

**CITY EDUCATIONAL TRUST FUND  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**Charity Number: 290840**

# **CITY EDUCATIONAL TRUST FUND**

## **Trustee's Annual Report and Financial Statements for the year ended 31 March 2017**

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# CITY EDUCATIONAL TRUST FUND

## Trustee's Annual Report for the year ended 31 March 2017

### 1. Reference and Administration Details

Charity Name:	City Educational Trust Fund
Registered Charity Number:	290840
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 0LS
Investment Fund Managers:	Artemis Investment Management LLP
Auditor:	Moore Stephens LLP 150 Aldersgate Street London, EC1 4AB

### 2. Structure, Governance and Management

#### **The Governance Documents and constitution of the charity**

The constitution of this Trust is set out in a governing document dated 1967 and the City of London Various Powers Act 1967 section 25 (1).

#### **Trustee selection methods**

All elected members of the Court of Common Council (both Aldermen and Commoners) collectively exercise the City of London's duties as Trustee of the charity. The Education Board under its delegated authority administers the charity on behalf of the Trustee. The Education Board comprises Aldermen and Commoners appointed to these committees in accordance with the usual procedures for committee membership.

#### **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 Educational Trust Fund.

# **CITY EDUCATIONAL TRUST FUND**

## **Trustee's Annual Report (continued)**

### **2. Structure, Governance and Management (continued)**

#### **Organisational structure and decision making process**

The charity is administered in accordance with the Charity's governing scheme and the City of London Corporation's own corporate governance and administration of the City of London Corporation. These governance documents are available from the Town Clerk of the City of London Corporation at the principal address.

Each elected Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the exercise of its duties as Trustee of the Charity, by faithfully acting in accordance with the Terms of Reference of the relevant committee or sub-committee, and the City Corporations agreed corporate governance framework as noted above.

The Education Board and Education Charity Sub (Education Board) Committee meet regularly to review the charitable activities and instigate any changes to the administrative arrangements which are considered necessary to maximise the effectiveness of the charity and ensure compliance with the City Corporation's duties as Trustee.

#### **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 its strategy to preserve the charity's assets, enhance productivity for service users and members of the public.

In order to embed sound practice a Risk Management Group of employed officers has been established by 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 elected 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, in the exercise of all of its functions, including when acting as charity trustee.

Consequently a key risk register has been prepared for this charity and has been reviewed by its 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 Educational Trust Fund was established under the City of London Various Powers Act 1967, section 25 (1) which states that the capital and interest shall be applied by the City of London Corporation as it thinks fit, for one or more of the following purposes as it may from time to time determine:

# **CITY EDUCATIONAL TRUST FUND**

## **Trustee's Annual Report (continued)**

### **3. Objectives and Activities for the Public Benefit (continued)**

(1) for the advancement of the objects of the City University constituted by Royal Charter granted on 23 May 1966, or any of such objects or for other educational purposes connected with, or related to the said university; and

(2) without prejudice to the generality of the foregoing paragraph, for the advancement of education in science and technology, business management and commerce by the promotion of research, study, teaching and training in and of such subjects, or any of them, or without prejudice to the generality of the foregoing, for the advancement of the study and teaching biology and ecology, or for the advancement of research, study and teaching in and of the cultural arts.

(3) The Education Charity Sub Committee of the City of London Corporation allocates the income from the charity in accordance with these objectives and aims to distribute the anticipated income each year.

The Trustee confirms it has referred to the Charity Commission guidance on public benefit when reviewing the Trust's aims and objectives and when making future plans

#### **Policy on grant making**

The charity has established its grant making policy to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure that proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. The eligibility criteria have been reviewed by the Education Charity Sub (Education Board) Committee and the Education Board agreed that a revised policy to guide the application of funds for the Charity be implemented for the 2017/18 funding cycle.

### **4. Achievements and Performance**

During the year three new grants totalling £149,500 were awarded (2015/16: four grants awarded totalling £87,500): £135,000 to the Spitalfields Festival towards running costs, £8,500 to Queen Mary University of London to support the running costs of two science, technology, engineering and maths summer schools and £6,000 towards the bursary cost of the conservators Internship at the Guildhall Art Gallery. In addition £30,000 relating to 2 grants awarded in previous years were paid during the year along with £4,821 admin fee

### **5. Financial Review**

#### **Review of financial position**

During the year ended 31 March 2017 total funds increased by £342,016 (2015/16: a decrease of £160,651) to £3,774,353 (2015/16: £3,432,337). This movement comprised the following:-

- i) A net gain on investments of £394,273 (2015/16: a net loss of £199,256);
- ii) Investment income of £132,064 (2015/16: investment income of £126,105); and

# CITY EDUCATIONAL TRUST FUND

## Trustee's Annual Report (continued)

### 5. Financial Review (continued)

- iii) Expenditure of £184,321 which was made up of five grants (2015/16: four grants totalling £87,500).

#### **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. The Trustee has the discretion to distribute the expendable endowment as grants as deemed appropriate. The grants awarded in

Recent years have been limited to ensure that the balance on the unrestricted fund remains in surplus.

#### **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). There are no material uncertainties about the entity's ability to continue as a going concern.

#### **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 target for 2017/18 is the advancement of the objects of the City University, and the advancement of education in science and technology, business management and commerce by the promotion of research, study, teaching and training in and of such subjects, or any of them, or without prejudice to the generality of the foregoing, for the advancement of the study and teaching of biology and ecology, or for the advancement of research, study and teaching in and of the cultural arts.

### 7. 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.

# **CITY EDUCATIONAL TRUST FUND**

## **Trustee's Annual Report (continued)**

### **7. Statement of Trustee's Responsibilities (continued)**

The law applicable to charities in England and 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 discloses 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 Charity's scheme. 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.

**Adopted and signed for and on behalf of the Trustee on 15 November 2016.**

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

Jamie Ingham Clarke  
Deputy Chairman of Finance committee

# **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF CITY EDUCATIONAL TRUST FUND**

## **Independent Auditor's Report to the Trustee of The City Educational Trust Fund**

We have audited the financial statements of The City Educational Trust for the year ended 31 March 2017 which are set out on pages 9 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 trustee and auditor**

As explained more fully in the Trustee's 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2017 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.

### **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.



# **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF CITY EDUCATIONAL TRUST FUND**

Moore Stephens LLP  
Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

**X** October 2017

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# CITY EDUCATIONAL TRUST FUND

## Statement of Financial Activities for the year ended 31 March 2017

	Notes	Unrestricted Fund £	Endowment Fund £	Total 2016/17 £	Total 2015/16 £
<b>Income and endowments from:</b>					
<b>Investments</b>					
Managed investment income	3	131,255	-	<b>131,255</b>	<b>125,658</b>
Interest receivable		759	-	<b>759</b>	<b>447</b>
Donations		50	-	<b>50</b>	
<b>Total income and endowments</b>		<b>132,064</b>	<b>-</b>	<b>132,064</b>	<b>126,105</b>
<b>Expenditure on:</b>					
Charitable activities	4	184,321	-	<b>184,321</b>	<b>87,500</b>
<b>Total expenditure</b>		<b>184,321</b>	<b>-</b>	<b>184,321</b>	<b>87,500</b>
Net gains/(losses) on investments	7	-	394,273	<b>394,273</b>	<b>(199,256)</b>
<b>Net income/(expenditure)</b>		<b>(52,257)</b>	<b>394,273</b>	<b>342,016</b>	<b>(160,651)</b>
<b>Net movement in funds</b>		<b>(52,257)</b>	<b>394,273</b>	<b>342,016</b>	<b>(160,651)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	9	72,566	3,359,771	<b>3,432,337</b>	<b>3,592,988</b>
<b>Total funds carried forward</b>	9	<b>20,309</b>	<b>3,754,044</b>	<b>3,774,353</b>	<b>3,432,337</b>

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 EDUCATIONAL TRUST FUND

## Balance Sheet as at 31 March 2017

	Notes	2017 £	2016 £
<b>Fixed assets:</b>			
Investments – 423,949 Charities Pool Units	7	3,696,835	3,302,563
<b>Current assets:</b>			
Cash at bank and in hand		202,018	129,774
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year		(124,500)	-
<b>Net current assets</b>		<u>77,518</u>	<u>129,774</u>
<b>Total net assets</b>	8	<u>3,774,353</u>	<u>3,432,337</u>
<b>The funds of the charity:</b>			
Unrestricted fund	9	20,309	72,566
Endowment fund	9	3,754,044	3,359,771
<b>Total charity funds</b>		<u>3,774,353</u>	<u>3,432,337</u>

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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Dr Peter Kane  
Chamberlain of London

# CITY EDUCATIONAL TRUST FUND

## Notes to the Financial Statements for the year ended 31 March 2017

### 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 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 in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, published in 2015, the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102), and the Charities Act 2011.

(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 Pool's investment policy is set out in Section 5 of the Annual Report. The existing delegation of the Charity's management to the Education Board will continue. There are no material uncertainties about the entity's ability to continue as a going concern.

(c) ***Cash Flow Statement***

The Charity 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, a common investment fund and a registered charity 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 EDUCATIONAL TRUST FUND

## Notes to the Financial Statements for the year ended 31 March 2017 (continued)

### 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) ***Grants Payable***

The grant making policy is noted in Section 3 of the Trustee's Annual Report and the grants awarded are shown in Section 4. All grants approved are charged to the financial year in which they become committed.

(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 gain on investments at the balance sheet date is included in the Trust's funds.

(i) ***Fund Accounting***

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

### 2. Tax Status of the Charity

City Educational Trust 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. Income Recognition

Incoming resources consist of investment income derived from the investments in the Charities Pool noted in 1(e) and interest on cash balances. Income for the year amounted to £132,064 which comprised investment income of £131,255, interest on cash balances of £759 and a donation of £50.

### 4. Expenditure Recognition

Resources expended are made up of grants directly provided by the charity and an administration fee charged by the Central Grants Unit. During the year three grants were awarded at a total cost of £149,500 (2015/16: four grants totalling £87,500). In addition expenditure of £30,000 was incurred in respect of grants awarded in previous years. Section 4 of the Annual Report provides further details of these grants.

#### **Charitable activities**

Charitable activities consist entirely of grants in accordance with the charitable objectives (see Section 3 of the Trustee's Annual Report), and an administration fee (see note 5).

# CITY EDUCATIONAL TRUST FUND

## Notes to the Financial Statements for the year ended 31 March 2017 (continued)

### 5. Support and Governance Costs

#### Staff numbers and costs

The charity does not employ any staff. The reasonable costs of administration are charged to the Charity's income as permitted under the Charity's governing scheme. In 2016/17 £4,821 in management and administration fees was charged to the Charity for the services of the of City of London's Central Grants Unit which is responsible for administering the Charity's grant making activities. Other costs of administration such as accountancy, legal advice and disbursements are not charged to the charity (2015/16 £0).

#### 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

#### Trustee's 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.

### 7. Investment Assets

The value and cost of investments comprises:

	Endowment Fund	
	2017 £	2016 £
Market value at 1 April	3,302,563	3,501,819
Net investment gains/(losses) on revaluation	394,273	(199,256)
<b>Market value at 31 March</b>	<b>3,696,836</b>	3,302,563
<b>Cost at 31 March</b>	<b>442,314</b>	442,314
<b>Units in Charities Pool</b>	<b>423,949</b>	423,949

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).

As at 31 March 2017 the fund achieved a return of +16.30% compared to the FTSE All Share Index return of +21.95%, an underperformance of 5.35%. However over three and five years the fund outperformed the index as follows:

## CITY EDUCATIONAL TRUST FUND

### Notes to the Financial Statements for the year ended 31 March 2017 (continued)

#### 7. Investment Assets (continued)

	3 Years	5 Years
Fund	8.39%	10.98%
FTSE All Share	7.69%	9.67%
Out Performance	0.71%	1.31%

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

	2017 £	2016 £
Equities		
UK	2,879,834	2,441,950
Overseas	521,254	502,454
Bonds – UK	18,484	88,416
Pooled Units – UK	184,842	137,231
Cash held by Fund Manager	92,421	132,512
<b>Total Funds</b>	<b>3,696,835</b>	<b>3,302,563</b>

#### 8. Analysis of Net Assets by Fund at 31 March 2017

	Unrestricted Fund £	Endowment Fund £	Total 2017 £	Total 2016 £
<b>Fixed Assets</b>				
Investments	-	3,696,835	3,696,835	3,302,563
<b>Total Fixed Assets</b>	-	3,696,835	3,696,835	3,302,563
Current Assets	144,809	57,209	202,018	129,774
Current Liabilities	(124,500)	-	(124,500)	-
<b>Total Net Assets</b>	<b>20,309</b>	<b>3,754,044</b>	<b>3,774,353</b>	<b>3,432,337</b>

#### 9. Movement of Funds during the year to 31 March 2017

	Balance at 1 April 2016	Net Outgoing Resources	Net Gains on Revaluation	Balance at 31 March 2017
	£	£	£	£
<b>Unrestricted Funds</b>	72,566	(52,257)	-	<b>20,309</b>
<b>Endowment Funds</b>	3,359,771	-	394,273	<b>3,754,044</b>
<b>Total Funds</b>	<b>3,432,337</b>	<b>(52,257)</b>	<b>394,273</b>	<b>3,774,353</b>

# **CITY EDUCATIONAL TRUST FUND**

## **Notes to the Financial Statements for the year ended 31 March 2017 (continued)**

### **9. Movement of Funds during the year to 31 March 2017 (continued)**

#### **Notes to the funds:**

##### **Unrestricted funds**

###### General fund

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

##### **Endowment funds**

###### Expendable

This fund holds the original expendable endowment of the charity which is invested in the Charities Pool administered by the City of London Corporation to generate income for use in accordance with the objectives of the charity.

### **10. 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 (1021138), these charitable trusts do not undertake transactions with the City of London Educational Trust Fund. A full list of these charities 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. Investment income from the Charities Pool during 2016/17 amounted to £131,255 (2015/16: £125,658).