

Committee(s)	Dated:
Education Board	9 November 2017
Subject: Trustees' Annual Report and Financial Statements for the Year Ended 31 March 2017	Public
Report of: The Chamberlain	For Information
Report Author: Louise Said, Chamberlain's Department	

Summary

The City of London Corporation is Trustee of a number of Charities, two of which are administered by the Education Board under its delegated authority. These are the City Educational Trust Fund and the City of London Corporation Combined Educational Charity.

The Trustees Annual Report and Financial Statements for the Year ended 31 March 2017 for both Charities have been prepared and are presented in the format required by the Charity Commission.

Recommendation(s)

It is recommended that the Education Board note the Report and Financial Statements for the year ended 31 March 2017.

Background and purpose of the Report

1. The City of London Corporation is a Trustee for many Charities, two of which are administered by the Education Board under its delegated authority.
2. Trustees are required to approve the Report and Financial statements of the Trust annually. They must be signed on behalf of both the Trustees and Auditors and sent to the Charity Commission as part of the Trust's annual charity return. The format and content of the report complies with the Statement of Recommended Practice for charities.
3. The Finance Committee are due to sign the accounts on 21st November 2017 with the external auditors signing a day or so later. This covering report has been prepared to highlight the salient points of 2016/17.

The Report and Financial Statements

4. The Report and Financial Statements are annexed to the report.

5. The **Statement of Financial Activities**, shown on pages E1-9 of Annex 1 and E8-11 of Annex 2, shows:

- the incoming resources have increased for both Charities since the previous year. The City Educational Trust Fund received £5,959 and the Combined Education Charity received £1,552 additional income. This is mainly due to an increase in distributions from the Charities pool and an increase in interest earned on cash balances. The City Educational Trust Fund also received a donation of £50 during the year.
- a net increase in resources expended on both Charities. The City Educational Trust Fund showed £184,321 charitable expenditure compared to £87,500 paid last year. This is due to 3 grants being awarded during the yr totalling £149,500 along with a commitment of £30,000 which had not been shown in the final accounts previously, and a £4,821 management and administration fee paid to the City of London central grants unit. The Combined Education charity showed £70,993 expenditure compared to £39,565 paid last year. This is due to more grants being awarded along with the management and administration fee paid to the central grants unit which has not been incurred in the past; and
- both Charities benefited from a gain on investments due to the value of the Charities Pool increasing since the previous year. Paras 8 - 11 gives more details on the investments.

6. The **Balance Sheet** is shown on page E1-10 of annex A and page E8-12 of Annex B.

- Annex A (page E1-10): - the total funds of The City Educational Trust Fund amount to £3,774,353 as at 31 March 2017, comprised of £3,696,835 held in investments, £124,500 relating to commitments (grants awarded but not yet drawn down) and a cash balance of £202,018
- Annex B (page E8-12) shows total funds of £1,124,315 as at 31 March 2017, comprising £1,106,228 held in investments, £18,278 held in cash and £3,000 which is owed to the Charity in relation to a grant which is due to be returned as the course was cancelled.
- Both charities comprise unrestricted funds which is where income is credited and payments are taken and an expendable endowment fund which relates to the original investment shown at market value.

Investments:

7. The number of Charities Pool Units held by the Trusts at 31 March remains at 423,949 for the City Educational Trust Fund and 126,861 held by the combined Education Charity. The value of one Charities Pool Unit increased from £7.79 to £8.72 during the year, resulting in a net increase in value of some £394,272

for the City Education Trust Fund and £117,980 for the Combined Education Charity during the year.

8. The investments of the City of London Charities Pool have been managed on a balanced discretionary basis by Artemis Investment Management LLP since September 2005. This fund comprises of underlying investments in UK equities, Europe Ex-UK Equities, Corporate Bonds, Cash Instruments and Cash. The investment policy is to seek an absolute return over the long term. The aim is to use the investment income to meet the objectives of the individual component charities in terms of their net outgoings, whilst preserving the fund's capital base in real terms.
9. The investments managed in the City of London Charities Pool for the year ended 31 March 2017 achieved a total return of +16.30% compared to the FTSE All Share Index return of +21.95, an underperformance of 5.35%.
10. Under the terms of the Charities Pool, units may be sold (on 1 October or 1 April) to realise investments.

Audit Arrangement

13. The Report and Financial Statements have been audited by Moore Stephens LLP as part of the annual audit of the City of London's Charities. Their report, which provides an unqualified opinion, can be seen on pages E1-7 to E1-8 and E8-9 to E8-10 of the accounts. The costs of the audit are met by the City Of London.

Contact:

Mark Jarvis

Head of Finance

0207 332 1221

Mark.Jarvis@ityoflondon.gov.uk