



Board of Governors of the City of London Freemen's School

Date: MONDAY, 3 OCTOBER 2016
Time: 11.00 am
Venue: CITY OF LONDON FREEMEN'S SCHOOL, ASHTEAD PARK, SURREY,
KT21 1ET

Members:

| | |
|-------------------------------------|--------------------------------|
| Deputy Roger Chadwick (Chairman) | Andrew McMillan |
| Stuart Fraser (Deputy Chairman) | Hugh Morris |
| Deputy John Bennett | Graham Packham |
| Nicholas Goddard | Adam Richardson |
| Alderman Timothy Hailes | Alderman Matthew Richardson |
| Deputy Brian Harris | Deputy Elizabeth Rogula |
| Ann Holmes | Ian Seaton (Ex-Officio Member) |
| Michael Hudson | Councillor Chris Townsend |
| Clare James (Ex-Officio Member) | Philip Woodhouse |
| Vivienne Littlechild | Gillian Yarrow |

Enquiries: David Arnold
tel. no.: 020 7332 1174
david.arnold@cityoflondon.gov.uk

Lunch will be served in Guildhall Club at 1PM
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To agree the public minutes and summary of the meeting held on 20 June 2016.

For Decision
(Pages 1 - 4)
4. **CHARITIES ADMINISTERED IN CONNECTION WITH (ICW) THE CITY OF LONDON FREEMEN'S SCHOOL – DRAFT 2015/16 REPORT AND FINANCIAL STATEMENTS**
Report of the Chamberlain.

For Decision
(Pages 5 - 24)
5. **CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND – DRAFT 2015/16 REPORT AND FINANCIAL STATEMENTS**
Report of the Chamberlain.

For Decision
(Pages 25 - 44)
6. **REVENUE OUTTURN 2015/16**
Joint report of the Chamberlain and the Headmaster.

For Information
(Pages 45 - 56)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

10. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the Board of Governors meeting held on 20 June 2016.

For Decision
(Pages 57 - 62)

11. **MINUTES OF THE MASTERPLAN FORUM**
To note the non-public minutes of the Masterplan Forum meeting held on 21 July 2016.

For Information
(Pages 63 - 66)
12. **HEADMASTER'S REPORT**
Report of the Headmaster.

For Information
(Pages 67 - 118)
13. **GATEWAY 3 - ISSUES REPORT: MAIN HOUSE PROGRESS (2008 MASTERPLAN PHASE 2) (TO FOLLOW)**
Joint report of the Headmaster and the City Surveyor.

For Decision
(To Follow)
14. **HEAD OF JUNIOR SCHOOL REPORT**
Report of the Headmaster.

For Information
(Pages 119 - 124)
15. **BURSAR'S REPORT**
Report of the Headmaster.

For Information
(Pages 125 - 136)
16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Part 3 - Confidential Agenda

18. **GOVERNORS' ONLY ITEM - HEADTEACHERS' PAY (TO FOLLOW)**
Report of the Director of Human Resources.

For Decision
(To Follow)

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BOARD OF GOVERNORS OF THE CITY OF LONDON FREEMEN'S SCHOOL

Monday, 20 June 2016

Minutes of the meeting of the Board of Governors of the City of London Freeman's School held at the Guildhall EC2 at 11.00 am

Present

Members:

| | |
|------------------------------------|---|
| Deputy Roger Chadwick (Chairman) | Vivienne Littlechild |
| Stuart Fraser (Deputy Chairman) | Andrew McMillan (Co-Opted Member) |
| Nicholas Goddard (Co-Opted Member) | Graham Packham |
| Deputy Brian Harris | Deputy Elizabeth Rogula |
| Ann Holmes | Councillor Chris Townsend (Co-Opted Member) |
| Michael Hudson | |

Officers:

| | |
|-----------------|---|
| David Arnold | - Town Clerk's Department |
| Steve Telling | - Chamberlain's Department |
| Roger Adams | - City Surveyor's Department |
| Mark Lowman | - City Surveyor's Department |
| Roland Martin | - Headmaster, City of London Freeman's School |
| Evelyn Guest | - Deputy Head, City of London Freeman's School |
| Andrew McCleave | - Deputy Head (Academic), City of London Freeman's School |
| Matt Robinson | - Head of Junior School, City of London Freeman's School |
| Sue Williams | - Bursar, City of London Freeman's School |

1. **APOLOGIES**

Apologies for absence were received from Alderman Timothy Hailes, Sir Clive Martin, Hugh Morris, Alderman Matthew Richardson, Philip Woodhouse, and Ian Seaton.

The Chairman then took this opportunity to notify Governors that Sir Clive Martin would be resigning from the Board at the end of the 2015/16 academic year. The Board thanked Sir Clive Martin for his contribution to the School during his years of service as a Governor and conveyed to him their good wishes for his future health and happiness.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were none.

3.1 MINUTES OF THE BOARD OF GOVERNORS OF THE CITY OF LONDON FREEMEN'S SCHOOL

RESOLVED – That the public minutes and non-public summary of the meeting held on 25 April 2016 be approved.

3.2 MINUTES OF THE BURSARY COMMITTEE

RESOLVED – That the public minutes and non-public summary of the meeting held on 25 April 2016 be noted.

3.3 MINUTES OF THE ACADEMIC AND EDUCATION SUB-COMMITTEE

RESOLVED – That the public minutes and non-public summary of the meeting held on 20 May 2016 be noted.

3.4 MINUTES OF THE FINANCE, GENERAL PURPOSES AND ESTATES SUB-COMMITTEE

RESOLVED – That the public minutes and non-public summary of the meeting held on 20 May 2016 be noted.

4. LOCAL AUTHORITY DESIGNATED OFFICER 2015/16 ANNUAL REPORT

The Board received a report of the Director of Community and Children's Services that provided an update regarding the activity and performance of the Local Authority Designated Officer role for 2015/16.

The Headmaster advised that, unlike the other City of London Schools, the Freeman's School followed the Surrey Child Protection procedures instead of the Greater London procedures.

RESOLVED – That the report be noted.

5. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were none.

6. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was none.

7. EXCLUSION OF THE PUBLIC

RESOLVED – That, under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Section 12A of the Local Government Act.

8.1 NON-PUBLIC MINUTES OF THE BOARD OF GOVERNORS OF THE CITY OF LONDON FREEMEN'S SCHOOL

RESOLVED – That the non-public minutes of the meeting held on 25 April 2016 be approved.

8.2 NON-PUBLIC MINUTES OF THE BURSARY COMMITTEE

RESOLVED – That the draft non-public minutes of the meeting held on 25 April 2016 be noted.

8.3 NON-PUBLIC MINUTES OF THE ACADEMIC AND EDUCATION SUB-COMMITTEE

RESOLVED – That the non-public minutes of the meeting held on 20 May 2016 be noted.

The Governor responsible for safeguarding requested that emails continue to be sent to her when safeguarding issues were identified with certain pupils.

8.4 NON-PUBLIC MINUTES OF THE FINANCE, GENERAL PURPOSES AND ESTATES SUB-COMMITTEE

RESOLVED – That the non-public minutes of the meeting held on 20 May 2016 be noted.

9. MASTERPLAN 2016

The Board considered a report of the Headmaster regarding the new Masterplan 2016, which was accompanied by a presentation demonstrating the vision for the City of London Freeman's School.

10. CITY OF LONDON FREEMEN'S SCHOOL SWIMMING POOL REPLACEMENT

The Board received a verbal update from the City Surveyor regarding the swimming pool replacement project.

11. HEADMASTER'S REPORT

The Board considered a report of the Headmaster that provided updates regarding matters relating to the School's operational activities. The Board also gave close scrutiny to the Safeguarding Policy that had been updated in accordance with the Government's recent Keeping Children Safe in Education update.

12. BURSAR'S REPORT

The Board considered a report of the Headmaster that sought approval to a contract extension and provided updates regarding matters relating to the Bursar since the last Board meeting.

13. HEALTH AND SAFETY POLICY

The Board considered a report of the Headmaster that sought approval to the new Health and Safety Policy and the appointment of a Governor responsible for overseeing Health and Safety matters.

RESOLVED – That:-

- a) the new Health and Safety policy for the School be approved; and
- b) the appointment of Nicholas Goddard as the Governor with responsibility for overseeing Health and Safety, be approved.

14. HEAD OF THE JUNIOR SCHOOL'S REPORT

The Board received a report of the Headmaster that provided details of events in the Junior School since the last Board meeting.

RESOLVED – That the Head of the Junior School's report be noted.

15. **ACTION TAKEN UNDER DELEGATED AUTHORITY OR URGENCY BETWEEN MEETINGS**

The Board received a report of the Town Clerk that advised Members of a decision taken under urgency procedures by the Town Clerk, in consultation with the Chairman and Deputy Chairman, since the last meeting of the Board.

RESOLVED – That the decision taken under urgency procedures since the last meeting be noted.

16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

In response to a question from the Chairman, the Assistant Head advised that Surrey County Cricket Club Youth Team matches were held at the School, whereas First Team Surrey CCC games were occasionally held at the Whitgift School.

17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

The Chairman advised that there would shortly be two Co-Opted Governor vacancies on the Board following the resignation of Michael Bramwell and the upcoming resignation of Sir Clive Martin. The Board agreed to delegate the initial recruitment process to the Headmaster in consultation with the Chairman and Deputy Chairman, the outcome of which would then be reported to the Board for consideration.

18. **CONFIDENTIAL MINUTES**

RESOLVED – That the confidential minutes of the meeting held on 25 April 2016 be approved.

The meeting closed at 1.05 pm

Chairman

**Contact Officer: David Arnold
tel. no.: 020 7332 1174
david.arnold@cityoflondon.gov.uk**

| | |
|--|---------------------|
| Committee(s): | Date(s): |
| Board of Governors City of London Freeman's School | 3 October 2016 |
| Subject: Charities Administered in connection with (ICW) The City of London Freeman's School – Draft 2015/16 Report and Financial Statements | Public |
| Report of: The Chamberlain | For Decision |
| Report author: Steven Reynolds, Chamberlain's Department | |

Summary

This report provides Governors with a copy of the draft 2015/16 Report and Financial Statements for the Charities Administered in connection with (ICW) The City of London Freeman's School (charity number: 312120), and an opportunity to consider whether part of the cash balance should be invested in the City of London Charities Pool.

During the year ended 31 March 2016 total funds decreased by £4,373 to £168,471 (2014/15: total funds increased by £11,698 to £172,844). This £4,373 comprised the following:-

- i) a net loss on investments of £8,395 (2014/15: a net gain of £7,798);
- ii) expenditure of £7,525 (2014/15: £7,441) relating to 231 book prizes (2014/15: 245 book prizes); offset by
- iii) donations and legacies of £6,125 (2014/15: £6,450); and
- iv) investment income of £5,422 (2014/15: £4,891).

The cash balance held as at 31 March 2016 was £29,318 (2014/15: £25,296). However, £15,000 was invested in the City of London Charities Pool on 1 April 2016 as previously agreed by Governors. Accordingly, 1,923 charities pool units were purchased at £7.80 per unit therefore reducing the cash balance to £14,319 as at 1 April 2016.

Expenditure from this fund over the previous three years has averaged £7,459 per annum. To provide an opportunity to earn potentially higher returns than interest on cash balances (0.611% for 2015/16 and estimated to be less than 0.5% in the current year), Governors are requested to consider investing a further proportion of the cash balance in the City of London Charities Pool.

The investments are managed by Artemis Investment Management LLP and the performance of the Pool is measured against the fund manager benchmark (FTSE All Share Index). In addition, the performance of the Pool is also measured against its peer group using the WM Charity Universe (ex-property).

The table below shows the performance of the Pool compared to the benchmark (FTSE All share) and its peer group (Charity Universe). For the year to 31 March 2016 the Pool achieved a return of -1.1% compared to the FTSE All Share Index return of -3.9%. The Pool also outperformed the FTSE All Share Index over 3, 5 and 10 year time periods. The WM Charity Universe return was -1.0% in the year to 31 March 2016 and the Pool slightly underperformed this by 0.1%. However, as shown in the table, the Pool outperformed the Charity Universe over all time periods over 1 year.

| | FTSE All Share % | Charity Universe % | Charities Pool % |
|----------|---------------------------------|-----------------------------------|---------------------------------|
| 1 Year | -3.9 | -1.0 | -1.1 |
| 3 Years | 3.7 | 5.8 | 7.0 |
| 5 Years | 5.7 | 6.7 | 9.4 |
| 10 Years | 4.7 | 5.4 | 6.9 |

A total of 29.64p (3.8%) per unit was distributed during the year (2014/15: 30.6p (3.7%)).

Recommendations

It is recommended that Members receive the annual report and financial statements for information and consider whether to invest part of the cash balance in the City of London Charities Pool.

Contact:
 Steven Reynolds, Group Accountant
steve.reynolds@cityoflondon.gov.uk

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

***REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016***

Charity Number: 312120

**Trustee’s Annual Report and Financial Statements
for the year ended 31 March 2016**

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

Trustee's Annual Report for the year ended 31 March 2016

1. Reference and Administration Details

| | |
|----------------------------|--|
| Charity Name | Charities Administered ICW the City of London Freemen's School |
| Registered Charity Number: | 312120 |
| 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 Chartered Accountants and Statutory Auditor 150 Aldersgate Street London EC1A 4AB |

2. Structure, Governance and Management

The Governing Documents and constitution of the charity

The Charity Commission for England and Wales made an Order on 30 November 2011 which appointed the City of London Corporation as trustee of the charitable funds governed by this charity. The Schedule attached to the Order details the constituent charitable funds of the Charities Administered ICW the City of London Freeman's School. The Funds are registered under the same name for administrative purposes.

Trustee

The body corporate known as The City of London Corporation is the Trustee of Charities Administered in connection with (ICW) the City of London Freeman's School, 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 Charities Administered ICW the City of London Freeman's School.

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 11 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 231 book prizes during the year (2014/15: 245).

5. Financial Review

During the year ended 31 March 2016 total funds decreased by £4,373 (2014/15: total funds increased by £11,698) to £168,471 (2014/15: £172,844). This movement comprised the following:-

CHARITIES ADMINISTERED ICW THE CITY OF LONDON FREEMEN'S SCHOOL

Trustee's Annual Report (continued)

5. Financial Review (continued)

- i) a net loss on investments of £8,395 (2014/15: net gain of £7,798);
- ii) income of £11,547 (2014/15: £11,341) which comprised investment income of £5,422 (2014/15: £4,891) and voluntary income of £6,125 (2014/15: £6,450); and
- iii) expenditure of £7,525 (2014/15: £7,441) relating to 231 book prizes (2014/15: 245 book prizes).

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.

7. The Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, 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 financial statements 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.

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

Trustee's Annual Report (continued)

8. Statement of Trustee's Responsibilities

9. The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with *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 and the Charities Act 2011.

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.

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

Trustee's Annual Report (continued)

9. Adopted and signed for on behalf of the Trustee on 15 November 2016 (*to be considered by the Finance Committee on this date*).

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

Roger A.H. Chadwick
Deputy Chairman of
Finance Committee

Independent Auditor's Report to the Trustees 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 2016 which are set out on pages 9 to 15. 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, 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 trustee 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 trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 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 (APB'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 Trustees' Annual Report 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 March 2016 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

Independent Auditor's Report to the Trustees of The Charities Administered In Connection With The City of London Freemen's School (Continued)

- have been prepared in accordance with the requirements of the Charities Act 2011.

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.

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.

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

Statement of Financial Activities for the year ended 31 March 2016

| | Note | Restricted Fund £ | Endowment Fund £ | Total Funds 2015/16 £ | Total Funds 2014/15 £ |
|------------------------------------|------|-------------------------|------------------------|-----------------------------|-----------------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | | 6,125 | - | 6,125 | 6,450 |
| Income from investments | | | | | |
| Managed investment income | | 5,294 | - | 5,294 | 4,471 |
| Interest receivable | | 128 | - | 128 | 420 |
| Total income and endowments | 3 | <u>11,547</u> | - | 11,547 | <u>11,341</u> |
| Expenditure on: | | | | | |
| Charitable activities | | | | | |
| Scholarships and prizes awarded | | 7,525 | - | 7,525 | 7,441 |
| Total expenditure | 4 | <u>7,525</u> | - | 7,525 | <u>7,441</u> |
| Net gains/(losses) on investments | 7 | (8,207) | (188) | (8,395) | 7,798 |
| Net income/(expenditure) | | <u>(4,185)</u> | <u>(188)</u> | (4,373) | <u>11,698</u> |
| Transfers between funds | | 0 | 0 | 0 | 0 |
| Other recognised gains/(losses) | | 0 | 0 | 0 | 0 |
| Net movement in funds | | <u>(4,185)</u> | <u>(188)</u> | (4,373) | <u>11,698</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | 9 | 159,532 | 13,312 | 172,844 | 161,146 |
| Total funds carried forward | 9 | <u>155,347</u> | <u>13,124</u> | 168,471 | <u>172,844</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.

Note 10 provides comparative information for each fund.

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

Balance Sheet as at 31 March 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-----------------------|----------------|
| Fixed Assets | | | |
| Managed Investments - 17,863 Charities Pool Units | 7 | 139,153 | 147,548 |
| Current Assets | | | |
| Cash at bank and in hand | | 29,318 | 25,296 |
| Total Assets | 8 | <u>168,471</u> | <u>172,844</u> |
| The funds of the charity: | | | |
| Restricted Fund | | 155,347 | 159,532 |
| Endowment Fund | | 13,124 | 13,312 |
| Total funds | 9 | <u>168,471</u> | <u>172,844</u> |

Approved and signed for and on behalf of the Trustee

The notes at pages 10 to 16 form part of these accounts.

Dr Peter Kane
Chamberlain of London
15th November 2016

Notes to the Financial Statements for the year ended 31 March 2016

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 accounts (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 for the first time in accordance with the new *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 and the Charities Act 2011.

Section 1A of FRS 102 is applicable for accounting periods beginning on or after 1 January 2016, but may be applied early to periods beginning on or after 1 January 2015, if such entities qualify as 'small entities'. The charity has taken the option to apply the standard early in the preparation of these financial statements.

(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 Pool's investment policy is set out in Section 5 of the Annual 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.

1. Accounting Policies (continued)

(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.

(g) **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.

(h) **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.

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:

| | 2015/16 | 2014/15 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Voluntary Income | | |
| Donations | 6,125 | 6,450 |
| Investment Income | | |
| Managed Investment Income | 5,294 | 4,471 |
| Interest Receivable | 128 | 420 |
| Total Incoming Resources | 11,547 | 11,341 |

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 £5,422 (2014/15: £4,891).

4. Resources Expended

Resources expended are analysed as follows:-

| | 2015/16 | 2014/15 |
|---------------------------------|--------------|--------------|
| | £ | £ |
| Charitable Activities | | |
| Prizes Awarded | 7,525 | 7,441 |
| Total Resources Expended | 7,525 | 7,441 |

Charitable activities

Charitable activities consist of 231 book prizes awarded to individuals amounting to £7,525 (2014/15: 245 book prizes amounting to £7,441).

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.

7. Investment assets

The value and cost of investments are comprised as follows:

| | Restricted Fund | Endowment Fund | Total 2016 | Total 2015 |
|--------------------------------------|-----------------|----------------|----------------|------------|
| | £ | £ | £ | £ |
| Market Value 1 April | 144,236 | 3,312 | 147,548 | 89,752 |
| Purchase of Charities Pool Units (1) | - | - | - | 49,998 |
| Net investment losses | (8,207) | (188) | (8,395) | 7,798 |
| Market value 31 March | 136,029 | 3,124 | 139,153 | 147,548 |
| Cost when purchased | 83,266 | 5,133 | 88,399 | 88,399 |
| Units in Charities Pool (Units) | 17,462 | 401 | 17,863 | 17,863 |

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

| | 2016 £ | 2015 £ |
|---------------------------|----------------|-----------|
| Equities: | | |
| UK | 102,891 | 116,008 |
| Overseas | 21,171 | 21,991 |
| Bonds: UK | 3,726 | 3,665 |
| Pooled Units: UK | 5,782 | 4,756 |
| Cash Held By Fund Manager | 5,583 | 1,128 |
| Total Funds | 139,153 | 147,548 |

The majority of the charity's surplus funds are invested within the Charities Pool administered by the City of London Corporation and the interest is received from the Chamberlain of London on balances held on behalf of the Trust. The investments are managed by Artemis Investment Management LLP and the performance of the fund is measured against the fund manager benchmark (FTSE All Share Index). In addition the performance of the Fund is also measured against its peer group using the WM Charity Universe (ex-property).

As at 31 March 2016 the fund achieved a return of -1.1% compared to the FTSE All Share Index return of -3.9%. The WM Charity Universe return was -1.0% and the fund slightly underperformed this by 0.1%.

8. Analysis of net assets by fund at 31 March 2016

| | Restricted Fund | Endowment Fund | Total 2016 | Total 2015 |
|---------------------------|-----------------|----------------|----------------|------------|
| | £ | £ | £ | £ |
| Fixed Assets | | | | |
| Investments | 136,029 | 3,124 | 139,153 | 147,548 |
| Total Fixed Assets | 136,029 | 3,124 | 139,153 | 147,548 |
| Current Assets | 19,318 | 10,000 | 29,318 | 25,296 |
| Total Net Assets | 155,347 | 13,124 | 168,471 | 172,844 |

9. Summary of Funds and Movements during the year to 31 March 2016

| | Fund balances brought forward | Income | Expenditure | Transfers | Gains and losses | Fund balances carried forward |
|----------------------------|--|---------------|----------------|-----------|---------------------|--|
| | £ | £ | £ | £ | £ | £ |
| Restricted Fund | 159,532 | 11,547 | (7,525) | - | (8,207) | 155,347 |
| Endowment Fund: | | | | | | |
| Permanent | 13,312 | - | - | - | (188) | 13,124 |
| Total Funds | 172,844 | 11,547 | (7,525) | - | (8,395) | 168,471 |

Notes to the funds:

Restricted Fund

The purpose of this fund is to award students scholarships and prizes in various subjects. Planned use comprises the distribution of scholarships and prizes, with any surplus income carried forward to be used in subsequent years. Awards are funded by donations and any investment income generated from The City of London Charities Pool, which is credited to this fund.

Endowment Fund - Permanent

The purpose of this fund is to maintain the capital base of the charity. Planned use comprises the investment of the original endowment to the charity in the City of London Charities Pool, and the recognition of any gains or losses on revaluation of the investments at their current market value.

10. Statement of Financial Activities for the year ended 31 March 2015

| | Restricted Fund £ | Endowment Fund £ | Total Funds 2014/15 £ |
|------------------------------------|-------------------------|------------------------|-----------------------------|
| Income and endowments from: | | | |
| Donations and legacies | 6,450 | - | 6,450 |
| Income from investments | | | |
| Managed investment income | 4,471 | - | 4,471 |
| Interest receivable | 420 | - | 420 |
| Total income and endowments | 11,341 | - | 11,341 |
| Expenditure on: | | | |
| Charitable activities | | | |
| Scholarships and prizes awarded | 7,441 | - | 7,441 |
| Total expenditure | 7,441 | - | 7,441 |
| Net gains/(losses) on investments | 7,598 | 200 | 7,798 |
| Net income/(expenditure) | 11,498 | 200 | 11,698 |
| Transfers between funds | 0 | 0 | 0 |
| Other recognised gains/(losses) | 0 | 0 | 0 |
| Net movement in funds | 11,498 | 200 | 11,698 |
| Reconciliation of funds | | | |
| Total funds brought forward | 148,034 | 13,112 | 161,146 |
| Total funds carried forward | 159,532 | 13,312 | 172,844 |

The Statement of Financial Activities for 2014/15 is presented to provide comparative information for each fund in the 2015/16 Statement of Financial Activities on page 9.

11. Details of related parties and wider networks

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 Freemen'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. Investment income from the Charities Pool in 2015/16 amounted to £5,294 (2014/15: £4,471).

12. Subsequent events after the balance sheet date

As agreed by the Board of Governors of the City of London Freemen's School Board at their meeting on 5 October 2015, cash of £15,000 was to be invested in The City of London Charities Pool at the next available opportunity. Accordingly, a total of 1,923 units were purchased at £7.80 per unit in April 2016.

13. Transition to FRS 102

These financial statements for the year ended 31 March 2016 are the Charity's first financial statements that comply with Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'. The Charity's date of transition to FRS 102 is 1 April 2014. The Charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

The following table shows the difference between net income presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015 (ie comparative information). The table also shows funds determined in accordance with the FRS 102 compared to funds determined in accordance with previous UK GAAP at both 1 April 2014 (the date of transition to FRS 102 – nil change) and 31 March 2015 (nil change).

There have been no changes in accounting policies made on first-time adoption of FRS 102.

| Group | Note | Funds as at 1 April 2014 | Net income for the year ended 31 March 2015 | Funds as at 31 March 2015 |
|--|-------------|---|--|--|
| | | £ | £ | £ |
| As previously stated under former UK GAAP | | 161,146 | 3,900 | 172,844 |
| | | _____ | _____ | _____ |
| Gains / (losses) on investments | a) | - | 7,798 | - |
| | | _____ | _____ | _____ |
| As stated in accordance with FRS 102 | | 161,146 | 11,698 | 172,844 |
| | | ===== | ===== | ===== |

Explanation of changes to previously reported net income:

- a) FRS 102 requires that gains/(losses) on investments are now treated as a component of net income. Under previous UK GAAP, gains/(losses) on investments were shown after net income as part of other recognised gains/(losses).

| | |
|---|---------------------|
| Committee(s): | Date(s): |
| Board of Governors City of London Freeman's School | 3 October 2016 |
| Subject: City of London Freeman's School Bursary Fund - Draft 2015/16 Report and Financial Statements | Public |
| Report of: The Chamberlain | For Decision |
| Report author: Steven Reynolds, Chamberlain's Department | |

Summary

This report provides Governors with a copy of the draft 2015/16 Report and Financial Statements for the City of London Freeman's School Bursary Fund (charity number: 284769), and an opportunity to consider whether part of the cash balance should be invested in the City of London Charities Pool.

During the year ended 31 March 2016 total funds decreased by £14,307 to £791,621 (2014/15: total funds increased by £63,629 to £805,928). This £14,307 comprised the following:-

- i) a net loss on investments of £42,147 (2014/15: a net gain of £42,910);
- ii) expenditure of £36,874 (2014/15: £22,711) comprising 4 bursary awards amounting to £35,977 (2014/15: three bursary awards amounting to £22,038) and bursary administration costs of £897 (2014/15: £673); offset by
- iii) donations and legacies of £37,612 (2014/15: £16,636); and
- iv) investment income of £27,102 (2014/15: £26,794).

The cash balance held as at 31 March 2016 was £105,061 (2014/15: £72,575). However, £50,000 was invested in the City of London Charities Pool on 1 April 2016 as previously agreed by Governors. Accordingly, 6,410 charities pool units were purchased at £7.80 per unit therefore reducing the cash balance to £55,063 as at 1 April 2016.

Expenditure from this fund over the previous three years has averaged £26,367 per annum. To provide an opportunity to earn potentially higher returns than interest on cash balances (0.611% for 2015/16 and estimated to be less than 0.5% in the current year), Governors are requested to consider investing a further proportion of the cash balance in the City of London Charities Pool.

The investments are managed by Artemis Investment Management LLP and the performance of the Pool is measured against the fund manager benchmark (FTSE All Share Index). In addition the performance of the Pool is also measured against its peer group using the WM Charity Universe (ex-property).

The table below shows the performance of the Pool compared to the benchmark (FTSE All share) and its peer group (Charity Universe). For the year to 31 March 2016 the Pool achieved a return of -1.1% compared to the FTSE All Share Index return of -3.9%. The Pool also outperformed the FTSE All Share Index over 3, 5 and 10 year time periods. The WM Charity Universe return was -1.0% in the year to 31 March 2016 and the Pool slightly underperformed this by 0.1%. However, as shown in the table, the Pool outperformed the Charity Universe over all time periods over 1 year.

| | FTSE All Share % | Charity Universe % | Charities Pool % |
|----------|---------------------------------|-----------------------------------|---------------------------------|
| 1 Year | -3.9 | -1.0 | -1.1 |
| 3 Years | 3.7 | 5.8 | 7.0 |
| 5 Years | 5.7 | 6.7 | 9.4 |
| 10 Years | 4.7 | 5.4 | 6.9 |

Recommendations

It is recommended that Members receive the annual report and financial statements for information and consider whether to invest part of the cash balance in the City of London Charities Pool.

Contact:
 Steven Reynolds, Group Accountant
steve.reynolds@cityoflondon.gov.uk

***CITY OF LONDON FREEMEN'S SCHOOL
BURSARY FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016***

Charity Number: 284769

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report and Financial Statements for the year ended 31 March 2016

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| Statement of Financial Activities | 9 |
| Balance Sheet | 10 |
| Notes to the Financial Statements | 11-16 |

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report for the year ended to 31 March 2016

1. Reference and Administration Details

| | |
|----------------------------|---|
| Charity Name | City of London Freemen'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 Freemen'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 Freemen's School Bursary Fund, acting through the Board of Governors of The City of London Freemen'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 Freemen'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 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 the 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 on-going 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 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 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.

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

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report (continued)

4. Targets, Achievements and Performance for 2015/16

The target for 2015/16 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 (2014/15: three bursaries) were awarded during the year amounting to £35,977 (2014/15: £22,038).

5. Financial Review

During the year ended 31 March 2016 total funds decreased by £14,307 (2014/15: total funds increased by £63,629) to £791,621 (2014/15: £805,928). This movement comprised the following:-

- i) a net loss on investments of £42,147 (2014/15: a net gain of £42,910);
- ii) voluntary income of £37,612 (2014/15: voluntary income of £16,636);
- iii) investment income of £27,102 (2014/15: £26,794); and
- iv) expenditure on charitable activities of £36,874 (2014/15: £22,711) which was made up of four bursary awards (2014/15: three bursary awards) amounting to £35,977 (2014/15: £22,038) and bursary administration costs of £897 (2014/15: £673).

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.

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.

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report (continued)

6. Plans for Future Periods

The objective for 2016/17 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. The Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, 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 financial statements consist of the following and include comparative figures for the previous year.

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

8. 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.

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Trustee's Annual Report (continued)

- 9. Adopted and signed for on behalf of the Trustee on 15 November 2016 (*to be considered by the Finance Committee on this date*).**

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

Roger A.H. Chadwick
Deputy Chairman of
Finance Committee

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

We have audited the financial statements of The City of London Freemen's School Bursary Fund for the year ended 31 March 2016 which are set out on pages 9 to 16. 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, 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 trustee 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 trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 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 (APB'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 Trustees' Annual Report 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 March 2016 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

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

- have been prepared in accordance with the requirements of the Charities Act 2011.

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.

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.

CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Statement of Financial Activities for the year ended 31 March 2016

| | Note | Endowment Fund £ | Total Funds 2015/16 £ | Total Funds 2014/15 £ |
|------------------------------------|-------|------------------------|-----------------------------|-----------------------------|
| Income and endowments from: | | | | |
| Donations and legacies | | 37,612 | 37,612 | 16,636 |
| Income from investments | | | | |
| Managed investment income | | 26,579 | 26,579 | 25,749 |
| Interest receivable | | 523 | 523 | 1,045 |
| Total income and endowments | 3 | <u>64,714</u> | <u>64,714</u> | <u>43,430</u> |
| Expenditure on: | | | | |
| Charitable activities | | | | |
| Bursaries awarded | 4 | 35,977 | 35,977 | 22,038 |
| Bursary administration | 4 & 5 | 897 | 897 | 673 |
| Total expenditure | 4 | <u>36,874</u> | <u>36,874</u> | <u>22,711</u> |
| Net gains/(losses) on investments | 7 | (42,147) | (42,147) | 42,910 |
| Net income/(expenditure) | | <u>(14,307)</u> | <u>(14,307)</u> | <u>63,629</u> |
| Transfers between funds | | 0 | 0 | 0 |
| Other recognised gains/(losses) | | 0 | 0 | 0 |
| Net movement in funds | | <u>(14,307)</u> | <u>(14,307)</u> | <u>63,629</u> |
| Reconciliation of funds | | | | |
| Total funds brought forward | 9 | 805,928 | 805,928 | 742,299 |
| Total funds carried forward | 9 | <u>791,621</u> | <u>791,621</u> | <u>805,928</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 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-----------------|----------------|
| Fixed Assets | | | |
| Managed Investments – 89,673 Charities Pool Units | 7 | <u>698,552</u> | <u>740,699</u> |
| Current Assets | | | |
| Cash at bank and in hand | | 105,061 | 72,575 |
| Creditors: amounts falling due within one year | 8 | <u>(11,992)</u> | <u>(7,346)</u> |
| Net Current Assets | 8 | 93,069 | 65,229 |
| Total Assets less Current Liabilities | | <u>791,621</u> | <u>805,928</u> |
| The funds of the charity: | | | |
| Endowment Fund | | <u>791,621</u> | <u>805,928</u> |
| Total funds | 9 | <u>791,621</u> | <u>805,928</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
15th November 2016

Notes to the Financial Statements for the year ended 31 March 2016

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 accounts (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 for the first time in accordance with the new *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 and the Charities Act 2011.

Section 1A of FRS 102 is applicable for accounting periods beginning on or after 1 January 2016, but may be applied early to periods beginning on or after 1 January 2015, if such entities qualify as 'small entities'. The charity has taken the option to apply the standard early in the preparation of these financial statements.

(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.

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 Freemen'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:

| | 2015/16 | 2014/15 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Voluntary Income | | |
| Donations | 37,612 | 16,636 |
| Investment Income | | |
| Managed investment income | 26,579 | 25,749 |
| Interest received | 523 | 1,045 |
| Total Incoming Resources | 64,714 | 43,430 |

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 £27,102 (2014/15: £26,794).

4. Resources Expended

Resources expended are analysed as follows:

| | 2015/16 | 2014/15 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Charitable Activities | | |
| Bursaries Awarded | 35,977 | 22,038 |
| Bursary Administration | 897 | 673 |
| Total Resources Expended | 36,874 | 22,711 |

Charitable activities

Four bursary awards were made during the year (2014/15: three 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 2015/16 amounted to £897 (2014/15: £673).

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.

7. Investment Assets

The value and cost of investments is comprised as follows:

| | Endowment Fund | |
|--------------------------------------|----------------|----------------|
| | 2016 | 2015 |
| | £ | £ |
| Market Value 1 April | 740,699 | 612,799 |
| Purchase of Charities Pool units (1) | - | 84,990 |
| Net investment gains | (42,147) | 42,910 |
| Market value 31 March | 698,552 | 740,699 |
| Cost when purchased | 494,748 | 494,748 |
| Units in Charities Pool (Units) | 89,673 | 89,673 |

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

| | 2016 | 2015 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Equities: | | |
| UK | 516,517 | 582,365 |
| Overseas | 106,278 | 110,400 |
| Bonds UK | 18,702 | 18,398 |
| Pooled Units: UK | 29,027 | 23,875 |
| Cash Held By Fund Manager | 28,028 | 5,661 |
| Total Funds | 698,552 | 740,699 |

The majority of the charity's surplus funds are invested within the Charities Pool administered by the City of London Corporation and the interest is received from the Chamberlain of London on balances held on behalf of the Trust. The investments are managed by Artemis Investment Management LLP and the performance of the fund is measured against the fund manager benchmark (FTSE All Share Index). In addition the performance of the Fund is also measured against its peer group using the WM Charity Universe (ex-property).

As at 31 March 2016 the fund achieved a return of -1.1% compared to the FTSE All Share Index return of -3.9%. The WM Charity Universe return was -1.0% and the fund slightly underperformed this by 0.1%.

8. Analysis of Net Assets by Fund at 31 March 2016

| | Endowment Fund | Total 2016 | Total 2015 |
|---------------------------|----------------|----------------|----------------|
| | £ | £ | £ |
| Fixed Assets | | | |
| Investments | 698,552 | 698,552 | 740,699 |
| Total Fixed Assets | 698,552 | 698,552 | 740,699 |
| Current Assets | 105,061 | 105,061 | 72,575 |
| Current Liabilities (1) | (11,992) | (11,992) | (7,346) |
| Net Current Assets | 93,069 | 93,069 | 65,229 |
| Total Assets | 791,621 | 791,621 | 805,928 |

(1) Current liabilities represent bursaries awarded by the Trust for the Summer term 2016.

9. Summary of funds and movements during the year to 31 March 2016

| | Fund Balance Brought Forward | Income | Expenditure | Transfers | Gains and Losses | Fund balance carried forward |
|----------------------------|---|---------------|-----------------|-----------|---------------------|---|
| | £ | £ | £ | £ | £ | £ |
| Endowment Fund: | | | | | | |
| Expendable | 805,928 | 64,714 | (36,874) | - | (42,147) | 791,621 |
| Total Funds | 805,928 | 64,714 | (36,874) | - | (42,147) | 791,621 |

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 2015/16 amounted to £26,579 (2014/15: £25,749).

11. Subsequent events after the balance sheet date

As agreed by the Board of Governors of the City of London Freeman's School Board at its meeting on 5 October 2015, cash of £50,000 was to be invested in The City of London Charities Pool at the next available opportunity. Accordingly, a total of 6,410 units were purchased at £7.80 per unit in April 2016.

12. Transition to FRS 102

These financial statements for the year ended 31 March 2016 are the Charity's first financial statements that comply with Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'. The Charity's date of transition to FRS 102 is 1 April 2014. The Charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

The following table shows the difference between net income presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015 (ie comparative information). The table also shows funds determined in accordance with the FRS 102 compared to funds determined in accordance with previous UK GAAP at both 1 April 2014 (the date of transition to FRS 102 – nil change) and 31 March 2015 (nil change).

There have been no changes in accounting policies made on first-time adoption of FRS 102.

| Group | Note | Funds as at 1 April 2014 | Net income for the year ended 31 March 2015 | Funds as at 31 March 2015 |
|--|-------------|-------------------------------------|--|--|
| | | £ | £ | £ |
| As previously stated under former UK GAAP | | 742,299 | 20,719 | 805,928 |
| | | <hr/> | <hr/> | <hr/> |
| Gains / (losses) on investments | a) | - | 42,910 | - |
| As stated in accordance with FRS 102 | | 742,299 | 63,629 | 805,928 |
| | | <hr/> | <hr/> | <hr/> |

Explanation of changes to previously reported net income:

- a) FRS 102 requires that gains/(losses) on investments are now treated as a component of net income. Under previous UK GAAP, gains/(losses) on investments were shown after net income as part of other recognised gains/(losses).

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Agenda Item 6

| | |
|--|------------------------|
| Committee(s): | Date(s): |
| Board of Governors City of London Freeman's School | 3 October 2016 |
| Subject: | Public |
| Revenue Outturn 2015/16 | |
| Report of: | For Information |
| The Chamberlain The Headmaster | |
| Report author(s): | |
| Steven Reynolds, Chamberlain's Department Sue Williams, CLFS Bursar | |

Summary

The net income for 2015/16, before transfers to reserves, was £2,322,000 compared to a budgeted position of £2,395,000 - representing a reduction in net income of £73,000 (3%) as shown in the table below.

| | Budget 2015/16 | Actual 2015/16 | Variation Better/ (Worse) 2015/16 | Variance explanation at report paragraph |
|--|-------------------|-------------------|--|---|
| | £'000 | £'000 | £'000 | |
| Income | 16,130 | 16,112 | (18) | 3 i) - 3 iv) |
| Expenditure | (13,735) | (13,790) | (55) | 3 v) - 3 vii) |
| Total net income BEFORE transfers | 2,395 | 2,322 | (73) | |
| <u>Transfers to reserves</u> | | | | |
| Vehicle replacement fund | (25) | (25) | 0 | |
| Repairs & Maintenance | (390) | (390) | 0 | |
| Capital reserve fund | (1,961) | (1,961) | 0 | |
| Total transfers | (2,376) | (2,376) | 0 | |
| Total net income/ (expenditure) AFTER transfers | 19 | (54) | (73) | |
| General Fund Bal. b/fwd 1 April | 627 | 627 | 0 | |
| General Fund Bal. c/fwd 31 March | 646 | 573 | (73) | |

The 2002 funding guidelines report recommended that the School's General Reserve Fund balance should not exceed 5% of the original estimate of fee income equating to £646,000 for 2015/16, with any excess transferred to the

Capital Reserve Fund. Due to the School's anticipated future capital 'Masterplan' requirements, £1,961,000 was set aside in 2015/16 and transferred to the Capital Reserve Fund. After this transfer the School's General Reserve Fund balance was £573,000 at the year end, which was below the 5% threshold.

Following this transfer, and after taking account of the planned expenditure funded from the reserve during the year, the balance in the Capital Reserve Fund as at 31 March 2016 was £2,023,780 (2014/15: £758,471).

Total School funds, including the Capital Reserve Fund, as at 31 March 2016 amounted to £5,462,109 as detailed in Annex B (£4,504,852 as at 31 March 2015), which represents an increase of £957,257 as detailed at paragraph 4 to this report.

Recommendation

It is recommended that this revenue outturn report for 2015/16 is noted.

Main Report

2015/16 Budget Position compared to Revenue Outturn

1. Overall, net income before transfers for 2015/16 was £2,322,000 compared to an agreed net income budget of £2,395,000, representing a reduction in net income of £73,000. Table 1 provides a comparison between the budget and outturn. Figures in brackets represent expenditure, increases in expenditure, or reductions in income.

TABLE 1
CITY OF LONDON FREEMENS SCHOOL

| Analysis of Service Expenditure | Budget | Actual | Variation (Better)/ Worse |
|--|------------------|------------------|---------------------------------|
| | 2015/16 £'000 | 2015/16 £'000 | 2015/16 £'000 |
| INCOME | | | |
| School Meals & Tuck Shop | 424 | 402 | (22) |
| School tuition fees | 12,735 | 12,724 | (11) |
| Other tuition fees | 248 | 221 | (27) |
| Boarding Fees | 482 | 494 | 12 |
| Registration and Examination fees | 143 | 166 | 23 |
| Other (note i) | 343 | 378 | 35 |
| City Support (Annex A) | 1,755 | 1,727 | (28) |
| Total Income | 16,130 | 16,112 | (18) |
| EXPENDITURE | | | |
| Employees | (7,923) | (8,061) | (138) |
| Premises Related Expenses (note ii) | (1,189) | (1,160) | 29 |
| Transport Related Expenses | (58) | (62) | (4) |
| Supplies & Services (note iii) | (2,090) | (2,054) | 36 |
| Staff Subsidy & Prizes | (199) | (207) | (8) |
| Scholarship Subvention Awards | (512) | (512) | 0 |
| Match Funding Awards | (40) | (21) | 19 |
| Support Services (Annex A) | (591) | (580) | 11 |
| Capital Charges (Annex A) | (1,133) | (1,133) | 0 |
| Total expenditure before transfers | (13,735) | (13,790) | (55) |
| TOTAL NET INCOME BEFORE TRANSFERS | 2,395 | 2,322 | (73) |
| TRANSFERS TO RESERVES | | | |
| Vehicle Replacement Fund | (25) | (25) | 0 |
| Repairs & Maintenance | (390) | (390) | 0 |
| Capital Reserve Fund | (1,961) | (1,961) | 0 |
| Total transfers | (2,376) | (2,376) | 0 |
| TOTAL NET EXPENDITURE AFTER TRANSFERS | 19 | (54) | (73) |
| General Fund Bal. b/fwd 1 April | 627 | 627 | 0 |
| General Fund Bal. c/fwd 31 March | 646 | 573 | (73) |

Notes

- (i) Other Income – includes income from facilities hire, catered events, Freedom fees and interest earned.
- (ii) Premises Related Expenses – includes energy costs, rates, water services, cleaning and domestic supplies.
- (iii) Supplies and Services – includes the soft services contract, equipment, furniture, materials, books, uniforms, printing, stationery, professional fees, grants & subscriptions, and advertising.

2. The 2002 funding guidelines report recommended that the General Reserve balance should not exceed 5% of the original estimate of fee income, equating to £646,000 for 2015/16, with any excess transferred to the Capital Reserve Fund. Due to the School's anticipated future capital, 'Masterplan', requirements £1,961,000 was set aside in 2015/16 and transferred to the Capital Reserve Fund. After this transfer the School's General Reserve balance was £573,000 at the year end, which was below the 5% threshold. After taking account of planned expenditure financed from the Capital Reserve Fund during the year, the closing balance in the Capital Reserve Fund as at 31 March 2016 was £2,023,780 (31 March 2015: £758,471).
3. The main reasons for the variations summarised in Table 1, resulting in a decrease in net income of £73,000 were:-

Higher expenditure of £55,000 due to:-

- i) additional employee expenses of £138,000 which mainly relates to:
 - an overspend on part-time teachers of £153,000, including employers on-costs, due to additional temporary cover required for:-
 - English - this comprised maternity cover plus some additional tuition to assist pupils in GCSE English in order to improve results;
 - Chemistry - the new Head of Department was unable to commence her employment until January 2016, resulting in a temporary requirement for the Autumn 2015 term;
 - Electronics - the Head of Department left in July 2015 and cover was required to the end of the course;
 - Art - there was a staff shortage in this subject as the school were unable to recruit for September 2015;
 - Maths - the new permanent member of staff was unable to start her contract until January 2016; and
 - the employment of GAP students for the Spring term, to cover the period between the 2015 GAP students finishing in December and Graduate Assistants (who will replace GAP students) starting in the 2016/17 academic year.
 - indirect employee expenses being £35,000 higher than expected due mainly to additional recruitment advertising of £12,000 for the Head of Boarding and Graduate Assistant posts; tribunal awards of £9,000 awarded as part of a compromise agreement; police checks of £7,000, representing the second year of transferring existing Criminal Records Bureau (CRB) checks over to the new Disclosure and Barring Service (DBS) system; and counselling expenses of £5,000 following an increase in pupil referrals;

- additional temporary staff costs of £26,000 following the requirement to cover the departure of the Registrar in June 2015 with consultants ISQ (as reported to the Board of Governors at its meeting of 5 October 2015); partly offset by
 - an underspend in full time teachers costs of £84,000, including employers on costs, due to the maternity cover and temporary staffing requirements as detailed above.
- ii) a reduction in Supplies & Services expenditure of £36,000 mainly due to a fall in the requirement for equipment, furniture and materials of £32,000 across various school departments;
 - iii) a reduction in Premises related expenses of £29,000, principally due to the back dated saving of the rates bill attributable to the old swimming pool, following the rateable value review undertaken by the City's consultants;
 - iv) match funding awards being £19,000 below budget as a result of the school not achieving the desired level of external donations (which the City Match funds up to a cap of 2.5% of tuition fee income), coupled with a reduction in the cost of support services of £11,000.

A decrease in income of £18,000, comprising:

- v) small reductions in tuition fees and small meals income totalling £60,000;
- vi) a reduction in City support of £28,000 largely offsetting the fall in match funding and support services expenditure at iv) above, partly offset by;
- vii) increased income from boarding fees, registration and examination fees and other income (principally due to four catered events that which were not anticipated in the budget) totalling £70,000.

Unrestricted, Designated and Restricted Funds

4. A summary of unrestricted, designated and restricted funds, showing the movements in 2015/16, is attached at Annex B. Total funds have increased by £957,257 from £4,504,852 to £5,462,109 at 31 March 2016. The main movements are as follows:-

- i) Unrestricted Fund net income, before transfers, of £2,322,137 as detailed in Table 1, which was used to partly offset the net expenditure charged to the designated funds, principally as follows:
- ii) planned expenditure from the Capital Reserve Fund of £701,626 comprising the following, offset by interest of £5,936:-
 - £527,715.72 on the Masterplan phase 2a (Swimming Pool);
 - £118,768.11 on the Masterplan phase 1 (Main works);
 - £28,955.50 on the Masterplan phase 1a (Sports Hall); and

- £26,187.06 funding supplementary revenue projects in relation to Main House Phase2: £12,877.50 and swimming Pool phase 2a: £13,309.56.
- iii) planned expenditure from the Repairs & Maintenance Fund of £603,437 in accordance with the agreed programme of works, offset by interest of £12,882; and
- iv) net expenditure, before transfers, of £67,574 from the General Scholarships Fund on following the annual assessment of parental circumstances and student departures, offset by £1,033 interest.

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CITY SUPPORT

| <u>City Support</u> | Budget | Actual | Variation Increase/ (Decrease) |
|---|--------------------------|--------------------------|---|
| | 2015/16 £'000 | 2015/16 £'000 | 2015/16 £'000 |
| Scholarships | | | |
| General (note i) | 512 | 512 | 0 |
| 2.5% Match Funding (note ii) | 40 | 21 | (19) |
| Total Scholarships | 552 | 533 | (19) |
| Support Services | | | |
| Information Systems (IS) | 82 | 75 | (7) |
| Chamberlain | 65 | 75 | 10 |
| Comptroller & City Solicitor | 12 | 7 | (5) |
| Town Clerk | 92 | 91 | (1) |
| City Surveyor | 44 | 39 | (5) |
| Corporate & Democratic Core (CDC) | 21 | 20 | (1) |
| Staff Insurance | 56 | 46 | (10) |
| Total Support Services | 372 | 353 | (19) |
| Capital Charges – Depreciation | 1,108 | 1,108 | 0 |
| Other support and adjustments | | | |
| Listed Building Subvention | 49 | 49 | 0 |
| City Procurement savings/(costs) (note iii) | (106) | (106) | 0 |
| Service Based Review Savings (note vi) | (89) | (89) | 0 |
| Freedom Fees (note v) | (131) | (121) | 10 |
| Total other support and adjustments | (277) | (267) | 10 |
| TOTAL CITY SUPPORT | 1,755 | 1,727 | (28) |

Notes:

- i) City's Cash finances the equivalent of 34 full fee scholarships per annum – 6 full fee equivalent (FFE) in the junior school, 2 FFE in years 7 and 8 and 26 FFE in the Senior School
- ii) The funding guidelines, as agreed by Policy & Resources Committee on 19 September 2002, provided for the City to match fund external bursary funds raised from that date onwards up to a cap of 2.5% of tuition fee income.

CITY SUPPORT

- iii) As a result of new contracts procured by the City's PP2P Team, expenditure by City Schools should generally be reduced. However, as agreed by the Chief Officers' Group in January 2012, such savings are to benefit the City Corporation centrally to help achieve balanced revenue budgets on City's Cash over the medium term. In order to move these savings from the Schools to the centre, an adjustment has been made to the City's support to the Schools. This will leave the Schools in a neutral resource position as the reduction in costs from the PP2P savings will be offset by a reduction in income through the City's Support. Should a contract procured by the PP2P Team result in an increase in a School's costs then a compensatory increase will be made to the City's support to retain the neutrality principle.

- iv) The Service Based Review (SBR) aims to deliver significant and sustainable savings and/or increased income in order to balance City Fund and City's Cash over the medium term. The Policy and Resources Committee agreed savings proposals totalling £196,000, excluding additional income from increases in tuition fees, for the City of London Freeman's School. These proposals have been phased £89,000 in 2015/16 with an additional £107,000 in 2016/17.

- v) Freedom fees were increased to £100 with effect from 1 April 2015 from £25 for Court of Alderman, Patrimony and Servitude applications, and from £30 for Court of Common Council Applications. All the income from Freedom ceremonies is allocated to the School. However, the Court of Common Council agreed that a sum equivalent to the additional income generated from the increase should be transferred from the School to the corporate centre. This transfer is made through a reduction to the City Support.

SUPPORT SERVICES AND CAPITAL FINANCING CHARGES

| <u>Support Services and Capital Financing Charges</u> | Budget | Actual | Variation Increase/ (Decrease) |
|--|--------------------------|--------------------------|---------------------------------------|
| | 2015/16 £'000 | 2015/16 £'000 | 2015/16 £'000 |
| Support Services | | | |
| Information Systems (IS) | (82) | (75) | 7 |
| Chamberlain | (65) | (75) | (10) |
| Comptroller & City Solicitor | (12) | (7) | 5 |
| Town Clerk | (92) | (91) | 1 |
| City Surveyor | (44) | (39) | 5 |
| Corporate & Democratic Core (CDC) | (21) | (20) | 1 |
| Staff Insurance | (56) | (46) | 10 |
| Other Insurance | (56) | (60) | (4) |
| City Surveyor's Employee Recharge | (101) | (105) | (4) |
| CLPS Staff | (62) | (62) | 0 |
| Support Services Sub-Total | (591) | (580) | 11 |
| Capital Financing Costs | (1,133) | (1,133) | 0 |
| TOTAL SUPPORT SERVICES AND CAPITAL FINANCING CHARGES | (1,724) | (1,713) | 11 |

| | | | | | | Annex B |
|--|---------------------------|----------|--------------|-------------|------------------------------|-------------------------------|
| City of London Freeman's School | | | | | | |
| 2015/16 Movement of Funds | | | | | | |
| | Balance 1st April 2015 | Interest | Income | Expenditure | Transfer Between Funds | Balance 31st March 2016 |
| Unrestricted | | | | | | |
| Revenue Surplus | -627,197 | -18,008 | -16,093,668 | 13,789,539 | - | -2,949,334 |
| Repairs & Maintenance | - | - | - | - | 390,000 | 390,000 |
| Vehicle Replacement | - | - | - | - | 25,000 | 25,000 |
| Capital Reserve Fund | - | - | - | - | 1,961,000 | 1,961,000 |
| | -627,197 | -18,008 | -16,093,668 | 13,789,539 | 2,376,000 | -573,334 |
| Designated | | | | | | |
| Drama Refurbishment Fund | -608 | - | - | 608 | - | - |
| Music Refurbishment Fund | -13,006 | -66 | - | 6,264 | - | -6,808 |
| Foundation Bursary Fund | -77,730 | -466 | -43,631 | 757 | - | -121,070 |
| General Scholarship Fund | -169,121 | -1,033 | -512,000 | 579,574 | - | -102,580 |
| Repairs & Maintenance | -2,142,028 | -12,882 | - | 603,437 | -390,000 | -1,941,473 |
| I/T | -55 | - | - | 55 | - | - |
| Retirement | -70,073 | -428 | - | - | - | -70,501 |
| Vehicle Purchase/Replacement Fund | -18,697 | -73 | -26,631 | 40,943 | -25,000 | -29,458 |
| Junior School | -4,432 | -25 | -5,540 | 5,173 | - | -4,824 |
| Capital Reserve | -758,471 | -5,936 | - | 701,626 | -1,961,000 | -2,023,781 |
| Headmaster's Fund Raising | - 1,316 | - | - | 1,316 | - | - |
| Projects/Events | - 55,802 | - 127 | (663) | 36,000 | - | -20,592 |
| School Committee Funds | - 5,255 | - 33 | (600) | 200 | - | -5,688 |
| CLFS Development Fund | - 4,833 | - 23 | - 60 | - | - | -4,916 |
| School Fund | -7,325 | -57 | -7,612 | 6,864 | - | -8,130 |
| Ashtead Park Swimming Club | -2,728 | - 9 | - | - | - | -2,737 |
| Charitable Donations | - 30,078 | - 55 | -18,927 | 34,512 | - | -14,548 |
| Music Concert Series | 385 | 1 | -3,747 | 3,343 | - | -18 |
| Comenius Project | -4,099 | -22 | - | 883 | - | -3,238 |
| | -3,365,272 | -21,234 | -619,411 | 2,021,555 | -2,376,000 | -4,360,362 |
| Restricted | | | | | | |
| Livery Match Funding | -177,353 | -952 | -21,290 | 39,674 | - | -159,921 |
| Livery scholarships & Prizes | -54,081 | - | -69,042 | 35,580 | - | -87,543 |
| | - 231,434 | - 952 | - 90,332 | 75,254 | - | -247,464 |
| Endowment | | | | | | |
| 2-18 St Brides | - 250,250 | - | - | - | - | -250,250 |
| Sale of land & property | -30,699 | - | - | - | - | -30,699 |
| | -280,949 | - | - | - | - | -280,949 |
| Totals | (4,504,852) | 40,194 | - 16,803,411 | 15,886,348 | - | - 5,462,109 |

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