

***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.

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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.

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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.

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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.

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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
		<hr/>	<hr/>	<hr/>
Gains / (losses) on investments	a)	-	7,798	-
As stated in accordance with FRS 102		161,146	11,698	172,844
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Explanation of changes to previously reported net income:

- 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).