

<b>Committee:</b>	<b>Date:</b>
Board of Governors of the City of London School for Girls	22 October 2015
<b>Subject:</b> Annual Report and Financial Statements 2014/15 of The City of London School for Girls Bursary Fund incorporating The City of London School for Girls Scholarships & Prizes Fund	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>

### Summary

This report provides Governors with the Annual Report and Financial Statements for the year ended 31 March 2015 of The City of London School for Girls Bursary Fund (charity 1) incorporating The City of London School for Girls Scholarships & Prizes Fund (charity 2) for information. It also provides an opportunity to consider whether part of the cash balance of £269,705 as at 31 March 2015 should be invested in the City of London Charities Pool.

### **Recommendations**

It is recommended that Governors:

- a) receive the Annual Report and Financial Statements for the year ended 31 March 2015 for information; and
- b) confirm that no further cash balance be invested in the City of London Charities Pool for either charity 1 or charity 2 at this time.

### Main Report

#### **Annual Report and Financial Statements for the year ended 31 March 2015**

1. The audited Annual Report and Financial Statements for the year ended 31 March 2015 of The City of London School for Girls Bursary Fund (charity 1) incorporating The City of London School for Girls Scholarships & Prizes Fund (charity 2) are attached for information.
2. The governing scheme approved by the Charity Commission for England and Wales on 1 December 2011 directs that The City of London School for Girls Scholarships & Prizes Fund (charity number: 276251-5) shall be treated as forming part of The City of London School for Girls Bursary Fund (charity number: 276251) solely for the purpose of Part II (registration) and Part VI (accounting) of the Charities Act 2011.
3. During the year ended 31 March 2015 total funds increased by £195,113 to £3,919,391 (2013/14: total funds increased by £193,773). This movement comprised the following:-

- i) income of £669,303 (2013/14: £660,095) relating to voluntary income of £526,216 (2013/14: £517,035) and investment income and interest of £143,087 (2013/14: £143,060);
- ii) a net gain on the value of investments of £233,460 (2013/14: a net gain of £247,468); partly offset by
- iii) expenditure of £707,650 (2013/14: £713,790) comprising 58 bursary awards (2013/14: 61 bursary awards) of £654,816 (2013/14: £658,584); 6 scholarships & prizes (2013/14: 6 scholarships and prizes) of £52,533 (2013/14: £54,906); and bursary support costs of £301 (2013/14: £300).

### **Cash Available as at 31 March 2015**

- 4. The total cash balance held as at 31 March 2015 was £269,705 (2013/14: £316,880) 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**

- 5. 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**

- 6. 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.
- 7. 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%.

	<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

8. 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

9. Total cash available as at 31 March 2015 was £269,705, comprising £240,452 held by charity one and £29,253 by charity two. To assist consideration of whether 'surplus' cash is available for investment, the table below shows the income, expenditure and cash position for each charity over the past two years.

	2014/15	2013/14
	£	£
<b>The City of London School for Girls Bursary Fund (charity 1)</b>		
Income	666,065	656,832
Expenditure	707,650	713,790
<b>Net Income/(Expenditure)</b>	<b>(41,585)</b>	<b>(56,958)</b>
Cash Balance	240,452	290,865
<b>The City of London School for Girls Scholarships and Prizes Fund (charity 2)</b>		
Income	3,238	3,263
Expenditure	-	-
<b>Net Income/(Expenditure)</b>	<b>3,238</b>	<b>3,263</b>
Cash Balance	29,253	26,015

10. At this stage, income and expenditure is expected to continue in 2015/16 at similar levels to that shown over the past two years in the table above.
11. Charity 1 - if net expenditure continues at a similar rate to that over the past two years (an average of £49,272) it would take approximately 5 years to fully utilise the available cash balance of £240,452. However, it would not be advisable to invest any of this cash at this time as income in any year tends to lag behind expenditure and without a 'working cash balance' the fund would be overdrawn for much of the year and incur interest charges. Cashflow has been analysed over the last year (2014/15) which has revealed that a 'working cash balance' of £202,961 was required to avoid the fund being overdrawn.
12. Charity 2 – as shown in the table above there has been no expenditure from this charity over the past two years. Currently, the School is undertaking a review of scholarships & prizes which may be funded from this charity in the future. Given this review, and the relatively low level of cash available (£29,253 as at 31 March 2015) further investment in the City of London Charities Pool is not suggested at this time.

13. To ensure that the funds remain adequate to meet future forecasts of income and expenditure and to ensure that sufficient working cash is available to avoid an overdrawn position, the Funds cash balances will be reviewed at the end of each financial year.

**Appendix**

- Appendix A – Annual Report and Financial Statements for the year ended 31 March 2015 of the City of London School for Girls Bursary Fund, incorporating the City of London School for Girls Scholarships and Prizes Funds

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