

Reports and Financial Statements

For the year ended 31st July 2017

The Guildhall School Trust

Company limited by guarantee
registration number 04041975
(England and Wales)

Charity registration number 1082472

The Guildhall School Trust

Company Information

President	The Rt Hon The Lord Mayor
Trustees	Deputy John Bennett Alderman David Graves Richard Griffith-Jones Michael Hoffman Professor Barry Ife (Resigned 24 th January 2017) Martin Moore Ken Ollerton Andrew Peck (Resigned 24 th January 2017) Timothy Pethybridge Melissa Scott Lynne Williams (Appointed 11 th April 2017)
Company Secretary	Niki Cornwell
Company Registration Number	04041975
Registered Charity Number	1082472
Principal Address	Guildhall School of Music & Drama Silk Street London EC2Y 8DT
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 54 Lombard Street London EC3P 3AH Bank of Scotland 600 Gorgie Road Edinburgh EH11 3XB
Investment Managers	Cazenove Capital 100 Wood Street London EC2V 7ER Sarasin & Partners LLP Juxon House 100 St Pauls Churchyard London EC4M 8BU

The Guildhall School Trust

Company Information

Solicitors

Bates Wells Braithwaite
10 Queen Street Place
London EC4R 1BE

Stone King
13 Queen Square
Bath
BA1 2HJ

Governing Deed

Memorandum & Articles of Association

The Guildhall School Trust

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The Guildhall School Trust

REPORT OF THE TRUSTEES

1. Introduction to The Guildhall School Trust

A new charitable company, The Guildhall School Trust (“the Trust”), was registered with the Charity Commission on 20th September 2000 under Registration No: 1082472, having previously been incorporated as a private limited company on 27th July 2000.

Registration with the Charity Commission enabled the intended amalgamation into the new company of three previously established charities, these being The Guildhall School of Music and Drama Foundation, The Friends of Guildhall School of Music and Drama Trust and The Guildhall School of Music and Drama Trust Fund.

Despite work under way to modernise the constitution, at present The Guildhall School Trust continues to be governed by its original Memorandum, Objects and Articles of Association. The objects of the Charity are to advance the education of students attending, or intending to attend, for instruction at The Guildhall School of Music & Drama (“the Guildhall School”) in music or drama (including stage management) and any other object considered by the Trustees to be beneficial to the promotion of music and drama (including stage management) at the Guildhall School.

During the current year, Trustees have initiated a process to modernise the Trust’s Articles of Association, using the current Charity Commission ‘template’ as a starting point. Revised draft Articles have been agreed in principle by Trustees after the year end and were submitted to the Charity Commission for approval in November 2017.

The new Articles will include new Objects for the Charity. As covered in last year’s Report, Trustees are keen to ensure that the original objects of the Trust are ‘modernised’ to embrace all current activities across the Guildhall School. The new objects, closely modelled on the original ones, are worded as follows:

For the public benefit, anywhere in the world:

- to advance the education of students and prospective students (“students”) of the Guildhall School of Music & Drama (“the Guildhall School”) in music or drama (including stage management and related production and design) and any other object considered by the Trustees to be beneficial to the promotion of music and drama (including stage management and related production and design) at the Guildhall School; and
- to support any charitable purpose in which the Guildhall School or any student may engage and which

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promotes music or drama (including stage management and related production and design).

These revised Objects have already been approved by the Charity Commission and, once the Charity Commission has also approved the new Articles, both will be adopted by a special resolution at a meeting of the members of the company in accordance with Section 288 of the Companies Act 2006. It is anticipated that all this will be concluded during the 2017/2018 academic year.

2. Introduction to the Guildhall School of Music & Drama

The Guildhall School is a vibrant, international community of young musicians, actors and theatre technicians in the heart of the City of London. Selected as one of the top ten institutions for performing arts in the world (QS World University Rankings 2016) and the top-rated conservatoire in the Guardian University Guide 2017 league table for Music, the School is a global leader of creative and professional practice which promotes innovation, experiment and research, with over 900 students in higher education, drawn from nearly 60 countries around the world. It is also the UK's leading provider of specialist music training at the under-18 level with nearly 2,500 students in Junior Guildhall and Centre for Young Musicians. The School is widely recognised for the quality of its teaching and its graduates, and its new building, Milton Court which opened in September 2013, offers state-of-the-art facilities to match the talent within its walls, ensuring that students enter their chosen profession at the highest level.

3. Structure, Governance and Relationship with the School

Under its current constitution, the Trust is governed by a Board of up to 15 Trustees, which annually elects a Chairman. Trustees may serve for a maximum of nine years and, amongst other things, ensure that the Trust's actions, and all actions taken on its behalf, are always in compliance with its governing document and all other appropriate laws and regulations. Stone King and Bates Wells Braithwaite have provided legal advice and guidance to Trustees on various matters during the year.

Decisions taken are always done so against a backdrop of acting prudently and in the Trust's best interests and Trustees have complied with Section 17 of the Charities Act 2011 to have due regard to Public Benefit guidance published by the Charity Commission. All Trustees give their time voluntarily and receive no benefit from the Trust. A register of interests is kept up to date throughout the year; it is reviewed at the start of each meeting of the Trust and Trustees clearly understand the importance of avoiding situations where personal interests may conflict with their duty to the Trust.

Trustees are appointed for a term of three years and shall be eligible for re-election for two further terms of three years. Details of current Trustees and the term of their appointment are recorded below:

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Trustee	End of current term	Number of terms served
Alderman David Graves	30 th June 2018	One
Mr Richard Griffith-Jones	24 th October 2019	Two
Mr Michael Hoffman	24 th September 2018	One
Mr Martin Moore	23 rd June 2020	Three
Mr Ken Ollerton	11 th February 2018	One
Mr Tim Pethybridge	14 th January 2019	Three
Ms Melissa Scott	20 th June 2018	Two

In addition to the above, two Trustees are Ex officio Directors, these being:

- a) the Chair of the Governors of The Guildhall School and
- b) the Principal of The Guildhall School.

The Chair of Governors is currently Deputy John Bennett and Lynne Williams succeeded Professor Sir Barry Ife CBE as Principal of the Guildhall School in January 2017.

Further Trustee appointments and succession management will have regard to the importance of building a suitably resourced and diverse Board whilst maintaining an appropriate balance of skills to provide effective governance of the Trust as well as effective and proactive oversight of fundraising strategies and management activities provided on its behalf.

Related Party Transactions: As noted above, Trustees include Lynne Williams, Principal of the School, Deputy John Bennett, Chair of the Board of Governors of the School and Governors, Alderman David Graves and Michael Hoffman. The Finance Department of the Barbican Centre and School serve as accountants for the Trust, with the School's Development and Alumni Relations Office co-ordinating all fundraising and engagement activity in accordance with the Trust's charitable objectives. Grants and gifts in kind made to

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related parties are detailed in *[Note 12]* of the Financial Statements.

Risk Management: The Trust has an established Risk Register, which broadly categorises the risks the Trust is exposed to under five main headings of Governance, Operational, Finance and Investment, Regulatory, and Environment and Operational. The Register is reviewed periodically by Trustees, by the Finance Department of the Guildhall School and Barbican Centre, in its capacity as the Trust's accountants and by the Development Office of the School, which provides fundraising and administrative support. The periodic review, against an ever-changing economic and regulatory backdrop, considers whether the Register continues to be current and comprehensive, the likelihood and potential impact of included risks and the continued efficacy of key mitigating actions.

The current principal risks faced by the Trust relate to investment and regulation. The former centres on the ability of the Trust to preserve its grant giving capacity through the effective management of its endowed and non-endowed funds, and the latter to ensuring that high standards of compliance are maintained in the fast changing and ever more demanding regulatory environment affecting charities.

During 2016/17 Trustees have sought to manage the investment risk through consolidation of the Trust's investments and the granting of two new mandates to experienced Investment Managers. These discretionary mandates adopt strategies that maintain carefully diversified portfolios and that should help deliver the Trust's stated objective of maintaining real spending power from the portfolios over the longer term.

Work continues to mitigate regulatory risk, including preparations in advance of the introduction of new regulations coming into force in relation to The General Data Protection Regulation (GDPR) and also ensuring compliance with the standards for charitable fundraising as set by the Fundraising Regulator and the code of fundraising practice for the UK.

4. Key Activities and Achievements of the Development Office

The School's Development & Alumni Relations Office (DARO) saw a number of key staff changes during the 2016/17 period: most notably the departure of the Head of Development after 11 years in post, but also the launch of a new Engagement function (5 FTE including 3 new posts, focused on regular giving, alumni relations, communications and stewardship) and new staff taking over existing roles of Data Manager and the two Deputy Head positions. While the temporary vacancies for some positions inevitably led to some impact on DARO activity, particularly the delay of a planned direct mail campaign until 2017/18, this also created opportunity for essential long-term strategic planning to align the priorities of DARO with those of the new Principal, Lynne Williams, who launched a new strategic vision for the School during the year. Graham Pelton Consulting, who carried out the initial feasibility study in 2016 for a major fundraising campaign, were

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commissioned to implement the recommendations of the study, including significant changes to the use of data and prospect management, the development of a new 'case for support', and the recruitment of a Vice Principal & Director of Advancement to start in 2018.

Despite the changes in staffing, scholarship donations to the Trust were significantly higher than budget. Overall just under £888k was raised for Scholarships against a target income of £738k. Donations from trust and foundations and individuals in particular were much higher than forecast.

DARO also undertook substantial planning work during the year on behalf of both the School and the Trust to prepare for the forthcoming General Data Protection Regulation, which comes into force in May 2018, and the launch of the new Fundraising Regulator, both of which have significant implications for charities and will require careful management to ensure the responsibilities of the School and the Trust are carried out effectively.

The Trustees continue to actively support event-led fundraising and cultivation activities of the School including the annual Summer Gala and Take to the Stage evenings. They are also committed to working with the School's newly appointed Vice Principal & Director of Advancement to contribute ideas and support his vision for fundraising and stakeholder engagement.

5. Grant-giving Support Provided to the School

During the year, the Trust gave a grant of £1,632,000 to the School for scholarship support. This formed the significant portion of the scholarship funds of the School, and allowed a substantial number of students – the performers, teachers and leaders of the future - to study at the School regardless of their financial status or background. In any given year, over 40% of Guildhall School students receive scholarship support in this way. Many perform in public settings throughout their studies, enriching the cultural life of London and the nation. The Trust also facilitated the giving of £21k of direct awards to students (where the funder has specified which student should receive the award.)

In addition, the Trust also gave grants towards specific Creative Learning projects led by Guildhall School students, including music projects in hospital settings and ensembles working with community groups in East London.

6. Financial Management and Investment Management

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Financial Management

The financial statements have been prepared in accordance with the accounting policies set out in *[Note 1]* of the Financial Statements and comply with the Trust's Memorandum and Articles of Association. They are also in accordance with applicable laws and the 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 1st January 2015 or later.

A summary of the results for the year can be found on *[page 14]* of the Financial Statements.

Total income for the year amounted to £1,905,033 (2016 Restated: £1,847,287). Of this, £1,457,128 (2016 Restated: £1,432,640) was donations and legacies, £408,140 (2016 Restated: £386,973) was investment income and £39,765 (2016 Restated: £27,674) relates to income from events.

Set off against this income was £1,885,760 (2016 Restated: £1,381,408) of expenditure, £58,092 (2016 Restated: £45,388) related to the cost of raising funds and £1,827,668 (2016 Restated: £1,336,020) related to charitable activities, including grants to the Guildhall School and associated support costs.

Once expenditure is deducted from income, the charity shows a surplus of £19,273 (2016 Restated: £465,879). Gains of £850,310 (2016 Restated: losses of £4,378) on listed investments led to an overall increase in funds of £869,583 (2016 Restated: £461,501).

Restricted Endowments: During the year, the Trust continued its review of endowed funds. It made application to the Charity Commission for its consent to resolutions passed by the Trustees pursuant to Section 282 of the Charities Act in respect of eight permanently endowed funds, to the effect that the purposes of each of the eight funds could be carried out more effectively if the capital of each fund could be expended as well as the income accruing to it. By its letter of 24th May 2017, the Charity Commission gave its consent to all the resolutions with effect from the date of the letter. The eight funds totalled approximately £360,000.

In respect of one of the eight funds, the Trust made further application to the Charity Commission for its consent to a resolution passed by Trustees pursuant to Section 275 of the Charities Act to the effect that the Trust was satisfied that it was expedient in the interests of the particular fund to change its purposes. By its letter dated 24th May 2017, the Charity Commission confirmed that they were satisfied that the Trust's resolution met the requirements of the Act. Pursuant to this letter, the change of purpose became effective on 1st July 2017.

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By resolution dated 17th July 2017, the Trustees, pursuant to their powers under Section 281 of the Charities Act, resolved to release the capital of some 19 funds whose income, during the financial year ended 31st July 2016, did not exceed £1,000, from restrictions with respect to the expenditure of that capital. The 19 funds totalled approximately £200,000.

Over the coming year, 2017/2018, the Trust will review some 86 further endowments to determine whether it is appropriate, and possible pursuant to the Charities Act, for any of them to be derestricted. The Trust will continue to take advice from Bates Wells Braithwaite and Charity Commission approval will be sought where required.

Rationalisation of the Trust's Bank Accounts: The Trust has three bank accounts, one at the Bank of Scotland (BOS) and two at Barclays Bank. Trustees agreed to rationalise the bank accounts in 2017. The first stage will be to close the BOS account and transfer any funds to the main Barclays account – this will be completed by March 2018. The next stage will be to close the second historic Barclays account and transfer any existing payees to the main Barclays Account - this will be complete by July 2018.

Reserves Policy: The current policy of the Trustees is to maintain a level of reserves sufficient to cover all expenses of the Trust (that are not donated services) for a minimum period of 12 months (currently in the region of £70,000). Beyond this, and having regard to the present objective of consistently meeting the annual pre-agreed Scholarship funding target for the School and its students, the Trust will maintain further reserves (cash at bank and unrestricted investments) at a level equivalent to approximately 25% of the figure anticipated in the next three years as unrestricted donations (approximately £330,000).

During a period of heightened financial uncertainty, this Reserves Policy is considered prudent and should enable the Trust to consistently meet future Scholarship funding requests at or around the current level, compensating for any short-term reduction in philanthropic income as the School transitions to its new strategic plan.

Reviewing Grant-giving Policy: The current model for Scholarship funding is being discussed with the School and the appropriateness of the Trust's present Reserves Policy will be reconsidered during the coming year once any preferred revised arrangements are agreed by Trustees.

After the aforementioned review of endowed funds, the Trust had the following reserves and funds as at 31st

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July 2017:

- a) Unrestricted Funds of £1,632,738 (2016 Restated: £1,158,217)
- b) Restricted Funds of £1,715,896 (2016 Restated: £1,630,198)
- c) Endowment Funds of £8,447,972 (2016 Restated: £8,138,607)*

* *These Funds include both restricted and unrestricted endowments.*

Investment Management and Policy

At the beginning of the current year, the Trust's funds were invested with Cazenove Capital, Ruffer and M&G. In addition, funds were also held in the City Corporation Charities Pool, and there was a small direct real estate investment in Harold Wood, Essex. In last year's Report it was mentioned that a review of Investment Managers and investment policy was proposed by Trustees during 2016/2017.

At the outset of the review, it was recognized that income from the invested funds remains an important component of the Charity's grant contribution to the School. The level of expenditure currently targeted represents a yield of between 3-4% and Trustees wished to maintain this. Nonetheless, over the longer term, the principal threat to real spending power is inflation. This is, of necessity, a very long-term view so where Trustees are prepared to accept some risk in terms of medium and short-term volatility, it was deemed important that they have a long-term benchmark that ensures real spending power is maintained. As a consequence, a benchmark of CPI plus 4% was considered a suitable target to protect the assets of the Trust from inflation. Prospective investment managers were asked to present proposals for management of the portfolio with a suitable asset allocation to achieve this.

A process was approved whereby a sub-committee of Trustees reviewed the existing managers as well as inviting two new managers to participate in the selection process before making recommendations to the Trustees for their final approval. In addition to specific investment proposals, each manager was asked to describe their policies regarding the screening of investments for environmental, social and governance issues to ensure that investment decisions would take into account the ethics and values of the Trust.

After a rigorous process, decisions were taken to appoint Sarasin and to re-appoint Cazenove Capital to manage two 'aggregated' portfolios for the Trust. The process of transition from the incumbent managers took slightly longer than expected but was achieved shortly after the Year-End. Trustees carefully monitored the transition process and ensured that the Trust was at no time disadvantaged and remained fully invested throughout.

The two new managers are now established with mandates agreed by the Trustees and a process of regular

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monitoring is in place.

7. Trustees' Responsibilities for Producing Report and Accounts

The Trustees (who are also directors of The Guildhall School Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 Trust and of the income and expenditure of the Trust 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 Accounting and Reporting by Charities: Statement of Reporting Standard applicable in the UK 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 Trust 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 Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- the Trustee has taken all the steps necessary to be aware of any relevant audit information and to establish that the Trust's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The above report has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the Board of Trustees

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Martin Moore
Chair

Date: 8th February 2018

The Guildhall School Trust
Silk Street
Barbican
London
EC2Y 8DT

Registered Charity Number 1082472

The Guildhall School Trust

Independent auditor's report to the members of The Guildhall School Trust

Opinion

We have audited the financial statements of The Guildhall School Trust (the 'charitable company') for the year ended 31 July 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members 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 charitable company's affairs as at 31 July 2017 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 Companies Act 2006.

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 charitable company 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 charitable company'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.

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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.

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

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As explained more fully in the trustees' responsibilities statement, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.



Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

27 February 2018

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STATEMENT OF FINANCIAL ACTIVITIES

For the Year Ended 31st July 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2017 £	Unrestricted funds	Restricted funds	Endowment funds	Total Funds 2016 (Restated) £
Income and Endowments from:									
<i>Donations and Legacies</i>									
Grants and Donations for Scholarships		119,726	768,252	-	887,978	43,621	873,029	-	916,650
Other Grants and Donations		-	57,101	-	57,101	-	130,341	-	130,341
Prizes		-	8,050	-	8,050	-	13,100	-	13,100
Bequests and Endowed gifts	4	20,000	250,769	183,910	454,679	148,366	33,830	121,194	303,410
Donations to "Guildhall Circle"		-	-	-	-	19,819	-	-	19,819
Donated Services		49,320	-	-	49,320	49,320	-	-	49,320
<i>Other Trading activities</i>									
Events		-	39,765	-	39,765	-	27,674	-	27,674
<i>Investments</i>									
Property Income		-	10,500	-	10,500	-	10,075	-	10,075
Scholarships		-	329,234	-	329,234	-	327,457	-	327,457
Unrestricted		47,590	-	-	47,590	28,592	-	-	28,592
Prizes		-	6,807	-	6,807	-	6,547	-	6,547
Other		-	14,009	-	14,009	-	13,476	-	13,476
Interest receivable		-	-	-	-	826	-	-	826
Total income		236,636	1,484,487	183,910	1,905,033	290,544	1,435,549	121,194	1,847,287
Resources expended									
<i>Expenditure on raising funds</i>									
Fundraising & Event costs		1,694	23,471	-	25,165	1,694	18,619	-	20,313
Promotional expenditure (Donated Service)		15,000	-	-	15,000	15,000	-	-	15,000
Investment Management Fees		17,927	-	-	17,927	10,075	-	-	10,075
<i>Expenditure on Charitable Activities</i>									
Scholarship grants to Guildhall		7,490	1,632,000	-	1,639,490	7,490	1,105,626	-	1,113,116
Grants for Non Scholarship Activity		-	71,110	-	71,110	-	143,815	-	143,815
Prizes		-	21,459	-	21,459	-	37,414	-	37,414
Other Costs		95,609	-	-	95,609	41,675	-	-	41,675
Total resources expended	5	137,720	1,748,040	-	1,885,760	75,934	1,305,474	-	1,381,408
Net income (expenditure) before gains (losses) on investments		98,916	(263,553)	183,910	19,273	214,610	130,075	121,194	465,879
Net gain(losses) on listed investments		97,271	78,862	674,177	850,310	5,006	3,661	(13,045)	(4,378)
Net income (expenditure)		196,187	(184,691)	858,087	869,583	219,616	133,736	108,149	461,501
Transfer between funds		278,334	270,388	(548,722)	-	-	-	-	-
Net movement in funds		474,521	85,697	309,365	869,583	219,616	133,736	108,149	461,501
Balance brought forward		1,158,217	1,630,198	8,138,607	10,927,021	938,601	1,496,462	8,030,458	10,465,521
Balance carried forward	10	1,632,738	1,715,895	8,447,972	11,796,604	1,158,217	1,630,198	8,138,607	10,927,021

All income and expenditure in the above two financial periods was derived from continuing operations. There were no recognised gains or losses other than those included above. The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

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BALANCE SHEET

As at 31st July 2017

	Notes	31st July 2017		31st July 2016 (Restated)	
		£	£	£	£
FIXED ASSETS:					
Investments	6		10,165,476		9,348,838
Investment Property	7		<u>305,000</u>		<u>305,000</u>
Total Fixed Assets			10,470,476		9,653,838
CURRENT ASSETS:					
Debtors and prepayments	8	352,199		226,996	
Cash at bank and in hand		1,421,941		1,473,980	
Total Current assets		<u>1,774,140</u>		<u>1,700,976</u>	
CURRENT LIABILITIES:					
Creditors: Amounts falling due within one year	9	(448,011)		(427,792)	
NET CURRENT ASSETS			1,326,129		1,273,184
NET ASSETS	10		<u>11,796,605</u>		<u>10,927,022</u>
THE FUNDS OF THE CHARITY					
CAPITAL FUNDS					
Endowments	10,11		8,447,972		8,138,607
INCOME FUNDS					
Restricted Funds	10,11		1,715,895		1,630,198
UNRESTRICTED FUNDS					
General Funds	10,11		1,632,738		1,158,217
			<u>11,796,605</u>		<u>10,927,022</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The notes on pages 17 - 26 form part of these financial statements

Approved by the Board of Trustees of the Guildhall School Trust, Company Registration Number 04041975 (England/and Wales) and authorised for issue on 8th February 2018 and signed on its behalf by

Martin Moore
Chair

The Guildhall School Trust

STATEMENT OF CASH FLOWS

For the Year ended 31st July 2017

	Notes	2,017 £	2,016 £
Cash outflow from Operating Activities:			
Net cash used in operating activities	A	(414,986)	206,869
Cash inflow from investing activities:			
Dividends and interest from investments		329,275	386,971
Proceeds from disposals		4,898,643	-
Purchase of investments		(4,791,474)	(400,000)
Net Cash provided by (used in) investing activities		<u>436,444</u>	<u>(13,029)</u>
Change in cash and cash equivalents in year		21,458	193,840
Cash and cash equivalents at 1st August 2016	B	1,512,049	1,318,209
Cash and cash equivalents at 31st July 2017	B	<u>1,533,507</u>	<u>1,512,049</u>

Notes to cash flow statement for the year to 31st July 2017

A) Reconciliation of net movement in funds to net cash flow from operating activities

	2,017 £	2,016 £
Net movement in funds (as per the statement of activities)	869,583	461,501
(Gains) losses on investments	(850,310)	4,378
Dividends and interest from investments	(408,140)	(386,971)
Decrease in debtors	(46,338)	(22,763)
Increase in creditors	20,219	150,724
Net Cash used in operating activities	<u>(414,986)</u>	<u>206,869</u>

B) Analysis of cash and cash equivalents

Cash at Hand and in Bank	1,421,940	1,473,980
Cash held by Investment Managers	111,566	38,069
Total cash and cash equivalents	<u>1,533,507</u>	<u>1,512,049</u>

The Gulldhall School Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2017

1 ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared for the year to 31 July 2017.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 Trust constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- estimating the value of investment property
- estimating the liability for multi-year grant commitments

Assessment of going concern

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

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees are of the opinion that the Trust will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31st July 2018, the most significant areas that affect the carrying value of the assets held by the Trust 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).

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.

The Gulldhall School Trust

Income comprises donations and legacies, investment income and other income from fundraising events.

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. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefit on the open market.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

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.

Income from fundraising events is usually recognised in the period the event takes place.

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. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, the costs of hosting fundraising events, promotional expenditure, and an allocation of support costs.

The Gulldhall School Trust

- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants, donations, scholarships and prizes, as well as an allocation of support costs including governance costs.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

Fixed asset investments

- Listed investments are a form of basic financial instrument and 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.

The Trust does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

- Properties held for investment purposes are included in these accounts at open market value. The valuation has been determined by the trustees, with professional assistance.

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.

Debtors

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

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.

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 Trust anticipates it will pay to settle the debt.

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.

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

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

2 REMUNERATION AND REIMBURSED EXPENSES OF TRUSTEES AND KEY MANAGEMENT PERSONNEL

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

None of the Trustees received any reimbursed expenses or remuneration for their services during the year (2016: None).

3 STAFF COSTS

There were no employees or staff costs in the year. (2016: none).

The Guildhall School Trust

4 BEQUESTS AND ENDOWED GIFTS

	<u>31 July 2017</u>	<u>31 July 2016</u>
	£	£
Permanent Endowment:		
Deborah Law	120,000	-
Billy Newman	51,000	-
Ken Sephton	10,000	-
Anthony Edward Brookes	-	119,489
Stephen and Wendy Skelton	1,000	1,000
Hazel Sharples	1,910	710
	<u>183,910</u>	<u>121,194</u>
Restricted Fund Legacies		
Stella Currie	91,832	-
Muriel Green	158,936	-
Hugh Walter Stern	-	23,850
Philippa Micklethwait	-	10,000
	<u>250,769</u>	<u>33,850</u>
Unrestricted Fund Legacies		
Cecil Douglas Woodward	20,000	-
Mary Beatrice Wilson	-	114,615
Lady Beryl Mustill	-	26,295
Gillian Martin Estate	-	7,456
	<u>20,000</u>	<u>148,366</u>
Total Gifts & Bequests	<u>454,679</u>	<u>303,410</u>

The Guildhall School Trust

5 ANALYSIS OF EXPENDITURE

	Other £	Donated Service £	<u>31 July 2017</u> £	<u>31 July 2016</u> £
Cost of generating voluntary Income				
Fundraising & Events	23,471	1,694	25,165	20,313
Promotional expenditure	-	15,000	15,000	15,000
Investment Management Fees	17,927	-	17,927	10,075
	<u>41,398</u>	<u>16,694</u>	<u>58,092</u>	<u>45,388</u>
Charitable activities				
Scholarship Grant to Guildhall School	1,632,000	7,490	1,639,490	1,113,116
Grants for Non Scholarship Activity	71,110	-	71,110	143,815
Prizes	21,459	-	21,459	37,414
	<u>1,724,569</u>	<u>7,490</u>	<u>1,732,059</u>	<u>1,294,345</u>
Support Costs				
Accountancy Fees	-	15,000	15,000	15,000
Governance Costs:				
Audit Fees	13,187	-	13,187	9,072
Legal Costs	50,113	-	50,113	6,002
Other Costs	7,160	2,542	9,702	3,994
Staff Costs and Other Related Costs	13	7,594	7,607	7,607
	<u>70,473</u>	<u>25,136</u>	<u>95,609</u>	<u>41,675</u>
	<u>1,836,440</u>	<u>49,320</u>	<u>1,885,760</u>	<u>1,396,408</u>

Legal fees were substantially higher in 2016/17 due to necessary costs relating to the correct valuation and payment of a disputed endowment. As of February 2018, £36k of these costs has been recoverable.

6 LISTED INVESTMENTS

Analysis of Investments:	<u>31 July 2017</u> £	<u>31 July 2016</u> £
Investments at start of year	9,310,769	8,915,147
Additions	4,791,474	400,000
Disposals	(4,453,085)	-
Unrealised gains/(losses)	404,752	(4,378)
Investments held	<u>10,053,910</u>	<u>9,310,769</u>
Cash held as Income	111,566	38,069
Balance as at 31 July 2017	<u>10,165,476</u>	<u>9,348,838</u>
Historic Cost at 31 July*	<u>8,971,616</u>	<u>6,996,559</u>

The Guildhall School Trust

As at 31 July 2017, the following investments held were over 5% of the total portfolio value:

	£	%
M&G Charibond	773,766	7.6%
M&G Charifund	2,403,915	23.5%
M&G Global dividend fund	1,270,492	12.4%
BlakRock Institutional Cash Series Sterling Liquidity	640,437	6.3%

*Detail of the historic cost of investments purchased prior to November 2003 is not available for the Trust's investments in M&G Charifund and M&G Charibond. For the purpose of these financial statements the market value at November 2003 has been treated as base cost adjusted for subsequent additions and disposals.

7 INVESTMENT PROPERTY

	£
At valuation	
At 1 August 2016	305,000
Revaluation during period	-
At 31 July 2017	<u>305,000</u>

The historical cost of the investment property is not known. For the purpose of these financial statements the historical cost has been treated as £nil.

8 DEBTORS AND PREPAYMENTS

	<u>31 July 2017</u>	<u>31 July 2016</u>
	£	£
Gift Aid & Other Debtors	34,782	15,000
Funds Held by City of London	184,663	155,574
Investment income due	78,865	34,783
Cash In transit	53,889	21,639
	<u>352,199</u>	<u>226,996</u>

The Guildhall School Trust

9 CREDITORS: Amounts falling due within one year

	<u>31 July 2017</u>	<u>31 July 2016</u>
	£	£
Accruals & Taxation	72,195	55,932
Bursary Grant (creditors)	50,550	27,050
Guildhall Connect and Community Fund	144,616	157,990
Deferred income	180,650	186,820
	<u>448,011</u>	<u>427,792</u>

10 FUNDS

	At 1 August 2016	Income	Expenditure	Transfer between funds	Unrealised gain / (loss)	At 31 July 2017
	£	£	£		£	£
Unrestricted Fund	1,158,217	236,636	(137,720)	278,334	97,271	1,632,738
Restricted Fund Scholarship	1,615,345	1,469,630	(1,726,581)	270,388	78,862	1,707,644
Restricted Fund Prizes	14,853	14,857	(21,459)	-	-	8,251
Endowments	8,138,607	183,910	-	(548,722)	674,177	8,447,972
Total	<u>10,927,022</u>	<u>1,905,033</u>	<u>(1,885,760)</u>	<u>-</u>	<u>850,310</u>	<u>11,796,605</u>

Restricted funds are largely accumulated from undistributed endowment income and are available for distribution as restricted funds subject to the agreement of Trustees. The Restricted fund comprises both Scholarship and Prize funds. Scholarship funds are restricted to be used in the aid of paying tuition fees or maintenance of students. Prize funds are used for specific awards to students for excellence in a specified area.

The endowment funds are permanent and comprise legacies and endowments donated to the School over a number of years, the capital cannot be spent and the income is solely used for the purpose stated within the endowment.

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Total 2016 £
Fund balances at 31 July 2017 are represented by:					
Investments	1,223,275	983,139	8,264,062	10,470,476	9,653,838
Debtors	88,212	263,987	-	352,199	226,996
Cash	335,449	902,580	183,910	1,421,941	1,473,980
Current Liabilities	(14,198)	(433,813)	-	(448,011)	(427,792)
	<u>1,632,738</u>	<u>1,715,895</u>	<u>8,447,972</u>	<u>11,796,605</u>	<u>10,927,022</u>

The Guildhall School Trust

Total unrealised gains at 31 July 2017 constitute movements on revaluation of investment properties and listed investments are as follows:

	31 July 2017	31 July 2016
	£	£
Unrealised gains at 1 August	2,657,579	2,661,957
Net (losses)/gains on revaluation arising in the year	850,310	(4,378)
Loss in respect to disposals in the year	(2,120,595)	-
Unrealised gains at 31 July	1,387,294	2,657,579

12 RELATED PARTY TRANSACTIONS

Professor Barry Ife was Principal of the School until January 2017. Lynne Williams is Principal of the School from January 2017. Alderman David Graves and John Bennett acted as Governors of the Guildhall School (Guildhall School students being the beneficiaries of the Trust's grants) during the period 1 August 2016 to 31 July 2017.

Grants paid by the Trust to the School's Scholarship Fund (including the administration costs associated with the grant) amounted to £1,639,490 during the period to 31 July 2017 (2015: £1,113,316 (including administration costs)).

The Trust works with the Finance Department of the Barbican Centre and School as its accountants and benefits from promotional activity from the Guildhall School. No charge has been made to the Trust for these services which have been recognised in income and expenditure as a gift in kind for donated services with a value of £49,320 (2016: £49,320).

As at the 31st July 2017, the City of London owed the Trust £184,633 in respect of income generated by funds previously held by the City.

13 DEFERRED INCOME

The Trusts received donations totalling £180,650 (2016 £186,820) where use was specified for future years.

14 PRIOR YEAR ADJUSTMENT

Reconciliations of the opening fund balances at 1 August 2016 and 1 August 2015 as previously stated are shown below.

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2,016 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2,015 £
Fund Balances as previously stated	1,284,343	1,648,885	8,013,014	10,927,022	1,043,980	1,515,788	7,905,773	10,465,521
Adjustment in relation to error in fund classification	(106,128)	(19,467)	125,593	-	(104,440)	(20,245)	124,685	-
	1,158,217	1,630,198	8,138,607	10,927,022	939,520	1,495,543	8,030,458	10,465,521

The Guildhall School Trust

The Prior year adjustment was required as five funds were incorrectly classified at the end of 2015/16. Four of these funds were funds that the trust were looking to change from endowment to either unrestricted or restricted, but the Trust had yet to receive the approval of the Charity Commission. However in last year's accounts, the proposed change was treated as being finalised. The Trust received clearance for these funds to be changed during 2017 and this is reflected in the transfer between funds on the Statement of Financial Activities. During the year we discovered that one fund had been incorrectly treated as restricted in previous years and needed to be reclassified as endowment.

15 FUNDS HELD AS AGENT

The Trust acts as an agent in distributing sponsor led direct awards. As a result, payments of £23,500 (2016: £36,000 received on behalf of the Guildhall School have been excluded from the statement of financial activities as the charitable company does not have control over the application of the funds. Details of the sponsor led direct awards received during the year are as follows:

Donor	<u>31 July 2017</u>	<u>31 July 2016</u>
	£	
Serena M Fenwick	10,500	7,500
George Drexler Foundation	5,000	-
Mark Hawtin Charitable Trust	5,000	-
The John S Cohen Foundation	3,000	-
The Polonsky Foundation	-	10,000
The Tillet Trust	-	1,000
Society of London Theatre	-	15,000
EMI Music Sound Foundation	-	2,500
Total	<u>23,500</u>	<u>36,000</u>

An amount of £50,550 (2016: £27,050) is included in creditors relating to undistributed funds at the year end.