

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

***REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012***

Charity Number: 312120

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

**Trustees' Annual Report and Financial Statements
for the year ended 31 March 2012**

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

Trustees' Annual Report for the year ended 31 March 2012

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:	Deloitte LLP Chartered Accountants and Statutory Auditor 3 Victoria Square Victoria Street St Albans AL1 3TF

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 recognises that five scholarship and prize funds were transferred on 1 December 2011 to the City of London Freeman's School Bursary Fund (charity number: 284769) (see listed below). These funds were no longer being awarded and the transfer was made in order that they could be put to appropriate use under the provisions of the Bursary Fund's Scheme.

- 1) Owen Hugh Smith Trust
- 2) Rodway Stephens Trust
- 3) The Gordan Walker Scholarship
- 4) Horners Scholarship
- 5) LR Clark Memorial Fund

CHARITIES ADMINISTERED ICW THE CITY OF LONDON FREEMEN'S SCHOOL

Trustees' Annual Report (continued)

Structure, Governance and Management (continued)

Trustees selection methods

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

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 Trustees are 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 for prizes in various subjects. The funds are also used to assist children to study various subjects at school and to aid school pupils who have gone on to University.

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

4. Achievements and Performance

The school allocated 275 book prizes during the year (2010/11: 239 book prizes were awarded).

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THE CITY OF LONDON FREEMEN'S SCHOOL**

Trustees' Annual Report (continued)

5. Financial Review

Review of Financial Position

During the year ended 31 March 2012 total funds decreased by £188,618 (2010/11: total funds increased by £16,902) to £138,617 (2010/11: £327,235). This movement comprised the following:-

- i) the transfer on 1 December 2011 of five scholarship and prize funds with a value of £196,111 to the City of London Freeman's School Bursary Fund (charity number: 284769). These funds were no longer being awarded and the transfer, which was approved by the Charity Commission on 1 December 2011, was made in order that they could be put to appropriate use under the provisions of the Bursary Fund's Scheme;
- ii) income of £15,001 (2010/11: £16,151) which comprised investment income of £8,186 (2010/11: £10,301) and voluntary income of £6,815 (2010/11: £5,850);
- iii) expenditure of £7,221 (2010/11: £6,400) relating to 275 book prizes (2010/11: 239 book prizes); and
- iv) a net loss on investments of £287 (2010/11: net gain of £7,151). This includes a loss on the 5 funds transferred to the Bursary Fund on 1 December 2011 (see 5i above). At the transfer date, pool units were valued at £6.02, which was a loss of 13p per unit compared to their opening value of £6.15 at 1 April 2011. This loss was partly offset by an overall increase in the value of remaining units during the year, from £6.15 to £6.33 as at 31 March 2012.

The increase in the market value of the remaining investments held in the Charities Pool reflects the general recovery in the UK and overseas stock markets, together with some relative outperformance achieved by the Fund Manager. The investments are managed by Artemis Investment Management Limited and in the year ended 31 December 2011 achieved a total return of 3.1%, which was a relative outperformance of 6.7% compared to its benchmark, the WM Unconstrained Charity Universe'.

Going Concern

The Trustees consider 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. As the terms of some of the scholarships and prize funds are tightly defined, eligible candidates are not always identified with a consequent reduction in expenditure and increase in reserves. Consideration is to be given to seeking approval to the broadening of the terms or amalgamation with complementary scholarships/prizes with a broader scope.

CHARITIES ADMINISTERED ICW THE CITY OF LONDON FREEMEN'S SCHOOL

Trustees' Annual Report (continued)

Financial Review (continued)

Investment Policy

The charity's investments are held in units of the City of London Charities Pool. 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 key target for 2012/13 is to continue to provide sums to assist children to study various subjects at the school or to assist in further education.

7. The Financial Statements

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

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

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

The preparation of these accounts has taken advantage of the exemptions conferred by Financial Reporting Standard for Smaller Entities (FRSSE) where it can be applied to charity accounts and the concessions granted to smaller charities by the SORP (Accounting and Reporting by Charities *Revised 2005*).

8. Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees 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 Trustees are 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.

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

Trustees' Annual Report (continued)

Statement of Trustees' Responsibilities (continued)

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are 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.

9. Adopted and signed for on behalf of the Trustees on 25 July 2012.

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

Raymond Michael Catt
Deputy Chairman of
Finance Committee

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHARITIES ADMINISTERED ICW THE CITY OF LONDON FREEMEN'S SCHOOL

We have audited the financial statements of the City of London Freemen's School Scholarships and Prize Funds for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees 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, the Trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2012 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHARITIES ADMINISTERED ICW THE CITY OF LONDON FREEMEN'S SCHOOL

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.

Deloitte LLP

Chartered Accountants and Statutory Auditor
St Albans, UK

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

CHARITIES ADMINISTERED ICW
THE CITY OF LONDON FREEMEN'S SCHOOL

Statement of Financial Activities for the year ended 31 March 2012

	Notes	Restricted Fund £	Endowment Fund £	Total 2011/12 £	Total 2010/11 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income		6,815	-	6,815	5,850
Investment income					
Managed investment income		5,867	-	5,867	7,687
Interest receivable		2,319	-	2,319	2,614
Total incoming resources	3	<u>15,001</u>	-	<u>15,001</u>	<u>16,151</u>
Resources expended					
Transfer of funds to City of London Freemen's School Bursary Fund		86,378	109,733	196,111	-
Charitable activities					
Scholarships and prizes awarded		7,221	-	7,221	6,400
Total resources expended	4	<u>93,599</u>	<u>109,733</u>	<u>203,332</u>	<u>6,400</u>
Net incoming resources before other recognised gains		(78,598)	(109,733)	(188,331)	9,751
Other recognised gains					
Net gain/(loss) on revaluation	7	<u>2,010</u>	<u>(2,297)</u>	<u>(287)</u>	<u>7,151</u>
Net movement in funds		<u>(76,588)</u>	<u>(112,030)</u>	<u>(188,618)</u>	<u>16,902</u>
Reconciliation of funds					
Total funds brought forward	9	<u>202,667</u>	<u>124,568</u>	<u>327,235</u>	<u>310,333</u>
Total funds carried forward	9	<u><u>126,079</u></u>	<u><u>12,538</u></u>	<u><u>138,617</u></u>	<u><u>327,235</u></u>

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

Balance Sheet as at 31 March 2012

	Notes	2012 £	2011 £
Fixed Assets			
Managed Investments		<u>73,213</u>	<u>183,233</u>
	7	73,213	183,233
Current Assets			
Cash at bank and in hand		65,404	144,002
Total Assets less Current Liabilities		<u>138,617</u>	<u>327,235</u>
The funds of the charity:			
Restricted fund	9	126,079	202,667
Permanent endowment fund	9	12,538	124,568
Total funds		<u>138,617</u>	<u>327,235</u>

Approved and signed for and on behalf of the Trustees.

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

Chris Bilsland
Chamberlain of London
25 July 2012

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

Notes to the Financial Statements for the year ended 31 March 2012

1. Accounting Policies

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

(a) Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities (Revised 2005)* and under the historical cost accounting rules modified to include the revaluation of investments, and in accordance with applicable United Kingdom accounting standards and the Charities Act 2011. The preparation of these accounts has taken advantage of the exemptions conferred by Financial Reporting Standard for Smaller Entities (FRSSE) where it can be applied to charity accounts and the concessions granted to smaller charities by the SORP (*Accounting and Reporting by Charities Revised 2005*).

(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 the investment income is generally used in furtherance of the objectives of the Trust. The majority of the Charity's income is from investments in the Charities Pool administered by the City of London Corporation. The investment policy is set out in Section 5 of the Pool's Annual Report. In addition, a significant level of income comes from interest earned on cash balances. Cash is invested by the City of London Corporation in accordance with its investment policy.

(c) Managed Investments

Investments are pooled with those from other small City of London charities. Underlying Listed Company investments are valued at The Stock Exchange Trading System price at 31 March 2012. Other investments are valued annually at the middle market price at the close of business on 31 March 2012. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

The unrealised gain/(loss) on investments at the balance sheet date is included in the Trust's funds.

The net gain/(loss) on investments shown in the Statement of Financial Activities represents the difference in the market value of investments between 1 April 2011 and 31 March 2012.

(d) Investment Income

Investment income consists of distributions from the Charities Pool and interest receivable on cash balances.

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Notes to the Financial Statements for the year ended 31 March 2012

Accounting Policies (continued)

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.

(e) Fund Accounting

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

(f) Cash Flow Statement

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

2. Tax Status of the Charity

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

3. Incoming Resources

Incoming resources are analysed as follows:

	2011/12	2010/11
	£	£
Voluntary Income		
Donations	6,815	5,850
Investment Income		
Managed Investment Income	5,867	7,687
Interest Receivable	2,319	2,614
Total Incoming Resources	15,001	16,151

Voluntary Income

Voluntary income consists of donations from individuals amounting to £6,815 (2010/11: £5,850).

Investment Income

Incoming resources from generated funds consists of investment income derived from the investments in the City of London Corporation's Charities Pool noted in 1(d) and interest received on cash balances.

**CHARITIES ADMINISTERED ICW
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Notes to the Financial Statements for the year ended 31 March 2012

4. Resources Expended

Resources expended are analysed as follows:-

	2011/12	2010/11
	£	£
Transfer to City of London Freeman's School Bursary Fund	196,111	-
Charitable Activities		
Scholarships & Prizes Awarded	7,221	6,400
Total Resources Expended	203,332	6,400

Merged Charity Funds:

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

Charitable activities

Charitable activities consist of 275 book prizes awarded to individuals amounting to £7,221 (2010/11: 239 book prizes amounting to £6,400). No scholarships were awarded (2010/11: no scholarships were awarded).

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 Trustees received no remuneration or reimbursement of expenses during the current or previous years.

**CHARITIES ADMINISTERED ICW
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Notes to the Financial Statements for the year ended 31 March 2012

7. Investment assets

The value and cost of investments are comprised as follows:

	Restricted Income	Endowment Fund	Total 2012	Total 2011
	£	£	£	£
Market Value 1 April	68,665	114,568	183,233	176,082
Transfer of assets to the City of London Freemen's School Bursary Fund	-	(109,733)	(109,733)	-
Net investment gains on revaluation	2,010	(2,297)	(287)	7,151
Market value 31 March	70,675	2,538	73,213	183,233
Cost 31 March	33,268	5,133	38,401	88,776
Units in Charities Pool (Units)	11,165	401	11,566	29,794

The net loss on investments of £287 (2010/11: net gain of £7,151) includes a loss on the 5 funds transferred to the Bursary Fund on 1 December 2011. At the transfer date, pool units were valued at £6.02, which was a loss of 13p per unit compared to their opening value of £6.15 at 1 April 2011. This loss was partly offset by an overall increase in the value of remaining units during the year, from £6.15 to £6.33 as at 31 March 2012.

The modest increase in the market value of the remaining investments held in the Charities Pool reflects the relative outperformance achieved by the Fund Manager compared to the market returns, due mainly to favourable stock selection.

8. Analysis of net assets by fund at 31 March 2012

	Restricted Income	Endowment Fund	Total 2012	Total 2011
	£	£	£	£
Fixed Assets				
Investments	70,675	2,538	73,213	183,233
Total Fixed Assets	70,675	2,538	73,213	183,233
Current Assets	55,404	10,000	65,404	144,002
Total Net Assets	126,079	12,538	138,617	327,235

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

Notes to the Financial Statements for the year ended 31 March 2012

9. Movement of Funds during the year to 31 March 2012

	Balance at 1 April 2011	Net Outgoing Resources	Net gains/(losses) on revaluation	Balance at 31 March 2012
	£	£	£	£
Income Fund:				
Restricted	202,667	(78,598)	2,010	126,079
Capital Fund:				
Permanent Endowment	124,568	(109,733)	(2,297)	12,538
Total Funds	327,235	(188,331)	(287)	138,617

Notes to the funds

Income Fund –Restricted

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

Capital Fund – Permanent Endowment

This represents permanent endowments to the Scholarship Funds and the revaluation of investments to show the current market value.

10. Details of related parties and wider networks

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

The City of London Corporation is also the Trustee of a number of other Charitable Trusts. With the exception of the City of London Charities Pool, these Trusts do not undertake transactions with the Charities Administered ICW the City of London 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 of which the City of London Corporation is also the Trustee.