

Charity registration number: 312378

St Marylebone Educational Foundation

Annual Report and Financial Statements

for the Year Ended 31 August 2017

Westlake Clark
Statutory Auditors
7 Lynwood Court
Priestlands Place
Lymington
Hampshire
SO41 9GA

St Marylebone Educational Foundation

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St Marylebone Educational Foundation

Trustees' Report

The Registered Address is: 12 Melcombe Place, Marylebone, London NW1 6JJ.

The Trustees on 31st August 2017 are:

Ex-officio - The Rector of St Marylebone, The Reverend Canon Stephen Evans

Nominative - Mrs Sarah Woolman, appointed by Westminster City Council for a term of four years. Re-appointed for a further 4 years expiring in January 2018.

Nominative - Ms Lucy Dennett, re-appointed 2017 by Westminster City Council for a term of four years. Her term of office expires in January 2021.

Co-optative - Mr Michael Wrottesley, re-appointed 2013 for a term of five years until September 2018.

Co-optative - Mrs Helen Wells, Chairman, re-appointed 2013 for a term of five years to May 2018.

Co-optative - The Reverend Ralph Williamson, Vicar of St Peter's Eaton Square, for a term of five years to June 2020

Clerk to the Trustees: Mrs Caroline Grant, appointed November 2010

Auditors

Westlake Clark
7 Lynwood Court
Priestlands Place
Lymington
Hampshire
SO41 9GA

Solicitors

DAC Beachcroft
100 Fetter Lane
London
EC4A 1BN

Bankers

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill,
West Malling
Kent
ME19 4JQ

Investment Managers

Rathbone Investment Management
1 Curzon Street,
London
W1J 5FB

The trustees present the annual report together with the financial statements and auditors' report of the charity for the year ended 31 August 2017. The financial statements have been prepared in accordance with the accounting policies set out on pages 12 to 15 and comply with the charity's trust deed and applicable law.

St Marylebone Educational Foundation

Trustees' Report

Structure, Governance and Management

Nature of governing document

The St Marylebone Educational Foundation is the lineal successor of the St Marylebone Charity School, itself founded in 1750. The Charity Commission ordered the approval and establishment of the updated Scheme in November 1977.

The Trustees agreed at their Meeting in June 2016 to instruct Lee Bolton Monier Williams Solicitors to assist them in revising the scheme to both modernise it and comply with current legislation. This revision continues and is still in progress in June 2017.

Recruitment and appointment of trustees

The Foundation would look to the local community and the wider education community and should that fail advertisements will be placed in relevant places. Finding the right person should take precedence over speed.

The applicants will be asked to state, in writing, their reasons for wishing to become a Trustee and outline the benefit they would bring to the Foundation and its beneficiaries. Prospective Trustees should also be able to demonstrate they would be fully supportive of the Charitable Objectives and aims of the Foundation and that they are familiar with and happy to abide by the principles of the Nolan Code of Conduct for the trustees of small charities.

Should there be more than one suitable applicant for the position the Trustees will make their decision after interviewing all interested parties.

The appointment would be made once the Trustees were satisfied of the applicant's suitability for, and commitment to, the role.

Once appointed the new Trustee will inform the Foundation of any Conflicts of Loyalty and sign the Declaration confirming their eligibility to act as a Trustee.

Induction and training of trustees

Newly appointed and re-elected Trustees are provided with a copy of the Scheme and are requested to sign a Declaration of acceptance and willingness to act in the trusts of the Scheme. Trustees are expected to have interest in and knowledge of the area covered by the remit of the Foundation's scheme. In particular, the Rector of St Marylebone is also an ex officio Governor of The St Marylebone Church of England School, a Member of the Board & Director of the St Marylebone Bridge School and a Trustee of the Buildings and Land of those Schools. Newly appointed Trustees are also provided with copies of recent minutes indicating decisions made by the Trustees.

Organisational structure

The Trustees and the designations of their appointments are set out on page one.

The Trustees make all the decisions on the Charity's expenditure and Grant Awards at their bi-annual meetings.

A special meeting is called to discuss a particular matter should it be deemed necessary.

The Trustees have completed a Register of Interests and this is verified annually.

Major risks and management of those risks

The Trustees have examined the major strategic business and operational risks which the charity faces and confirm that systems have been established to enable regular monitoring to continue so that the necessary steps can be taken to lessen these risks. The Trustees can confirm that no major incidents have occurred during this financial year.

St Marylebone Educational Foundation

Trustees' Report

Objectives and Activities

Since 1977 when the scheme was rewritten the main objectives of the Foundation have been as follows;

- To assist the St Marylebone Church of England Secondary School to discharge their obligations under the relevant Education Acts with respect to maintenance of the school;
- To promote the education of persons under 25 who meet the geographical qualification criteria set out in the Scheme; including the assistance of a limited number of students at the Royal Academy of Music and the Royal College of Music in their postgraduate years.
- To providing for The St Marylebone Church of England Secondary School and the St Marylebone Bridge School such special benefits not normally provided by the local education authority as may be agreed between it, the Foundation and the School Governors.
- To assist other non fee paying schools within the City of Westminster.

Grant Making Policy

The Foundation's policy is to ensure the successful discharge of the Objectives set out above thus ensuring that benefits are available to those eligible applicants in greatest need of assistance. Having ensured that the primary objectives are met the remaining available funds are subject to the Trustees' grant awarding strategy which is based upon assisting as many individuals as possible between the ages of eight and eighteen in varying disadvantaged situations to achieve a suitable education for their needs as is commensurate with the income available, with particular emphasis on enabling the continuation of an education already embarked upon. Assistance is provided to those with particular educational needs, ranging from those for whom the ill health of parents means that boarding school is a preferred option to those who have specific educational needs in their own right.

The Clerk requires regular reports from the schools to ensure that the progress of pupils in receipt of awards is satisfactory and makes annual checks to ensure that the assistance given is appropriate to the circumstances.

The numbers of students at each of the Music Colleges who are awarded grants is limited to six and dependent upon the eligibility of the students to predetermined criteria. The two music colleges are selected because the main income for the Foundation is received from the Royal Academy of Music. Applications from tertiary students, other than the limited number interviewed annually at the two music colleges sited in Westminster, were declined due to the limited funds known to be at the disposal of the Trustees.

Benefits Policy

The Foundation's policy is to ensure a continuance of financial assistance to those individuals and organisations as set out in the Objectives.

The founders of the charity originally intended that children residing in the Parish of St Marylebone should benefit educationally from their financial assistance. When the Scheme was re-written in 1977 the geographical area was widened to encompass that of the City of Westminster and eligibility for educational assistance is reliant upon a tangible connection to Westminster.

The income to the charity, restricted to the rental income from the Royal Academy of Music and income from investments is considered by the Trustees to be too small to allow a widening of the geographical area covered. By restricting the eligibility the funds available both to individuals and organisations can be great enough to actually facilitate change and therefore benefit.

St Marylebone Educational Foundation

Trustees' Report

The individuals assisted benefit in various ways:

- Continuance of education at a current school or Music College
- Facilitating boarding for those with a difficult domestic situation
- Facilitating attendance of a school to assist with special educational needs
- Enhancing a child's situation to avoid educational and emotional hardship.

Often the individuals assisted by the Foundation continue to Further Education gaining a Degree, which may serve to assist in their future careers.

The schools benefit from funds to maintain or improve their educational establishments either materially or by specific educational provision therefore bettering their pupil's experience and education.

By the continuing provision of assistance with the maintenance charges for both The St Marylebone School and the primary schools within the St Margaret's Deanery Synod many pupils are enabled to attend properly maintained schools.

Public benefit

The Trustees have read the Guidance on Public Benefit issued by the Charity Commission and fulfil their obligations with due consideration to that Guidance, with particular reference to the benefits of advancement of education.

Achievements and performance during this Financial Year

During the year nine individual pupils received grants totalling £64,247. Two of these one were new beneficiaries. There have been fewer applications in 2016-17 than last year.

A sum in the accounts allows for payments of grants towards the annual maintenance costs of The St. Marylebone School and the primary schools within the St Margaret's Deanery Synod.

St Marylebone School have not requested help with their maintenance costs this year, though the Foundation have granted a further sum of £23,258 towards building costs at the school.

Westminster St Margaret's Deanery Synod have been awarded funds for this year's maintenance and received a total of £8,000, a £2,000 increase on the requested sum.

22 post-graduate students from the Royal Academy of Music and the Royal College of Music were awarded a total of £39,600. It was agreed at the January 2017 Meeting that the interviews should take place towards the end of April/early May for funding for the following academic year. Therefore for 2016-17 there are effectively two academic years of grants in one financial year. The funds the Foundation has made available for Music Grants has increased from £18,000 to £21,600 annually.

These grants enabled the students to enrol on and complete their chosen courses.

St Marylebone Bridge School received a grant of £10,000 towards equipment.

St Marylebone School requested funding totalling £269,547.93. The requests comprise Projection and Screen Equipment, ICT desks with Integral PC's, Air Conditioning and Educational Resources. The Trustees agreed in July 2017 that this funding could be made available over a period of nineteen months and disbursed in six instalments. The final instalment is due in January 2019 and, due to financial restraints, precludes the School from requesting further funding whilst this funding is afforded.

Financial Review and Investment Policy

During the year income totalled £273,691 (2016 - £178,769). The income of the Foundation comes mainly from rent paid by the Royal Academy of Music for the land which forms a substantial part of the site of the Royal Academy of Music; the rent paid is currently £251,000 per annum. The lease to the Royal Academy of Music is for a term of 99 years from 24 June 1974 and provides for seven yearly upwards only rent reviews. The last review was in June 2016, providing an increase of £111,000 per annum. The next rent review is due in 2023.

St Marylebone Educational Foundation

Trustees' Report

Additional income is derived from investments held as part of the capital of the Foundation, the Designated Fund, and from investments representing temporarily invested income, the General Fund. These investments are held in the nominee names of stockbrokers Rathbone Investment Management Limited. At a Special Meeting held on 25th February 1999 the Trustees decided to entrust Rathbone Investment Management Limited with discretionary management of the Foundation's investments. This decision has been further reviewed and the discretionary management has been continued.

The investments were considerably depleted by the need to fund a grant awarded to the St Marylebone School from 2004-2007 and the reserves are still being built up for the future to increase the investment levels and ensure the Foundation can continue to help its beneficiaries.

The investment strategy is based upon a low risk profile with a balance between the objectives of capital growth and regular income.

Total expenditure during the year was £463,161 (2016 - £188,322). Grants payable are the Charity's greatest expense with £414,653 of grants approved in the financial year (2016 - £165,566). Included within grants payable are future commitments to St Marylebone School including £140,000 due within 1 year and £44,548 due in more than one year.

Reserves Policy

During recent years the Foundation has much reduced the number of grants awarded in order to increase the Foundation's capacity to perform its remit during future years. This has successfully returned the annual accounts to a small surplus enabling greater confidence in assessing grant awards for beneficiaries and the future capacity to pay the grants awarded.

The increase in rent has enabled the Foundation to provide large sums to the St Marylebone School over the next year without accessing the reserves. It remains the intention that the grants awarded over the next few years will remain at a relatively reduced level in order to enable the Foundation to meet any future requests from the St Marylebone School for larger than average sums. Depending on the amounts called for by the St Marylebone School it may be necessary to continue this policy for some years.

The Foundation is largely reliant upon income from the land upon which the Royal Academy of Music stands and is not in a position to ensure continuation of income in the event of problems at the Royal Academy of Music. Should such an event occur, the Trustees of the Foundation would contact other Trusts and endeavour to find assistance for those individuals who might therefore suffer. Each year the recipients of grants change, with their increasing ages varying the long term liabilities of the Foundation.

As at 31st August 2017 reserves were £682,890 of which £385,214 is held in a designated fund. The level of reserves invested should allow the Foundation to honour its commitments to the end of their terms.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 24 January 2018 and signed on its behalf by:

.....
Mrs H E Wells
Trustee

St Marylebone Educational Foundation

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities in England & 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 incoming resources and application of resources 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 Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 business.

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, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the trust deed. The trustees 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 trustees of the charity on 24 January 2018 and signed on its behalf by:

.....
Mrs H E Wells
Trustee

St Marylebone Educational Foundation

Independent Auditor's Report to the Members of St Marylebone Educational Foundation

Opinion

We have audited the financial statements of St Marylebone Educational Foundation (the 'charity') for the year ended 31 August 2017, which comprise the Statement of Financial Activities, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2017 and of its results 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

St Marylebone Educational Foundation

Independent Auditor's Report to the Members of St Marylebone Educational Foundation

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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 financial statements is inconsistent in any material respect with the trustees' report; 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 6], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

St Marylebone Educational Foundation

Independent Auditor's Report to the Members of St Marylebone Educational Foundation

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....
Westlake Clark, Statutory Auditor

7 Lynwood Court
Priestlands Place
Lymington
Hampshire
SO41 9GA

Date: 14 March 2018

Westlake Clark is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

St Marylebone Educational Foundation

Statement of Financial Activities for the Year Ended 31 August 2017

	Note	Unrestricted funds £	Total 2017 £	Total 2016 £
Income and Endowments from:				
Investments	2	<u>273,691</u>	<u>273,691</u>	<u>178,769</u>
Total Income		<u>273,691</u>	<u>273,691</u>	<u>178,769</u>
Expenditure on:				
Raising funds	3	(3,719)	(3,719)	(2,848)
Charitable activities	4	<u>(459,442)</u>	<u>(459,442)</u>	<u>(185,474)</u>
Total Expenditure		<u>(463,161)</u>	<u>(463,161)</u>	<u>(188,322)</u>
Gains/losses on investment assets		<u>55,829</u>	<u>55,829</u>	<u>55,004</u>
Net (expenditure)/income		<u>(133,641)</u>	<u>(133,641)</u>	<u>45,451</u>
Net movement in funds		(133,641)	(133,641)	45,451
Reconciliation of funds				
Total funds brought forward		<u>816,531</u>	<u>816,531</u>	<u>771,080</u>
Total funds carried forward	15	<u><u>682,890</u></u>	<u><u>682,890</u></u>	<u><u>816,531</u></u>

All of the charity's activities derive from continuing operations and relate to unrestricted funds only during the above two periods.

The funds breakdown for both periods is shown in note 15.

St Marylebone Educational Foundation

(Registration number: 312378) Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	200,000	200,000
Investments	11	<u>625,471</u>	<u>573,534</u>
		<u>825,471</u>	<u>773,534</u>
Current assets			
Debtors	12	2,892	23,704
Cash at bank and in hand		<u>127,435</u>	<u>23,493</u>
		130,327	47,197
Creditors: Amounts falling due within one year	13	<u>(228,360)</u>	<u>(4,200)</u>
Net current (liabilities)/assets		<u>(98,033)</u>	<u>42,997</u>
Total assets less current liabilities		727,438	816,531
Creditors: Amounts falling due after more than one year	14	<u>(44,548)</u>	<u>-</u>
Net assets	16	<u><u>682,890</u></u>	<u><u>816,531</u></u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds	15	<u>682,890</u>	<u>816,531</u>
Total funds		<u><u>682,890</u></u>	<u><u>816,531</u></u>

The financial statements on pages 10 to 23 were approved by the trustees, and authorised for issue on 24 January 2018 and signed on their behalf by:

.....
Mrs H E Wells
Trustee

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

Statement of compliance

The financial statements 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

General information and basis of preparation

St Marylebone Educational Foundation is an unincorporated charity registered with the Charity Commission. The nature of the Charity's operations and principal activities are given on page 2.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are presented in pound sterling which is the functional currency of the charity and rounded to the nearest £1.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Transition to FRS 102

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 required. See note 17 for details of adjustments made as a result of the transition to FRS 102.

Income and endowments

Investment income

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.

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

Rent is accounted for in the period on a receivable basis.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Leasehold land is stated at cost for reasons detailed in note 10.

Depreciation and amortisation

Leasehold land is not depreciated.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are set aside to enable the St Marylebone Educational Foundation to meet its medium and long term commitments to beneficiaries.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2 Investment income

	Unrestricted funds	Total 2017	Total 2016
	General		
	£	£	£
Income from dividends;			
Dividends receivable from other listed investments	15,910	15,910	17,720
Interest receivable and similar income;			
Interest receivable on bank deposits	15	15	65
Income from rents	<u>257,766</u>	<u>257,766</u>	<u>160,984</u>
	<u><u>273,691</u></u>	<u><u>273,691</u></u>	<u><u>178,769</u></u>

3 Expenditure on raising funds

	Direct costs	Total 2017	Total 2016
	£		
Investment management costs	<u>3,719</u>	<u>3,719</u>	<u>2,848</u>

All of the above expenditure was attributable to unrestricted funds for both periods shown.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

4 Expenditure on charitable activities

	Grant funding of activity £	Activity support costs £	Total 2017 £	Total 2016 £
Payment of educational grants	414,653	44,789	459,442	185,474

£459,442 (2016 - £185,474) of the above expenditure was attributable to unrestricted funds and £Nil (2016 - £Nil) to restricted funds.

The foundation has during the year awarded grants to the following institutions:

	2017	2016
	£	£
Royal Academy of Music	22,434	6,000
Royal College of Music	17,165	12,000
The St Marylebone Church of England School	292,807	71,127
The St Marylebone Church of England Bridge School	10,000	15,140
The Deanery of Westminster (St Margaret) (the 'Deanery Synod')	8,000	12,000
	350,406	116,267
Grants payable to 9 individuals (2016: 7)	64,247	49,299
	414,653	165,566

Grants payable analysed by nature:

	2017	2016
	£	£
Provision of equipment	279,548	7,707
School maintenance	8,000	12,000
Building works/ improvements	23,259	78,560
Student grants	103,846	67,299
	414,653	165,566

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

5 Analysis of governance and support costs

Support costs allocated to charitable activities

	Governance costs £	Finance costs £	Staff costs £	Premises costs including depreciation £	Other support costs £	Total 2017 £	Total 2016 £
Payment of educational grants	3,660	64	13,164	15	27,886	44,789	19,908

All support costs are allocated to grant making as this is the only charitable activity.

Other support costs includes costs of £21,720 for professional fees in relation to the rent review.

Governance costs

	Unrestricted funds General £	Total 2017 £	Total 2016 £
Audit fees			
Audit of the financial statements	1,800	1,800	2,900
Other fees paid to auditors	1,860	1,860	1,360
	<u>3,660</u>	<u>3,660</u>	<u>4,260</u>

6 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

7 Staff costs

The staff costs relates to the services of the clerk to the Trustees. There are no other employees. Please note that the clerk provides the office space and associated costs which have not been quantified in these accounts.

The aggregate payroll costs were as follows:

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	13,045	12,961
Pension costs	119	-
	<u>13,164</u>	<u>12,961</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2017 No	2016 No
Clerk to the trustees	<u>1</u>	<u>1</u>

1 (2016 - 0) of the above employees participated in the Defined Contribution Pension Schemes.

No employee received emoluments of more than £60,000 during the year

The total employee benefits of the key management personnel of the charity were £13,164 (2016 - £12,961).

8 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>1,800</u>	<u>2,900</u>
Other fees to auditors		
All other non-audit services	<u>1,860</u>	<u>1,360</u>

9 Taxation

The charity is a registered charity and is therefore exempt from taxation.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

10 Tangible fixed assets

	Land and buildings £	Total £
Cost		
At 1 September 2016	<u>200,000</u>	<u>200,000</u>
At 31 August 2017	<u>200,000</u>	<u>200,000</u>
Depreciation		
At 1 September 2016	<u>-</u>	<u>-</u>
At 31 August 2017	<u>-</u>	<u>-</u>
Net book value		
At 31 August 2017	<u><u>200,000</u></u>	<u><u>200,000</u></u>
At 31 August 2016	<u><u>200,000</u></u>	<u><u>200,000</u></u>

Leasehold land continues to be shown in the accounts at the historical cost figure of £200,000. The Trustees are of the opinion that, given the nature of the lease, this figure is reasonably representative of the value of the land and comment as follows:

The land on which part of the Royal Academy of Music stands is leased from Howard de Walden Estates for a term of 917 years from 25th March 1837, at the yearly rent of £15. By an underlease this land fronting Marylebone Road is occupied by the Royal Academy of Music for a term of 99 years from the 24th June 1974. It is understood that the Royal Academy of Music leases the land on which the rear of their building stands from the Crown Estate Commissioners.

The Royal Academy of Music pays rent to St Marylebone Educational Foundation on the basis of a seven yearly independent professional rent assessment to arrive at an agreed annual figure. This rental income is the principal source of revenue for the Foundation's activities.

Having taken professional advice, the Trustees have concluded that:

- a) the complex nature of the leaseholding would involve considerable professional assistance to arrive at a 'market value',
- b) a 'market value' could only be arrived at after assumptions had been made as to the alternative uses to which the land could be put,
- c) the cost of achieving professional valuations on a regular basis would have a very significant adverse impact on the main source of the charity's income,
- d) there is virtually no opportunity or possibility in the foreseeable future for the charity to dispose of the land.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

11 Fixed asset investments

	2017 £	2016 £
Other investments	<u>625,471</u>	<u>573,534</u>

Other investments

	Listed investments £	Cash within investment portfolio £	Total £
Cost or Valuation			
At 1 September 2016	553,373	20,161	573,534
Revaluation	55,647	-	55,647
Additions	20,461	-	20,461
Disposals	<u>(10,666)</u>	<u>(13,505)</u>	<u>(24,171)</u>
At 31 August 2017	<u>618,815</u>	<u>6,656</u>	<u>625,471</u>
Net book value			
At 31 August 2017	<u>618,815</u>	<u>6,656</u>	<u>625,471</u>
At 31 August 2016	<u>553,373</u>	<u>20,161</u>	<u>573,534</u>

The fair value of listed investments is determined by reference to quoted prices for identical assets in an active market at the balance sheet date.

12 Debtors

	2017 £	2016 £
Accrued income	-	20,984
Other debtors	<u>2,892</u>	<u>2,720</u>
	<u>2,892</u>	<u>23,704</u>

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Other creditors	140,000	-
Accruals	<u>88,360</u>	<u>4,200</u>
	<u>228,360</u>	<u>4,200</u>

Other creditors balance relates to future grants payable.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

14 Creditors: amounts falling due after one year

	2017	2016
	£	£
Other creditors	<u>44,548</u>	<u>-</u>

Other creditors balance relates to future grants payable.

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

15 Funds

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 August 2017 £
Unrestricted funds					
<i>General</i>					
General fund	431,317	273,691	(463,161)	55,829	297,676
<i>Designated</i>					
Designated fund	385,214	-	-	-	385,214
Total funds	816,531	273,691	(463,161)	55,829	682,890
	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 August 2016 £
Unrestricted funds					
<i>General</i>					
General fund	385,866	178,769	(188,322)	55,004	431,317
<i>Designated</i>					
Designated fund	385,214	-	-	-	385,214
Total funds	771,080	178,769	(188,322)	55,004	816,531

The specific purposes for which the funds are to be applied are as follows:

The designated fund is set aside to enable the Foundation to meet its medium to long term commitments to beneficiaries.

16 Analysis of net assets between funds

	Unrestricted funds		Total funds
	General £	Designated £	£
Tangible fixed assets	200,000	-	200,000
Fixed asset investments	240,257	385,214	625,471
Current assets	130,327	-	130,327
Current liabilities	(228,360)	-	(228,360)
Creditors over 1 year	(44,548)	-	(44,548)
Total net assets	297,676	385,214	682,890

St Marylebone Educational Foundation

Notes to the Financial Statements for the Year Ended 31 August 2017

17 Related party transactions

During the year the charity made the following related party transactions:

St Marylebone CE Bridge School

(The Reverend Canon Stephen Evans is a trustee)

Grants totalling £10,000 (2016 - £15,140) were paid to the School during the financial period. At the balance sheet date the amount due to/from St Marylebone CE Bridge School was £Nil (2016 - £Nil).

St Marylebone CE School

(The Reverend Canon Stephen Evans is a trustee)

Grants totalling £23,259 (2016 - £46,127) were paid to the School during the financial period. At the balance sheet date the amount due from St Marylebone CE School was £269,548 (2016 - £Nil).

18 Transition to FRS 102

The Charity has adopted the SORP (FRS 102) for the first time in the year ended 31 August 2017.

An adjustment was made on transition from SORP 2005 (FRSSE 2015) to SORP 2015 (FRS 102) to reclassify cash held in an investment portfolio from Cash at Bank to Fixed Asset Investments, the total amount reclassified was £20,161.