

Registered Charity Number: 310018

MERCHANT TAYLORS' EDUCATIONAL TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2022

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees submit their report and financial statements for the year ended 31 August 2022. 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 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 support for the MTET Schools in the context of the broader 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 aftermath of the Covid-19 pandemic, to continue to function effectively and offer an outstanding education to their pupils.

Activities

The Trustees disbursed £225,000 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 £9,000 was awarded in leaving prizes to students leaving MTSN to embark on university study.

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 .

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 Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and 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. Further details of governors are

available on pages 10 and 11.

Investment performance

The investment income for the Charity amounted to £299,000 (2021: £263,000).

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 review this investment policy annually and no changes were made to it this year.

Total return

In April 2021 the Trustees resolved to adopt a total return policy for the MTET funds held in the managed portfolio from 1 September 2021.

Trustees established the original value of the endowments as £4,057,442 through review of historic accounts, with £2,212,815 being the value of endowments gifted in September 2017 and £1,844,627 being the value of the other, extant endowments in 2011.

Prior to the resolution the capital returns on the Trust's endowed assets were credited to the Trust's endowment funds and all income returns to the related restricted funds.

The Trustees have decided to transfer 3.5% of the asset value to the restricted funds for application based on the expected long-term return within the investment manager's mandate. This withdrawal rate will be reviewed regularly.

Financial reserves

The MTET Schools' total reserves are considered appropriate.

The Trustees' policy is to retain around £200,000 via the unrestricted funds, historically referred to as the "Original Endowment Fund" 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 2022 the Fund held £1,625,000 (2021: £1,717,000) 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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

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.

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 Charity does not use a third party fundraiser. 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 period

The Charity's Endowment Funds stood at £5,726,000 (2021: £6,281,000) and the Restricted Fund stood at £1,486,000 (2021: £1,619,000). The Group's accounts – those of the Charity consolidated with those of the MTET Schools - show an overall surplus before investment losses of £2,015,000 (2021: £1,767,000). The net result after investment losses (2021: gains) was £197,000 surplus (2021: £5,759,000 surplus).

FUTURE PLANS

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

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, as well as for the

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

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.

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:

Endowment 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. An allocation of the unapplied total return 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.

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 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.

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

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 (employed by Bradestrete Services Ltd), but other expenditure will usually be referred to all Trustees for approval.

Merchant Taylors' Educational Trust

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

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
AUDITOR:	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 2022

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 (*resigned 31 August 2022*)

Mr T Jenkin (*appointed 1 September 2022*)

The Bursar: Mr N E Stone (*resigned 31 August 2022*)

Mr S Brown (Interim) (*appointed 1 September 2022*)

Ms C Demetriades (*appointed 1 February 2023*)

GOVERNORS: Mr J C Fowler (Chairman) (*appointed 4 October 2022*)

Mr P Burdin (*appointed 7 February 2023*)

Ms L Cavanagh

Mr S J Everson

Mrs E K Fenwick

Mr P R Henson

Mr P R MacDougall

Mrs M Murphy O'Connor (*appointed 7 February 2023*)

Mr M-A Neil (*appointed 20 June 2022*)

Mr R A D Sullivan

Mrs N J Walker

Mr W Wallace (*appointed 18 May 2022*)

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 period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (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.

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. All of the Trustees have confirmed that they have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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: 28 June 2023

Date: 28 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MERCHANT TAYLORS' EDUCATIONAL TRUST
FOR THE YEAR ENDED 31 AUGUST 2022

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 2022 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 2022 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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MERCHANT TAYLORS' EDUCATIONAL TRUST
FOR THE YEAR ENDED 31 AUGUST 2022

explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MERCHANT TAYLORS' EDUCATIONAL TRUST
FOR THE YEAR ENDED 31 AUGUST 2022

procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of 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

Merchant Taylors' Educational Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MERCHANT TAYLORS' EDUCATIONAL TRUST
FOR THE YEAR ENDED 31 AUGUST 2022

auditors' report.

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: 28 June 2023

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 2022

		Unrestricted	Restricted	Endowment	Total	Total
	Note	funds £'000	funds £'000	funds £'000	2022 £'000	2021 £'000
INCOME FROM						
Charitable Activities						
School Fees	1	30,624	-	-	30,624	28,473
Registration/admissions fees		155	-	-	155	155
Other income – insurance		8	-	-	8	8
Other income – Rent received		269	-	-	269	266
Other income – Trading		96	-	-	96	28
Other ancillary income		-	-	-	-	18
Government grant income (CJRS)		-	-	-	-	324
Other trading activities	2	392	-	-	392	182
Investment income	3a	222	85	207	514	412
Total return allocated to income	15	-	220	(220)	-	-
Donations and legacies						
Donations	3b	26	53	-	79	87
Development campaign income		108	376	-	484	1,406
Total income		31,900	734	(13)	32,621	31,359
EXPENDITURE ON						
Raising funds						
Publicity/advertising and development office		273	6	-	279	193
Trading & investment cost of sales		240	85	-	325	154
Financing		29	5	26	60	59
Charitable activities						
Schools and grantmaking		29,513	429	-	29,942	28,236
Total expenditure	4	30,055	525	26	30,606	28,642
Net incoming resources before investments		1,845	209	(39)	2,015	1,767
(Losses)/gains on investment assets		(884)	(230)	(704)	(1,818)	3,043
Net income		961	(21)	(743)	197	5,760
Transfers between funds	6	(10)	122	(112)	-	-
Net movement in funds		951	101	(855)	197	5,760
Fund balances at 1 September 2021		48,699	3,668	8,388	60,755	54,995
Fund balances at 31 August 2022		49,650	3,769	7,533	60,952	60,755

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

The notes on pages 21 to 48 form part of these financial statements.

Merchant Taylors' Educational Trust

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2022

	Note		2022		2021
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		37,847		38,105
Investments	9		17,894		19,605
			55,741		57,710
Current assets					
Stock			119	32	
Debtors	11		621	387	
Cash			10,845	7,902	
			11,585	8,321	
Creditors: amounts falling due within one year	12		5,441	4,399	
Net current assets			6,144		3,922
Total assets less current liabilities			61,885		61,632
Creditors: amounts falling due after more than one year	13		933		877
Total net assets			60,952		60,755
Funds					
Endowment funds	15		7,533		8,388
Restricted funds	16		3,769		3,668
Unrestricted funds	17		49,650		48,699
			60,952		60,755

These financial statements were approved by the Trustees on 28 June 2023.

(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 48 form part of these financial statements.

Merchant Taylors' Educational Trust

TRUST BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022	2021
		£'000	£'000
Fixed assets			
Investments	9	8,605	9,402
Current assets			
Debtors	11	14	1
Cash		249	259
		263	260
Creditors: amounts falling due within one year	12	31	44
Net current assets		232	216
Total net assets		8,837	9,618
Funds			
Endowment funds	15	5,726	6,281
Restricted funds	16	1,486	1,619
Unrestricted funds	17	1,625	1,718
		8,837	9,618

These financial statements were approved by the Trustees on 28 June 2023.

(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 48 form part of these financial statements.

Merchant Taylors' Educational Trust

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	18		4,327		4,326
Cash flows from investing activities					
Investment income		514		413	
Bank and other interest		-		-	
Purchase of tangible fixed assets		(1,813)		(2,648)	
Investment purchases at cost		(3,764)		(5,780)	
Proceeds on disposal of investments		3,394		4,084	
<i>Net cash (used in) investing activities</i>			(1,669)		(3,931)
Cash flows from financing activities					
Receipt of endowment income		-		7	
Movement on final deposits		13		(66)	
Bank loans repaid		-		(530)	
<i>Net cash (used in) financing activities</i>			10		(585)
Change in cash and cash equivalents in the period			2,671		(190)
Cash and cash equivalents at the start of the period			8,644		8,834
Cash and cash equivalents at the end of the period	19		11,315		8,644

The notes on pages 21 to 48 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 £'000, 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 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 the Charity's subsidiaries are neither owned by the Charity nor by those subsidiaries, but are leased from the Merchant Taylors' Company. 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 charged 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

Computer hardware: charged over 4 years

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

E . Current assets

Stock 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. Total return

The Trustees resolved to adopt a total return policy for the MTET funds held in the managed portfolio from 1 September 2021.

Prior to the resolution the capital returns on the Trust's endowed assets were credited to the Trust's endowment funds and all income returns to the related restricted funds.

The Trustees have decided to transfer 3.5% of the asset value to the restricted funds for application based on the expected long-term return within the investment manager's mandate. This withdrawal rate will be reviewed regularly.

H. Income

Donations and legacies are accounted for by all entities when they are entitled to the income and when the amount concerned can be quantified with sufficient certainty. Amounts received for general purposes are credited to the unrestricted funds of the receiving entity, whilst amounts subject to specific wishes or 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 period in which the service is provided.

I. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

J. Funds

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

Endowment funds: These have the principal purpose of generating income.

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.

K. Pensions

Pension costs have been calculated by those subsidiaries which carry them, in accordance with FRS102.

L. 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.

M. 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.

N. 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 2022

1 Fees receivable

	2022	2021
	£'000	£'000
Fees receivable consist of:		
Gross fees	32,280	31,157
Less:		
Discounts in Spring Term	-	(969)
Total bursaries, grants and allowances	(2,076)	(2,120)
	30,204	28,068
Paid from restricted funds	420	405
	30,624	28,473

Discounts were given in the summer term of the prior year 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 :

	2022	2021
	£'000	£'000
Turnover	392	182
Cost of sales	(69)	(12)
Gross profit	323	170
Administration costs	(134)	(66)
Net profit	189	104
Gift aid transferred to Merchant Taylors' School	(189)	(104)

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

3 Income

3a Investment income

	2022	2021
	£'000	£'000
Income generated by Trust investments	298	263
Income generated by investments held by subsidiaries	216	149
	514	412

3b Donations

Other donations received	79	87
Development campaign income	484	1,406
	563	1,493

4 Expenditure

	2022	2021
	£'000	£'000
Other expenditure includes:		
Auditors' remuneration – audit services	52	50
Staff costs:		
Wages and salaries	15,745	15,359
Social security costs	1,696	1,578
Pension contributions	3,106	2,886
Termination costs	98	80
	20,645	19,903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4 Expenditure (continued)

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

	2022	2021
£60,001 - £70,000	38	35
£70,001 - £80,000	17	16
£80,001 - £90,000	4	5
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	1
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1
£160,001 - £170,000	1	-
£190,001 - £200,000	-	1
£210,001 - £220,000	1	-
	=====	=====

Key management personnel of the Schools comprise the Head teachers, the Bursars and the senior leadership teams. The total combined contractual benefits totalled £2,406,000 (2021: £2,191,000).

The average number of employees in the year was 446 (2021: 443).

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4b Analysis of total resources expended

	Staff costs £'000	Other £'000	Depreciation £'000	Total 2022 £'000	Total 2021 £'000
Cost of generating funds					
Publicity and development office	204	75	-	279	193
Trading & investment costs	84	241	-	325	154
Financing	-	60	-	60	59
	288	376	-	664	406
Charitable activities					
Teaching costs	15,989	2,281	-	18,270	17,343
Welfare	905	666	-	1,571	1,296
Premises	1,368	3,696	1,207	6,271	5,982
Support costs	2,097	401	674	3,172	2,947
Schools' operating cost	20,359	7,044	1,881	29,284	27,568
Bursaries paid by restricted funds		420	-	420	405
Depreciation on sports facility	-	-	190	190	190
Grants	-	30	-	30	41
Other costs	-	6	-	6	2
Governance costs	-	12	-	12	30
Total resources expended	20,647	7,872	2,071	30,606	28,713

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Income from Charitable Activities						
School Fees	25,242	23,447	-	-	5,382	5,027
Registration/admission fees	131	132	-	-	24	22
Other income						
- Insurance	8	8	-	-	11	-
- Rent received	241	251	-	-	28	15
- Trading	166	98	-	-	-	-
- Other	-	-	-	-	10	18
- Government grant	-	289	-	-	-	35
Income Resources from Generated Funds						
Trading company income	189	-	392	182	-	-
Investment income	129	79	-	-	87	71
Donations	278	334	-	-	26	31
Development income	424	1,406	-	-	-	-
	26,808	26,044	392	182	5,557	5,219
Cost of generating funds						
Publicity/advertising and development office	279	193	-	-	-	-
Trading & investment cost of sales	21	18	203	182	11	9
Financing	19	16	-	-	3	3
Charitable Activities						
Schools and grantmaking	24,578	23,220	189	-	5,397	5,015
	24,898	23,447	-	-	5,411	5,027
Net investment gains	(912)	1,097	-	-	(165)	(360)
Per statement of financial activities						
	998	3,694	-	-	(19)	553

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fund balances at 1 September 2021	43,239	39,545	-	-	7,896	7,343
Fund balances at 31 August 2022	44,237	43,239	-	-	7,877	7,896

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	Restricted funds £'000	Endowment funds £'000	Total £'000
Trust	(25)	(200)	-	(225)
Merchant Taylors' School				
Bursary fund	14	98	(112)	-
Donations	-	225	-	225
St John's School				
Depreciation on gifted assets	1	(1)	-	-
	(10)	122	(112)	-

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.

The £225,000 transfer relates to intra-group donations classified as transfers upon consolidation.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

6 Transfers between funds (continued)

Bursary funds are invested where the income is reinvested each year, rather than being distributed. The income is recognised in the statement of financial activities in the restricted or designated bursary fund (as appropriate), as available to fund bursaries. Consequently, transfers above have made between funds to recognise the reallocation of investments, and any gains and losses thereon.

7 Tangible fixed assets

Group only

	Equipment, machinery & vehicles £'000	Land, buildings and tenants improvements £'000	Assets under Construction £'000	Total 2022 £'000	Total 2021 £'000
Cost					
1 September 2021	10,727	52,226	1,257	64,210	61,562
Additions	1,176	610	27	1,813	2,654
Disposals	-	-	-	-	(6)
Transfers	-	1,257	(1,257)	-	-
31 August 2022	11,903	54,093	27	66,023	64,210
Depreciation					
1 September 2021	8,061	18,044	-	26,105	24,028
Charge for year	674	1,397	-	2,071	2,077
On disposals	-	-	-	-	-
31 August 2022	8,734	19,442	-	28,176	26,105
Net book value					
31 August 2022	3,169	34,651	27	37,847	38,105
31 August 2021	2,666	34,182	1,257	38,105	

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 2022

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 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Listed investments:					
Market value at 1 September 2021	9,103	2,302	7,455	18,860	14,221
Additions at cost	1,412	597	1,755	3,764	5,779
Disposals	(1,329)	(273)	(2,106)	(3,708)	(4,082)
Unrealised (losses)/gains	(746)	(150)	(598)	(1,494)	2,942
	8,440	2,476	6,506	17,422	18,860
Cash held at 1 September 2021	299	345	101	745	1,097
Movement in cash	(134)	(266)	125	(275)	(352)
Cash held at 31 August 2022	165	79	226	470	745
Market value at 31 August 2022	8,605	2,647	6,732	17,894	19,605

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10 Financial instruments

	Consolidated		Trust	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	389	213	1	1
Carrying amount of financial liabilities				
Measured at amortised cost	4,313	2,120	31	44

11 Debtors

	Consolidated		Trust	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Fees	58	60	-	-
Sundry debtors	331	153	-	-
Amount due from related parties	5	12	-	-
Prepayments	227	162	14	1
	621	387	14	1

12 Creditors: amounts falling due within one year

	Consolidated		Trust	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Final term deposits	88	104	-	-
Trade creditors	713	405	-	-
Exam deposits and Autumn term pre-payments	2,363	1,956	-	-
Amounts owed to related parties	-	-	-	-
Other creditors and accruals	1,950	1,610	31	44
Fees in advance scheme	327	324	-	-
	5,441	4,399	31	44

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 2022

13 Creditors: amounts falling due after more than one year

	Consolidated		Trust	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Final term deposits				
Within 1 to 2 years	106	100	-	-
Within 2 to 5 years	297	292	-	-
After 5 years	328	317	-	-
	731	709	-	-
Fees in advance				
Within 1 to 2 years	161	128	-	-
Within 2 to 5 years	41	40	-	-
After 5 years	-	-	-	-
	202	168	-	-
	933	877	-	-

At the start of the year there was a balance of £492,000 on the fees in advance scheme, there were new contracts and discounts totalling £174,000 and £137,000 was utilised in the year, resulting in a balance at year-end of £529,000.

14 Allocation of the net assets of the charity

Group	Fixed assets and investments	Net Current assets	Long Term liabilities	Total 2022
	£'000	£'000	£'000	£'000
Unrestricted funds	46,939	3,644	(933)	49,650
Restricted funds	1,269	2,500	-	3,769
Endowment funds	7,533	-	-	7,533
	55,741	6,144	-933	60,952
Trust only				
Unrestricted funds	1,608	17	-	1,625
Restricted funds	1,269	215	-	1,484
Endowment funds	5,728	-	-	5,728
	8,605	232	-	9,618

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

15 Endowment Funds

Consolidated

	Balance 1.9.21 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.22 £'000
Bursary and Scholarships	5,939	(13)	(25)	-	(486)	5,415
MTET Prize Fund	343	-	(1)	-	(28)	314
Expendable Endowment	559	-	-	4	(65)	498
Development Fund	1,548	-	-	(116)	(125)	1,307
	8,388	(13)	(26)	112	(704)	7,533

Trust

	Balance 1.9.21 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.22 £'000
Bursary and Scholarships	5,939	(13)	(26)	-	(487)	5,413
MTET Prize Fund	343	-	(1)	-	(29)	313
	6,281	(13)	(27)	-	(516)	5,726

Statement of investment total return (trust)

	Bursary and Scholarship £'000	MTET Prize Fund £'000	Total £'000
Original endowment value	3,765	292	4,057
Unapplied total return	2,174	50	2,224
Total value at 1 September 2021	5,939	343	6,281
Investment income	196	11	207
Market value movement	(486)	(28)	(514)
Investment management fees	(25)	(1)	(26)
Total return applied to unapplied return	(315)	(18)	(333)
Transfer to income	208	12	220
Original endowment value	3,765	292	4,057
Unapplied total return	1,651	20	1,671
Total value at 31 August 2022	5,416	313	5,728

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

15 Endowment Funds (continued)

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.

Total return

The Trustees adopted total return from 1 September 2021. The original gift value was agreed to be £3,765,000 for the Bursaries endowment and £292,000 for the Prizes endowment. Trustees agreed to withdraw 3.5% of the asset's value as this best balanced the present and future needs of beneficiaries and was in line with the long-term anticipated return by the investment manager.

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

16 Restricted Funds

Consolidated

	Balance 1.9.21 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.22 £'000
St John's School						
Refurbishment	3	-	-	(1)	-	2
Merchant Taylors' School						
General Donations	116	142	(367)	225	-	116
Development Fund	841	121	(55)	98	(125)	879
Sports, art and school campus	32	9	(6)	-	-	35
Capital projects	1,056	200	(5)	-	-	1,251
MTET						
MTET Restricted Fund	1,356	42	(23)	-	(105)	1,270
Endowment income funds						
Bursary and Scholarships	79	208	(56)	(200)	-	31
MTET Prize Fund	185	12	(12)	-	-	185
	3,668	734	(525)	122	(230)	3,769

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

16 Restricted Funds (continued)

Trust

	Balance 1.9.21 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.22 £'000
MTET Restricted Fund	1,355	43	(23)	-	(105)	1,270

Endowment income funds

Bursary and Scholarships	79	208	(256)	-	-	31
MTET Prize Fund	185	12	(12)	-	-	185
	1,619	263	(291)	-	(105)	1,486

Income accruing to the Endowment Funds is restricted to the purposes described in note 15.
The MTET Restricted fund was formed on the transfer of the T3-5 Fund.

17 Unrestricted Funds

Consolidated

	Balance 1.9.21 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.22 £'000
General Reserve	37,746	31,801	(29,845)	(31)	(185)	39,486
Designated funds:						
Bursary Fund	1,653	33	(4)	14	(102)	1,594
Housing Fund	68	-	-	7	-	75
Pension Fund	122	-	-	-	-	122
OMT Asset Fund	4,525	-	-	-	(190)	4,335
Durrants' Fund	4,573	66	(203)	-	(407)	4,029
Fees in Advance	12	-	(3)	-	-	9
Total designated funds	10,952	99	(210)	21	(699)	10,163
Unrestricted funds	48,699	31,900	(30,055)	(10)	(884)	49,650

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

17 Unrestricted Funds (continued)

Trust

	Balance 1.9.21 £'000	Incoming resources £'000	Resources expended £'000	Transfers (note 6) £'000	Investment gains/(losses) £'000	Balance 31.8.22 £'000
General Reserve	1,717	110	(83)	-	(122)	1,622

The **General Reserve fund** is retained to finance the fixed assets and provide working capital for both Merchant Taylors' School and St John's School.

The **Designated Bursary Fund** for Merchant Taylors' School had a balance of £639,000 at the year-end, whilst St John's School has a balance of £955,000 (2021: £625,000 and £1,027,000 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. However, in the past, the Trustees completed a buy out with Aviva Plc. The School, subsequent to the buy out, entered into an agreement with the principal employer to indemnify the members against a loss not covered by the Pension Protection Fund, should Aviva not have sufficient assets to meet pension payments. This fund will therefore be maintained in order to meet any contingent liability which may arise. The Governors of the School believe the likelihood of such a liability to be minimal. The total contingent liability cannot be quantified with any certainty at this time.

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 2022

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

	2022	2021
	£'000	£'000
Net incoming resources	197	5,760
Investment Income	(514)	(412)
Loss/(gain) on investments	1,806	(2,948)
Depreciation	2,071	2,077
Receipt of endowment	-	(11)
(Increase)/decrease in stocks	(88)	27
(Increase)/decrease in debtors	(234)	94
Increase/(decrease) in operating creditors	1,089	(262)
Net cash inflow from operating activities	4,327	4,326

19 Net debt reconciliation

	At 1 September	Cash flow &	At 31 August
	2021	other	2022
	£'000	movements	£'000
		£'000	
Cash at hand and in bank	7,902	2,943	10,845
Cash within investment portfolio	742	(272)	470
	8,644	2,671	11,315

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20 Pension commitments

The pension contribution charged to direct charitable expenditure for the year was £3,106,000 (2021: £2,890,000).

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 23.68% of pensionable salary. Contributions payable in the year totalled £2,393,000 (2021: £2,329,000).

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 was published in March 2019, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers will pay a contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

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 period 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. The Governors believe the likelihood of such a liability arising to be minimal. The total contingent liability attributable to the School cannot be quantified with any certainty at this time.

(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 £713,000 (2021: £561,000)

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

21 Other financial commitments

At 31 August 2022, 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	
	2022	2021
	£'000	£'000
In less than 1 year	354	353
Between 2 and 5 years	1,408	1,388
After 5 years	12,756	13,103

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 £225,000 to Merchant Taylors School (2021: £180,000)

- 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 £189,000 (2021: £104,000).

- c) The Merchant Taylors' Company made a donation to Merchant Taylors' School of £46,000 (2021: £46,000).

The Company made a donation to St John's which amounted to £26,000 (2021: £31,000).

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 (2021: £112,000) 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 £80,000 (2021: £70,000) for the year ended 31 August 2022.

- f) The Merchant Taylors' Company owns the land and buildings from which St John's School operates. The school has a fourteen year lease effective from June 2013 at an annual rent of £234,000, subject to review.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

23 Transactions with Trustees and School Governors

No trustees have received any remuneration during the year (2021: £nil) nor have they been reimbursed for expenses (2021: £nil).

School governors are not remunerated (2021: £nil) and received reimbursement of expenses of £2,000 (2021: £1,000)

24 Capital commitments

Capital expenditure contracted for but not provided in the financial statements was £4.7m (2021: £0.6m).

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

25 Comparative information

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

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

25 Comparative information (continued)

b) Endowment Funds comparative information

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

Merchant Taylors' Educational Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

25 Comparative information (continued)

c) 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 2022

25 Comparative information (continued)

Trust restricted funds

	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

d) 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 2022

25 Comparative information (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

e) 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 2022

25 Comparative information (continued)

f) Analysis of total resources expended

	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)