

<b>Committee:</b>	<b>Date:</b>	<b>Item no.</b>
Board of Governors of City of London School	Friday, 16 October 2015	
<b>Subject:</b> The City of London School Bursary Fund incorporating The City of London School Scholarships & Prizes Fund - Annual Report and Financial Statements for the year ended 31 March 2015	<b>Public</b>	
<b>Report of:</b> The Chamberlain	<b>For Decision</b>	
<b><u>Summary</u></b>		
<p>1. This report provides Governors with the Annual Report and Financial Statements for the year ended 31 March 2015 of The City of London School Bursary Fund (charity 1) incorporating The City of London School Scholarships &amp; Prizes Fund (charity 2) for information. It also provides an opportunity to consider whether part of the cash balance of £487,938 as at 31 March 2015 should be invested in the City of London Charities Pool.</p>		
<b><u>Main Report</u></b>		
<b>Annual Report and Financial Statements for the year ended 31 March 2015</b>		
<p>2. The audited Annual Report and Financial Statements for the year ended 31 March 2015 of The City of London School Bursary Fund (charity 1) incorporating The City of London School Scholarships &amp; Prizes Fund (charity 2) are attached for information.</p>		
<p>3. The governing scheme approved by the Charity Commission for England and Wales on 1 December 2011 directs that The City of London School Scholarships &amp; Prizes Fund (charity number: 276654-1) shall be treated as forming part of The City of London School Bursary Fund (charity number: 276654) solely for the purpose of Part II (registration) and Part VI (accounting) of the Charities Act 2011.</p>		
<p>4. During the year ended 31 March 2015 total funds increased by £243,688 to £3,483,725 (2013/14: total funds increased by £312,801). This movement comprised the following:-</p> <ul style="list-style-type: none"> <li>i) a net gain on the value of investments of £182,080 (2013/14: a net gain of £193,006);</li> <li>ii) income of £135,565 (2013/14: £224,190) relating to voluntary income of £20,280 (2013/14: £109,439) and investment income and interest of £115,285 (2013/14: £114,751);</li> </ul> <p style="padding-left: 40px;">partly offset by</p>		

- iii) expenditure of £73,957 (2013/14: £104,395) comprising 295 scholarship and prizes amounting to £43,042 (2013/14: 297 scholarship and prizes amounting to £65,463); 2 bursary awards amounting to £21,470 (2013/14: 3 bursary awards amounting to £29,773); and contributions to school uniforms and trip expenses totalling £9,445 (2013/14: £8,570). There were no bursary support costs during the year ended 31 March 2015 (2013/14: £589).

### Cash Available as at 31 March 2015

5. The total cash balance held as at 31 March 2015 was £487,938 (2013/14: £444,254) and Governors are requested to consider investing some of this cash in the City of London Charities Pool to provide an opportunity to earn potentially higher returns than interest on cash balances (0.89% for 2014/15 and estimated to be 0.5% in the current year).

### Charities Pool

6. The Charities Pool (the Pool) is governed by a Scheme approved by the Charities Commission and the investments are managed by Artemis Investment Management LLP and monitored by the City's Financial Investment Board. The Pool offers small charities the opportunity to obtain better returns than could generally be achieved if investments were made individually, thus enabling the charities to maximise their activities for the public benefit. The value of the Pool as at 31 March 2015 was £22.7M (2013/14: £20.2M).

### Charities Pool Performance to 31 March 2015

7. Performance is analysed relative to the Manager's benchmark (FTSE All Share), the performance objective (FTSE All Share +2-3% over a rolling 3 year period) and the WM Charity Universe ex property (the Charity Universe). The Charity Universe represents the performance of UK Charity funds with discretionary mandates and is the most representative database of UK Charity Fund assets.
8. The performance of the Pool against the Fund Manger's benchmark, the performance objective and the Charity Universe is set out below. The performance objective used is the benchmark plus 3%.
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	<b>FTSE All Share %</b>	<b>Performance Objective %</b>	<b>Charity Universe %</b>	<b>Charities Pool %</b>
1 Year	6.6	9.7	12.3	10.5
3 Years	10.6	13.6	11.4	13.5
5 Years	8.3	11.3	8.8	11.6
10 Years	7.7	10.8	8.1	9.1

10. Over all time periods the Pool has outperformed the Manager's benchmark and the Pool has outperformed the performance objective over 1 and 5 years. Whilst the Pool has underperformed the Charity Universe for 1 year, it has outperformed the Universe over 3, 5 and 10 years. A total of 30.6p (3.7%) per unit was

distributed during the year (2013/14: 30.5p (3.9%)).

### Potential further investment in the Charities Pool

11. Whilst available cash at the 31 March 2015 amounted to £487,938 it is suggested that sufficient funds be retained to cover one full year's worth of expenditure plus 50% as an operating balance. The table below shows expenditure for each charity over the past five years. Over this timeframe, the highest level of expenditure occurred in 2013/14 for charity one (£88,145) and 2010/11 for charity two (£51,812). It is suggested that the total of these two years (£139,957) plus 50% (£69,979) as a contingency sum, amounting to £209,936, be retained as an operating cash balance with the remainder of £278,002 invested in the Charities Pool.

	2014/15 £	2013/14 £	2012/13 £	2011/12 £	2010/11 £
<b>The City of London School Bursary Fund (charity 1)</b>					
Cash Balance	391,939	347,227	326,727	456,734	143,950
Expenditure	56,057	88,145	49,657	52,533	51,153
<b>The City of London School Scholarships &amp; Prizes Fund (charity 2)</b>					
Cash Balance	95,999	97,027	-19,044	203,119	516,041
Expenditure	17,900	16,250	18,740	35,490	51,812

### Recommendations

12. It is recommended that Governors:

- receive the Annual Report and Financial Statements for the year ended 31 March 2015 for information; and
- consider whether to invest part of the available cash balance of £487,938 in the City of London Charities Pool. The suggested investment is £278,002, which would leave an operating cash balance of £209,936, based on the highest level of annual expenditure over the past 5 years (£139,957) plus a contingency balance of 50% (69,979).

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