

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2016

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
GENERAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

Patron	The Lord Mayor	
Trustees	Mr C Arding ^{2, 4} Dr P Briggs ^{2, 5} Mr J E Cruse ^{2, 4, 5} Mr N Fletcher ¹ Mr W B Fraser OBE ¹ The Rev The Lord Griffiths of Pembrey and Burry Port ² Mr C Gurney ³ Mr T Hollingsworth ¹ Mr R Howard ¹ Mr D Jenner ⁴ Ms D Khambata ³ Ms M Moore Mr S Malik Mr P Seaton ¹ Mr D A Sizer Mr F Sumner ² Mr J Wilson	
		Resigned September 2015
		Appointed 12 February 2016
		Appointed 4 April 2016
Clerk to the Trustees	Mr John Clark	
Registered Charity Number	312695	
Address	Cowper Street London EC2A 4SH	
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL	
Bankers	National Westminster Bank Plc City of London Office P O Box 12258 1 Princes Street London EC2R 8PA	Barclays Bank PLC Level 27 1 Churchill Place London E14 5HP
Solicitors	Bates Wells & Braithwaite LLP 10 Queen Street Place London EC4R 1BE	
Investment Managers	Rathbone Investment Management Limited 1 Curzon Street London W1J 5FB	J M Finn & Co 4 Coleman Street London EC2R 5TA

¹ Member of Finance & Investment Committee

² Member of Compliance, Audit & Risk Assessment Committee

³ Governor of the Boys School

⁴ Governor of the Girls School

⁵ Trustee Dulwich Estate

THE CENTRAL FOUNDATION SCHOOLS OF LONDON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to **Error! Bookmark not defined.** of the attached 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STATUS AND ADMINISTRATION

The Foundation is a Charity founded by a Trust Deed in February 1891 which has been amended over subsequent years and now operates under a Scheme of the Charity Commissioners dated 21 May 2010.

STRUCTURE GOVERNANCE AND MANAGEMENT

Managing Body

The Foundation is managed by a Board of Trustees which comprises up to 18 individuals - 8 appointed by the following bodies: The University of London (2), The London Chamber of Commerce (1), The City of London Corporation (1), The Wardmote of the Ward of Bishopsgate (1), The Bank of England (1), The Dulwich Estate (1), The Vestry of the Parish of St Botolph's Bishopsgate (1) and 10 appointed by the Board as co-opted Trustees. There are currently two vacancies for co-opted trustees to be appointed by the Board.

The Trustees have the responsibility for managing the finances, the properties and the investments of the Foundation.

The Trustees consider that they comprise the key management personnel of the Foundation in charge of directing and controlling, running and operating the Foundation on a day to day basis.

The Trustees receive no remuneration in respect of their duties.

Recruitment and Training of Trustees

Trustees are either appointed by nominating bodies or invited to become co-opted Trustees. Those who are co-opted are selected for their specific knowledge to keep a balance of skills within the Board. On occasions they are former students of one of the Central Foundation Schools who have achieved highly in their business lives. All Trustees have opportunities throughout the year to attend training courses provided by advisers or recommended by Trustees.

Organisational Management

The Board of Trustees meets six times per annum. The work of implementing its policies is carried out by the members of the Finance & Investment Committee and the Compliance, Audit & Risk Assessment Committee. The Finance & Investment Committee meets two weeks before each meeting of the full Board of Trustees. The Compliance, Audit & Risk Assessment Committee meets once per term, with additional meetings if this is found to be necessary. The Finance & Investment Committee works under the Chairmanship of Mr W B Fraser and the Compliance, Audit & Risk Assessment Committee meets under the Chairmanship of Mr F Sumner.

Group Structure and Relationships

The Foundation supports two schools in London – the Central Foundation Boys' School in Islington and the Central Foundation Girls' School in Tower Hamlets. Both schools are voluntary aided. Each school has its own Governing Body to which some Trustees of the Foundation are appointed as Governors.

The Trustees employ a Clerk/Bursar and an Administration Officer. They also pay the costs of part-time Clerks at the Boys' and Girls' School.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Risk Management

The Trustees have examined the principal areas of the Foundation's operations and considered the major risks which could arise in each of these areas. In the opinion of the Trustees, the Foundation has established resources and review systems which, under normal conditions, should allow the risks identified by them to be mitigated to an acceptable level in its day to day operations.

The Foundation's principal asset comprises listed investments, the value of which is dependent on movements in the UK and overseas stock markets. The investments are managed by reputable professional investment managers who adhere to a policy agreed by the trustees and the Finance & Investment Committee. Regular meetings are held with the investment managers and their performance and that of the portfolio are monitored by the Foundation.

The Trustees retain a Risk Assessment Register to which they add items which they consider significant, as and when they may arise. Annually, all Trustees are given a copy of the register and asked to consider whether there are additional items and whether the methods outlined for addressing risks are still suitable.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims

The object of the Foundation is to advance the education (including the social and physical education) of persons under the age of 25 who are, or have been, students at one of the two Central Foundation Schools through:

- a) the provision of items, services and facilities for the Schools; and
- b) furthering the education of persons under the age of 25 who are, or have been, students attending the Schools by the award of prizes (or other suitable reward); and
- c) giving grants, bursaries or other payments to persons under the age of 25 who are, or have been, students at one of the two Central Foundation Schools who are in financial need:
 - (i) to enable them to continue their education in any manner approved by the Trustees (including attendance at any school, college, university or other place of learning); and
 - (ii) in providing financial or other assistance to them to assist their entry into a profession, trade or calling or to enable them to travel abroad to pursue their education.

Objectives for the year

The objectives for the year were:

1. To continue to provide professional and financial assistance to the Central Foundation Boys' School (CFBS) with regard to staff professional achievement, curriculum development, sports, school journeys, extended schools, the social mobility project and support to a specialised employment agency (Central Futures) to find employment for students leaving the school and not proceeding to university.
2. To continue to provide professional and financial assistance to the Central Foundation Girls' School (CFGs) including the raising of the achievement agenda through targeted intervention and support, broadening students' horizons and cultural capital by enabling them to participate in a range of experiences outside of the curriculum.
3. The trustees continue to hold discussions with the Boys' School governors and professional advisers (architects and surveyors) with a view to agreeing a plan for a refurbishment of the Boys' School. The implementation of any such plan will require substantial funding by the Foundation.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Strategies to achieve the year's objectives

To have the necessary resources to fund the professional services and assistance to the Boys' and Girls' Schools to achieve the objectives stated in the paragraph above.

Grant Making Policy

The Trustees have paid due regard to the Charity Commission's guidance on public benefit. The Foundation provides public benefit by giving grants to the two voluntary aided schools in inner London and providing grants and assistance to individual students from time to time.

The Foundation's excess of expenditure over income was £326,000 after deducting the depreciation charge of £735,000 but before taking into account the losses on investments. The Foundation made realised and unrealised losses totalling £2,716,000 on its investments in the year to 31 March 2016.

Grants totalling £1,061,000 were made in the year to the two schools. This amount includes a £290,000 grant to CFGS to fund the capital element of the PFI contract. In addition, professional fees of £423,000 were paid with regard to the refurbishment of the Boys' School.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

FINANCIAL REVIEW

Review of Activities, Financial Review and Future Developments

The results for the year to 31 March 2016 were in line with management accounts and formal budgets.

Support to schools	£'000 Boys' School	£'000 Girls' School	£'000 Total
Grants to schools	310	751	1061
Boys' School premises costs	427	-	427
Awards & prizes	9	2	11
Support costs	9	2	11
Other costs	151	17	168
Total	906	772	1,678

Further details are shown in Note 2 page 13.

The Boys School has challenged the Trustees' interpretation of the trusts which apply to the proceeds of the sale in 2007 of the property bordering City Road, arguing that the proceeds should be held by the Foundation exclusively for the Boys' School. The Trustees have sought legal advice and are engaged in discussion with the Boys' School in relation to this matter.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Future Developments

The Trustees have continued to spend considerable time during the past year considering how best they are able to place the resources of the Trust to enhance the educational development of both schools and in particular the Estate Plan for the Boys' school. The current estimated refurbishment cost of the Boys' School redevelopment is £34.3m. The methods and sources of funding for this redevelopment are yet to be determined.

Fixed Assets

Details of the Trust's tangible fixed assets are disclosed in note 11 to the accounts.

Functional freehold properties were revalued on the basis of fair value as at 31 March 2016 and the revaluation has been adopted as at the transition date of 1 April 2014. The revaluation was undertaken at this time as from July 2011 until January 2015 there was a major scheme of refurbishment and redevelopment at the Central Foundation Girls' School under the Government's Building Schools for the Future programme. Due to this rebuilding programme it was impracticable to produce a reliable revaluation of the functional properties of the Foundation at the transition date. The Trustees consider that this valuation is materially appropriate for accounting purposes. Under the transitional provisions of FRS 102 this valuation has been deemed to be cost.

Investment Policy

Market volatility continued during the reporting period as investors questioned the sustainability of the global economic recovery and political risk increased markedly with the US raising interest rates in December 2015 for the first time in nearly a decade and the UK awaited the Referendum over its membership of the European Union.

For the year in question the 3 portfolios at J M Finn & Co, the main fund returned -2.6%, the Bendy I portfolio lost -0.1% and the Bendy II portfolio gained +0.1%; the 'JMF' Bespoke Benchmark returned -1.3%.

As at 31st March 2016, the main JM Finn portfolio is valued at £23,965,489 and is producing an income of £852,092, equivalent to a yield of 3.6%.

Over the period, the management of the Newton portfolio was moved to Rathbone. Since taking on the management of the portfolio on 5th November 2015, the portfolio has gained +0.5%.

As at 31st March 2016, the Rathbone portfolio is valued at £20,184,777 and is producing an income of £545,556, equivalent to a yield of 2.7%.

The Trustees met with each fund manager during the course of the year to discuss performance, current positioning and outlook.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2016

Reserves Policy

The general operational reserve is deemed sufficient to cover any operational costs.

The net assets as at 31 March 2016 amount to £122,751,000. To arrive at total funds available functional assets have been deducted as follows:

	£'000
Net assets 31 March 2016	122,751
Less: Functional Assets	(72,030)
Total funds available	<u>£50,721</u>

After detailed discussions the Trustees have allocated assets and the resulting income as follows.

	Capital Sum	Income allocation
	£'000	(3% yield)
		£'000
Trustees' Governance costs	13,409	402
CFGS capital element of annual PFI charge	9,667	290
Bendy Funds for CFBS	706	21
CFBS Building Fund	20,000	600
Total	<u>£43,782</u>	<u>£1,313</u>

Until the issue relating to the Boys' School Estate Plan has been resolved the Trustees have made no further decision as to the allocation of funds.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2016

PLANS FOR FUTURE PERIODS

So far as the Boys' School refurbishment plans are concerned further discussions are taking place as mentioned earlier with regard to the Boys' School Estate plan.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' report and 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 and 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 income and expenditure 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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, applicable Charity (Accounts and Reports) Regulations and the provisions of the Charity Commission Scheme. 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.

Approved by the Board of Trustees on 14 July 2016
and signed on its behalf by

Lord Griffiths

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
YEAR ENDED 31 MARCH 2016

We have audited the financial statements of The Central Foundation Schools of London for the year ended 31 March 2016, which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. 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 United Kingdom and Republic of Ireland.

This report is made solely to the Trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the 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 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 Statement of Trustees' Responsibilities set out in the Trustees' Report, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors 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 (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' 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 inconsistencies we consider the implications for our report.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (CONT)
YEAR ENDED 31 MARCH 2016

Opinion on the 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 income and expenditure 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

The Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the Trustees' 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.

We have nothing to report in respect of these matters.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

17 August 2016

Buzzacott LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
INCOME						
Donations and legacies	2					
Dulwich Estate		761	-	-	761	1,239
Investment income	3					
Rental income		6	-	-	6	6
Bank and other interest		29	-	-	29	27
Dividend income		1,467	26	-	1,493	1,312
Other income						
Surplus on disposal of College Terrace	4	-	-	-	-	7,026
Total income		<u>2,263</u>	<u>26</u>	<u>-</u>	<u>2,289</u>	<u>9,610</u>
EXPENDITURE						
Cost of raising funds	5					
Investment management fees		25	2	175	202	255
Charitable activities						
Support to schools	6	2,334	11	68	2,413	1,897
Total expenditure		<u>2,359</u>	<u>13</u>	<u>243</u>	<u>2,615</u>	<u>2,152</u>
Net (expenditure) income before (losses) gains on investments		(96)	13	(243)	(326)	7,458
Net (losses) gains on investments	12	(243)	(28)	(2,445)	(2,716)	3,092
Net (expenditure) income and net movement in funds		<u>(339)</u>	<u>(15)</u>	<u>(2,688)</u>	<u>(3,042)</u>	<u>10,550</u>
Reconciliation of funds						
Balances brought forward at 1 April 2015		<u>76,756</u>	<u>911</u>	<u>48,126</u>	<u>125,793</u>	<u>115,243</u>
Balances carried forward At 31 March 2016		<u>76,417</u>	<u>896</u>	<u>45,438</u>	<u>122,751</u>	<u>125,793</u>

The notes on pages 13 to 22 form part of these accounts.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
BALANCE SHEET
31 MARCH 2016

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
FIXED ASSETS						
Tangible assets	11	65,366	-	6,664	72,030	72,765
Investments	12	3,689	602	40,648	44,939	44,479
Total Fixed Assets		<u>69,055</u>	<u>602</u>	<u>47,312</u>	116,969	117,244
CURRENT ASSETS						
Debtors	13	90	-	-	90	216
Cash at bank and in hand		<u>7,683</u>	<u>294</u>	<u>(1,874)</u>	6,103	8,455
Total Current Assets		7,773	294	(1,874)	6,193	8,671
CURRENT LIABILITIES						
Creditors	14	<u>411</u>	<u>-</u>	<u>-</u>	411	122
NET CURRENT ASSETS		<u>7,362</u>	<u>294</u>	<u>(1,874)</u>	5,782	8,549
TOTAL NET ASSETS		<u>76,417</u>	<u>896</u>	<u>45,438</u>	122,751	125,793
<i>THE FUNDS OF THE CHARITY:</i>						
PERMANENT ENDOWMENT FUNDS	15	-	-	45,438	45,438	48,126
RESTRICTED FUNDS	15	-	896	-	896	911
UNRESTRICTED FUNDS	15					
General operational reserve		12,949	-	-	12,949	12,621
Revaluation reserve		<u>63,468</u>	<u>-</u>	<u>-</u>	63,468	64,135
TOTAL FUNDS		<u>76,417</u>	<u>896</u>	<u>45,438</u>	122,751	125,793

Approved by the Board of Trustees on 14 July 2016
and signed on its behalf by

Lord Griffiths

Trustee

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
STATEMENT OF CASH FLOWS
31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:			
Net cash used in operating activities		(802)	(141)
Cash flows from investing activities:			
Dividends and interest from investments		1,626	1,320
Proceeds from disposal of tangible fixed assets		—	7,026
Proceeds from the disposal of investments		41,250	4,798
Purchase of investments		(44,690)	(7,974)
Net cash (used in) provided by investing activities		(1,814)	5,170
Change in cash and cash equivalents in the year		(2,616)	5,029
Cash and cash equivalents at 1 April 2015		9,709	4,680
Cash and cash equivalents at 31 March 2016		7,093	9,709

Notes to the statement of cash flows for the year to 31 March 2016:

A Reconciliation of net movement in funds to net cash used in operating activities

	2016 £'000	2015 £'000
Net movement in funds (as per the statement of financial activities)	(3,042)	10,550
Adjustments for:		
Depreciation charge	735	735
Losses (gains) on investments	2,716	(3,092)
Dividends and interest from investments	(1,522)	(1,339)
Surplus on disposal of tangible fixed assets	—	(7,026)
Decrease (increase) in debtors	23	(21)
Increase in creditors	288	52
Net cash used in operating activities	(802)	(141)

B Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash and cash equivalents as at 31 March 2015	8,455	4,648
Cash with investment advisors	1,254	32
	9,709	4,680
Cash at bank and in hand	6,103	8,455
Cash held by investment advisors	990	1,254
Total cash and cash equivalents	7,093	9,709

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

a) Basis of preparation

These accounts have been prepared for the year to 31 March 2016.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest thousand pounds.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed.

In accordance with the requirements of FRS 102 a reconciliation of the opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the presentation of investment gains as a component of reported income and the depreciation charge following the revaluation of tangible fixed assets on transition to FRS 102:

	2015 £'000
Reconciliation of reported income:	
Net income as previously stated	8,193
Adjustment for gains on investments now treated as a component of net income	3,092
Depreciation charge	(735)
2015 net income as restated	<u>10,550</u>

As required by section 35 of FRS 102, the final balance sheets for 2015 and 2014 have been restated as if FRS 102 were in force at the beginning of the previous accounting period. The reconciliations for 2015 and 2014 have been shown in order to demonstrate the effect of the change in reporting framework for the opening balances as at 1 April 2015 and 1 April 2014.

	2015 £'000	2014 £'000
Reconciliation of total funds:		
Total funds as previously stated	87,548	76,263
Revaluation of tangible fixed assets	38,245	38,980
Total funds as restated	<u>125,793</u>	<u>115,243</u>

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

b) Reconciliation with previous Generally Accepted Accounting Practice (continued)

Revaluation of tangible fixed assets

Functional freehold properties were revalued on the basis of fair value as at 31 March 2016 and the revaluation has been adopted as at the transition date of 1 April 2014. The revaluation was undertaken at this time as from July 2011 until January 2015 there was a major scheme of refurbishment and redevelopment at the Central Foundation Girls' School under the Government's Building Schools for the Future programme. Due to this rebuilding programme it was impracticable to produce a reliable revaluation of the functional properties of the Foundation at the transition date. The Trustees consider that this valuation is materially appropriate for accounting purposes. Under the transitional provisions of FRS 102 this valuation has been deemed to be cost.

c) Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include estimating the useful economic life of tangible fixed assets.

d) Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 March 2017, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

e) Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, investment income and other income including the surplus on the disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

e) Income recognition (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

f) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT. The classification between activities is as follows:

- ◆ Cost of raising funds comprises investment management fees incurred in generating investment income and capital appreciation.
- ◆ Expenditure on charitable activities includes all costs associated with the provision of support to the schools and where appropriate individual students and former students and include both the direct costs and governance costs relating to these activities.

Grants payable are included in the financial statements once a constructive or legal obligation exists.

g) Tangible Fixed Assets and Depreciation

Functional freehold properties were revalued on the basis of Fair Value as at 31 March 2016 and the revaluation has been adopted as at the transition date of 1 April 2014. As permitted by the transitional provisions of FRS 102 this valuation has been deemed to be cost.

Subsequent additions costing more than £1,000 are included at cost. The Foundation is responsible for contributing towards the upkeep of the original buildings at the Boys' School and Girls' School in a fit and useful condition, and such costs are written off as incurred.

Freehold buildings are depreciated at a rate of 2% per annum on a straight line basis. No depreciation is charged in respect of freehold land.

h) Investments

Listed investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

i) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

j) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

k) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

l) Fund structure

Endowment funds comprise monies which must be held indefinitely as capital. Income therefrom is credited to general funds and applied for general purposes unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

m) Pensions

The Foundation makes contributions to employees' personal pension plans. Contributions are charged to the SOFA when payable.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 2016

2. DONATIONS AND LEGACIES

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
2016 Total funds: Dulwich estate	761	-	-	761	1,239
2015 Total funds	1,239	-	-	1,239	

3. INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
Rental income	6	-	-	6	6
Bank and other interest	29	-	-	29	27
Dividend income	1,467	26	-	1,493	1,312
2016 Total funds	1,502	26	-	1,528	1,345
2015 Total funds	1,322	23	-	1,345	

4. OTHER INCOME

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
2016 Total funds	-	-	-	-	7,026
2015 Total funds	-	-	7,026	7,026	

5. COST OF RAISING FUNDS

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
2016 Total funds: Investment management fees	25	2	175	202	255
2015 Total funds	33	3	219	255	

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 2016

6. CHARITABLE ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
Support to schools (note 7)	1,613	11	-	1,624	1,105
Depreciation charge (note 11)	667	-	68	735	735
Governance costs (note 8)	54	-	-	54	57
2016 Total funds	2,334	11	68	2,413	1,897
2015 Total funds	1,808	21	68	1,897	

7. SUPPORT TO SCHOOLS

	Boys' School £'000	2016 Girls' School £'000	Total £'000	2015 Total £'000
Grants to Schools				
Staff costs	15	10	25	31
Grants	295	741	1,036	950
Total	310	751	1,061	981
School Premises Costs				
MUGA pitch (Multi Use Games Area)			0	3
Boys school professional fees	423	-	423	-
Other costs	4	-	4	5
Total	427	-	427	8
Awards and Prizes	9	2	11	21
Support costs				
Staff costs	8	2	10	10
Other costs				
Printing and stationery	7	2	9	9
Postage and telephone	1	-	1	1
Computer support	5	1	6	6
Legal and professional	90	-	90	61
Repairs and renewals	5	1	6	-
Insurance	2	1	3	3
Sundries	-	-	-	5
Total	110	5	115	85
2016 Total funds	864	760	1,624	1,105

8. GOVERNANCE COSTS

	2016 £'000	2015 £'000
Auditor's remuneration for audit	11	11
Trustee indemnity insurance	2	2
Other governance expenses	9	13
Staff costs	32	31
2016 Total funds	54	57

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 2016

9. TOTAL STAFF COSTS

	2015	<i>2014</i>
	£'000	<i>£'000</i>
Salaries	67	<i>71</i>
Social security costs	5	<i>5</i>
Pension costs	3	<i>3</i>
	<u>75</u>	<i><u>79</u></i>

The average number of employees in the year was 2 (2015 - 2), neither of whose emoluments exceeded £60,000. The Foundation also pay the costs of part-time clerks to the Boys' and Girls' School.

10. REMUNERATION OF TRUSTEES AND KEY MANAGEMENT PERSONNEL

The Trustees consider that they comprise the key management personnel of the Foundation in charge of directing and controlling, running and operating the Foundation on a day to day basis.

No Trustees received any remuneration during either the current or preceding financial year. No Trustee received travel expenses during the current or preceding financial year.

11. TANGIBLE FIXED ASSETS

	Freehold Property £'000
Cost or valuation	
As at 1 April 2015 and 31 March 2016	<u>73,500</u>
Depreciation	
As at 1 April 2015	735
Charge for year	735
As at 31 March 2016	<u>1,470</u>
Net book value	
As at 31 March 2016	<u>72,030</u>
As at 31 March 2015	<u>72,765</u>

Functional freehold properties were revalued on the basis of Fair Value as at 31 March 2016 and the revaluation has been adopted as at the transition date of 1 April 2014. As permitted by the transitional provisions of FRS 102 this valuation has been deemed to be cost.

12. INVESTMENTS AT MARKET VALUE

	Endowment Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	2016 Total £'000	<i>2015 Total £'000</i>
Listed Investments	39,686	3,679	584	43,949	<i>43,225</i>
Dealing Account	<u>962</u>	<u>10</u>	<u>18</u>	<u>990</u>	<i><u>1,254</u></i>
	<u>40,648</u>	<u>3,689</u>	<u>602</u>	<u>44,939</u>	<i><u>44,479</u></i>

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 2016

12. INVESTMENTS AT MARKET VALUE (Cont.)

SUMMARY OF SHARES AND OTHER SECURITIES

	Endowment Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	2016 Total £'000
<i>As at 1 April 2015</i>	38,805	3,811	609	43,225
<i>Additions</i>	43,957	665	68	44,690
<i>Disposals</i>	(40,631)	(554)	(65)	(41,250)
<i>Realised and unrealised gains</i>	<u>(2,445)</u>	<u>(243)</u>	<u>(28)</u>	<u>(2,716)</u>
<i>As at 31 March 2016</i>	<u>39,686</u>	<u>3,679</u>	<u>584</u>	<u>43,949</u>

COST OF INVESTMENTS

31 March 2016	<u>37,473</u>	<u>3,254</u>	<u>508</u>	<u>41,235</u>
<i>31 March 2015</i>	<u>33,631</u>	<u>3,210</u>	<u>517</u>	<u>37,358</u>

13. DEBTORS

	2016 £'000	2015 £'000
Prepayments	2	2
Social securities and other taxes	-	23
Accrued income	<u>88</u>	<u>191</u>
	<u>90</u>	<u>216</u>

14. CREDITORS

	2016 £'000	2015 £'000
Trade creditors	215	15
Other creditors	1	1
Accruals	<u>195</u>	<u>106</u>
	<u>411</u>	<u>122</u>

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 2016

15. ANALYSIS OF CHARITABLE FUNDS

	At 1 April 2015 £'000	Income £'000	Resources expended £'000	Gains on investments £'000	At 31 March 2016 £'000
Permanent endowments					
Dulwich Estate	9,559	-	(33)	(515)	9,011
Newman Trust	2	-	-	-	2
Mrs Irene Buckman	21	-	-	(2)	19
Investment property Fund					
City Road	31,557	-	(189)	(1,796)	29,572
College Terrace	6,987	-	(21)	(132)	6,834
Total	48,126	-	(243)	(2,445)	45,438
Restricted funds					
Prizes and grants	158	6	(7)	(9)	148
Bendy	749	20	(6)	(19)	744
Newman Trust	3	-	-	-	3
Mrs Irene Buckman	1	-	-	-	1
Total	911	26	(13)	(28)	896
General operational Fund	12,621	2,263	(1,692)	(243)	12,949
Revaluation reserve	64,135	-	(667)	-	63,468
Total	76,756	2,263	(2,359)	(243)	76,417
Total	125,793	2,289	(2,615)	(2,716)	122,751

ENDOWMENT FUNDS

The Dulwich Estate permanent endowment was created by capital distributions from the Dulwich Estate totalling £5,705,600 received in 1996, 2000, 2012, 2013 and 2014. The income can be used for the general purpose of the Foundation.

Newman Trust was established in 1998 from a transfer of funds from The Bishopsgate Foundation. The fund is for the provision of prizes and to help and support needy pupils.

Mrs Irene Buckman, a former pupil of the Girls' School and a former governor and trustee, donated £16,667 in the year ended 31 March 2005, the income from which is to be used for girls who go on to higher education.

The Investment property fund represents the net proceeds from the sale of the land bordering City Road, and College Terrace in Tower Hamlets. The Charity Commissioners have directed that the net proceeds be included as part of the permanent endowment funds. The income can be used for the general purposes of the Foundation.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 MARCH 2016

15. ANALYSIS OF CHARITABLE FUNDS (cont.)

RESTRICTED FUNDS

The separate prizes and grants funds were merged with the Foundation under S74 of the Charities Act 1993 in 1996. The income and any accumulation of income is to be applied in promoting the education of the pupils attending the Boys' and Girls' Schools.

The Bendy fund was created in November 1999 by a legacy from a former pupil of the Central Foundation Boys' School, Mr Wilfred Bendy. A Trustees Resolution under Section 275 of the Charities Act 2011 dated 18 June 2012 amended the purposes of the legacy to read as follows:

To advance education in engineering, science, technology and mathematics by:

- 1) the provision of grants, bursaries, scholarships, prizes, financial assistance and provisions of equipment to students at the Central Foundation Boys' School (the "School") and to persons who have been students at the School (in relation to the latter, in order to assist them to continue their education at University or other place of learning or to undertake training with a preference for those who go on to study or undertake training in engineering or related subjects);
- 2) the provision of facilities, equipment and services at the School;
- 3) the establishment and provision for the benefit of students at the school of after school, or other out of hours, clubs, courses and extra-curricular activities;
- 4) the provision and facilitation for the benefit of students at the School of careers advice, work experience, mentoring and related activities with the aim of assisting and encouraging students to undertake further education or training in engineering, science, technology and mathematics.

The Newman Trust and Mrs Irene Buckman funds represent income from the endowments described above.

UNRESTRICTED FUNDS

The General operational fund represents the free funds of the Foundation which are not designated for particular purposes.

The Revaluation Reserve arose from the revaluation of Functional Properties, carried out in 1998 and 2016.