

Registered Charity No. 312695

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2018

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
GENERAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

Patron	The Lord Mayor
Trustees	<p>Until 30 June 2018:</p> <p>Mr C Arding ^{2, 4} Mr K Bottomley ¹ Mr S Brown ¹ Appointed 29 March 2018 Mr J E Cruse ^{2, 4, 5} Mr N Fletcher ¹ Mr B Gooden ⁴ The Rev The Lord Griffiths of Pembrey and Burry Port ² Chairman Mr C Gurney ^{1, 3} Mr R Howard ¹ Ms D Khambata ^{2, 3} Mr R Maas ¹ Appointed 12 July 2018 Mr S Malik Ms M Moore Resigned August 2018 Mr D A Sizer Resigned July 2017 Mr F Sumner ² Mr J Wilson Resigned November 2017</p>

From 1 July 2018 CFSL Trustee Limited (company registration number 11294870) became the sole corporate trustee of the charity.

The Trustees listed above continued to act as directors of the corporate trustee and charity trustees for the purposes of charity regulation.

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	<table> <tr> <td>National Westminster Bank Plc City of London Office P O Box 12258 1 Princes Street London EC2R 8PA</td> <td>Barclays Bank PLC Level 27 1 Churchill Place London E14 5HP</td> </tr> </table>	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
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Solicitors	Bates Wells & Braithwaite LLP 10 Queen Street Place London EC4R 1BE		
Investment Managers	<table> <tr> <td>Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ</td> <td>J M Finn & Co 4 Coleman Street London EC2R 5TA</td> </tr> </table>	Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ	J M Finn & Co 4 Coleman Street London EC2R 5TA
Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ	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 2018

The financial statements have been prepared in accordance with the accounting policies set out on pages 14 to 17 therein and comply with the charity's Scheme, 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 the 2010 Scheme of the Charity Commissioners as amended by the Scheme dated 28 June 2018.

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 three 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.

On the 26 February 2018, the Trustees passed a resolution pursuant to section 280 of the Charities Act 2011 to amend its current governing document (the scheme dated 21 May 2010, as amended) to allow for the appointment of a sole corporate trustee. This resolution was filed with the Charity Commission and the Register of Charities. Approval from the Charity Commission appointing CFSL Trustee Limited as the sole corporate trustee of the Foundation was received on 1 July 2018. The sole corporate trustee, called CFSL Trustee Limited (which is constituted as a non-charitable company limited by guarantee) was incorporated on 5 April 2018 (company reference number 11294870).

The 2010 Scheme confers rights on certain external bodies to nominate trustees to the Foundation. On the appointment of the sole corporate trustee the rights for these bodies to nominate directors of the corporate trustee have been included in the Articles of CFSL Trustee Limited. The Foundation has written to and obtained the consent of each of the bodies entitled to nominate trustees under the Scheme to replace their rights under the Scheme with the rights under the Articles of Association.

Both the trustees of the charity prior to 30 June 2018 and the directors of the corporate trustee from that date onward are referred to as 'the Trustees' throughout this report.

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.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONT)
FOR THE YEAR ENDED 31 MARCH 2018

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 N Fletcher and the Compliance, Audit & Risk Assessment Committee meets under the Chairmanship of Mr F Sumner.

Structure and Relationships with Schools

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 Boys' School Governors have made an in principle decision to explore the possibility of academisation. The Boys' School Governors have still yet to make a formal decision on academisation though it is hoped it will be progressed during the third quarter of 2018. If the governors do decide to academise, it will be necessary to amend the objects of the Foundation, as set out in the 2010 Scheme, as amended by the scheme dated 28 June 2018, as the Boys' School is currently defined for the purposes of the current objects, as a voluntary aided school. This amendment is essential to allow the Foundation to continue to support the Boys' School once it becomes an academy. The Foundation on academisation will need to grant a lease at an undervalue to the academy trust which will operate the Boys' School.

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

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 assets comprise land and buildings and 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

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONT)
FOR THE YEAR ENDED 31 MARCH 2018

- 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 and the Boys' School Governors are working together on a project to enable the refurbishment and partial redevelopment of the Boys' School site. The planning application was submitted and approval was granted in April 2018. The Trustees have reserved £23m in respect of the Foundation's prospective contribution towards the costs of the project, which is scheduled to commence in the second half of 2018. Application has been made to the Charity Commission for release of permanent endowment under a section 105 Order to allow the Trustees to meet their commitments under a Funding and Development Agreement for Phase 1, presently being negotiated with the Boys' School Governors. Approval under a section 105 Order to release up to £21.65m of permanent endowment entitled "Investment Property Fund: City Road" was received on 1 July 2018. The Funding and Development Agreement was agreed on the 12 July 2018. The Charity's maximum exposure to costs and fees arising from the Phase 1 Redevelopment should not exceed £21.65m and assuming the London Borough of Islington and Education & Skills Funding Agency (ESFA) meet their funding commitments in full, should not exceed £13.85m. The building contract between the Boys' School and Glibert Ash relating to the Phase 1 Redevelopment has been agreed

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.

Grants totalling £1,086,000 were made in the year to the two schools. This amount includes a £290,000 grant to CFGS to fund the capital element of a PFI contract.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONT)
FOR THE YEAR ENDED 31 MARCH 2018

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 2018 were in line with management accounts and formal budgets. The Foundation's excess of income over expenditure was £364,000 after deducting the depreciation charge of £770,000 but before taking into account the losses on investments. The Foundation made realised and unrealised losses totalling £515,000 on its investments in the year to 31 March 2018.

The expenditure in direct support to the Schools is summarised below:

Support to schools	£'000	£'000	£'000
	Boys'	Girls'	Total
	School	School	
Grants to schools	349	737	1,086
Boys' School premises costs	5	-	5
Awards & prizes	8	3	11
Support costs	116	2	118
Other costs	75	2	77
Total	553	744	1,297

Further details are shown in Note 6 page 19.

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 which contradicts the Boys' School's challenge and argument. Discussions with the Boys' School in relation to this matter are ongoing.

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 Foundation to enhance the educational development of both schools and in particular to facilitate the Boys' School refurbishment and partial redevelopment project. Commencement of Phase 1 of this project is scheduled to commence in the second half of 2018. Phase 2 and its funding will be reviewed during the second half of 2018. The current estimated refurbishment cost of the Boys' School refurbishment and partial redevelopment project is £44m. The Boys' School governors are currently working with the Trustees, the Education Skills and Funding Agency (ESFA) and Islington Local Authority on identifying the funding necessary to deliver the project. The methods and sources of funding for this redevelopment are yet to be finalised.

Fixed Assets

Details of the Foundation's tangible fixed assets are disclosed in note 10 to the accounts.

Investment Policy

Following a strong start to the period, the long-awaited correction in global equities finally arrived in February 2018 with the majority of financial assets suffering some sort of setback. Investors had enjoyed a prolonged period of low volatility until mid-January when this trend ended with volatility increasing through February and March. February saw global equity markets fall from their highs in January albeit rebounding by roughly half that amount before selling off again in March.

Over the year to 31 March 2018, the Rathbone portfolio returned 2.4%,

For the year in question the 3 portfolios at JM Finn & Co the main portfolio added +0.3% although performance was held back by the large capital withdrawal earlier in the period. The Bendy I portfolio returned +1.5% whilst the Bendy II portfolio added +5.5%. The bespoke benchmark returned +1.1%.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONT)
YEAR ENDED 31 MARCH 2018

Investment Policy (cont)

As at 31 March 2018, the Rathbone portfolio is valued at £13,714,711 and is producing an income of £377,452, equivalent to a yield of 2.70%.

As at 31 March 2018, the main JM Finn portfolio is valued at £16,831,208 and is producing an income of £546,802, equivalent to a yield of 2.01%. No2 account is valued at £9,839,148 and is producing an income of £55,248, equivalent to a yield of 0.56%. Bendy 1 account is valued at £516,727 and is producing an income of £18,262, equivalent to a yield of 3.39%. Bendy II account is valued at £385,134 and is producing an income of £11,015, equivalent to a yield of 2.77%.

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

Reserves Policy and Financial Position

At 31 March 2018 the Foundation had total reserves of £128,512,000 which were made up as follows:

	£'000
Endowment funds	50,462
Restricted funds	992
Unrestricted funds	77,058
Total Reserves	128,512

These reserves are represented by the assets of the Foundation as follows:

The Total Assets and Reserves of the Foundation	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	Total £'000
Net book value of Fixed Assets (Freehold Property and Office Equipment)	67,267	-	6,528	73,795
<i>Current assets and investment as per the Balance sheet on page 13</i>				
Investments at market value	4,169	678	37,139	41,986
Cash	6,187	314	6,795	13,296
Net other assets and liabilities	(565)	-	-	(565)
Total current assets & investments	9,791	992	43,934	54,717
Total Assets	77,058	992	50,462	128,512

Obviously the fixed assets of the Foundation are not available for distribution. And the use of the current assets and investments is restricted in various ways, as follows:

Availability of current assets and investments	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	Total £'000
Total current assets and investments (as above)	9,791	992	43,934	54,717
Less funds already earmarked in some way:				
1. Designated to cover the present value of the Foundation's commitment to the Girls' School PFI project.	(2,710)	-	-	(2,710)
2. Set aside to cover bursaries and prizes	-	-	(1,000)	(1,000)
3. To be used to facilitate the Boys' School development project	-	-	(23,000)	(23,000)
4. Restricted to the uses specified in their restricted funds	-	(992)	-	(992)
Subtotal of amounts already earmarked in some way	(2,710)	(992)	(24,000)	(26,702)
Current assets and investments potentially available for other purposes	7,081	-	19,934	27,015

As shown above, the reserves available to the Foundation which have not been already been in some way earmarked are £27,015,000 (the 'available reserves'). It should be noted that (as shown above) only £7,081,000 of this is unrestricted (the 'free reserves' of the Foundation). The rest (£19,934,000) is part of the permanent endowment of the Foundation.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONT)
YEAR ENDED 31 MARCH 2018

Reserves Policy and Financial Position (cont)

With respect to each of the categories identified above:

1. Designated funds

The trustees have designated a reserve of £2,710,000 million representing the present value of the Foundation's commitment to the Girls' School's PFI contract.

2. £1,000,000 of the endowment fund has been set aside to provide grants and bursaries to assist former pupils of the schools entering further education in addition to the restricted funds referred to below.

3. The trustees intend to use up to £23,000,000 of the endowment fund to facilitate the Boys' School refurbishment and partial redevelopment project. The trustees have applied to the Charity Commission and have received permission to release part of these funds from the permanent endowment being a minimum of £13.85m and further sums if required.

4. Restricted funds

Restricted funds of £992,000 comprise monies restricted to particular purposes, particularly the award of bursaries, prizes, grants and scholarships. Further details are given in note 14 to the accounts

In formulating their reserves policy, the trustees have taken account of the available reserves (£27,015,000) and the proportion considered to be free reserves (£7,081,000). At the present investment return of 2.35%, the available reserves would produce an income of approximately £640,000 per annum. It is the trustees' intention to seek to maintain a reserve fund which continues to produce this level of annual income (adjusted for inflation). As regards this income it will be the trustees' policy, after taking account of the reserves position and after paying or providing for the Foundation's costs, expenses and liabilities, to regard it as available for distribution to the beneficiaries.

The trustees would like to designate further reserves to establish a sinking fund or maintenance reserve to maintain the Foundation's freehold property in good repair. They have not been able to make any proposal at present because of changes to the provision of public money for capital expenditure in schools. Should one or both beneficiaries become academies, the present arrangement whereby the Foundation "tops up" monies received from the local authorities would no longer operate; academies must apply to the EFA for capital grants. When the position becomes clearer the committee would wish to review this matter with the intention of broadly replicating or improving on the current position.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
TRUSTEES' REPORT (CONT)
YEAR ENDED 31 MARCH 2018

STATEMENT OF TRUSTEES' RESPONSIBILITIES

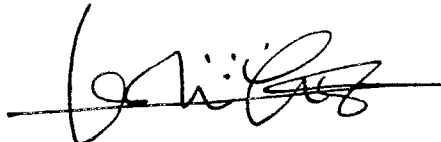
The directors of the corporate trustee ('the Trustees') are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 18th October 2018
and signed on its behalf by



THE CENTRAL FOUNDATION SCHOOLS OF LONDON
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of The Central Foundation Schools of London (the 'charity') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including the principal 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).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 2018 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.

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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustee has 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 trustee is 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 we do not express any form of assurance conclusion thereon.

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.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE (CONT)
YEAR ENDED 31 MARCH 2018

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the directors of the corporate trustee ('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.

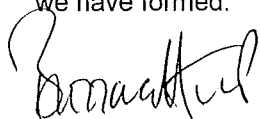
In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity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

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

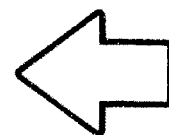
This report is made solely to the charity's trustee in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to it in an auditor's 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 charity's trustee for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

27/4/18

Buzzacott LLP is eligible to act as an 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 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
INCOME						
Donations and legacies	2					
Dulwich Estate		1,604	-	-	1,604	714
Investment income	3					
Rental income		6	-	-	6	6
Bank and other interest		14	-	-	14	20
Dividend income		1,066	26	-	1,092	1,459
Total income		<u>2,690</u>	<u>26</u>	<u>-</u>	<u>2,716</u>	<u>2,199</u>
EXPENDITURE						
Cost of raising funds						
Investment management fees	4	27	3	180	210	240
Charitable activities						
Support to schools	5, 6	2,063	11	68	2,142	2,656
Total expenditure		<u>2,090</u>	<u>14</u>	<u>248</u>	<u>2,352</u>	<u>2,896</u>
Net income (expenditure) before gains (losses) on investments		600	12	(248)	364	(697)
Net losses on investments	11	(57)	(14)	(444)	(515)	(6,609)
Net income (expenditure) and net movement in funds		<u>543</u>	<u>(2)</u>	<u>(692)</u>	<u>(151)</u>	<u>(5,912)</u>
Reconciliation of funds						
Balances brought forward at 1 April 2017		<u>76,515</u>	<u>994</u>	<u>51,154</u>	<u>128,663</u>	<u>122,751</u>
Balances carried forward At 31 March 2018		<u>77,058</u>	<u>992</u>	<u>50,462</u>	<u>128,512</u>	<u>128,663</u>

The notes on pages 15 to 22 form part of these accounts.

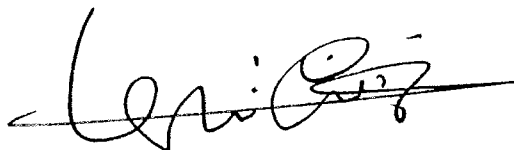
THE CENTRAL FOUNDATION SCHOOLS OF LONDON
BALANCE SHEET
31 MARCH 2018

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
FIXED ASSETS						
Tangible assets	10	67,267	-	6,528	73,795	72,979
Investments	11	4,169	678	37,139	41,986	51,471
Total Fixed Assets		<u>71,236</u>	<u>678</u>	<u>43,667</u>	<u>115,781</u>	<u>124,450</u>
CURRENT ASSETS						
Debtors	12	110	-	-	110	56
Cash at bank and in hand		<u>6,079</u>	<u>314</u>	<u>6,795</u>	<u>13,188</u>	<u>5,153</u>
Total Current Assets		6,189	314	6,795	13,298	5,209
CURRENT LIABILITIES						
Creditors	13	<u>(567)</u>	<u>-</u>	<u>-</u>	<u>(567)</u>	<u>(996)</u>
NET CURRENT ASSETS		<u>5,622</u>	<u>314</u>	<u>6,795</u>	<u>12,731</u>	<u>4,213</u>
TOTAL NET ASSETS		<u>77,058</u>	<u>992</u>	<u>50,462</u>	<u>128,512</u>	<u>128,663</u>
<i>THE FUNDS OF THE CHARITY:</i>						
PERMANENT ENDOWMENT FUNDS	14	-	-	50,462	50,462	51,154
RESTRICTED FUNDS	14	-	992	-	992	994
UNRESTRICTED FUNDS	14					
General operational fund		12,248	-	-	12,248	10,714
Designated fund		2,710	-	-	2,710	3,000
Revaluation reserve		<u>62,100</u>	<u>-</u>	<u>-</u>	<u>62,100</u>	<u>62,801</u>
TOTAL FUNDS		<u>77,058</u>	<u>992</u>	<u>50,462</u>	<u>128,512</u>	<u>128,663</u>

Approved by the Board of Trustees on
and signed on its behalf by

Trustee

06 March 2018



THE CENTRAL FOUNDATION SCHOOLS OF LONDON
STATEMENT OF CASH FLOWS
31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	(450)	(856)
Cash flows from investing activities:			
Dividends and interest from investments		1,056	1,513
Proceeds from the disposal of investments		4,976	24,330
Purchase of investments		(15,324)	(5,226)
Purchase of fixed assets		(1,541)	(1,684)
Net cash provided by (used in) investing activities		(10,833)	18,933
Change in cash and cash equivalents in the year		(11,283)	18,077
Cash and cash equivalents at 1 April 2017	B	25,170	7,093
Cash and cash equivalents at 31 March 2018	B	13,887	25,170

Notes to the statement of cash flows for the year to 31 March 2018:

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

	2018 £'000	2017 £'000
Net movement in funds (as per the statement of financial activities)	(151)	5,912
Adjustments for:		
Depreciation charge	770	735
Losses on investments	515	6,609
Dividends and interest from investments	(1,106)	(1,479)
Increase in debtors	(4)	-
(Decrease) increase in creditors	(474)	585
Net cash used in operating activities	(450)	(856)

B Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	5,153	6,103
Cash with investment advisors	20,017	990
Total cash and cash equivalents at 1 April 2017	25,170	7,093
Cash at bank and in hand	13,188	5,153
Cash held by investment advisors	699	20,017
Total cash and cash equivalents at 31 March 2018	13,887	25,170

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2018

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 2018.

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) 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.

c) 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 2019, 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).

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (CONT)
YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (CONTINUED)

d) 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.

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.

e) 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.

f) 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.

The Foundation on academisation will need to grant a lease at an undervalue on the buildings occupied by the Boys School to the multi-academy trust which will operate the Boys' School.

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.

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (CONT)
YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (CONTINUED)

f) Tangible Fixed Assets and Depreciation (continued)

Office equipment costing more than £1,000 is included at cost and depreciated at a rate of 25% per annum on a straight line basis.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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 (CONT)
YEAR ENDED 31 MARCH 2018

2. DONATIONS AND LEGACIES

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
Dulwich estate	1,599	-	-	1,599	714
Legacies	5	-	-	5	-
2018 Total funds:	1,604	-	-	1,604	714
2017 Total funds	714	-	-	714	

3. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
Rental income	6	-	-	6	6
Bank and other interest	14	-	-	14	20
Dividend income	1,066	26	-	1,092	1,459
2018 Total funds	1,086	26	-	1,112	1,485
2017 Total funds	1,461	24	-	1,485	

4. COST OF RAISING FUNDS

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
2018 Total funds:					
Investment management fees	27	3	180	210	240
2017 Total funds	26	3	211	240	

5. CHARITABLE ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
Support to schools (note 6)	1,286	11	-	1,297	1,868
Depreciation charge (note 10)	702	-	68	770	735
Governance costs (note 7)	75	-	-	75	53
2018 Total funds	2,063	11	68	2,142	2,656
2017 Total funds	2,577	11	68	2,656	

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (CONT)
YEAR ENDED 31 MARCH 2018

6. SUPPORT TO SCHOOLS	Boys' School £'000	2018 Girls' School £'000	Total £'000	2017 Total
				£'000
Grants to Schools				
Staff costs	13	10	23	31
Direct grants	293	437	730	1,492
Girls' School PFI payment	-	290	290	290
Academisation	43	-	43	-
Total	349	737	1,086	1,813
School Premises Costs				
Other costs	5	-	5	4
Awards and Prizes	8	3	11	11
Support costs				
Staff costs	9	2	11	11
Academisation	107	-	107	-
Total	116	2	118	11
Other costs				
Printing, stationery, postage and telephone	1	-	1	6
Computer support	5	1	6	6
150 year celebration	-	-	-	7
Legal and professional	65	-	65	7
Repairs and renewals	2	-	2	1
Insurance	2	1	3	2
Total	75	2	77	29
2018 Total funds	553	746	1,297	1,868
7. GOVERNANCE COSTS			2018 £'000	2017 £'000
Auditor's remuneration for audit			12	11
Auditor's other advice			3	-
Trustee indemnity insurance			3	3
Professional fees			11	7
Incorporation fees			15	-
Staff costs			31	32
2018 Total funds			75	53
8. TOTAL STAFF COSTS			2018 £'000	2017 £'000
Salaries			72	76
Social security costs			4	4
Pension costs			3	3
			79	83

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (CONT)
YEAR ENDED 31 MARCH 2018

8. TOTAL STAFF COSTS (CONTINUED)

The average number of employees in the year was 2 (2017 - 2), neither of whose emoluments exceeded £60,000. The Foundation also pay the costs of part-time clerks to the Boys' and Girls' School.

9. 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.

10. TANGIBLE FIXED ASSETS

	Office Equipment £'000	Freehold Property £'000	2018 Total £'000
Cost or valuation As at 1 April 2017	2	75,182	75,184
Additions	-	1,586	1,586
Cost or valuation As at 31 March 2018	2	76,768	76,770
Depreciation As at 1 April 2017	-	2,205	2,205
Charge for year	1	769	770
As at 31 March 2018	1	2,974	2,975
Net book value As at 31 March 2018	1	73,794	73,795
As at 31 March 2017	2	72,977	72,979

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.

11. INVESTMENTS AT MARKET VALUE

	Endowment Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	2018 Total £'000	2017 Total £'000
Listed Investments	36,463	4,162	662	41,287	31,454
Dealing Account	676	7	16	699	20,017
	37,139	4,169	678	41,986	51,471

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (CONT)
YEAR ENDED 31 MARCH 2018

11. INVESTMENTS AT MARKET VALUE (CONTINUED)

SUMMARY OF SHARES AND OTHER SECURITIES

	Endowme nt Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	2018 Total £'000
As at 1 April 2017	27,925	2,907	622	31,454
Additions	13,542	1,672	110	15,324
Disposals	(4,560)	(360)	(56)	(4,976)
Realised and unrealised gains	(444)	(57)	(14)	(515)
As at 31 March 2018	<u>36,463</u>	<u>4,162</u>	<u>662</u>	<u>41,287</u>

COST OF INVESTMENTS

31 March 2018	<u>32,239</u>	<u>3,558</u>	<u>525</u>	<u>36,322</u>
<i>31 March 2017</i>	<i><u>22,627</u></i>	<i><u>2,216</u></i>	<i><u>475</u></i>	<i><u>25,318</u></i>

12. DEBTORS

	2018 £'000	2017 £'000
Prepayments	5	1
Accrued income	<u>105</u>	<u>55</u>
	<u>110</u>	<u>56</u>

13. CREDITORS

	2018 £'000	2017 £'000
Trade creditors	49	120
Other creditors	272	701
Accruals	<u>246</u>	<u>175</u>
	<u>567</u>	<u>996</u>

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (CONT)
YEAR ENDED 31 MARCH 2018

14. ANALYSIS OF CHARITABLE FUNDS

	At 1 April 2017	Income	Resources expended	Losses on investments	Transfers between funds	At 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Permanent endowments						
Dulwich Estate	10,167	-	(35)	(60)	-	10,072
Newman Trust	2	-	-	-	-	2
Mrs Irene Buckman	22	-	-	-	-	22
Investment property Fund						
City Road	33,290	-	(188)	(324)	-	32,778
College Terrace	7,673	-	(25)	(60)	-	7,588
Total	51,154	-	(248)	(444)	-	50,462
Restricted funds						
Prizes and grants	166	4	(6)	(2)	-	162
Bendy	823	22	(8)	(12)	-	825
Newman Trust	3	-	-	-	-	3
Mrs Irene Buckman	2	-	-	-	-	2
Total	994	26	(14)	(14)	-	992
General operational Fund	10,714	2,690	(1,099)	(57)	-	12,248
Designated fund	3,000	-	(290)	-	-	2,710
Revaluation reserve	62,801	-	(701)	-	-	62,100
Total	76,515	2,690	(2,090)	(57)	-	77,058
Total	128,663	2,716	(2,352)	(515)	-	128,512

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 land bordering City Road, and land at 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 trustees intend to use approximately £23,000,000 of the endowment fund in the carrying out of the Boys' School refurbishment and partial redevelopment project. The Charity Commission has granted permission for part of the fund to be used for Phase 1 of the project..

THE CENTRAL FOUNDATION SCHOOLS OF LONDON
NOTES TO THE ACCOUNTS (CONT)
YEAR ENDED 31 MARCH 2018

14. 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 and Mrs 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 designated fund represents reserves set aside by the trustees to cover the present value of the Foundation's commitment to the Girls' School PFI contract.

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