

Registered Charity Number: 310018

MERCHANT TAYLORS' EDUCATIONAL TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2021

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The Trustees submit their report and financial statements for the year ended 31 August 2021. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (FRS102), Second Edition, applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard, applicable in the UK and Republic of Ireland.

Please note that the financial statements include those that relate to the Charity alone as well as those that are consolidated with the Charity's two schools, Merchant Taylors' School (registered charity number 1063740 and referred to below as MTSN) and St. John's School (registered charity number 1063738). Further details about MTSN and St John's School (together referred to below as the MTET Schools) can be found in the MTET Schools' own financial statements. The Charity and the MTET Schools collectively are referred to below as the Group.

OBJECTIVES AND ACTIVITIES

Charitable objects

The overarching object of the Charity, as noted in its Deed of Trust (1967), is as follows:

The Trust Property shall be held and applied for or towards or for the benefit or in furtherance of such charitable purposes, charitable institutions or charitable foundations (whether educational or otherwise) in such manner and in such proportions as the Trustees may from time to time determine and both capital and income without distinction shall be so applicable.

While this remains unchanged, the objects to which the Charity pays special regard have been the subject of recent review by the Trustees, as the Deed of Trust permits. By Deed of Variation and Addition dated 22 March 2021, they are now as follows:

- (a) The advancement of education through the provision of support to the MTET Schools.
- (b) The advancement of education through the provision of scholarships, bursaries, prizes or other awards or grants to pupils attending any of the MTET Schools who are in need of financial assistance.
- (c) The advancement of education through the provision of scholarships, prizes, maintenance allowances or grants to any former pupil of any of the MTET Schools tenable at any university, college of education, or other institution of further (including professional and vocational) education.

In planning their activities for the year, the Trustees have complied with their duties in section 17(5) of the Charities Act 2011 and have considered the Charity Commission's guidance on public benefit, and in particular its supplementary guidance on advancing education and fee charging.

Aims

The Trustees aim to support the good governance of the MTET Schools in their legal ownership by making appropriate appointments to the governing bodies; providing financial support to the MTET Schools commensurate with the resources at their disposal and the objects of the funds under their control; and supporting initiatives in the education sector more generally in which they have an interest and to which they are able to apply their expertise and their contacts to advantage.

Objectives

The Charity's objectives for the year were to continue to ensure the appropriate composition of the governing bodies of the MTET Schools by engaging with them and considering recommendations for appointments to and retirements from those governing bodies. Furthermore, the Charity sought to maximise income and to continue to support both the MTET Schools and the educational interests of MTET and the Merchant Taylors' Company (referred to below as MTC).

An additional objective for this year was to ensure that the MTET Schools were able, in the context of the continuing Covid-19 pandemic, to continue to function effectively and offer an outstanding education to their pupils.

Activities

The Education Strategy approved by MTC in May 2019 continued to set the context for much of the work undertaken by the Trustees.

The Strategy aims, among other things, to promote the highest quality of education, particularly for those from disadvantaged backgrounds, and to support and advocate the value of the schools with which the Company is associated.

To those ends, the Trustees disbursed £180,000 to MTSN for bursaries, with the intention that such bursaries be provided to students who would not otherwise be able to be educated at the school. A further £11,000 was awarded in leaving prizes to students leaving MTSN to embark on university study. Trustees awarded £25,000 to St John's for a treehouse for pupils and a sum of £30,000 was disbursed to The Merchant Taylors' Foundation (formerly The Merchant Taylors' Company Education Fund) (registered charity number 1161568), to fund bursaries at other schools and higher education institutions with which MTC is associated.

The Trustees also reviewed the composition and effectiveness of the governing bodies of the MTET Schools, making appointments and accepting resignations as necessary to effect compliance with stated terms of office and to ensure continued good governance of the schools.

Finally, the Trustees were alert to the continuing impact of the Covid-19 pandemic and were pleased to receive regular reports from both Heads and Chairs of Governors at the MTET Schools about how such impact was being managed and mitigated.

Public benefit

The Charity's activities as outlined above, and in particular its provision of bursaries to the MTET Schools and (through its donation to The Merchant Taylors' Foundation) a broader group of educational establishments, aim to further the public benefit enshrined in its charitable objects.

Moreover, the MTET Schools, whose financial statements are here consolidated with those of the Trust, themselves provide a wide range of public benefit activities from supporting local and national charities to offering educational opportunities and access to facilities to local schools and

families. Further description is available in the respective Trustees' Reports of the MTET Schools. Further information about the basis for consolidation of the accounts can be found in Accounting Policies below.

ACHIEVEMENTS AND PERFORMANCE

Governance update

The Trustees were pleased to make a number of new governor appointments as well as to re-appoint governors who had come to the end of their first term of office.

Investment performance

The investment income for the Charity amounted to £263,000 (2020: £234,000). The Trustees are content with the yield of 3.6% and with the total return on the Charity's Endowment of 23%.

FINANCIAL REVIEW

Investment powers and policy

The Trustees' investment policy is that income should be maximised as far as possible whilst seeking to ensure capital growth. The Charity has adopted Rathbones' policy of responsible investment. Through a holistic appraisal of investment, opportunity and risk, Rathbones aim to take an informed and active approach to responsible investment by incorporating a thorough consideration of environmental, social and governance (ESG) factors and continuing meaningful engagement with the companies in which they invest.

The investments are managed on a discretionary basis on a medium risk profile. It has a balanced mandate meaning the investments are managed for a combination of capital and growth. Performance is measured against a primary benchmark measured with reference to a composite index from other funds, and a secondary benchmark over the longer term of RPI + 3.5%. The Trustees have delegated review of investment performance to MTC's Investment Committee.

The Trustees review this investment policy annually and no changes were made to it this year. From next year the Trustees will be adopting a total return approach to investing.

Financial reserves

The MTET Schools' total reserves are considered appropriate.

The Trustees' policy is to retain around £200,000 via the unrestricted funds, the general reserve, as an expendable reserve in order to maintain a reactive capacity to support compelling educational causes which may arise and meet any unforeseen expenditure. As at 31 August 2021 the Fund held £1,717,000 (2020: £1,457,000) for these purposes.

The Trustees do not feel that they are exposed to operational risks of the sort that would require or be ameliorated by emergency expenditure. A reserve is retained in order that there should be a capacity to respond to urgent and/or compelling cases for support. The Trustees believe that the current reserves policy would be sufficient to cover this eventuality, given the nature and size of the awards made historically, and the size of the capital balance which is expendable at Trustees' discretion.

The Trustees plan to review their reserves policy over the next year to ensure it is appropriate for the nature and extent of activities planned for the coming year.

Risk management

The Trustees consider, at their meetings, any risks to which the Charity may be exposed. These were identified during the year along with mitigation activity and lead responsibilities. The major financial risk to which the Charity itself is exposed is a diminution in the value of, and yield from, its investments. Investments in financial instruments are monitored closely, with regular scrutiny of investment managers' performance taking place, assisted by the Merchant Taylors' Company's Investment Committee, on which one Trustee sits. Other risks associated with the MTET Schools are managed by close and effective links between the MTET Schools and the Charity.

The MTET Schools have Risk Management Committees which compile Risk Registers annually to identify the likelihood and impact of foreseeable risks to the MTET Schools' operations. The Risk Registers are presented to and considered by Boards of Directors/Governors and reviewed at relevant committees for assigned 'actions' and any in-year amendments required. The Boards of Directors/Governors manage and mitigate risk through a range of control measures, including cash-flow monitoring, formal written policies and the obtaining of independent advice from appropriate experts, and Trustees have been available to offer appropriate advice when and if necessary.

Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications thereof on the MTET Schools' fundraising activities. The Charity supports the MTET Schools' approach to fundraising, which is essentially to seek philanthropic funding from a variety of constituencies, including alumni, parents of pupils, parents of alumni, friends of the MTET Schools and charitable trusts and foundations. The MTET Schools act in accordance with the Code of Fundraising Practice set out by the Fundraising Regulator and are committed to meeting high fundraising standards. As a result of this, no complaints about the MTET Schools' fundraising activities have been received.

A review of the final position at the end of the reporting year

The Charity's Endowment Funds stood at £6,281,000 (2020: £5,182,000) and the Restricted Fund stood at £1,619,000 (2020: £1,467,000). The Group's accounts – those of the Charity consolidated with those of the MTET Schools - show an overall surplus before investment losses of £2,716,000 (2020: £1,767,000). The net result after investment gains was £5,759,000 (2020: £1,708,000).

While the Covid-19 pandemic has had an undoubted impact on the Group's gross income and expenditure, the Trustees were generally satisfied with the financial position at the end of the year and they continue to review the position regularly and carefully.

FUTURE PLANS

The Trustees plan to support the MTET Schools and participate in relevant activity of MTC's Education Strategy, especially that which relates to the provision of educational opportunities for disadvantaged young people.

Merchant Taylors' Educational Trust

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

It plans also to give consideration to the potential use of Unrestricted Funds, with a view to identifying potential beneficiaries and activity that further the Charity's objects and the wider educational work of the MTC, as well as for the purposes of identifying an 'operating sum' for the payment of costs relating to insurance, auditing and other regular operations.

The Trustees also plan to continue working with both the MTET Schools and MTC to identify and update risks and ensure that responsibilities and activities relating to risk mitigation are clear and coherent across all parties.

Related to this, the Trustees will continue to review carefully the impact of the Covid-19 pandemic on the Charity's assets and the MTET Schools.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is governed by a Trust Deed dated 31 August 1967. On behalf of the Settlor, the Merchant Taylors' Company, and having become the sole Guarantor upon incorporation in 1997, the Trustees appoint the Governors of MTSN and St John's School, who thereafter are responsible for management and control of these schools.

The Consolidated Financial Statements of the Charity incorporate all of the funds under the direct control of the Trustees, as well as the MTET Schools and other entities whose governing bodies are appointed by the Trustees, and these are as follows:

Trust funds

The Charity holds a Bursary and Scholarship Trust and an MTET Prize Fund, whose sole objects are to support the provision of awards to support pupils and former pupils of MTSN. Their income is disbursed each year for that purpose, subject to satisfactory reports concerning MTSN's overall programme of support for boys in need of financial assistance towards their education. It also holds a general unrestricted fund which can be used in line with its charitable objects.

Merchant Taylors' School

Merchant Taylors' School was founded in 1561 by the Company in the City of London. In 1933 the School moved to its present site at Sandy Lodge in Northwood, Middlesex. On 1 August 1997 Merchant Taylors' School was incorporated as a charitable company limited by guarantee. On the 3 September 2015 Northwood Prep merged with Merchant Taylors' School. The School provides day schooling for boys between the ages of 3 to 18.

St John's School, Northwood

St John's School, Northwood, a preparatory school, was purchased by the Company in 1984, and a pre-preparatory department was added in 1986. On 1 August 1997 St John's School was incorporated as a charitable company limited by guarantee. The School provides day schooling for boys between the ages of 3 to 13.

Merchant Taylors' School Enterprises Limited

Merchant Taylors' School Enterprises Limited (MTSEL) was incorporated in 1988 as the trading company of Merchant Taylors' School, and is wholly owned by the School as from October 2008.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

Appointment of Trustees

The Trustees are appointed by the Court of the Merchant Taylors' Company, with regard paid to the particular skills and expertise that the Charity has need of at the relevant time.

Induction and training of Trustees

Trustees are offered at least one opportunity each year to receive training from the Charity's legal and accountancy advisers, either on a dedicated training day or by joining sessions offered generally by those advisers to their clients. The latter have tended to be favoured, in recent years, as they offer a range of different perspectives on the matters in question and the opportunity to share insights and establish useful contacts in the wider sector.

Trustees have access to the governing documents; previous minutes, plans, and other documentation; and to Charity Commission guidance. They are also supported by a well-qualified and experienced staff based at Merchant Taylors' Hall.

Management personnel

The Trust does not employ management personnel but receives the services of Bradestrete Services Limited, a subsidiary of the Merchant Taylors' Company, to provide all administrative functions.

Decision-making and delegation

The Trustees are drawn from members of the Merchant Taylors' Company and selected for their particular skills. Decisions as to expenditure for agreed budget lines – such as day-to-day administrative costs and small (under £5,000) grants - may be delegated to the Chairman of Trustees or to MTC staff, but other expenditure will usually be referred to all Trustees for approval.

Merchant Taylors' Educational Trust

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY NAME:	Merchant Taylors' Educational Trust
REGISTERED CHARITY NUMBER:	310018 (registered with the Charity Commission for England and Wales)
ADDRESS:	Merchant Taylors' Hall 30 Threadneedle Street London, EC2R 8JB
TRUSTEES:	Mr J A J Price (Chairman) Mr S W Bass Mr C P Hare Mr P T E Massey Mr P H Watkins
CHIEF EXECUTIVE OFFICER:	Rear Admiral J R H Clink CBE
BANKERS:	Royal Bank of Scotland PLC 62 Threadneedle Street London, EC2R 8LA
INVESTMENT MANAGERS:	Rathbone Investment Management Ltd 8 Finsbury Circus London, EC2M 7AZ
AUDITORS:	Saffery Champness LLP 71 Queen Victoria Street London, EC4V 4BE
SOLICITORS:	Charles Russell Speechlys LLP 5 Fleet Place London, EC4M 7RD

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

ST JOHN'S SCHOOL

Registered Charity Number: 1063738

Company Registration Number: 3411518

St John's School is a charitable Company Limited by Guarantee. Its Governors are appointed by the Trustees of the Merchant Taylors' Educational Trust, although they act entirely independently and in accordance with their responsibilities as Trustees and Directors of the School.

OFFICERS: The Headmaster: Mr M S Robinson
 The Bursar & Secretary: Mr N E Stone

GOVERNORS: Lady Harding (Chair) (*resigned 14 July 2021*)
 Mr M A L Robb (Chair) (*appointed 14 July 2021, resigned 27 April 2022*)
 Ms L Cavanagh
 Mr S J Everson
 Mrs E K Fenwick
 Mr J Fowler (*appointed as Interim Chair 27 April 2022*)
 Mr P R Henson
 Mr P R MacDougall
 Mr R A D Sullivan
 Mrs N J Walker
 Mr W Wallace (*appointed 18 May 2022*)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

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

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources of the Charity and the Group for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102) Second Edition;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011's applicable accounting regulations. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The Trustees have appointed Saffery Champness LLP, Chartered Accountants and Statutory Auditors, as auditors to the Charity.

By order of the Trustees (If we type or otherwise electronically sign our names, we confirm that we intend to authenticate this document by so doing):

John Aiden Joseph Price
Trustee

Peter Howard Watkins
Trustee

Date: 23 June 2022

Date: 23 June 2022

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the financial statements of Merchant Taylors' Educational Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Trust Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 August 2021 and of the group's and the parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require 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; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, 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 group and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charity's financial statements to material misstatement and how fraud might occur, including through discussions with informed management, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charity by discussions with informed management, and updating our understanding of the sector in which the group and parent charity operate.

Laws and regulations of direct significance in the context of the group and parent charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales. Further the charitable group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the charitable group's operations. We identified the most significant laws and regulations to be the Independent School Standards as found in the Education and Skills Act 2008 and guidance issued by the Department for Education.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

(If I type or otherwise electronically sign my name, I confirm that I intend to authenticate this document by so doing):

Saffery Champness LLP

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Saffery Champness LLP
Chartered Accountants 71 Queen Victoria Street
Statutory Auditors London
 EC4V 4BE

Date: 27 June 2022

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Merchant Taylors' Educational Trust

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
INCOME FROM						
Charitable Activities						
School Fees	1	28,473	-	-	28,473	26,919
Registration/admissions fees		155	-	-	155	160
Other income – insurance		8	-	-	8	12
Other income – Rent received		266	-	-	266	265
Other income – Trading		28	-	-	28	86
Other ancillary income		18	-	-	18	7
Government grant income		-	324	-	324	1,020
Other trading activities	2	182	-	-	182	221
Investment income	3a	157	255	-	412	452
Donations and legacies						
	3b					
Donations		36	51	-	87	148
Development campaign income		47	1,348	11	1,406	243
Total income		29,370	1,978	11	31,359	29,533
EXPENDITURE ON						
Raising funds						
Publicity/advertising and development office		191	2	-	193	230
Trading & investment cost of sales		105	49	-	154	217
Financing		25	34	-	59	71
		321	85	-	406	518
Charitable activities						
Schools and grantmaking		27,470	766	-	28,236	27,248
Total expenditure	4	27,791	851	-	28,642	27,766
Net incoming resources before investments		1,579	1,127	11	2,717	1,767
Gains/(losses) on investment assets:		1,273	271	1,499	3,043	(59)
Net income		2,852	1,398	1,510	5,760	1,708
Transfers between funds	6	1	(1)	-	-	-
Net movement in funds		2,853	1,397	1,510	5,760	1,708
Fund balances at 1 September 2020		45,846	2,271	6,878	54,995	53,287
Fund balances at 31 August 2021		48,699	3,668	8,388	60,755	54,995

The Trust's incoming resources and expenses all relate to continuing operations.

The notes on pages 21 to 47 form part of these financial statements.

Merchant Taylors' Educational Trust

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		38,105		37,534
Investments	9		19,605		15,318
			57,710		52,852
Current assets					
Stock			32		59
Debtors	11		387		481
Cash			7,902		7,736
			8,321		8,276
Creditors: amounts falling due within one year	12		4,399		5,177
Net current assets			3,922		3,099
Total assets less current liabilities			61,632		55,951
Creditors: amounts falling due after more than one year	13		877		956
Total net assets			60,755		54,995
Funds					
Endowment funds	15		8,388		6,878
Restricted funds	16		3,668		2,271
Unrestricted funds	17		48,699		45,846
			60,755		54,995

These financial statements were approved by the Trustees on 23 June 2022.

(If we type or otherwise electronically sign our names, we confirm that we intend to authenticate this document by so doing):

John Aiden Joseph Price
Trustee

Peter Howard Watkins
Trustee

The notes on pages 21 to 47 form part of these financial statements.

Merchant Taylors' Educational Trust

TRUST BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021	2020
		£'000	£'000
Fixed assets			
Investments	9	9,402	7,281
Current assets			
Debtors	11	1	49
Cash		259	799
		260	848
Creditors: amounts falling due within one year	12	44	23
Net current assets		216	825
Total net assets		9,618	8,106
Funds			
Endowment funds	15	6,281	5,182
Restricted funds	16	1,619	1,467
Unrestricted funds	17	1,718	1,457
		9,618	8,106

These financial statements were approved by the Trustees on 23 June 2022.

(If we type or otherwise electronically sign our names, we confirm that we intend to authenticate this document by so doing):

John Aiden Joseph Price
Trustee

Peter Howard Watkins
Trustee

The notes on pages 21 to 47 form part of these financial statements.

Merchant Taylors' Educational Trust

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	18		4,326		2,890
Cash flows from investing activities					
Investment income		413		452	
Bank and other interest		-		10	
Purchase of tangible fixed assets		(2,648)		(5,054)	
Investment purchases at cost		(5,780)		(3,321)	
Proceeds on disposal of investments		4,084		3,841	
<i>Net cash (used in) investing activities</i>			(3,931)		(4,072)
Cash flows from financing activities					
Receipt of endowment income		11		7	
Movement on final deposits		(66)		(122)	
Bank loans repaid		(530)		(97)	
<i>Net cash (used in) financing activities</i>			(585)		(212)
Change in cash and cash equivalents in the year			(190)		(1,394)
Cash and cash equivalents at the start of the year			8,834		10,228
Cash and cash equivalents at the end of the year	19		8,644		8,834

The notes on pages 21 to 47 form part of these financial statements.

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2021

A. Accounting policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) and Financial Reporting Standard 102 (FRS 102) and applicable law. The particular policies adopted by the Trustees are described below.

B. Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of freehold investment property which is stated at valuation and other fixed asset investments which are stated at market value. The Charity is a public benefit entity. The financial statements have been prepared in sterling, rounded to the nearest £, which is the functional currency of the Charity. The Trustees are satisfied that the Charity is a going concern and have prepared these financial statements on that basis. The financial statements have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the SORP rather than the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) which has been withdrawn.

C. Basis of consolidation

The consolidated financial statements comprise the following entities which are under the direct control of the Trustees of the Charity: Merchant Taylors' School (inclusive of Merchant Taylors' Prep) and its wholly owned subsidiary Merchant Taylors' School Enterprises Limited and St. John's School, Northwood.

D. Leasehold land, buildings and other fixed assets

Freehold land and buildings occupied by Merchant Taylors' School and St John's School are leased from the Merchant Taylors' Company. The freehold land and buildings occupied by Merchant Taylors' Prep are owned by Merchant Taylors' School. The subsidiaries are responsible for putting and keeping the properties in repair and associated costs are written off as and when incurred. The cost of any material tenant's improvement is capitalised on completion.

Rentals payable are charged on a time basis over the lease term. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Depreciation is provided to write off the cost of all relevant tangible fixed assets less estimated residual value based on current market prices, in equal annual instalments over their estimated useful economic lives as follows:

Merchant Taylors' School Buildings and leasehold improvements: 70% charged over 50 years, 30% charged over 20 years in order to reflect components such as flat roofs and utilities installations which have a shorter life

St John's School Buildings and leasehold improvements: charged over 20 years

Furniture and equipment: charged over 10 years

Machinery and motor vehicles: charged over 4 years

Merchant Taylors' Educational Trust

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2021

Computer hardware: charged over 4 years

Depreciation is not charged on assets under construction or freehold land.

Individual items costing less than £500 are written off as an expense when incurred.

The Charity itself holds no fixed assets which are subject to depreciation.

E . Current assets

Stock consists of textbooks and other school consumables which have been purchase in advance of the new academic year and is carried at the lower of cost and net realisable value.

F . Investments and investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for when received.

Listed investments are valued at mid-market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

G. Income

Donations and legacies are accounted for by all entities when they are entitled to the income and when the amount concerned can be reliably quantified and the economic benefit is considered probable. Amounts received for general purposes are credited to the unrestricted funds of the receiving entity, whilst amounts subject to specific trust law restrictions or donor imposed stipulations are credited to the appropriate restricted or endowment fund.

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the Merchant Taylors' Company against those fees, but including contributions received from restricted funds, are accounted for in the year in which the service is provided.

H. Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the Charity. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to management estimates of time spent or space occupied, as appropriate. Governance costs, included within Support costs of schooling, comprise external audit costs and costs incurred in relation to constitutional and statutory requirements.

Grants payable are charged in the year in which the offer is conveyed to the recipient.

I. Funds

Notes 15 to 17 list all funds, which are categorised as follows:

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2021

Permanent endowment funds: These have the principal purpose of generating income. The use of these funds has been restricted by the original donor and only the income arising is available to spend.

Expendable endowment funds: These funds are accounted for similarly to permanent endowment funds, except that all the capital can be utilised as income for spending, either at the Governors' discretion or upon the occurrence of an event contemplated by the donor.

Restricted funds: These funds were donated or created for specific purposes and may be used only for those purposes.

Unrestricted funds: These are held for more general donations by the charity and by the school for the principal purposes of financing fixed assets and providing working capital for the MTET Schools.

J. Pensions

Pension costs have been calculated by those subsidiaries which carry them, in accordance with FRS102. The costs are charged in the period in which the salaries to which they relate are payable.

The Schools' professional teaching staff are members of the Teachers' Pension Scheme operated by Teachers' Pensions on behalf of the Department for Education and Skills. This is a multi-employer scheme and individual schools are not able to identify their share of the underlying assets and liabilities of the Scheme. Non-teaching staff are members of other schemes as detailed in Note 20.

K. Taxation

The Charity and its subsidiaries are all registered charities and recognised as charitable by HMRC, and their income is not therefore liable to taxation as it is applied to wholly charitable purposes.

L. Financial instruments

The Charity has financial assets and financial liabilities only of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

M. Critical accounting judgement and estimates

The preparation of the financial statements in accordance with FRS102 requires the Trustees to make estimates and assumptions concerning the future. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include accruals, depreciation and revenue recognition. The accounting in these areas of the accounts requires management to use judgement. In relation to accruals this is with regards to a best estimate of costs that will be incurred based on contractual requirements. For depreciation these estimates are driven by the useful economic life of the associated assets. For revenue recognition management apply judgements in concluding on the point at which revenue should be recognised.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1 Fees receivable

	2021	2020
	£'000	£'000
Fees receivable consist of:		
Gross fees	31,157	30,512
Less:		
Discounts given	(969)	(1,928)
Bursaries, grants and allowances	(2,120)	(1,918)
	28,068	26,666
Paid from restricted funds	405	253
	28,473	26,919

Discounts were given in the spring term in 2021 and summer term in 2020 due to the disruption arising from the Covid-19 pandemic.

2 Trading income

Merchant Taylors School Enterprises Limited (MTSEL) operates the trading activities relating to Merchant Taylors' School including shops and letting of school facilities. It pays its taxable profits to the school by way of gift aid. Its trading results, extracted from its audited accounts were:

	2021	2020
	£'000	£'000
Turnover	182	221
Cost of sales	(12)	(49)
Gross profit	170	172
Administration costs	(66)	(115)
Interest receivable	-	-
Net profit	104	57
Gift aid transferred to Merchant Taylors' School	(104)	(57)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3 Income

3a Investment income

	2021	2020
	£'000	£'000
Income generated by Trust investments	263	234
Income generated by investments held by subsidiaries	149	218
	412	452

3b Donations

Other donations received	87	148
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4 Expenditure

	2021	2020
	£'000	£'000
Other expenditure includes:		
Auditors' remuneration – audit and other services	50	42
Auditors' remuneration for other services	-	4
Staff costs:		
Wages and salaries	15,359	14,903
Social security costs	1,578	1,533
Pension contributions	2,886	2,825
Termination costs	80	28
	19,903	19,289

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4 Expenditure (continued)

The number of employees whose remuneration was between the following bands is as follows:

	2021	2020
£60,001 - £70,000	35	38
£70,001 - £80,000	16	10
£80,001 - £90,000	5	5
£100,001 - £110,000	1	-
£110,001 - £120,000	1	-
£120,001 - £130,000	1	3
£130,001 - £140,000	1	-
£190,001 - £200,000	1	1

Key management personnel of the Schools comprise the Head teachers, the Bursars and the senior leadership teams. The total combined contractual benefits totalled £2,191,000 (2020: £2,267,000).

The average number of employees in the year was 443 (2020: 434).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4a Analysis of total resources expended

	Staff costs £'000	Other £'000	Depreciation £'000	Total 2021 £'000	Total 2020 £'000
Cost of generating funds					
Publicity and development office	178	15	-	193	230
Trading & investment costs	29	125	-	154	217
Financing	-	59	-	59	71
	207	199	-	406	518
Charitable activities					
Teaching costs	15,475	1,868	-	17,343	16,741
Welfare	847	449	-	1,296	1,246
Premises	1,396	3,419	1,167	5,982	5,498
Support costs	1,978	249	720	2,947	3,249
Schools' operating cost	19,696	5,985	1,887	27,568	26,734
Bursaries paid by restricted funds	-	405	-	405	253
Depreciation on sports facility	-	-	190	190	190
Grants	-	41	-	41	33
Other costs	-	2	-	2	23
Governance costs	-	30	-	30	15
Total resources expended	19,903	6,732	2,077	28,642	27,766

Governance costs include £15,000 of legal fees on reviewing and updating the charitable objects.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5 **Subsidiary Entities**

The results of the Fund's wholly owned subsidiary entities are included within the Consolidated Statement of Financial Activities as follows:

	Merchant Taylors' School	Merchant Taylors' School	Merchant Taylors' School Enterprises Limited	Merchant Taylors' School Enterprises Limited	St John's School, Northwood	St John's School, Northwood
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income from Charitable Activities						
School Fees	23,447	22,136	-	-	5,027	4,783
Registration/admission fees	132	139	-	-	22	21
Other income						-
- Insurance	8	12	-	-	-	-
- Rent received	251	244	-	-	15	21
- Trading	98	86	-	-	-	-
- Other	-	-	-	-	18	7
- Government grant	289	910	-	-	35	110
Income from Generated Funds						
Trading company income	-	-	182	220	-	-
Investment income	79	131	-	-	71	87
Donations	334	142	-	-	31	23
Development income	1,406	243	-	-	-	-
	26,044	24,043	182	220	5,219	5,051
Cost of generating funds						
Publicity/advertising and development office	193	230	-	-	-	-
Trading & investment cost of sales	18	15	182	220	9	-
Financing	16	27	-	-	3	15
Charitable Activities						
Schools and grantmaking	23,220	22,221	-	-	5,015	4,978
	23,447	22,493	182	220	5,027	4,992
Net investment gains	1,097					
Per statement of financial activities	3,694	1,748	-	-	553	(6)

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5 Subsidiary Entities (continued)

	Merchant Taylors' School	Merchant Taylors' School	Merchant Taylors' School Enterprises Limited	Merchant Taylors' School Enterprises Limited	St John's School, Northwood	St John's School, Northwood
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fund balances at 1 September 2020	39,545	37,797	-	-	7,343	7,349
Fund balances at 31 August 2021	43,239	39,545	-	-	7,896	7,343

Merchant Taylors' School - Charity Number 1063740

Merchant Taylors' School Enterprises Limited - Company Number 02275287

St John's School, Northwood - Charity Number 1063738

6 Transfers between funds

	Unrestricted Schools £'000	Unrestricted Other £'000	Restricted funds £'000	Endowed Funds	Total £'000
MTET					
Bursaries & scholarships	180	-	-	(180)	-
Merchant Taylors' School					
Housing fund	7	(7)	-	-	-
Designated bursary fund	(5)	5	-	-	-
St John's School					
Depreciation on gifted assets	1	-	(1)	-	-
	183	(2)	(1)	(180)	-

An amount equivalent to the depreciation charge on assets donated to Merchant Taylors' School and St John's School has been transferred to the unrestricted fund.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7 Tangible fixed assets

Group only

	Equipment, machinery & vehicles £'000	Land, buildings and tenants improvements £'000	Assets under Construction £'000	Total 2021 £'000
Cost				
1 September 2020	10,056	46,919	4,587	61,562
Additions	671	726	1,257	2,654
Disposals	-	(6)	-	(6)
Transfers	-	4,587	(4,587)	-
31 August 2021	10,727	52,226	1,257	64,210
Depreciation				
1 September 2020	7,341	16,687	-	24,028
Charge for year	720	1,357	-	2,077
On disposals	-	-	-	-
31 August 2021	8,061	18,044	-	26,105
Net book value				
31 August 2021	2,666	34,182	1,257	38,105
31 August 2020	2,715	30,232	4,587	37,534

Merchant Taylors' Company own the land and buildings from which Merchant Taylors' School and St John's School operate. Merchant Taylors' School currently has a 125 year lease which expires in 2139 and St John's School has a 14 year lease which expires in 2023.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8 Fixed assets investments – group undertakings

The subsidiary undertakings of the Trust are as follows:

Name	Country of incorporation	Nature of control	Amount of guarantee	Class of shares	% of shares held	Nature of business
Merchant Taylors' School	England	Guarantor	£1 per Trustee	-	-	School
St John's School Northwood	England	Guarantor	£1 per Trustee	-	-	School
Merchant Taylors' School Enterprises Ltd	England	Ultimate Owner	-	Ordinary	100%	Trading

9 Fixed asset investments – group and trust

	Trust funds	St John's School	Merchant Taylors' School	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000
Listed investments:					
Market value at 1 September 2020	7,113	1,723	5,385	14,221	14,805
Additions at cost	1,622	388	3,769	5,779	3,321
Disposals	(1,222)	(159)	(2,701)	(4,082)	(3,841)
Unrealised (losses)/gains	1,590	350	1,002	2,942	(64)
	9,103	2,302	7,455	18,860	14,221
Cash held at 1 September 2020	168	252	677	1,097	
Movement in cash	131	93	(576)	(352)	
Cash held at 31 August 2021	299	345	101	745	1,097
Market value at 31 August 2021	9,402	2,647	7,556	19,605	15,318

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10 Financial instruments

	Consolidated		2021 £'000	Trust 2020 £'000
	2021 £'000	2020 £'000		
Carrying amount of financial assets				
Debt instruments measured at amortised cost	213	337	1	47
Carrying amount of financial liabilities				
Measured at amortised cost	2,120	3,169	44	14

11 Debtors

	Consolidated		2021 £'000	Trust 2020 £'000
	2021 £'000	2020 £'000		
Fees	60	22	-	-
Sundry debtors	153	315	-	47
Amount due from related parties	12	1	-	1
Prepayments	162	143	-	1
	387	481	-	49

12 Creditors: amounts falling due within one year

	Consolidated		2021 £'000	Trust 2020 £'000
	2021 £'000	2020 £'000		
Bank loans and overdraft	-	530	-	-
Final term deposits	104	88	-	-
Trade creditors	405	87	-	9
Exam deposits and Autumn term pre-payments	1,956	1,860	-	-
Amounts owed to related parties	-	14	17	-
Other creditors and accruals	1,610	2,464	27	14
Fees in advance scheme	324	134	-	-
	4,399	5,177	44	23

Parents may enter into a contract to pay the Senior School in advance for fixed contributions towards the tuition fees for up to 7 years. The money may be returned subject to specific conditions on the receipt of notice.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

13 Creditors: amounts falling due after more than one year

	2021 £'000	Consolidated 2020 £'000	2021 £'000	Trust 2020 £'000
Final term deposits & fees in advance:				
Within 1 to 2 years	229	231	-	-
Within 2 to 5 years	332	337	-	-
After 5 years	316	388	-	-
	877	956	-	-
Total creditors due after more than one year	877	956	-	-

At the start of the year there was a balance of £311,000 on the fees in advance scheme, there were new contracts and discounts totalling £109,000 and £135,000 was utilised in the year, resulting in a balance at year-end of £285,000.

14 Allocation of the net assets of the charity

	Fixed assets and investments £'000	Net Current assets £'000	Long Term liabilities £'000	Total 2021 £'000
Group				
Unrestricted funds	47,702	1,874	(877)	48,699
Restricted funds	1,620	2,048	-	3,668
Endowment funds	8,388	-	-	8,388
	57,710	3,922	(877)	60,755
Trust only				
Unrestricted funds	1,502	36	-	1,538
Restricted funds	1,619	180	-	1,799
Endowment funds	6,281	-	-	6,281
	9,402	216	-	9,618

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

15 Endowment Funds

Consolidated

	Balance 1.9.20 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.21 £'000
Permanent Endowments						
Bursary and Scholarships	4,899	-	-	-	1,039	5,938
Development Fund	1,226	11	-	-	312	1,549
MTET Prize Fund	283	-	-	-	60	343
Expendable Endowments						
Expendable Endowment	470	-	-	-	88	558
	6,878	11	-	-	1,499	8,388

Trust Permanent Endowments

	Balance 1.9.20 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.21 £'000
Bursary and Scholarships	4,899	-	-	-	1,039	5,938
MTET Prize Fund	283	-	-	-	60	343
	5,182	-	-	-	1,099	6,281

Fund Details

The Bursary and Scholarships funds comprises various donations that can be used solely for the provision of bursaries or scholarships for the benefit of pupils of Merchant Taylors' School.

The MTET Prize Fund can only be used to fund prize winners from Merchant Taylors' School.

The Development Fund was initiated in 2009 when Merchant Taylors' School launched its "Forward To Our Roots" initiative. The income from the Fund is to be used to fund bursaries. The expendable endowment also allows the funding of bursaries.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16 Restricted Funds

Consolidated

	Balance 1.9.20 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.21 £'000
St John's School						
Refurbishment	4	-	-	(1)	-	3
Government grant	-	35	(35)	-	-	-
Merchant Taylors' School						
General Donations	292	102	(278)	-	-	116
Development Fund	434	317	(136)	180	46	841
Sports, art and school campus	19	15	(2)	-	-	32
Capital projects	55	1,001	-	-	-	1,056
Government grant	-	289	(289)	-	-	-
MTET						
MTET Restricted Fund	1,111	37	(17)	-	225	1,356
Endowment income funds						
Bursary and Scholarships	165	172	(78)	(180)	-	79
MTET Prize Fund	191	10	(16)	-	-	185
	2,271	1,978	(851)	(1)	271	3,668

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16 Restricted Funds (continued)

Trust

	Balance 1.9.20 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.21 £'000
MTET Restricted Fund	1,111	37	(18)	-	225	1,355

Endowment income funds

Bursary and Scholarships	165	172	(258)	-	-	79
MTET Prize Fund	191	10	(16)	-	-	185
	1,467	219	(292)	-	225	1,619

Income accruing to the Endowment Funds is restricted to the purposes described in note 15.
The MTET Restricted fund is restricted to use on Merchant Taylors' Schools projects.

17 Unrestricted Funds

Consolidated

	Balance 1.9.20 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.21 £'000
General Reserve	35,600	28,700	(27,653)	(1)	1,100	37,746
Designated funds:						
Designated Bursary Fund	1,421	63	(4)	-	173	1,653
Housing Fund	61	-	-	7	-	68
Pension Fund	122	-	-	-	-	122
OMT Asset Fund	4,715	-	(190)	-	-	4,525
Durrants' Fund	3,906	677	(10)	-	-	4,573
Fees in Advance	21	-	(4)	(5)	-	12
Total designated funds	10,245	740	(208)	2	173	10,952
Unrestricted funds	45,846	29,440	(27,861)	1	1,273	48,699

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17 Unrestricted Funds (continued)

Trust

	Balance 1.9.20 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.21 £'000
General Reserve (MTET)	1,457	74	(75)	-	261	1,717

The **General Reserve fund** held by the school is retained to finance the fixed assets and provide working capital for both Merchant Taylors' School and St John's School. The Trust's **General Reserve (MTET)** is held to finance activity in line with the Trust's general objectives.

The **Designated Bursary Fund** for Merchant Taylors' School had a balance of £625,000 at the year-end, whilst St John's School has a balance of £1,027,000 (2020: £604,000 and £816,000 respectively). These funds are to provide bursary assistance to pupils.

The **Housing Fund** was set up to grant interest-free loans to members of staff in School accommodation to assist in the purchase of their own property. The value of the fund is equal to the balance of loans currently outstanding.

Historically the **Pension Fund** had been set up to cover Merchant Taylors School's share of the deficit in the Merchant Taylors' Company pension scheme. This fund is maintained in order to meet any contingent liability which may arise. The total contingent liability cannot be quantified with any certainty at this time. For further details see note 20.

The **OMT Asset Fund** - In 2004, the War Memorial Trustees of the Old Merchant Taylors' Society ("OMT") entered into an agreement with a developer to sell the existing OMT sports facility at Durrants and build a new OMT facility on the Merchant Taylors' School's grounds. Funds of £6.4m were received from the developer to fund this facility, which OMT occupies under a 125 year licence which it entered into in 2011. The expenditure equates to the depreciation charge and reconciles the fund balance to the current net book value of the OMT sports facility.

The **Durrants Fund** - Due to the size and significance of the funds received from the sale of The War Memorial sports facility at Durrants (excluding that which was received to build a new OMT facility), the Trustees have agreed to create a designated fund for the purpose of maintaining the OMT sports facilities.

The **Fees in Advance** Fund represents the net assets relating to the Fees in Advance Scheme and any surplus may be used to meet any of the School's charitable objectives.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

18 Reconciliation of net incoming resources to net cash inflow from operating activities

	2021 £'000	2020 £'000
Net incoming resources	5,760	1,766
Investment Income	(412)	(452)
Bank and Other Interest	-	(10)
(Gain)/loss on investments	(2,948)	5
Depreciation	2,077	1,862
Receipt of endowment	(11)	(7)
Decrease/(increase) in stocks	27	(8)
Decrease in debtors	94	15
(Decrease) in operating creditors	(261)	(281)
Net cash inflow from operating activities	4,326	2,890

19 Net debt reconciliation

	At 1 September 2020 £'000	Cash flow & other movements £'000	At 31 August 2021 £'000
Cash at hand and in bank	7,736	166	7,902
Cash within investment portfolio	1,098	(356)	742
	8,834	(190)	8,644
Loans: falling due in less than one year	(530)	530	-
Total	8,304	340	8,644

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

20 Pension commitments

The pension contribution charged to direct charitable expenditure for the year was £2,890,000 (2020: £2,825,000).

Teaching staff

The Schools participate in the Department of Education Teachers' Pension Scheme (TPS) for their teaching staff. Employer's contributions throughout the year were 23.6% of pensionable salary. Contributions payable in the year totalled £2,329,000 (2020: £2,267,000).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the year April 2019 to March 2023. Until the cost cap review has been completed it is not possible to determine any financial impact or future changes to the contribution rate of the TPS. Accordingly no provision for any increase to pension costs has been included in these accounts.

Non-teaching staff

(a) The Merchant Taylors' Company and Pension Life Assurance Scheme

Merchant Taylors' School was a member of the Merchant Taylors' Company Pension Scheme for some senior non-teaching staff. This scheme was closed to further accrual on 30 April 2011. However during that year the Trustees completed a buy-out of liabilities with Aviva Plc. The School, subsequent to the buy out, entered into an agreement with the principal employer to indemnify the members against any loss not covered by the Pension Protection Fund, should Aviva not have sufficient assets to meet pension payments. This Fund, as detailed in note 17, will therefore be maintained and added to in future years, in order to meet any contingent liability which may arise.

(b) Group Personal Pension Scheme

The Schools also contribute to group personal pension plans in respect of their staff. In total, the School's contributions to group personal pension schemes for the year amounted to £561,000 (2020: £560,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

21 Other financial commitments

At 31 August 2021, the Group was committed to making the following annual payments under non-cancellable operating leases, the Trust itself had no annual payments due:

	Land and buildings	
	2021	2020
	£'000	£'000
In less than 1 year	353	355
Between 2 and 5 years	1,388	1,394
After 5 years	13,103	13,449

22 Related party transactions

- a) MTET appoints the Directors and Governors of the Schools, who thereafter are responsible for the control of the Companies. During the year covered by these financial statements, MTET granted £180,000 to Merchant Taylors School (2020: £nil).

MTET made a donation of £24,000 (2020: £nil) to St John's.

MTET made a donation of £30,000 (2020: £30,000) to the Merchant Taylors' Foundation, a charity related to the Merchant Taylors' Company, during the year.

- b) Merchant Taylors' School Enterprises Limited (Company registration No. 2275287)

The results of this Company for the year were satisfactory. The profit donated to the School was £104,000 (2020: £57,000).

- c) The Merchant Taylors' Company made a donation to Merchant Taylors' School of £46,000 (2020: £39,000).

The Company made a donation to St John's which amounted to £30,810 (2020: £23,000).

The Merchant Taylors' Company owns the land and buildings from which the School operates. The School currently has a 128 year lease from 16 March 2011, at a current annual rent of £112,000 (2020: £112,000) to be subject to review.

- d) Merchant Taylors' School and St John's School, Northwood are connected by common administration. Some non-teaching staff of Merchant Taylors' School perform similar duties for St John's School. A management fee for this service is charged to St John's, which amounted to £70,000 (2020: £65,000) for the year ended 31 August 2021, with a balance of £240 owing at year-end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22 Related party transactions (continued)

- e) The Merchant Taylors' Company owns the land and buildings from which St John's School operates. The school has a fifteen year lease effective from June 2013 at an annual rent of £234,000. A rent review is due in July 2023.
- f) Bradestrete Limited, a company owned by Merchant Taylors' Company, provided administrative services to the charity at a cost of £38,385. At year-end there was a balance of £3,000 owing to the company.

23 Transactions with Trustees and School Governors

No trustees have received any remuneration during the year (2020: £nil) nor have they been reimbursed for expenses (2020: £nil).

School governors are not remunerated (2020: £nil) and received reimbursement of expenses of £1,000 (2020: £2,000)

24 Capital commitments

Capital expenditure contracted for but not provided in the financial statements was £0.6m (2020: £2.4m).

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25 Comparative information

a) Statement of Financial Activities	Unrestricted	Restricted	Endowment	Total
	funds £'000	funds £'000	funds £'000	2020 £'000
INCOME FROM				
Charitable Activities				
School Fees	26,919	-	-	26,919
Registration/admissions fees	160	-	-	160
Other income – insurance	12	-	-	12
Other income – Rent received	265	-	-	265
Other income – Trading	86	-	-	86
Other ancillary income	7	-	-	7
Government grant income	-	1,020	-	1,020
Other trading activities	221	-	-	221
Investment income	216	236	-	452
Donations and legacies				
Donations	63	85	-	148
Development campaign income	32	204	7	243
Total income	27,981	1,545	7	29,533
EXPENDITURE ON				
Raising funds				
Publicity/advertising and development office	201	29	-	230
Trading & investment cost of sales	178	39	-	217
Financing	46	25	-	71
	425	93	-	518
Charitable activities				
Schools and grantmaking	25,959	1,289	-	27,248
	25,959	1,289	-	27,248
Total expenditure	26,384	1,382	-	27,766
Net incoming resources before investments	1,597	163	7	1,767
Net gains and losses on investments	61	(27)	(93)	(59)
Net income	1,658	136	(86)	1,708
Transfers between funds	1	(1)	-	-
Net movement in funds	1,659	135	(86)	1,708
Fund balances at 1 September 2019	44,187	2,136	6,964	53,287
Fund balances at 31 August 2020	45,846	2,271	6,878	54,995

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25 Comparative information (continued)

b) Endowment Funds comparative information

Consolidated

	Balance 1.9.19 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.20 £'000
Merchant Taylors' School Bursary and Scholarship Trust	4,420	-	-	-	(111)	4,309
Lort-Williams' Fund	49	-	-	-	(1)	48
Sir Christopher Harding's Fund	134	-	-	-	(3)	131
Lord Hailey's Fund	421	-	-	-	(10)	411
MTET Prize Fund	290	-	-	-	(7)	283
Expendable Endowment	451	-	-	-	19	470
Development Fund	1,198	7	-	-	21	1,226
	6,963	7	-	-	(92)	6,878

Trust

	Balance 1.9.19 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.20 £'000
Merchant Taylors' School Bursary and Scholarship Trust	4,420	-	-	-	(111)	4,309
Lort-Williams' Fund	49	-	-	-	(1)	48
Sir Christopher Harding's Fund	134	-	-	-	(3)	131
Lord Hailey's Fund	421	-	-	-	(10)	411
MTET Prize Fund	290	-	-	-	(7)	283
	5,314	-	-	-	(132)	5,182

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25 Comparative information (continued)

c) Restricted Funds

Consolidated

	Balance 1.9.19 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.20 £'000
St John's School						
Preparatory refurbishment	5	-	-	(1)	-	4
Merchant Taylors' School						
General Donations	320	85	(113)	-	-	292
Development Fund	376	218	(160)	-	-	434
Sports, art and school campus	25	9	(15)	-	-	19
Capital projects	37	18	-	-	-	55
Government grant	-	1,020	(1,020)	-	-	-
MTET						
MTET Restricted Fund	1,076	33	(12)	41	(27)	1,111
Endowment income funds						
Original Endowment	-	-	-	-	-	-
Bursary and Scholarship Trust	98	135	(49)	(41)	-	143
Lort-Williams' Fund	0	1	0	-	-	1
Sir Christopher Harding's Fund	3	4	(1)	-	-	6
Lord Hailey's Fund	7	13	(5)	-	-	15
MTET Prize Fund	188	9	(6)	-	-	191
	2,135	1,545	(1,381)	(1)	(27)	2,271

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25 Comparative information (continued)

Trust restricted funds

	Balance 1.9.19 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.20 £'000
MTET Restricted Fund	1,076	33	(12)	41	(27)	1,111
Endowment income funds						
Bursary and Scholarship Trust	98	135	(49)	(41)	-	143
Lort-Williams' Fund	0	1	0	-	-	1
Sir Christopher Harding's Fund	3	4	(1)	-	-	6
Lord Hailey's Fund	7	13	(5)	-	-	15
MTET Prize Fund	188	9	(6)	-	-	191
	1,372	195	(73)	0	(27)	1,467

d) Unrestricted Funds

Consolidated

	Balance 1.9.19 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.20 £'000
General Reserve	33,991	27,735	(26,183)	(14)	71	35,600
	33,991	27,735	(26,183)	(14)	71	35,600
Designated funds:						
Designated Bursary Fund	1,403	31	(4)	0	(10)	1,420
Housing Fund	46	-	-	15	-	61
Pension Fund	121	-	-	-	-	121
OMT Asset Fund	4,905	-	(190)	-	-	4,715
Durrants' Fund	3,702	213	(8)	-	-	3,907
Fees in Advance	20	1	-	-	-	21
Total designated funds	10,197	245	(202)	15	(10)	10,245
Unrestricted funds	44,188	27,980	(26,385)	1	61	45,845

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25 Comparative information (continued)

Trust

	Balance 1.9.19 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.20 £'000
General Reserve	1,454	79	(44)	-	(32)	1,457

e) Allocation of the net assets of the charity

	Fixed assets and investments £'000	Net Current assets £'000	Long Term liabilities £'000	Total 2020 £'000
Group				
Unrestricted funds	45,073	1,729	(956)	45,846
Restricted funds	902	1,369	-	2,271
Endowment funds	6,878	-	-	6,878
	52,853	3,098	(956)	54,995
Trust only				
Unrestricted funds	1,321	136	-	1,457
Restricted funds	778	689	-	1,467
Endowment funds	5,182	-	-	5,182
	7,281	825	-	8,106

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

25 Comparative information (continued)

f) Analysis of total resources expended

	Staff costs £'000	Other £'000	Depreciation £'000	Total 2020 £'000	Total 2019 £'000
Cost of generating funds					
Publicity/advertising and development office	183	47	-	230	234
Trading & investment costs	68	149	-	217	254
Financing	-	71	-	71	42
	251	267	-	518	530
Charitable activities					
Teaching costs	15,289	1,452	-	16,741	16,322
Welfare	822	424	-	1,246	1,377
Premises	1,368	3,186	944	5,498	5,416
Support costs	1,559	962	728	3,249	3,687
Schools' operating cost	19,038	6,024	1,672	26,734	26,802
Bursaries paid for by restricted funds	-	253	-	253	382
Depreciation on OMT sports facility	-	-	190	190	190
Grants	-	33	-	33	172
Other costs	-	23	-	23	31
Governance costs	-	15	-	15	10
Total resources expended	19,289	6,615	1,862	27,766	28,117