

***CITY OF LONDON FREEMEN'S SCHOOL  
BURSARY FUND  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012***

**Charity Number: 284769**

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Trustee's Annual Report and Financial Statements for the year ended 31 March 2012

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# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Trustee's Annual Report for the year ended to 31 March 2012

### 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:	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 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 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. As part of the new Scheme, the Charity Commission approved the transfer of assets of five scholarship and prize funds (listed below) from the Charities Administered in Connection with the City of London Freemen's School (charity number: 312120), which had a combined value of £196,111 at the transfer date of 1 December 2011. These scholarship and prize funds were no longer being awarded and the transfer was made in order that these funds could be put to appropriate use under the provisions of this charity's new Scheme. The five funds are:

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Trustee's Annual Report (continued)

### Structure, Governance and Management (continued)

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

#### Trustee selection methods

Individuals act as Trustee 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 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 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 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

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Trustee's Annual Report (continued)

### Objectives and Activities for the Public Benefit (continued)

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.

#### 4. Achievements and Performance

##### Key Targets for 2011/12 and review of achievement

The key target for 2011/12 was to contribute towards fees of pupils where financial hardship would cause the pupil to be unable to enter or continue at the School. One bursary was awarded during the year (2010/11: four bursaries).

#### 5. Financial Review

##### Review of Financial Position

During the year ended 31 March 2012 total funds increased by £314,216 (2010/11: total funds decreased by £6,420) to £602,358 (2010/11: £288,142). This movement comprised the following:-

- i) the transfer on 1 December 2011 of five scholarship and prize funds with a value of £196,111 from the Charities Administered in Connection with the City of London Freeman's School (charity number: 312120). The Charity Commission approved this transfer as part of the City of London Freeman's School Bursary Fund's new Scheme dated 1 December 2011. 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 this charity's new Scheme;
- ii) during the year the Board of Governors of the City of London Freeman's School at their meeting on 2 December 2011 agreed a transfer of £100,000 (2010/11: £nil) from the City of London Freeman's School revenue account to the City of London Freeman's School Bursary Fund to ensure sufficient resources for the provision of bursaries;
- iii) investment income of £12,995 (2010/11: £11,986);
- iv) expenditure of £8,394 (2010/11: £28,707) which was largely one bursary award (2010/11: four bursary awards) of £7,497 (2010/11: £27,586); and
- v) a net gain on investments of £13,504 (2010/11: a net gain of £10,301). The increase in the market value of the investments held in the Charities Pool reflects the general recovery in the UK and overseas stock markets, together with some relative outperformance achieved by the Fund Manager. The investments are managed by

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Trustee's Annual Report (continued)

### Financial Review (continued)

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 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 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 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 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

These 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.

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).

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Trustee's Annual Report (continued)

### 8. Statement of Trustee's Responsibilities

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

The law applicable to charities in England & Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and 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. 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.

### 9. Adopted and signed for on behalf of the Trustee 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 TRUSTEE 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 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 Trustee, 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 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 the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustee and auditor**

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

We have been appointed as auditor under section 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 Trustee; 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 TRUSTEE OF THE CITY OF LONDON  
FREEMEN'S SCHOOL BURSARY FUND (CONTINUED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Deloitte LLP**

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.

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Statement of Financial Activities for the year ended 31 March 2012

	Notes	Unrestricted Fund £	Endowment Fund £	Total 2011/12 £	Total 2010/11 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Transfer of funds from Charities Administered ICW the City of London Freemen's School		-	196,111	<b>196,111</b>	-
<b>Voluntary income</b>		-	100,000	<b>100,000</b>	-
<b>Investment income</b>					
Managed investment income		-	11,974	<b>11,974</b>	11,256
Interest receivable		-	1,021	<b>1,021</b>	730
<b>Total incoming resources</b>	3	-	309,106	<b>309,106</b>	11,986
<b>Resources expended</b>					
<b>Charitable activities</b>					
Bursaries awarded	4	-	7,497	<b>7,497</b>	27,586
Bursary administration	4, 5	-	897	<b>897</b>	1,121
<b>Total resources expended</b>	4	-	8,394	<b>8,394</b>	28,707
<b>Net incoming/(outgoing) resources before transfers</b>		-	300,712	<b>300,712</b>	(16,721)
<b>Transfers</b>					
Gross Transfer between Funds	9	(19,843)	19,843	-	
<b>Net incoming/(outgoing) resources before other recognised gains</b>		(19,843)	320,555	<b>300,712</b>	(16,721)
<b>Other recognised gains</b>					
Net gains on revaluation	7	-	13,504	<b>13,504</b>	10,301
<b>Net movement in funds</b>		(19,843)	334,059	<b>314,216</b>	(6,420)
<b>Reconciliation of funds</b>					
Total funds brought forward	9	19,843	268,299	<b>288,142</b>	294,562
<b>Total funds carried forward</b>	9	-	602,358	<b>602,358</b>	288,142

All incoming resources and resources expended derive from continuing activities.

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## Balance Sheet as at 31 March 2012

	Notes	2012 £	2011 £
<b>Fixed Assets</b>			
Managed Investments	7	391,536	268,299
<b>Current Assets</b>			
Cash at bank and in hand		213,321	27,026
<b>Creditors: amounts falling due within one year</b>		<b>(2,499)</b>	<b>(7,183)</b>
<b>Net Current Assets</b>		<b>210,822</b>	<b>19,843</b>
<b>Total Assets less Current Liabilities</b>		<b><u>602,358</u></b>	<b><u>288,142</u></b>
<b>The funds of the charity:</b>			
Unrestricted general fund	9	-	19,843
Expendable endowment fund	9	<b><u>602,358</u></b>	<b><u>268,299</u></b>
<b>Total funds</b>		<b><u>602,358</u></b>	<b><u>288,142</u></b>

Approved and signed for and on behalf of the Trustee

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

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Chris Bilsland  
Chamberlain of London  
25 July 2012

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## 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 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 investment policy is set out in Section 5 of the Trustee's Report.

#### (c) *Managed Investments*

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 on investments at the balance sheet date is included in the charity's funds.

The net gain 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.

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.

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

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

### Accounting Policies (continued)

#### (e) *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.

#### (f) *Fund accounting*

The funds of the charity previously consisted of an Expendable Endowment Fund and an Unrestricted Fund. The new scheme governing The City of London Freeman's School Bursary Fund, as approved by the Charities Commission in England & Wales on 1 December 2011, identifies all assets of the charity as Expendable Endowment.

#### (g) *Cash Flow Statement*

The Fund 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

City of London Freeman'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:

	2011/12	2010/11
<b>Transfer from Charities Administered ICW the City of London Freeman's School</b>	<b>196,111</b>	-
<b>Voluntary Income</b>		
Donations	<b>100,000</b>	-
<b>Investment Income</b>		
Managed investment income	<b>11,974</b>	11,256
Interest received	<b>1,021</b>	730
<b>Total Incoming Resources</b>	<b>309,106</b>	11,986

### Merged Charity Funds:

This charity's new scheme, effective from 1 December 2011, approved the transfer of the assets of five scholarships and prize funds amounting to £196,111 (2010/11: £nil) from the Charities Administered ICW the City of London Freeman's School (formerly known as the City of London Freeman's School Scholarships and Prize Funds) (charity number: 312120) to the City of London Freeman's School Bursary Fund (charity number: 284769). The value of the five scholarships and prize funds amounted to £196,111 and comprised cash of £86,378 and 18,228 charities pool units, which were valued at £109,733 when transferred on 1 December 2011. 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 this charity's new scheme.

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

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

### Incoming Resources (continued)

#### Voluntary Income:

The Board of Governors of the City of London Freeman's School at their meeting on 2 December 2011 agreed a transfer of £100,000 (2010/11: £nil) from the City of London Freeman's School revenue account to the City of London Freeman's Bursary Fund to ensure sufficient resources for the provision of bursaries.

#### Investment Income:

This includes income for the year derived from the investments in the City of London Corporation's Charities Pool noted in 1(d) and interest received on cash balances which amounted to £12,995 (2010/11: £11,986).

### 4. Resources Expended

Resources expended are analysed as follows:

	2011/12	2010/11
	£	£
<b>Charitable Activities</b>		
Bursaries Awarded	7,497	27,586
Bursary Administration	897	1,121
<b>Total Resources Expended</b>	<b>8,394</b>	<b>28,707</b>

#### Charitable activities

Charitable activities consist of one bursary award made during the year, amounting to £7,497 (2010/11: four bursaries awarded amounting to £27,586) in accordance with the charitable objectives of the Fund (see section 3 of the Trustee's Annual Report). The bursary was awarded to an individual and details of the recipient cannot be disclosed. Also 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 at a cost of £897 (2010/11: £1,121).

#### 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.

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

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

### 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 years.

### 7. Investment Assets

The value and cost of investments is comprised as follows:

	<b>Endowment Fund</b>	
	<b>2012</b>	2011
	£	£
Market Value 1 April	268,299	157,998
Transfer of assets from Charities Administered ICW the City of London Freeman's School (see note 3)	109,733	-
Purchase of Charity Pool Units	-	100,000
Net investment gains on revaluation	13,504	10,301
<b>Market value 31 March</b>	<b>391,536</b>	<b>268,299</b>
<b>Cost 31 March</b>	<b>280,369</b>	<b>229,994</b>
Units in Charities Pool (Units)	61,854	43,626

The modest increase in the market value of the 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

	<b>General Fund</b>	<b>Endowment Fund</b>	<b>Total 2012</b>	Total 2011
	£	£	£	£
<b>Fixed Assets</b>				
Investments	-	391,536	391,536	268,299
<b>Total Fixed Assets</b>	-	<b>391,536</b>	<b>391,536</b>	<b>268,299</b>
Current Assets	-	210,822	210,822	19,843
<b>Total Net Assets</b>	-	<b>602,358</b>	<b>602,358</b>	<b>288,142</b>

# CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

## 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 Incoming Resources before transfers	Transfers between Funds	Net gains on revaluation	Balance at 31 March 2012
	£	£		£	£
<b>Income Fund:</b>					
Unrestricted -general	19,843	-	(19,843)	-	-
<b>Capital Fund:</b>					
Expendable Endowment	268,299	300,712	19,843	13,504	<b>602,358</b>
<b>Total Funds</b>	<b>288,142</b>	<b>300,712</b>	<b>-</b>	<b>13,504</b>	<b>602,358</b>

### Notes to the funds

#### Capital Fund – Expendable Endowment

This comprises funds donated to the charity as capital funds shown at current market value, and investment income is credited to this fund and awards are charged each year.

#### Transfers between funds

The new scheme governing the City of London Freeman's School Bursary Fund, as approved by The Charities Commission of England and Wales on 1 December 2011, identifies all assets of the charity as Expendable Endowment. The charity's Unrestricted General Funds of £19,843 as at 31 March 2011 have therefore been transferred to the Expendable Endowment Fund.

### 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 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 of which the City of London Corporation is also the Trustee.