

Charity registration number: 314286

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

ESTABLISHED 1808 - INCORPORATED BY ROYAL CHARTER 1906

THE TWO HUNDRED AND ELEVENTH REPORT

BFSS

BRITISH & FOREIGN SCHOOL SOCIETY
Educational Opportunity for All

Charity registration number: 314286

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STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016**

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THE TWO HUNDRED AND ELEVENTH REPORT

THE BRITISH & FOREIGN SCHOOL SOCIETY

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Rt Hon David Lammy MP

VICE-PRESIDENT

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Mr S J Wordsworth MA CMG LVO

Director and principal office address

Ms Imogen Wilde (to March 2016)

Mr Dominic O'Reilly (to July 2016)

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Registered Charity No. 314286

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Property Consultants

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Stockton TS17 6BA

ANNUAL REPORT

1. Introduction

The Council present their report along with the financial statements of the Society and of the other charitable trusts for which the Society is responsible, for the year ended 31 December 2016. The financial statements have been prepared in accordance with the accounting policies set out on pages 16-17 and comply with the Society's Charter and applicable law.

2. The heritage that guides us

The British & Foreign School Society (BFSS) was formed in 1808 by Christian social reformers to carry on the work of Joseph Lancaster, a pioneer of school and teacher education. The Society was then known as "The Society for Promoting the Royal British or Lancastrian System for the Education of the Poor". It changed its name to The British & Foreign School Society in 1814, was granted a Royal Charter in 1906, and its Royal Charter, Statutes and Bye-laws were most recently updated in 2014.

With such a long history, the Society has necessarily adapted over the years but our heritage continues to define us and our priorities. Joseph Lancaster was a Quaker who became concerned that the poorer classes were denied the opportunity of education in the late 18th century; and as a result he was involved in the founding of schools throughout the UK and in some overseas countries with tuition based on his monitorial system. The Society today continues that work through our grant funding by supporting innovation seeking to ensure education for the poorest and most disadvantaged. From 1870, BFSS focused on teacher training and the Society continues to recognise the critical impact of teachers and makes teacher training a priority area for funding.

Celebrating our heritage continues to be important to us. For this reason, in 2013 we transferred the extensive Society archives to Brunel University to ensure their preservation and accessibility for research. In addition, the Society will continue to support the British School Museum in Hitchin. The Museum houses an 1837 Monitorial Schoolroom, the only one of its kind left in the world, three other historic classrooms, the Headmaster's House and a collection of 47,000 objects.

3. Vision, Mission and Values

Our heritage is embedded in our vision, mission and values:

Vision

Educational opportunity for all.

Mission

We seek to achieve our vision by providing funding and support to UK-based charities for educational projects in the UK and throughout the world reflecting our history and heritage.

Values

We believe in education as a driver for personal development and social improvement. Building on our heritage, we value effective teaching, commitment to learning and sharing of good practice. We are committed to inclusivity, integrity, tolerance and respect for others in everything we do.

4. Our future and objectives

The BFSS Council regularly reviews and refreshes strategy. Strategic objectives and priorities for 2017 include the following:

- Pursuing a grant-giving strategy that best delivers our mission, supporting projects in the UK and across the world.
- Building capacity to ensure our grants are awarded to high-quality and impactful projects, and to improve the efficiency and robustness of our processes and systems.
- Building capacity among grant beneficiaries by facilitating the sharing of best practice and lessons learned from the projects we fund.
- Optimising the impact of grants, by evaluating and learning from the projects we fund.
- Developing the Membership to ensure members are engaged and empowered, and contribute to the success and future direction of the Society.

4.1 Grant-giving strategy that best delivers our mission

The Society identifies key themes that inform our grant-giving, to ensure that we deliver our mission. These themes are:

- Teacher training, to improve educational delivery and learning.
- The provision of learning resources and equipment.
- The provision of classrooms and other educational facilities.
- Support for community and supplementary education.
- Support for education for street children and other vulnerable children.
- Provision of appropriate ICT.

These themes were chosen for their impact on broadening access to education, improving the quality of educational delivery, raising achievement and supporting the most disadvantaged. They are also designed to ensure that our grant-giving delivers sustainable improvement through the involvement of local communities, the capability and availability of teaching staff and fit-for-purpose infrastructure. We also seek to ensure that, wherever possible, we fund projects that deliver benefits to the wider community.

In 2015 the Council also identified support for re-establishing and renewing education in natural disaster - and conflict-affected areas as a particular focus for grant-giving. This focus will continue in 2017.

In 2016, grants awarded to projects delivered in the UK attracted 13% of our funding. The Council believes that supporting high-quality projects in the UK is central to the Society's heritage, and will develop its strategy to increase this proportion.

4.2 Building grant management capacity within BFSS

The Society's systems will be developed to better support our objectives. Over the next two years we will invest in our grant management system to:

- Reduce the time and resource devoted to administration to allow greater focus on our strategic priorities;
- Improve the robustness and reliability of our systems to ensure that our grant recipients and beneficiaries are supported even more quickly and effectively; and
- Allow us to access and use data to better learn from the projects we fund, to support our objective to use that information to build the capacity of BFSS and our grant recipients, and to improve our ability to analyse the performance of BFSS and our grant-giving.

4.3 Build capacity among our grant recipients

We recognise our responsibility to contribute to the strength of charities that share our values and focus on the education of the disadvantaged. We therefore already devote considerable time and effort to working with the charity sector to facilitate the sharing of best practice and advise on and improve the quality of grant applications. Often this is done by working with individual organisations, but specifically we:

- Organise an annual Grants Giving Workshop that allows charities and members to share best practice.
- Publish an annual grants review to give insights into the learning from the projects we support.
- Make our end-of-project reports publicly available through our website to disseminate learning.

In 2017 we will continue these activities.

4.4 Optimise the impact of our grants

BFSS has a structured process to evaluate the performance of our grants, as outlined in 5.3 below.

As part of our objectives in 2017, we intend to continue to enhance our ability to understand and optimise the impact of our grants. This includes:

- Developing our website and grant application documentation to give greater guidance to grant applicants.

- Refining our grant-giving and management policy to support our internal evaluation of projects.
- Carrying out a review of 2016 projects within the same framework as our 2015 Analysis of British and Foreign Schools Grants Awarded and their Impact.
- Improving the format of the Report Form we require grant recipients to use in reporting, to ensure that data is better structured.
- Reviewing the implementation of online reporting for grant recipients.
- Developing our Grant Management System as described above to ensure we can readily access and analyse data to understand and improve performance.

4.5 Develop our membership

The Society is a membership organisation. We believe our members constitute a great strength of the Society, and that more focus on them will help access our members' talents, knowledge and expertise still further. We already communicate regularly through Newsletters, and Members are invited to events such as the Grants Workshop and exercise their statutory responsibilities through the AGM.

Our objective in 2017 and beyond is to ensure are members are engaged, by developing our communication and governance to:

- Improve the understanding and knowledge of our members about the Society's activities, grant giving and performance.
- Provide more channels for members to contribute their knowledge and expertise to the activities and strategy of the Society.
- Expand the size and breadth of experience of our membership.

5. Structure, governance and management

5.1 Membership

The Society has long been a membership organisation, and our members represent our heritage and future. Broadly, our members are drawn from the Society's past and present

activities in Christian education, teacher training, and charity organisations, and also includes future and current trustees.

As at 31 December 2016 there were 98 members on the Register. In 2014 the decision was taken to create a new category of organisational membership, for organisations which have received at least three grants from BFSS and have delivered these projects successfully. There are currently 7 organisational members. A Membership Advisory Group consisting of two Council Members provides advice on all new applications for membership.

5.2 Governance and structure

The Society has a President and Vice-President who are elected by the membership for a period of three years. In May 2015 the Rt Hon David Lammy MP was re-elected President and Professor John Furlong was elected Vice-President.

The Society is governed by a Council drawn from and elected by members of the Society. The maximum number is determined from time to time at a General Meeting of the Society and is currently 15; the minimum number is 6. During 2016, 15 Councillors have served the Society with an average attendance rate of 87%. Councillors continue to retire from office in accordance with the transitional arrangements agreed with the Privy Council in 2014.

The Society has an induction procedure for new Council Members. They are provided with a folder of relevant information on their role and responsibilities and are briefed by the Director. All Council Members are kept informed of the impact of the Society's work through presentations by grant beneficiaries at Council meetings and through reports on funded projects. The Council annually reviews the work of individual Councillors and its sub-committees.

In 2017 Council Meetings will be held in March, July and November; and a Strategy Review is held annually. There are two subsidiary committees, the Grants Committee and the Investments Committee, both of which meet regularly as required and report to the Council.

BFSS has a series of policies and terms of reference, which are subject to a regular review schedule to ensure they are up to date and fit for purpose. The Trustees also have a Risk Register and in 2016 they examined the major strategic, business and operational risks to which the Society is exposed and satisfied themselves that systems and procedures are established in order to manage those risks.

The charity is a member of the Association of Charitable Foundations and the Charity Finance Group.

5.3 Robust and effective grant giving

The Society makes grants in accordance with its Charter and within the financial limits set by Council each year. Its grant-giving is project-driven and supports a broad range of projects around the world. The criteria for grant-giving are available on the Society's website at www.bfss.org.uk. The Society operates an online application system.

The Director conducts an initial assessment of all applications for grants with advice from the Finance Manager and a grants consultant. Applications which meet the criteria and are considered suitable for further consideration are referred to the Grants Committee for the Main Fund (with an individual Trustee taking the lead on each application) and to the appropriate Committee for the subsidiary trusts for which the Society is responsible.

Grants of £20,000 or less can be approved by the Grants Committee. Applications for larger grants which are supported by the Grants Committee are referred to the full Council for approval.

In considering applications for grant, Trustees give priority to applications from organisations and institutions operating in areas of deprivation or educational disadvantage. The Trustees make decisions according to the criteria set out in the Society's Grant-Giving Policy and Management, in line with our objective that the project will widen access and raise achievement, give value for money and achieve positive and long-lasting change for the community as a whole.

We have a structured process to ensure rigorous evaluation of the impact of our grants, and we hold grant recipients accountable. Every grant application is required to specify four main outcomes, and every project must have a well-defined plan for monitoring and evaluation. The reporting process is linked to the release of funds, to ensure we always retain the right to withhold or vary grants where projects are struggling to meet their outcomes. Every grant recipient is required to deliver reports at least every six months, and annual and end-of-project reports must be delivered according to our defined template. Each multi-year project is reviewed by the Grants Committee before releasing subsequent years' funding. From 2017 each report will also be reviewed by an allocated Lead Trustee for each project, in addition to the Director.

Other charitable trusts for which the Society is responsible provide scholarships and bursary funds to individuals and grants to educational institutions. These trusts are detailed on page 32.

6. Performance and achievements

6.1 Analysis of impact of 2015 grants

To ensure the best possible use of funds, in 2016 BFSS carried out a detailed analysis of the impact of its grants in the previous year, based on 30 end of project reports. The full report, An Analysis of British and Foreign School Society grants awarded and their impact can be seen on our website at <http://www.bfss.org.uk/wp-content/uploads/BFSS-Impact-Analysis.pdf>. This is a process which will be continued in 2017.

The analysis showed that our funding made a direct impact on the education and lives of over 27,000 young people and on 800 teachers, head teachers and teaching assistants. It also indicated that at least 38,000 individuals were indirect beneficiaries of the grants.

The overall impact of BFSS grants showed four main areas of impact on:

- Educational standards and pupils' attainment levels.
- The general quality of the learning environment.

- The wider community where grants have been provided.
- The overall quality of life in the locality.

Of course, many projects contain several of these components, since they are overlapping and inter-related.

Many are essentially qualitative in nature, yet it is very clear that the majority of funded projects made significant impact on school pupils' attainment levels.

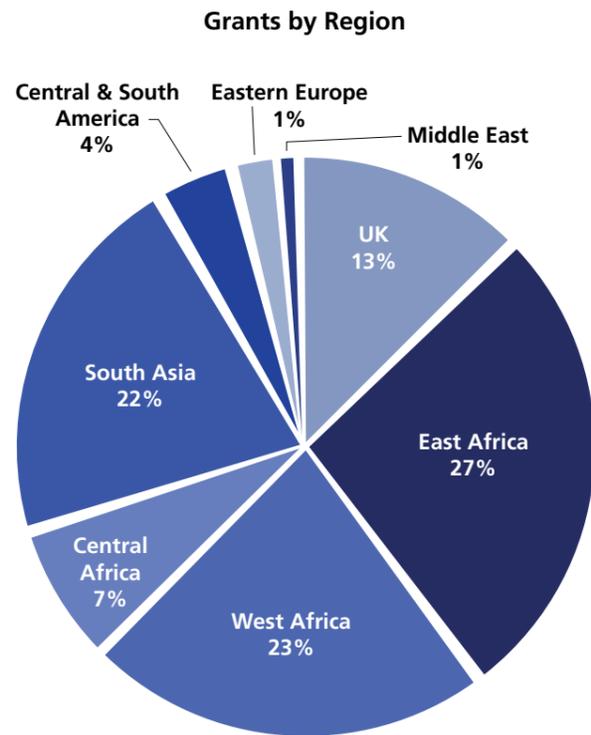
We also take seriously our role in facilitating the spread of best practice; our reporting processes specifically ask grant recipients to identify lessons learned. The published analysis and our Grants Workshop provide a route to disseminate some of that learning. Key themes identified this year included the importance of:

- Paying sufficient attention to detail when planning a project.
- Contingency planning to react to circumstances beyond the control of the organisers.
- Planning for and understanding the challenges of sustainability.
- Identifying clear exit strategies.
- Rigorously evaluating a project's ultimate success.
- Local networking, and its role in sustainability.
- Understanding the effects of exchange rates on budgets.

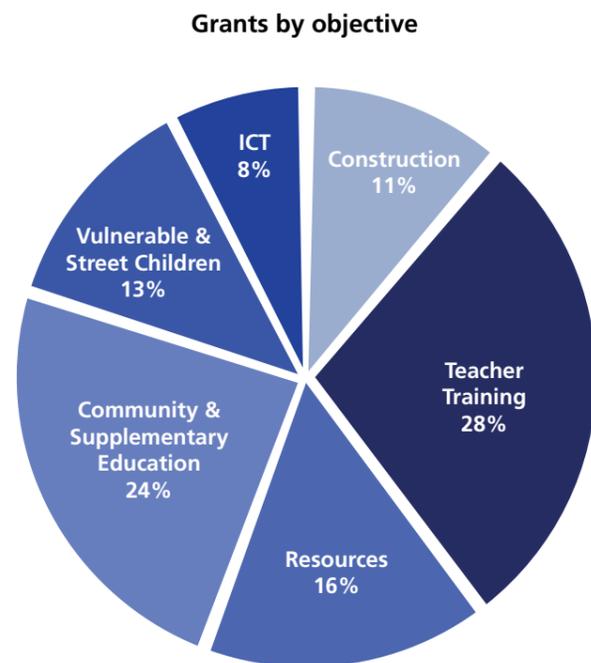
These are complex issues but the analysis has illuminated ways in which grant applicants and recipients may be encouraged to embrace them.

6.2 Overview of grants awarded in 2016

Grants with a total value of £679,784 were awarded in 2016 (2015 - £731,554). This was a reduction from grants awarded in 2015, which was our highest ever year. These were spread over 33 new projects and a further 11 existing projects. In addition, a further 27 projects were completed within the year, with the delivery of the final project report. We aim to make grants in 2017 at the same level as in 2015.

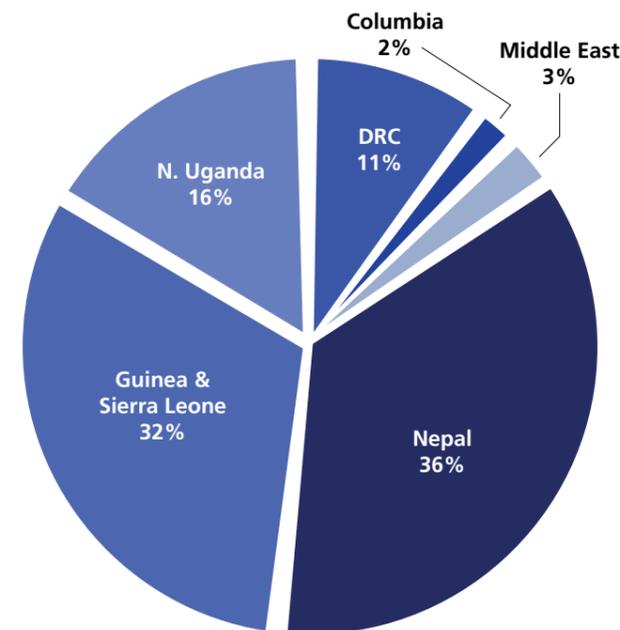


This chart shows the distribution of new grants awarded in 2016 by region. Africa was the largest single region, with total grants increasing by 12% over 2015. Within Africa, 4 countries attracted 72% of grants by value - Kenya, Uganda, Ghana and Sierra Leone. In part this was driven by the BFSS focus on re-establishing education in conflict - and disaster - affected areas. The proportion of grants for projects in the UK remained steady and, as identified above, we intend this proportion to grow.



This chart needs to be treated with some care. Many projects have multiple, overlapping objectives and activities, and the categories listed in the charts reflect only the main objective of projects. But the analysis confirms the central importance of Teacher Training in our grant-giving policy, which was the fastest-growing category when compared to 2015. Conversely, construction projects and projects focussed on providing resources fell compared to 2015. A major theme in the year was to support children with disabilities, an area where our analysis report showed BFSS-funded projects having a significant impact on community attitudes.

Grants to re-establish education in conflict and disaster affected areas



Our focus on this priority remains strong. The overall proportion of our grant-giving as a percentage of new grants rose from 32% in 2015 to 36% in 2016, and by 20% in absolute value.

We remain focused on Nepal and West Africa; but may expect the Middle East to play a larger role in future grants.

6.3 Grants awarded in 2016

Below, by way of example, are a selected number of projects awarded new grants in 2016. They are not necessarily the largest, but they have been included to show the range of projects which the BFSS supports, in line with our objectives:

Construction

United World Schools

This is a 15-month school development project in a remote region of Cambodia. It will widen educational access and opportunity by enabling about 200 children of Bro Vek village to formally attend school for the first time. This is a remote and marginalised community in an area of significant educational poverty, beyond the reach of the state-sponsored education system. The school development project, run by the UWS team, is implemented on an end-to-end basis, with phased support and withdrawal only when the intervention has been successfully implemented and is wholly owned by the local community, to ensure long-term sustainability.

Teacher Training

Educaid Sierra Leone

The Quality Enhancement Programme will provide whole staff training to partner schools, to promote sustained school improvement. It is set in the Port Loko District, the area most devastated by Ebola; it is also an area with poor levels of educational provision, and in particular with low levels of girls' access to education. The project is working in a district in Sierra Leone where only 40% of teachers are trained and qualified, where the female youth (15-24) literacy rate stands at just 31% and where 44% of girls marry by the age of 18 (UNICEF 2015).

EDP Trust

The project aims to improve the literacy and cognitive skills of students from the age of 14 in extremely low income families in rural Ghana, by improving the quality of literacy teaching and capacity of literacy teachers. It will enable more students to access higher education and prepare for employment. The project's aims are also to address the gap in opportunity and teacher skills between rural and urban Ghana.

Right to Play

This project aims to improve the capacity of 600 primary school teachers in North East Uganda to deliver high-quality child-centred active teaching methods. These include specially-designed games, which are now providing over 1m disadvantaged children with a quality education, positive health practices and conflict resolution skills. Programmes are delivered by trained volunteers, who help teachers learn to deliver regular child-centred, play-based learning activities to improve children's life skills and educational outcomes.

Educators International (EI)

This project is a teacher-led standardised assessment of reading in Ghana. EI identify experienced UK professionals and "match" them as volunteers with tightly-defined educational projects in developing countries involving local staff, so enabling skills transfer and innovation. Through the project teachers in 30 schools will become more effective teachers of reading, knowing how to use phonics in their teaching, and how to assess their children's progress. The project is integrated with the Ghanaian Education Service, which is critical to delivering sustainable improvement.

The Sabre Charitable Trust

This is a pilot project using the Limited Resource Teacher Training (LRTT) approach to train lower primary school teachers in Ghana, improving learning outcomes for the first three years of primary schooling. The pilot project will develop low cost primary in-service training that builds on the successful model developed for kindergarten teaching.

Both this and the Educators International project are good examples of pilot projects BFSS supports to help foster innovation in education.

Vulnerable & Street Children

Toybox

The Street to School project aims to improve access to education for 250 street and working children in Delhi. It will see them enrolled into formal education, actively attending and making good progress. It will

promote improved understanding by 186 parents of the importance of education and of sending their children to school. It will ensure that teachers, pupils and authorities across 12 schools in Delhi show visible improvement in their knowledge, attitudes and practices towards street and working children.

Teach a Man to Fish

The context for this project is endemic high unemployment rates among youth in Honduras, with around 30% of young people out of school and not working, combined with high rates of violent crime. This project supports 2,000 young people to gain the knowledge and range of skills they need to improve their prospects of getting a job, studying further or setting up their own profitable enterprise when they leave school. The project builds on the enterprise schools network, and has a formal relationship with the Ministry of Education to ensure the project is sustainable. In addition, the project has trained 200 trainers who will continue to bring benefits to more students every year.

Resources

EdUKAid

Government primary schools in the Mtwara region of Tanzania suffer from a lack of the most basic resources and facilities, teachers are poorly skilled and motivated, and classrooms overcrowded (up to 70+ pupils). Severe poverty further compounds the situation, so that educational achievement is low and only 30% of children successfully transition to secondary school. This project seeks to begin to address these issues by providing basic school renovation, primary school furniture, resources and equipment, pre-primary class resources and equipment at Kawawa Primary School. It will also facilitate head teacher networking and capacity building sessions, and a teacher training/networking pilot.

Book Aid International

The project reaches remote and excluded communities in Kenya, in particular the local Maasai community who have lost their traditional pastoralist livelihood and remain isolated from education and opportunity. It covers the purchase of 3,000 books in the local language, the provision of approximately 12,000 UK publisher-donated

phonics/children's books in English to support the transition from the local language to English, and the training of 28 teacher librarians in library management and reading promotion.

ICT

Computer Aid International

The project will provide 10 primary and secondary schools in the Moyamba District of Sierra Leone with IT learning facilities ("rural e-classes"), and monitor and evaluate the impact of ICT integration on the quality of education. It will reduce teacher isolation and improve motivation by enabling teachers to connect with educators in other schools and by connecting them to a wider range of resources. It will improve teacher retention, enable the use of computers as a complement to chalk and blackboard, promote interactive learning for students and give them the ability to apply their computer skills.

Community and Supplementary Education

The Friends of Seva Mandir UK

In Southern Rajasthan more than one third of children aged between 6 and 14 are out of school, while for those who do attend drop-out rates are very high, particularly for girls. This programme will introduce a programme of bridge schooling for out-of-school children in remote rural hamlets, offering foundational primary education and easing the transition to Government schools. The schools are run by local teachers in a community-donated space. The children are taught to read, write, comprehend and articulate in Hindi, and are also taught the fundamental concepts of mathematics.

Disabilities and Inclusive Education

HealthProm

HealthProm are working to develop the capacity of local professionals to deliver inclusive education for children with disabilities in Siberia. The BFSS funded an earlier smaller project, which was very successful and has now attracted other donors, including EU funding, for a wider project to promote inclusive education. HealthProm's extensive contacts with, and support from, local and regional governments have been crucial to their work to improve the development of existing policy.

Projects in the UK

National Resource Centre for Supplementary Education

This project provides teacher training focused on supporting children with special educational needs in supplementary school/out-of-school educational provision. Through the project, community teachers will be trained in Special Educational Needs and Disability (SEND) and inclusive teaching; and 200 children with a range of SEND will gain access to community-led educational support, mother-tongue teaching and cultural activities.

Hull Children's University

Hull Children's University works with schools, business and other stakeholders to provide children with inspirational learning experiences designed to increase their motivation and lead to improved GCSE results. This project will result in a new and self-sustaining Children's University in the East Riding that will increase access to out-of-school education support for disadvantaged children, deliver a service to redress the inequality faced by children growing up in disadvantaged households, increase motivation and educational attainment, and increase corporate income and support from business.

Re-establishing Education in Conflict and Disaster Affected Areas

Classrooms in the Clouds (CitC)

This project is for a post-earthquake rebuild at a CitC-supported school in north-east Nepal. It will provide an excellent education environment, through a safe, resilient building in an earthquake-vulnerable country. The targeted outcomes are to improve performance at School Leaving Certificate level and to deliver improved standards of teaching.

Chance For Childhood (CfC)

CfC will support 500 out-of-school children between 9-18 years old to access education at the Kibati Catch-up Centre in the war-torn region of Kibati, eastern Democratic Republic of Congo. The grant will also ensure all teachers at the Centre have specialist training in accelerated learning for children who have missed out on school. The project will also sensitise 700 parents on the importance of education, drop out risks, and girls' rights.

6.4 Restricted funds and other activities

The Society's Trust Funds made grants to Durham University and London South Bank University. In the case of the Old British School Charity, The Community Foundation for Wiltshire distributes the bulk of the funds on behalf of that Charity in accordance with the relevant Scheme.

In November 2016 the Society held its third Grants Workshop, designed to provide BFSS grant recipients with an opportunity to network and to share good practice and experience, to explore together the theme of re-establishing and renewing education in disaster- and conflict-affected areas and to hear about BFSS grant developments. Representatives of 50 BFSS grant holders attended the event. There was a mix of presentations and discussion groups with the opportunity for grant holders to network and to meet the Society's Trustees. A report on the event was published on the Society's website. In the light of the very positive feedback, a further Workshop will be held in 2017.

Illustrated case studies of 14 grants made in 2015, including information, wherever possible, on the impact of those grants, were published in May 2016 in the Annual Review of Grant-Giving 2015. News items are posted regularly on the Society's website at www.bfss.org.uk.

7. Financial review

7.1 Reserves policy

The entire General Reserve at 31 December 2016 is an unrestricted fund which would be available to meet unexpected costs of the charity. The Trustees do not therefore feel it appropriate to specify a minimum level for free reserves.

7.2 Financial results

Grants accounted for during 2016 amounted to £671,191 (2015 - £736,036). This represents an 8.8% reduction on last year and a 11.5% reduction on budget. The largest individual grant awarded was £41,164. Grants were mainly given to support projects involving re-establishing and renewing education in conflict and disaster areas.

7.3 Investments

The Society's main source of income is its investment portfolio. Its investment policy is for the portfolio, consisting principally of equities and fixed interest stocks, to be managed on a total return basis to produce a regular income stream while maintaining its capital base in real terms. The performance target for the portfolio, which is managed by Investec Wealth & Investment Limited, is a real return (after taking account of headline RPI or zero whichever is greater) of at least 4.2% on a rolling three-year basis.

At the end of December 2016 the value of the investment portfolio was £24,064,143 (£21,909,649 at the end of 2015), which represented an actual total return for the year of 14.2%. On a rolling 3-year basis the total return of the Fund was 5.8% per annum after taking into account RPI.

During the year the Society withdrew £780,000 (2015 - £630,000) to support its grant-giving activities and meet its costs. This amounted to approximately 3.2% of the value of the portfolio on 31 December 2016.

Overall income amounted to £718,797, in comparison to £669,956 in the previous year, of which £694,617 (2015 - £655,114) was from investments.

7.4 Property

The George Dent Nursery School in Darlington continues to be held by the Society as an investment property and is leased to Darlington Local Education Authority. This property has been retained on the balance sheet. Previous practice had been to value the property at 10 times rental value. However, notwithstanding the increase in the rent receivable as a result of the 2012 rent review, the Society has concluded that any increase in valuation would be inappropriate at this time.

7.5 General expenditure other than grants

The costs of the BFSS office have increased slightly and amount to 14% (11%) of total expenditure including grants. Three part-time staff equivalent to just over one full-time person are employed at the Caterham office. The landlord has indicated that they will not renew the lease after 2017, and therefore the

Society office will move during the forthcoming year. During 2016 the Society contracted with one other person to provide advisory and consultancy services in relation to the Society's grant giving.

7.6 Responsibilities of the Council in relation to the financial statements

The Society's Trustees (i.e. the Council) are responsible for preparing the Trustees' Annual 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 year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the Trustees are required to:

- a) Select suitable accounting policies and apply them consistently.
- b) Observe the methods and principles in the applicable Charities SORP.
- c) Make judgments and estimates that are reasonable and prudent.
- d) State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements.
- e) 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 to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations, and the provisions of the Charter. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

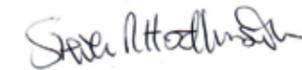
7.7 Public benefit

The object of the Society is to promote education as a driver for personal development and social improvement by making grants to appropriate institutions for educational projects in the UK and throughout the world. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives, in planning future activities and setting the grant making policy for the year.

The Society carries out these objects by:

- Making grants to UK based charities for educational projects in the UK and throughout the world.
- Analysing findings on the impact of our grants and making them publicly available to share learning.
- Contributing to capacity building in the sector by facilitating the sharing of best practice among our grant recipients through our annual Grants Workshop.

Approved by the Trustees and signed on behalf of the Council by:



S R Hodkinson
Chair

Dated: 22 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BRITISH & FOREIGN SCHOOL SOCIETY

We have audited the financial statements of the British & Foreign School Society for the year ended 31 December 2016 which are set out on pages 13 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the 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. We have been appointed as auditor under section 144 the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied

and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its incoming resources and application of resources, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.
- Sufficient accounting records have not been kept.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.

Moore Stephens LLP

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

Dated: 7 April 2017
 Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
INCOME					
Donations & legacies		10,200	-	10,200	420
Investment income					
Rents receivable	5a	13,000	-	13,000	13,000
Investment income	7b	665,095	29,521	694,617	655,114
Bank Interest receivable		952	28	980	402
Other interest receivable		-	-	-	1,020
Total income		689,247	29,549	718,797	669,956
EXPENDITURE					
Expenditure on raising funds					
Investment managers fees	7a	87,160	3,869	91,030	88,870
Expenditure on charitable activities					
Grants and costs	3	819,998	4,450	824,448	859,395
Total expenditure		907,158	8,319	915,476	948,265
Net expenditure & net movement in funds before net gains on investments		(217,910)	21,230	(196,680)	(278,309)
Gross transfers between funds					
Management charges to restricted funds	15	5,070	(5,070)	-	-
Net expenditure before other recognised gains and losses		(212,840)	16,160	(196,680)	(278,309)
Other recognised gains and losses					
Net gains on investments	7a	2,229,970	98,980	2,328,950	1,790
Net movement in funds		2,017,129	115,141	2,132,270	(276,519)
Reconciliation of funds					
Total funds brought forward 1 January 2016		20,763,976	921,202	21,685,169	21,961,688
Total funds carried forward 31 December 2016		22,781,096	1,036,343	23,817,439	21,685,169

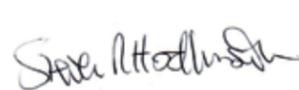
*The notes on pages 16 - 29 form part of these financial statements

BALANCE SHEET AT 31 DECEMBER 2016

	Note	2016		2015	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	5		628		2,375
Investment properties	5		120,000		120,000
Investment assets	6,7		24,064,143		21,909,649
			24,184,772		22,032,024
CURRENT ASSETS					
Debtors and prepayments	8	6,947		6,641	
Cash at bank in hand		237		39,706	
		7,184		46,347	
LIABILITIES					
Creditors: amounts falling due within one year	9	(374,518)		(393,202)	
			(367,334)		(346,855)
NET CURRENT LIABILITIES					
			23,817,439		21,685,169
NET ASSETS					
			23,817,439		21,685,169
REPRESENTED BY:					
CAPITAL ACCOUNT					
Unrestricted funds					
General reserve	17		22,661,097		20,643,968
Revaluation reserve	17		119,999		119,999
			22,781,096		20,763,967
Restricted funds	15		1,036,343		921,202
TOTAL CHARITY FUNDS			23,817,439		21,685,169

*The notes on pages 16 - 29 form part of these financial statements

Approved by the council and authorised for issue on
22 March 2017 and signed on its behalf by:



S.R. Hodkinson - Chair



S.J. King - Treasurer

CASH FLOW STATEMENT

	Note	Total Funds £	Prior year funds £
Net cash provided by / (used in) operating activities	1	(917,885)	(770,974)
Cash flows from investing activities:			
Dividends, interest and rents from investments		694,617	656,134
Purchase of property, plant and equipment		(914)	(475)
Proceeds from sale of investments		2,488,952	2,772,833
Purchase of investments		(2,387,538)	(3,229,882)
Net cash provided by/(used in) investing activities		795,116	198,610
Change in cash and cash equivalents in the reporting period		(122,769)	(572,364)
Cash and cash equivalents at the beginning of the reporting period	2	537,429	1,109,793
Cash and cash equivalents at the end of the reporting period		414,660	537,429
NOTE 1: Reconciliation of net income/(expenditure) to net cash flow from operating activities		Current Year £	Prior year £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		2,132,270	(276,519)
Adjustments for:			
Depreciation charges		2,660	2,140
(Gains)/losses on investments		(2,330,908)	(1,790)
Dividends, interest and rents from investments		(694,617)	(656,134)
Non-cash investment income		(8,300)	(21,871)
(Increase)/decrease in debtors		(306)	(2,602)
Increase/(decrease) in creditors		(18,684)	185,802
Net cash provided by/(used in) operating activities		(917,885)	(770,974)
NOTE 2: Analysis of cash and cash equivalents		Current year £	Prior year £
Cash in hand		237	39,706
Un-invested cash		414,423	497,723
Total cash and cash equivalents		414,660	537,429

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note 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 accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Charities Act 2011.

The British & Foreign School Society meets the definition of a public benefit entity under FRS 102. The Trustees consider that there are no material uncertainties about the Society's ability to continue as a going concern.

The most significant area of adjustment and key assumption that affects items in the financial statement relates to estimating the fair value of the investment property (see note 1(c) below).

b) Fixed assets

Fixed assets, with the exception of investment properties, are included at cost and are depreciated on a straight line basis over their useful lives at the following rates:

- Furniture and equipment 25%
- Computer equipment 33%

c) Investment properties

Investment properties are included in the financial statements at fair value. The Council has formerly valued the one remaining freehold property, the George Dent Nursery in Darlington, on the basis of ten times the annual rental income. Despite the increase in the rent receivable (see Note 5a), the Council does not consider any increase in valuation to be appropriate. The historic cost of the property is £1 (2015: £1).

d) Investment assets

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 market price. The Statement of Financial Activities includes the net gains and losses arising on the revaluation and disposals throughout the year. The Society does not acquire put options, derivatives or other complex financial instruments.

e) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequently 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. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

f) Donations and similar incoming resources

Donations and similar incoming resources are included in the financial statements in the year in which they are receivable. All donations and legacy income is attributable to unrestricted funds.

g) Investment income

Investment income and any related income tax recoverable are included in the financial statements in the year in which they are receivable. In 2016, of the investment income £29,521 (2015: £27,296) was attributable to restricted funds with the balance of £665,095 (2015: £629,240) adding to unrestricted funds.

h) Rental income

Rental income is normally credited in the financial statements in the year to which it relates. All rental income is attributable to unrestricted funds.

i) Expenditure

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. Expenditure is included in the statement of financial activities on an accruals basis and includes irrecoverable VAT.

j) Charitable activities

Charitable activities include grants and scholarships awarded by the Society and the associated support costs. Grants are accounted for in the year in which the commitment is given, all relevant conditions having been fulfilled.

k) Support and governance costs

Support costs represent the cost of administering the affairs and managing and maintaining the assets of the Society and of the other trust funds administered by the Society. These costs are allocated between the costs of supporting charitable activities and governance costs on the basis of the proportion of each resource used.

Governance costs comprise all costs relating to the public accountability of the Society and its compliance with regulation and good practice. These costs include the cost of Council meetings together with statutory audit fees.

l) Fund accounting

Trust funds that are the responsibility of the Society are included in these accounts as restricted funds and details of the nature and purpose of each fund is set out in notes 11 to 15.

m) Leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. CHARITABLE EXPENDITURE - GRANTS

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
INSTITUTIONAL GRANTS				
Advantage Africa - 2 grants	-	-	-	9,370
Afghan Association Paiwand	-	-	-	33,240
Book Aid International	24,705	-	24,705	19,055
Build Africa	15,538	-	15,538	19,400
The Cairn Trust	-	-	-	3,016
CARE Pakistan	-	-	-	24,060
Challenge Aid	10,000	-	10,000	20,000
Chance for Childhood - 2 grants	16,883	-	16,883	15,764
Chhahari Schools UK	-	-	-	4,000
Childreach International	-	-	-	29,247
Children in Crisis	15,433	-	15,433	14,561
Children on the Edge	-	-	-	41,164
Classroom in the Clouds - 2 grants	20,000	-	20,000	16,500
Disability Africa	7,855	-	7,855	4,445
Dominase - Buriton Village to Village Group	-	-	-	2,500
EducAid Sierra Leone	18,500	-	18,500	10,740
Educate for Life	-	-	-	13,660
Educators International	19,500	-	19,500	19,540
EdUKaid - 2 grants	21,613	-	21,613	24,872
Egerton Schools' Foundation	-	-	-	6,282
Friends of Conakry School	-	-	-	15,000
Future Projects	-	-	-	16,519
Home Start	-	-	-	15,000
International Children's Trust	-	-	-	16,000
IntoUniversity	15,000	-	15,000	15,000
Kasiisi Porridge Project	-	-	-	10,036
Kidasha - 2 grants	-	-	-	34,750
Link Ethiopia	-	-	-	20,647
Lively Minds	19,652	-	19,652	20,335
Mondo Challenge Foundation	-	-	-	27,190
Oasis International - 2 grants	7,123	-	7,123	14,043
One World Foundation Africa	-	-	-	18,717
PEAS	-	-	-	28,632
PHASE Worldwide	-	-	-	4,395
Proton Foundation	-	-	-	5,586
Read International	-	-	-	27,870
Redearth Education	5,305	-	5,305	9,935
Sensory Trust	-	-	-	3,000
Spire Hub/Talent Education	-	-	-	13,228
Tea Leaf Trust	-	-	-	13,214
Teach A Man To Fish	12,561	-	12,561	18,474
The Henry van Straubenzee Fund	-	-	-	25,000
War Child	-	-	-	27,567
LUCIA	-	-	-	-
Our Sansar	-	-	-	-
Sound Seekers	-	-	-	-
Oasis International - Mozambique	6,906	-	6,906	-
Able Child Africa	25,515	-	25,515	-
Coco	8,250	-	8,250	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. CHARITABLE EXPENDITURE - GRANTS (continued)

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
INSTITUTIONAL GRANTS				
Computer Aid International	30,702	-	30,702	-
Disability & Development Part	16,856	-	16,856	-
The Friends of Seva Mandir	15,474	-	15,474	-
Hull Children's University	36,418	-	36,418	-
Our Sansar	19,910	-	19,910	-
Resolve International	32,882	-	32,882	-
Carefree Fostering Ind. Cornwall	19,544	-	19,544	-
Education For Children	9,648	-	9,648	-
Amanti	2,445	-	2,445	-
Right to Play	15,000	-	15,000	-
The Sabre Charity Trust	18,285	-	18,285	-
Signpost International	29,934	-	29,934	-
Yes Futures	8,061	-	8,061	-
Africa Revival	9,942	-	9,942	-
Healthprom	17,550	-	17,550	-
Joshua Orohan & Community	15,860	-	15,860	-
National Resources Centre	12,740	-	12,740	-
Salve International	5,005	-	5,005	-
Toybox	18,263	-	18,263	-
Children Change Columbia	5,500	-	5,500	-
EDP Trust	12,555	-	12,555	-
Kids in Kailahun	17,327	-	17,327	-
United World School	19,385	-	19,385	-
STEP UP	6,000	-	6,000	-
Chance for Childhood	10,999	-	10,999	-
TOTAL INSTITUTIONAL GRANTS	676,624	-	676,624	731,554
GRANTS FROM OTHER FUNDS (Note 15)	-	4,450	4,450	11,674
LESS: GRANTS RETURNED DURING THE YEAR	(9,883)	-	(9,883)	(7,192)
	666,741	4,450	671,191	736,036

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. CHARITABLE EXPENDITURE

	Total 2016 £	Total 2015 £
Grants (see note 2)	671,191	736,036
Support costs		
Salaries and office costs	111,810	96,874
Legal and professional costs	18,955	7,946
Governance costs		
Audit and accountancy	6,340	5,640
Council and Committee meetings	16,152	12,899
	824,448	859,395

Included in office costs above are amounts payable under operating lease rentals totalling £984 for the year (2015: £948).

4. STAFF COSTS & RELATED PARTY TRANSACTIONS

	Total 2016 £	Total 2015 £
Salaries	52,197	55,430
Social security costs	1,021	2,027
Consultants fees	30,231	13,150
	83,449	70,607

The average number of employees during the year, calculated on a full-time equivalent basis, was:

Management and administration	1	1
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The Society considers its key management personnel to comprise the members of the Council and the Society's Director. No remuneration was paid to any member of the Council during 2016 or 2015. The total employment benefits of the Director were £41,360 (2015 - £35,348) including social security costs. No employees received employee benefits in excess of £60,000.

Reimbursement of expenses in relation to attendance at meetings amounted to £4,615 paid to 10 Councillors in 2016 (2015 - £4,080 paid to 10 Councillors).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. FIXED ASSETS

	Freehold land & buildings £	Furniture & equipment £	Total £
COST & VALUATION			
At 1st January 2016	120,000	12,778	132,778
Additions	-	913	913
At 31st December 2016	120,000	13,691	133,691

DEPRECIATION

At 1st January 2016	-	10,403	10,403
Charge for the year	-	2,660	2,660
At 31st December 2016	-	13,063	13,063

NET BOOK VALUE

At 31st December 2016	120,000	628	120,628
At 31st December 2015	120,000	2,375	122,375

Freehold land and buildings comprise investment properties which are not depreciated.

Council has formerly valued the one remaining freehold property, the George Dent Nursery in Darlington, on the basis of ten times annual rental income. Despite the increase in the rent receivable (see Note 5a), the Council does not consider any increase in valuation to be appropriate.

The historic cost of this property is £1 (2015: £1).

5a. RENTS RECEIVABLE

	2016 £	2015 £
George Dent Nursery, Darlington	13,000	13,000

During 2013, the rent of the George Dent Nursery, Darlington was increased to £13,000 p.a., effective from September 2012 for four years, after which the current lease expires. The tenant is currently holding over at the current rent. Our agents are in the process of granting a new lease with a small increase in rent.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. UNITS HELD IN COMMON INVESTMENT FUND

a) Number of units held	Units held 1 Jan 2016 No.	Units purchased No.	Units sold No.	Units held 31 Dec 2016 No.
RESTRICTED FUNDS				
BFSS Trust	1,652	-	-	1,652
Alfred Bourne	315	-	-	315
Berridge Trust	344	-	-	344
Rowlett Foundation	402	-	-	402
British School Charity	2,917	-	-	2,917
South Church Trust	389	-	-	389
Sarah Walker and Spafford	1,258	-	-	1,258
Old British School	2,161	-	-	2,161
	9,438	-	-	9,438
UNRESTRICTED FUNDS				
	224,330	-	-	224,330
British & Foreign School Society	2,360	-	-	2,360
Wilmslow Fund	2,112	-	-	2,112
Darlington College Building Fund	788	-	-	788
West Street Old British School	229,591	-	-	229,591
	239,028	-	-	239,028

b) Value of units held

	Fund market value 1 Jan 2016 £	Funds invested (redeemed) 1 Jan 2016 £	Increase / (decrease) in fund value £	Fund market value 31 Dec 2016 £
RESTRICTED FUNDS				
BFSS Trust	151,395	-	14,888	166,283
Alfred Bourne	28,883	-	2,840	31,723
Berridge Trust	31,489	-	3,097	34,586
Rowlett Foundation	36,867	-	3,626	40,493
British School Charity	267,384	-	26,295	293,679
South Church Trust	35,670	-	3,508	39,178
Sarah Walker and Spafford	115,325	-	11,341	126,666
Old British School	198,114	-	19,483	217,597
	865,127	-	85,078	950,205
UNRESTRICTED FUNDS				
British & Foreign School Society	20,562,313	-	2,021,996	22,584,309
Wilmslow Fund	216,349	-	21,275	237,624
Darlington College Building Fund	193,592	-	19,038	212,630
West Street Old British School	72,268	-	7,107	79,375
	21,044,522	-	2,069,416	23,113,938
	21,909,649	-	2,154,494	24,064,143
Value per unit	91.66			100.68

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. COMMON INVESTMENT FUND

	Investment £	Un-Invested Cash £	Total £
Opening value at 1 January 2016	21,411,926	497,723	21,909,649
FUND MOVEMENTS			
Investments acquired at cost	2,387,538	(2,387,538)	-
Proceeds of investments sold	(2,488,952)	2,488,952	-
Realised gains on sale of investments during the year	(90,263)	-	(90,263)
Unrealised gains on investments during the year	2,419,215	-	2,419,215
Investment income receivable	10,256	684,360	694,616
Investment management fees paid	-	(89,074)	(89,074)
Distributions to funds during the year	-	(780,000)	(780,000)
NET FUND MOVEMENTS	2,237,794	(83,300)	2,154,494
CLOSING VALUE OF FUND AT 31 DECEMBER 2016	23,649,720	414,423	24,064,143

	Investments	Cash	Total
UK Government stocks	923,232		923,232
Other fixed interest	906,192		906,192
UK equities	9,570,265		9,570,265
Investment and unit trusts	3,176,738		3,176,738
MANAGED FUNDS	-		-
Fixed interest	311,149		311,149
Overseas equities	6,178,525		6,178,525
Property & infrastructure	2,583,619		2,583,619
Cash on deposit		414,423	414,423
	23,649,720	414,423	24,064,143

7a. INVESTMENT RETURN

	2016 £	2015 £
Unrealised gains on investment during the year	2,419,215	66,385
Realised gains on investment during the year	(90,263)	(64,595)
Net gains on investment assets	2,328,950	1,790
Investment income receivable (see note 7b))	694,617	655,114
Investment management fees paid and accrued	(91,030)	(88,870)
	2,932,539	568,034

Investments are managed on a total return basis. Total investment income receivable has been treated as investment income and investment managers fees have been charged separately to the Statement of Financial Activities under costs of generating funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7b. INVESTMENT INCOME

	2016 £	2015 £
UK Government stocks	16,986	14,515
Other fixed interest	32,777	35,959
UK equities	380,470	354,970
Investment and unit trusts	48,406	80,573
Managed funds	-	-
Fixed interest	31,204	5,540
Overseas equities	60,335	44,190
Property & infrastructure	124,439	119,367
	694,617	655,114

The charity operates a total return for its investments and withdrew from those investments £780,000 (2015 - £630,000) to cover the spending requirements of the charity in the year. The remainder of the investment income was re-invested.

8. DEBTORS AND PREPAYMENTS

	2016 £	2015 £
Sundry debtors and prepayments	6,947	6,641

9. CREDITORS AND ACCRUALS

	2016 £	2015 £
Grants payable	330,486	358,901
Rent received in advance	3,250	3,250
Other creditors	40,781	31,051
	374,518	393,202

10. FINANCIAL COMMITMENTS

a) Other grants

The Society has made a number of grants which will be repeated in subsequent years, provided that the Grants Committee is satisfied by the report received on the previous annual expenditure and the proposals for the forthcoming year. The Society reserves the right to discontinue the grant if not so satisfied. These potential grants are not, therefore, accounted for as commitments.

b) Leases

During 2013, the Society moved to slightly larger offices within the same building it had previously occupied. The offices and related parking spaces are leased from 1 August 2013 for three years at an annual rent of £11,616 plus VAT.

c) Archive

By Deed of Covenant and Gift signed on 11 December 2013 the Society made a gift of the Archive to Brunel University. No further payment to Brunel University in respect of the Archive will therefore be made, nor will any further insurance costs be incurred.

d) Capital commitments

The Society has a capital commitment at 31 December 2016 of £ nil (2015: £ nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. RESTRICTED FUNDS

Restricted funds represent the other charitable trusts which are administered by the Society and of which the Society is the Trustee. These funds are listed on the following page with their main objectives and a brief review of the year's activities. All the funds are to be used for educational purposes. A financial summary of these funds is set out in Note 15.

The Society is Trustee of the following funds which provide scholarships, bursaries and grants:

The Alfred Bourne Trust Fund (subsidiary of Charity number 314286)

The Fund provides financial assistance to persons undertaking education up to the age of 30 in accordance with the general objects of The British & Foreign School Society. In furtherance of these objects, the Trust did not award any grant in 2016 (2015: £500)

The Berridge Trust (subsidiary of Charity number 314286)

The object of the Trust is to promote the training of cookery teachers. During the year the Trust did not award any grant (2015: one grant of £750).

The British School Charity (subsidiary of Charity number 314286)

The object of the charity is to promote the education of persons under the age of 25 in the neighbourhood of Saffron Walden. No grants were made during 2015 or 2016.

The Sarah Walker and Spafford Memorial Fund (administered under Charity number 314286)

The Fund was set up to provide grants for exploration and travel to students at Durham University. During the year the Trust did not award any grant (a grant of £2,500 was paid to the University in 2015).

South Church Educational Fund (subsidiary of Charity number 314286)

The Trust operates to promote education in the area of the District of the Wear Valley. No grants were made in 2015 or 2016.

Old British School (Charity number 309444)

The object of the charity is to promote the education of persons under the age of 25 who are in need of financial assistance and live within a radius of 20 miles from Bratton, Wiltshire, preference being given to those resident in Bratton. At a meeting of the Grants Committee in January 2016 it was agreed that a grant of £4,000 would be paid to The Wiltshire Community Foundation (2015:£5,000)

The Society appoints all 12 Governors as Trustees of:

The British & Foreign School Society Trust (BFSS Trust) (Charity number 312516)

The objects of the Trust are to provide financial assistance or award scholarships or grants to persons in the London Boroughs of Bermondsey, Bethnal Green, Poplar, Southwark and Stepney in connection with their education. During the year no grant was awarded (the Trust awarded a grant of £2,000 to London South Bank University in 2015).

The Society appoints 4 of the 7 Trustees who administer the following:

The Rowlett Educational Foundation (Charity number 309771)

The Foundation is for the benefit of persons resident in Corby. In 2016 no grant was awarded (2015: £500).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. WILMSLOW BRITISH SCHOOL ENDOWMENT FUND (subsidiary of Charity number 314286)

As authorised by the Charity Commissioners, The British & Foreign School Society continues to apply the clear income of this fund for its general purposes.

	2016 £	2015 £
Market value of units held in the Common Investment Fund (note 6)		
Fund value at 31 December 2016	237,624	216,349

13. DARLINGTON COLLEGE BUILDING FUND

The fund was set up in 1955 and comprises investments as described below.

The income of the fund is applied in furtherance of the general purposes of the Society.

	2016 £	2015 £
Market value of units held in the Common Investment Fund (note 6)		
Fund value at 31 December 2016	212,630	193,592

14. WEST STREET OLD BRITISH SCHOOL, WAREHAM (subsidiary of Charity number 314286)

As authorised by the Charity Commissioners, The British & Foreign School Society continues to apply the clear income of this fund for its general purposes.

	2016 £	2015 £
Market value of units held in the Common Investment Fund (note 6)		
Fund value at 31 December 2016	79,375	72,268

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. RESTRICTED FUNDS - TRUSTS AND OTHER FUNDS ADMINISTERED BY THE SOCIETY

	Total Funds		BFSS Trust		Alfred Bourne		Berridge Trust	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
Incoming resources								
Investment income								
Common investment fund	29,521	27,253	4,793	4,455	1,042	983	1,181	1,048
Bank interest	28	43	5	7	1	1	1	2
Total Incoming Resources	29,549	27,296	4,797	4,462	1,043	984	1,182	1,050
Resources Expended								
Direct charitable expenditure	4,450	3,697	-	604	-	133	-	143
Management and administration								
Investment management fees	3,869	11,674	628	2,000	137	500	155	750
from main fund	5,070	5,070	829	829	183	183	195	195
Total resources expended	13,389	20,441	1,457	3,433	320	816	350	1,088
Net income/(expenditure) before gains/(losses) on inv	16,160	6,855	3,340	1,029	723	168	832	(38)
Net movement in market value of Common investment fund units (see note 7)	98,980	74	16,070	12	3,493	3	3,959	3
Net movement in funds	115,141	6,929	19,410	1,041	4,217	171	4,791	(35)
Fund balances brought forward at 1 January 2016	921,202	914,273	150,676	149,635	33,815	33,644	35,889	35,924
Fund balances carried forward at 31 December 2016	1,036,343	921,202	170,086	150,676	38,032	33,815	40,680	35,889

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. RESTRICTED FUNDS - TRUSTS AND OTHER FUNDS ADMINISTERED BY THE SOCIETY (continued)

	Rowlett Educational Foundation		British School Charity		South Church Educational Fund		Sarah Walker and Spafford Memorial Fund		Old British Fund	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
Incoming resources										
Investment income										
Common investment fund	1,111	982	9,586	8,713	1,320	1,245	3,751	3,472	6,738	6,355
Bank interest	1	2	9	14	1	2	4	5	6	10
Total Incoming Resources	1,112	984	9,595	8,727	1,321	1,247	3,754	3,477	6,744	6,365
Resources Expended										
Direct charitable expenditure	450	133	-	1,182	-	169	-	471	4,000	862
Management and administration										
Investment management fees	146	500	1,256	-	173	-	492	2,000	883	5,924
from main fund	183	183	1,621	1,621	231	231	646	646	1,182	1,182
Total resources expended	779	816	2,877	2,803	404	400	1,138	3,117	6,065	7,968
Net income/(expenditure) before gains/(losses) on inv	334	168	6,718	5,924	917	847	2,617	360	679	(1,603)
Net movement in market value of Common investment fund units (see note 7)	3,726	3	32,140	24	4,425	3	12,576	9	22,591	17
Net movement in funds	4,060	171	38,857	5,948	5,342	850	15,193	369	23,270	(1,586)
Fund balances brought forward at 1 January 2016	33,872	33,701	298,523	292,575	41,739	40,889	116,045	115,676	210,643	212,229
Fund balances carried forward at 31 December 2016	37,932	33,872	337,380	298,523	47,081	41,739	131,238	116,045	233,913	210,643

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £	Total £
RESTRICTED FUNDS				
BFSS Trust	-	150,676	19,410	170,086
Alfred Bourne	-	33,815	4,217	38,032
Berridge Trust	-	35,889	4,791	40,680
Rowlett Foundation	-	33,872	4,060	37,932
British School Charity	-	298,523	38,857	337,380
South Church Trust	-	41,739	5,342	47,081
Sarah Walker and Spafford	-	116,045	15,194	131,239
Old British School	-	210,643	23,270	233,913
	-	921,202	115,141	1,036,343
UNRESTRICTED FUNDS				
British & Foreign School Society	120,628	20,281,758	1,849,080	22,251,466
Wilmslow Fund	-	216,349	21,275	237,624
Darlington College Building Fund	-	193,592	19,038	212,630
West Street Old British School	-	72,268	7,107	79,375
	120,628	20,763,967	1,896,500	22,781,095
	120,628	21,685,169	2,011,641	23,817,438

17. UNRESTRICTED FUNDS

	General reserve £	Revaluation reserve £	Total £
Balance at 1 January 2016	20,643,968	119,999	20,763,967
Net movement in fund for the year	(212,840)	-	(212,840)
Net decrease in market value of units in Common Investment Fund (note 6)	2,229,970	-	2,229,970
Balance at 31 December 2016	22,661,097	119,999	22,781,096

TERMS OF REFERENCE FOR THE GRANTS COMMITTEE

1. There shall be a Grants Committee comprising Members of Council up to a maximum of nine including the Treasurer of the Society. The Chair of Council shall have right of attendance at all meetings. Membership of the Committee shall be by election by the Council for a period of three years, with the possibility of re-election. The Committee may appoint Advisers as appropriate from the membership of the Society.
2. The Committee will elect a Chair from among its members.
3. The Director will attend all meetings and act as Secretary to the Committee.
4. The quorum necessary for the transaction of business will be four, provided that this includes the Chair of the Committee and the Treasurer or deputies appointed by them. The Chair of Council, if present in his/her 'ex officio' capacity, could count as one of the four.
5. The Committee will normally meet up to four times a year. (Wherever possible, Committee meetings will be in the month prior to the meeting of the Council.) Exceptionally, where an urgent decision is needed between meetings, applications may be circulated in writing.
6. The Committee's terms of reference will be as follows:
 - a) To review grant applications brought forward by the Director, approve the award of grants up to and including £20,000 and make recommendations to the Council on the award of i) one-year grants over £20,000 and ii) multi-year grants where the total for all years (subject to satisfactory annual report at the end of each year) is over £20,000, subject to:
 - applications meeting the criteria for grant giving set by Council; and
 - the availability of funds.

In the case of approved multi-year grants, the Committee may approve renewal of the grant for a further year without further reference to the Council

if the amount of grant for that year is not in excess of £20,000 and if a satisfactory annual report has been received.

- b) To report to Council on the progress of projects including any recommendations for withholding grants where appropriate.
- c) To seek applications from appropriate organisations for projects that would address important topics/themes identified by Council.
- d) To conduct an annual review of the Grants Criteria at its meeting prior one Council meeting each year, reporting the outcomes of that review to Council together with any recommendations for changes.
- e) To review annually the grants awarded by the charitable trusts which administer the restricted funds of which the Society is the Trustee.
- f) To review any other such matters as may be referred to it from time to time by Council.

Members of the Grants Committee

Mr P Miller (Chair)
Professor S R Hodkinson (ex officio)
Mrs K Hughes
Prof J A Palmer Cooper
Mr L Stephen
Rev D F Tennant
Mr S J King
Mr G T Kingsley
Ms E J Weale
Mr S J Wordsworth

TERMS OF REFERENCE FOR THE INVESTMENTS COMMITTEE

1. There shall be an Investments Committee comprising the Chair and Treasurer of the Society and at least two other Members of Council. This Committee will be responsible to Council for all of the Society's invested assets including property. Membership of the Committee shall be subject to a vote at the first meeting of the Council following the Annual General meeting.
2. The Treasurer of the Society shall act as Chair.
3. The quorum will be two Members of the Committee to include the Treasurer and one other Trustee plus the Director or Finance Manager.
4. The Director or Finance Manager will attend all meetings and act as Secretary to the Committee.
5. The Committee shall meet up to three times a year, one of those meetings being in the month prior to the Annual General Meeting. The Society's Investment Managers may be required to attend any meetings of the Committee. Other meetings shall be convened as required by the Chair.
6. The Committee will review the Statement of Investment Principles (SIP) and the performance of the Society's Investments in relation to the SIP at least once a year.
7. The Committee shall be responsible for reviewing the performance of the Society's Investment Manager or Managers formally at least once every five years and comparing this performance and fees with other investment houses at that time.

Members of the Investments Committee

Mr S J King (Chair)
Professor S R Hodkinson (ex officio)
Mr S A Ross
Mr D A Swain
Mr Pradeep Kachhala, Adviser

DELEGATES OF BFSS TRUST FUNDS

The Alfred Bourne Trust Fund

Officers of the Society

Berridge Trust

Officers of the Society

The British School Charity

Mr R Beven

Mr R B Howarth

Mrs D Hoy

Mrs M Reed

Rowlett Educational Foundation

Mr I Peden (Chair)

Ms L Boyle

Mr M Ferguson

Ms G Hinvest

Sarah Walker & Spafford Memorial Fund

Officers of the Society

South Church Educational Fund

Mr J R Bell

Dr M H Richardson

Mr C Winlow JP

TRUSTEES OF THE BFSS TRUST

Prof S R Hodgkinson

Dr J Saggu

Mrs D Hoy

Mr D A Swain

Mr S J King

Rev D Tennant

Mr G T Kingsley

Dr E J Tomlinson

Mr P Miller

Ms E J Weale

Mr S A Ross

Mr S J Wordsworth

TRUSTEES OF THE OLD BRITISH SCHOOL

BFSS Councillors

BFSS REPRESENTATIVES SERVING ON OUTSIDE BODIES

TRUSTEES:

Caroline Lindley's Educational Foundation, Norwich

Mrs J D Peel (until November 2016)

Mr C R Watt

Mrs M Watt

Great and Little Leighs Educational Charity, Essex

Mr G T Kingsley

Prior's Charity, Chesham

Mr T Andrew

GOVERNORS:

Isleworth and Syon School for Boys

Dr I Turner

Dr E J Tomlinson

Management Committee - Steeple Bumpstead Educational Charity

Mrs E Haylock

Durham University Student Travel Abroad Group

Professor Joy Palmer Cooper

Dr M H Richardson

Durham University Expeditions Group

Professor Joy Palmer Cooper

Dr M H Richardson

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