,622	73,213
<b>Current Assets</b>			
Cash at bank and in hand		68,286	65,404
<b>Total Assets</b>		<u>151,908</u>	<u>138,617</u>
<b>The funds of the charity:</b>			
Restricted fund	9	139,009	126,079
Endowment fund	9	<u>12,899</u>	<u>12,538</u>
<b>Total funds</b>		<u>151,908</u>	<u>138,617</u>

Approved and signed for and on behalf of the Trustee

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

*CBilsland*

Chris Bilsland  
Chamberlain of London  
23<sup>rd</sup> July 2013

**CHARITIES ADMINISTERED ICW  
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**Notes to the Financial Statements for the year ended 31 March 2013**

**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 in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities (Revised 2005)* and under the historical cost accounting rules modified to include the revaluation of investments, and in accordance with applicable United Kingdom accounting standards and the Charities Act 2011.

**(b) Going Concern**

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

**(c) Managed 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 gain/(loss) on investments at the balance sheet date is included in the charity's funds.

**(d) 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.

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**Notes to the Financial Statements for the year ended 31 March 2013**

**1. Accounting Policies (continued)**

*(e) Fund Accounting*

The funds of the charity consist of a permanent endowment fund that holds the original endowment of the charity, which is invested and shown at market value, and a restricted fund that contains any undistributed annual income carried forward for use in future years.

*(f) Cash Flow Statement*

The Trust has taken advantage of the exemption in Financial Reporting Standard 1 (Revised) from the requirement to produce a cash flow statement on the grounds that it is a small entity.

**2. Tax Status of the Charity**

As a registered charity income and gains are exempt from income tax to the extent that they are applied to charitable purposes.

**3. Incoming Resources**

Incoming resources are analysed as follows:

	<b>2012/13</b>	2011/12
	£	£
<b>Voluntary Income</b>		
Donations	<b>6,410</b>	6,815
<b>Investment Income</b>		
Managed Investment Income	<b>2,730</b>	5,867
Interest Receivable	<b>1,192</b>	2,319
<b>Total Incoming Resources</b>	<b>10,332</b>	15,001

**Voluntary Income**

Voluntary income consists of donations from individuals amounting to £6,410 (2011/12: £6,815).

**Investment Income**

Consists of income derived from the investments in the City of London Corporation's Charities Pool noted in 1(d) and interest received on cash balances which amounted to £3,922 (2011/12: £8,186).

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**Notes to the Financial Statements for the year ended 31 March 2013**

**4. Resources Expended**

Resources expended are analysed as follows:-

	2012/13	2011/12
	£	£
<b>Transfer to City of London Freeman's School Bursary Fund</b>	-	196,111
<b>Charitable Activities</b>		
Prizes Awarded	7,450	7,221
<b>Total Resources Expended</b>	<b>7,450</b>	<b>203,332</b>

**Transfer of Charity Funds:**

On 1 December 2011 the Charity Commission of England and Wales approved the transfer of five scholarship and prize funds with a value of £196,111 to the City of London Freeman's School Bursary Fund (charity number: 284769). These funds were no longer being awarded and the transfer was made in order that they could be put to appropriate use under the provisions of the Bursary Fund's Scheme.

**Charitable activities**

Charitable activities consist of 257 book prizes awarded to individuals amounting to £7,450 (2011/12: 275 book prizes amounting to £7,221).

**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. It is consequently not possible to quantify this assistance in the Statement of Financial Activities.

**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 Trust during the year or in the previous year.

**6. Other Items of Expenditure**

**Trustees' 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.

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**Notes to the Financial Statements for the year ended 31 March 2013**

**7. Investment assets**

The value and cost of investments are comprised as follows:

	Restricted Fund	Endowment Fund	Total 2013	Total 2012
	£	£	£	£
Market Value 1 April	70,675	2,538	<b>73,213</b>	183,233
Transfer of Assets to the City of London Freeman's School Bursary Fund	-	-	-	(109,733)
Net investment gain/(loss) on revaluation	10,048	361	<b>10,409</b>	(287)
<b>Market value 31 March</b>	<b>80,723</b>	<b>2,899</b>	<b>83,622</b>	<b>73,213</b>
<b>Cost when purchased</b>	<b>33,268</b>	<b>5,133</b>	<b>38,401</b>	<b>38,401</b>
Units in Charities Pool (Units)	11,165	401	<b>11,566</b>	11,566

The increase in the market value of the investments held in the Charities Pool reflects the general recovery in the UK and overseas stock markets, together with some relative outperformance achieved by the Fund Manager which was mainly due to favourable asset allocation within the portfolio

**8. Analysis of net assets by fund at 31 March 2013**

	Restricted Fund	Endowment Fund	Total 2013	Total 2012
	£	£	£	£
<b>Fixed Assets</b>				
Investments	80,723	2,899	<b>83,622</b>	73,213
<b>Total Fixed Assets</b>	<b>80,723</b>	<b>2,899</b>	<b>83,622</b>	<b>73,213</b>
Current Assets	58,286	10,000	<b>68,286</b>	65,404
<b>Total Net Assets</b>	<b>139,009</b>	<b>12,899</b>	<b>151,908</b>	<b>138,617</b>

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**Notes to the Financial Statements for the year ended 31 March 2013**

**9. Movement of Funds during the year to 31 March 2013**

	Balance at 1 April 2012	Net Incoming Resources	Net Gains on revaluation	Balance at 31 March 2013
	£	£	£	£
<b>Restricted Fund</b>	126,079	2,882	10,048	<b>139,009</b>
<b>Endowment Fund</b>	12,538	-	361	<b>12,899</b>
<b>Total Net Assets</b>	<b>138,617</b>	<b>2,882</b>	<b>10,409</b>	<b>151,908</b>

**Notes to the funds**

**Restricted Fund**

Income is credited to this fund and awards are charged each year. Surplus income is carried forward in this fund to be used in subsequent years.

**Endowment Fund**

This represents permanent endowments to the charity and the revaluation of investments to show their current market value.

**10. Details of related parties and wider networks**

The following disclosures are made in recognition of the principles underlying Financial Reporting Standard 8 concerning related party transactions.

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

The Trust has investments in the City of London Charities Pool of which the City of London Corporation is also the Trustee.

In the year ended 31 March 2012 there was a transfer of £196,111 to The City of London Freeman's School Bursary Fund. There were no transfers in the current year.