

Company Registration No. 03411540 (England and Wales)
Charity Registration No: 1063740



Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

**Report and financial statements for the
year ended 31 August 2020**

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Merchant Taylors' School
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Reference and Administration
For the year ended 31 August 2020

Governors

The Governors of Merchant Taylors' School are Directors of the Charitable Company ('the Company') and Trustees of the Charity ('the Charity').

Mr C P Hare (Chairman) (resigned 31/08/2020)
Mr D G M Eggar (Chairman) Eur.Ing, C.Eng, MICE, BSc, FRSA (appointed 01/09/2020)
Mr R J Brooman, MA, FCA
Dr J M Cox, BSc, PhD
Cdre A Cree, CBE Royal Navy (appointed 01/09/2020)
Mr G B M H du Parc Braham MA, MPhil
Mr A Eastwood, BComm, ACA
Mr D Haria, FCA
Mrs S Morgan, BA (Hons), MA, FCIPD
Mr A G Moss, FCA
Miss Lucinda Orr, M.A. (Oxon), M.St. (Oxon), Barrister-at-Law (Gray's Inn) (appointed 01/09/2020)
Mrs J K M Redman, LL.B (Hons)
Mr D J Shah, OBE, MSc, FRSA
Mr R-J Temmink QC, FCI Arb (resigned 23/07/2020)
Sir Michael Tomlinson, CBE, FRSA
Mr James Twining, BA

| | |
|--|---|
| Head Master | Mr S J Everson, MA |
| Bursar and Company Secretary | Mr I D Williams BSc (Hons), MBA |
| Contact address and registered office | Merchant Taylors' School Sandy Lodge Northwood HA6 2HT Website www.mtsn.org.uk |
| Registered numbers | Company registration number 03411540 Charity registration number 1063740 |
| Bankers | Barclays Bank PLC 62-64 High Street Watford Herts WD17 2BT |
| Solicitors | Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD |
| Auditors | Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE |

1. INTRODUCTION

The Governors of Merchant Taylors' School present their annual report and audited financial statements of the Charity for the year ended 31 August 2020. The financial statements comply with the Companies Act 2006, Charities Act 2011, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102).

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Merchant Taylors' School ("the School" or "MTS") was founded in 1561 by the Merchant Taylors' Company, one of the Great Twelve City of London Livery Companies. In 1933, the School moved to its present site at Sandy Lodge in Northwood. In 1967, the Merchant Taylors' Company appointed the Merchant Taylors' Educational Trust ("MTET"), a charitable trust set up for educational purposes, to take over the governance of Merchant Taylors' School and other educational institutions. On 1 August 1997, the School was incorporated as a private company limited by guarantee and was registered as a charity, taking over the business, assets and liabilities of Merchant Taylors' School. On 15 October 2015, the School merged with Northwood Prep School to form a combined Merchant Taylors' School, providing pupils with an all-through experience of education for boys aged 3 – 18.

2.1 Governing document

Merchant Taylors' School is governed by its Articles of Association, which were last updated on 28 June 2018.

2.2 Recruitment and training of governors

There shall be at least six and a maximum of twenty Governors. New Governors are provided with the Articles of Association, an induction visit and an induction pack covering their responsibilities. Collective training is provided annually and individual training is made available to Governors, including conferences, training courses and briefing papers.

2.3 Management and oversight

The Governors, who are also the Charity trustees, are responsible for the overall management and control of the School. The Board of Governors meets at least three times a year under the leadership of its Chairman, since 1 September 2020, Duncan Eggar. Financial performance is monitored by the Finance Committee, chaired by Andrew Moss. The Education Committee, chaired by Jane Redman, steers the management of teaching and learning across the School. Individual Governors hold specific responsibility for Child Protection (Sarah Morgan), Health & Safety (Alan Eastwood) and Support Staff (Sir Michael Tomlinson). An Estates Working Group, chaired by Guy du Parc Braham, provides strategic direction on the maintenance and development of the School buildings and grounds. A Development and Alumni Relations Committee, chaired by Deepak Haria, provides strategic direction for our fundraising and alumni activities.

Management and oversight (continued)

Day to day management of the School is delegated to the Head Master, Bursar and Head of Prep, supported by members of the Senior Leadership Team. As Clerk to the Governors and Company Secretary, the Bursar coordinates the work of Governors and their Committees. All Trustees give freely of their time and no remuneration was paid during this period.

2.4 Group structure and relationships

The School has close links with St John's Preparatory School in Northwood, by virtue of common control, mutual support and shared financial administration. St John's is a private company limited by guarantee and a separate registered charity, which can be contacted at Potter Street Hill, Northwood, Middlesex, HA6 3QY (www.st-johns.org.uk).

3. CHARITABLE OBJECTS AND AIMS

3.1 Charitable objects

The objects of the School are to advance education by providing and maintaining in the United Kingdom or elsewhere a boarding or day school or schools for the education of children or young persons.

3.2 Vision, purpose, values and aims

Merchant Taylors' School is a community forged from innovation, bravery, confidence, inspiration and joy. We inspire a life-long love of learning and provide academic excellence. We have a culture of collaboration, coaching and challenge. We are brave in our pursuit of excellence: progress is driven by innovation and reflection.

The co-curriculum supports and enriches the academic curriculum through sports clubs, societies, trips and publications. The School celebrates and explores the relationship between academic excellence and co-curricular participation and maintains the balance between promoting excellence and wide participation.

Merchant Taylors' School provides co-curricular opportunities to develop the character of everyone in the school – pupils, teaching staff and support staff. All aspire to become well-rounded, charming, confident, enthusiastic and independent. We work as a team, creating lasting bonds within our community.

People at Merchant Taylors' School care for each other in a civilised, collaborative and respectful manner. That spirit creates a safe, inspiring and inclusive environment that promotes self-esteem. Our focus is upon the individual and the community: knowing and caring for everyone in the School, whether pupil, teaching or support staff, creates a place in which people feel they belong, have shared purpose and have a role to play. We use our strength to serve the wider community beyond the School. The School seeks to create an environment that is free from discrimination on any grounds, including colour, race, ethnicity, religion, gender, sexual orientation or disability.

Governors' report (continued)
For the year ended 31 August 2020

3.3 Bursary and scholarship policies

Governors are committed to broadening access to the School by offering means tested bursaries to boys, whose families would otherwise be unable to afford the fees. In addition to bursary income drawn from charitable endowments and fundraising, Governors strike a balance between bursary beneficiaries and other fee-paying parents, many of whom make considerable sacrifices to support their child's education.

Bursaries are made available to boys who meet the School's entrance requirements and awards of between 5% and 100% of tuition fees are determined through rigorous means testing. When required, further assistance is provided with additional expenses including activities, trips and uniforms. Hardship bursaries are awarded to parents of existing pupils, whose continued education is jeopardised by a change in financial circumstances. Scholarships are awarded for excellence, as stipulated by donors and irrespective of parental income. In addition to fee discounts, recipients participate in a broad Scholars' Enrichment Programme, as do bursary holders, when merited by their performance.

During the year under review, the value of means tested bursaries totalled £1,003,314 and represented 4.0% of gross fee income. They provided assistance to 85 pupils, of whom 13 benefitted from full fee remission. In addition, there are 161 pupils in receipt of scholarships based on educational merit and potential, totalling £490,866 and representing 2.0% of gross fee income. The performance of pupils receiving scholarships is reviewed annually to ensure that their progress remains in line with their abilities. No scholarships were withdrawn during the year as a result of this review.

4. STRATEGIC REPORT (incorporating Operational Performance Review, Financial Review, Reserves Policy, Risk Management Review and Future Plans on pages 5 to 19)

4.1 Principal activities of the year 2019-20

Educational activities were carried out as an independent day school for boys from the age of 3 to 18. Average pupil numbers remained slightly above the budget level throughout the period with 903 boys (2019: 908) at the Senior School and 363 boys (2019: 360) at the Prep School ("MTP"). The School continued to achieve high academic standards, whilst maintaining the outstanding level of pastoral care that underpinned all activities. The School continued to develop strong links with the local educational and wider communities.

4.2 Objectives for the year 2019-20

The School Improvement Plan ("SIP") provides a relevant and effective framework for the School's strategic goals. The updated SIP identified five clear objectives for development:

- Developing our links with local schools;
- Consolidation of progress made in self-evaluation and teaching;
- Excellence in academic and pastoral matters;
- Improvement of facilities; and
- Outward Facing Work (marketing, alumni and admissions).

4.3 COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, had an immediate substantial adverse effect on financial markets and travel restrictions were implemented across the world. Market activity was negative in many sectors and schools were closed in England from 21 March 2020 until the start of the autumn term 2020.

The School continued to operate, delivering top quality online education through remote teaching and learning. Summer term fees were reduced by 15% - 50% depending on year group to support affordability and parents responded by continuing to provide the School with adequate fee income to sustain operations. Emergency bursary support of £65,917 was provided to parents who had suffered significant falls in their income, as a result of the pandemic and lockdown. It was further agreed not to increase school fees from September 2020. Actions were taken to contain costs and to take advantage of government support schemes. In particular, a number of staff were placed on furlough and £909,909 was received, during the period under review, from HMRC in respect of the Coronavirus Job Retention Scheme.

The School has managed the initial impact of COVID-19, but further risks remain. The School will continue to monitor and adjust its financial plans as the impact of the global pandemic continues to unfold. The pandemic gives rise to many health, social and economic concerns. Merchant Taylors' School has a strong balance sheet, positive cash flow and the resolve to overcome the challenges presented by this global crisis.

COVID-19 presents a continuing threat to the School, the impact of which is hard to assess. In response, the School has implemented comprehensive risk mitigations which include rigorous cleaning measures, a one way system and social distancing between year group bubbles. External sports fixtures have been suspended and the number of visitors to the school site has been reduced as far as possible. Remote teaching and learning capabilities developed during the summer term lockdown period have since been further enhanced, to respond to any future requirements. These have been proved necessary in lockdown immediately after the Christmas break.

4.4 Operational performance review 2019-20

Academic

COVID-19 forced the School to close its doors in March 2020 and become a 'virtual school', with the exception of children of key workers. Lessons were taught online according to the normal timetable with teachers using Microsoft Teams to deliver lessons, and assess pupil work. Students benefitted from top quality online learning, while teaching staff enhanced their technology skills considerably in lieu of public examinations, the School was required to determine 'Centre Assessment Grades' for pupils in Years 11 and 13, based on the professional experience and judgement of teachers, who made the best determination of the results that pupils would have attained in formal examinations. It was expected that results would be broadly comparable with previous years. The School established a comprehensive process to guide teachers and Heads of Department, including the Head of Learning Support and Head of Examinations, which ensured that grades were determined in a fair and rigorous manner.

Governors' report (continued)
For the year ended 31 August 2020

Operational performance review 2019-20 (continued)

Following a change in Government policy during August, the School's recommendations to exam boards were accepted and pupils were awarded those grades. As a consequence, all boys achieved excellent results, which reflected their ability and remained well above national expectations.

A Level & Pre-University

The A Level and Pre-U cohorts performed exceptionally well. Without the vagaries and quirks of odd questions and challengeable marking, the results provided a fair reflection of pupil attainment. Results compared favourably with previous years, reflecting the academic ability of this particular cohort. Following a voluntary review of the School's methodology, Ofqual described this as a 'robust and well-worked out approach'.

| | A* | A* - A | A* - B | A* - C | A* - D | A* - E |
|-------------|-----------|---------------|---------------|---------------|---------------|---------------|
| 2020 | 42% | 80% | 96% | 99% | 100% | 100% |
| 2019 | 34% | 76% | 92% | 98% | 99% | 100% |
| 2018 | 31% | 71% | 93% | 98% | 99% | 100% |
| 2017 | 32% | 69% | 88% | 97% | 99% | 99% |
| 2016 | 33% | 67% | 87% | 97% | 100% | 100% |
| 2015 | 30% | 71% | 92% | 98% | 100% | 100% |

Our pupils have excelled; in a year group of 137 pupils:

- 8 boys were awarded 4 A* grades;
- 24 boys achieved 3 A* or more;
- 39 2A* or more;
- 65 1A* or more.

GCSE and IGCSE

The GCSE and IGCSE results were excellent and compare favourably with recent years. These grades, determined by teachers this year, represent the fairest estimates of the results that would have been achieved during formal examinations.

Governors' report (continued)
For the year ended 31 August 2020

Operational performance review 2019-20 (continued)

| | <i>A* (9-8)</i> | <i>A*- A (9-7)</i> | <i>A*- B (9-6)</i> | <i>A* -C (9-5)</i> | <i>A*- D (9-4)</i> | <i>A*- E (9-3)</i> |
|-------------|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2020 | 74% | 93% | 99% | 100% | 100% | 100% |
| 2019 | 66% | 89% | 97% | 100% | 100% | 100% |
| 2018 | 64% | 87% | 98% | 100% | 100% | 100% |
| 2017 | 65% | 89% | 97% | 99% | 100% | 100% |
| 2016 | 62% | 87% | 97% | 99% | 100% | 100% |
| 2015 | 62% | 87% | 98% | 100% | 100% | 100% |

19 pupils achieved grade 9s in each of their 10 GCSE subjects, representing 12% of the total cohort. We assessed that none fell below a C grade, using old terminology.

Prep School Outcomes

At MTP, 23 boys were offered places at the Senior School (including 3 academic scholarships, 5 exhibitions, 1 sports scholarship, 1 art scholarship and 1 drama scholarship), 2 went to John Lyon (with 1 drama scholarship), and 1 went to Harrow (with 1 music scholarship).

University Admissions

Applications for university were disrupted this year. Following the initial award of grades, many excellent students missed out on places that they deserved. When the grades were changed by the Government, some pupils met the conditions of their offers but found that their places had already been filled. A number were admitted subsequently, whilst others must wait until next year.

The headlines from our 137 applicants were:

- 99 will attend their first choice of university (2 with revised course offers)
- 18 will attend their second choice of university (2 with revised course offers)
- 11 found places in Clearing
- 2 rejected all offers despite meeting the conditions, in order to reapply next year for a change of course
- 4 are holding 'delayed confirmation firm' offers, conditional on their Autumn A Level examination results.
- 3 remain in Clearing and will sit A Level examinations in either the Autumn series or Summer 2021.

All 11 U6 students holding Oxbridge offers were accepted:

- Cambridge: 3
- Oxford: 8

Operational performance review 2019-20 (continued)

In total, 80% of our U6 graduates were placed at Russell Group universities, a figure which rises to 88% when we include Loughborough, St Andrews and Bath – all excellent institutions for the courses selected.

The most popular institutions for our recent leavers were as follows:

- Warwick 15
- Nottingham 14
- Bristol 10
- Durham 9
- LSE 8
- Oxford 8
- UCL 7

Sport

Despite the disruption during COVID-19, the School continued to provide a broad sporting programme with over twenty options from which boys could select. During lockdown, the School pivoted to online provision, exploiting Microsoft Teams to deliver both live and pre-recorded training sessions for the boys to do at home. Other online applications included Train Heroic and Strava, which exploited competitive instincts and allowed the boys to compete remotely. The year ended with a virtual 'House Sports Week' providing every boy with the opportunity to compete in a 'decathlon' by sending video clips of ten different challenges.

In Rugby, the 1st XV produced the only invicti season in the School's history following a roller coaster journey of nail biting games. The floodlit match against Reading Blue Coat School during Rugby Week was one of the most memorable, with over 250 spectators cheering the team to victory. The under 16 team benefited from their training with the senior squad and enjoyed a season undefeated.

Rugby Week again provided one of the highlights of the Autumn Term. 26 matches were played under lights, providing every boy with the opportunity to play in this memorable event.

Eighteen boys achieved representative academy honours, including Aaron Florestein, who was named in the England U17 Rugby training squad.

In Hockey, the 1st XI was undefeated and showed excellent form before the season was cut short by COVID-19. Highlights included competitive matches against Eton, The Perse and Magdalen College. The U16's cup team enjoyed an impressive National Cup run, which was cut short in the 5th round by COVID-19. The U14's had a memorable season and were crowned County Champions, with wins over Eton, Felsted and Magdalen College School.

The junior hockey matches against Reed's School during the Autumn Term provided every Year 7 pupil with the opportunity to represent the School in a competitive fixture, which is an important part of the sporting ethos at Merchant Taylors. The School continues to develop young players and there are some exciting prospects for the future.

Operational performance review 2019-20 (continued)

Sadly, COVID-19 coincided with the Summer term cricket season, yet the School ran a virtual cricket programme with 300 boys engaging in weekly online sessions. County cricket resumed during the summer holidays and forty boys participated, including ten boys in the full Middlesex player pathway.

In Fives, although the season was curtailed by COVID-19, it included three fixtures against Winchester, Christ's Hospital and Rugby. In Judo, the team returned from the HMC Independent School Boys Judo Tournament with seven bronze medals and one silver.

Music

Although the programme of musical concerts was curtailed by the COVID-19 lockdown, much had been achieved beforehand.

The new Music Scholars excelled in their annual concert and the Chamber Choir performed the repertoire from their Italy Tour. Music Scholars saw the London Schools Symphony Orchestra perform at the Barbican (with three MTS members of this premiere London Youth Orchestra for school-aged musicians). All of the large ensembles performed in the Autumn Concert and soloists were given the opportunity to perform in an Informal Concert. The growing cohort of organists experienced a once in a lifetime performance of *La Révolte des Orgues* at Westminster Cathedral, a piece for nine organs that is very rarely performed.

Scheduled musical events continued with the Remembrance Service and the Carol Service, which featured the School Choir, Chamber Choir, Thomas White Singers, the Vocal Group and the Parents' Choir. The Chamber Choir sang for the Merchant Taylors' Company during the Vernon Service. The Thomas White Singers entertained guests at Doctors' Dinner at Merchant Taylors' Hall, and the School Choir and Chamber Choir sang for the Doctors' Day assembly. There was time to sing carols for the Sandy Lodge Golf Club and the School was honoured to sing at the memorial service of OMT Herbert Hackett in Emmanuel Church, Northwood, who had died shortly before his 100th birthday.

Two internal Music Competitions were held successfully; the Merchant Taylors' Young Musician of the Year and the Senior Music Competition. The annual Chamber Music Concert provided excellent preparation for the MTS ensembles participating in the South East Schools' Chamber Music Competition. Over 150 pupils from local Prep Schools attended the Prep School Orchestra Afternoon, run by the Music Department during the Spring Term Field Day. The Merchant Taylors' Hall Concert at the beginning of March took place amidst growing uncertainty and the final live event of the year was the organ recital at St Lawrence, Jewry on 17th March 2020.

The COVID-19 lockdown prevented both the Joint Concert and the Spring Spectacular, but the School's transition to online education inspired an enthusiastic virtual concert, broadcast on the MTS YouTube channel.

Operational performance review 2019-20 (continued)

Drama

This year saw a magnificent production of Les Misérables School Edition, produced by the combined efforts of Music and Drama at MTS. This was a huge triumph for all involved, including the girls in the cast from St Helen's School and our visiting instrumental teachers who played in the orchestra. The musical was performed in the Great Hall over three nights in November to full houses. The fabulous senior cast from MTS and St Helen's received rave reviews, a standing ovation at every performance and will be remembered for some time at Merchant Taylors.

Back in the Studio Theatre, the younger pupils starred in Willy Russell's poignant comedy, Our Day Out, which was brilliantly received by the Lower School year groups, who provided an enthusiastic captive audience. Boys from all year groups were involved in the highly competitive MTS Duologues Competition and the MTS House Drama took on a newly devised format this year, providing a real highlight of the year for many. In March 2020, Drama moved online with the inaugural MTS Monologues Competition and Talking Theatre at Taylors. In addition, two MTS Actors were accepted into the prestigious National Youth Theatre.

At MTP, successful productions took place at Christmas 2019 for our youngest pupils and those in Years 3 and 4 performed a great musical (Pirates of the Curry Bean). Sadly, lockdown meant that the Y6 production of Holes and the Y8 production of Around the World in 80 days could not take place.

Outdoor Education and Extra-curricular

The Outdoor Education Department provided opportunities to participate in adventurous pursuits beyond traditional games options. During the School timetable, boys participated in rowing, sailing, kayaking, canoeing, stand-up paddleboarding, shooting, mountain biking, and climbing. After school clubs included kayaking, beginner skiing, advanced ski racing, wakeboarding and waterskiing. School holiday trips included a ski trip to Les Deux Alpes, France, and a surf trip to the Island of Fuerteventura in the Canaries. Regular kayaking and mountain biking trips occurred at weekends, alongside our other adventurous activities.

The Duke of Edinburgh programme continued to thrive, with boys taking part in Bronze, Silver and Gold award levels. The Combined Cadet Force (CCF) remains one of the most highly regarded, nationally. For many years ours has been the only Cadet Force in the country to be invited by the Australian and New Zealand High Commissions to parade through London at the Cenotaph on ANZAC Day and attend the Gallipoli Association Remembrance Service. A team from the Army section are regular finalists in the Guthrie Cup competition held amongst all London CCFs. CCF cadets also took part in an Adventurous Training summer camp, where they climbed, abseiled, went gorge-walking, white water rafting and wild camped overnight in the mountains.

Operational performance review 2019-20 (continued)

Alumni relations

Alumni support embraces all former pupils (OMTs), providing opportunities for sport, social gatherings, networking, mentoring and business affinity groups. The programme has drawn former pupils back to the School, and supported the career development of both OMTs and current pupils. Due to the COVID-19 restrictions on large gatherings during 2020, we have developed a programme of online events, providing continued opportunities for engagement and assistance with our careers programme.

Fundraising

The School seeks philanthropic funding from a variety of constituencies including: alumni; parents of school pupils; parents of alumni; friends of the School; and charitable trusts & foundations. Our approach to each constituency is considered and personal. We act in accordance with the Code of Fundraising Practice set out by the Fundraising Regulator and are committed to meeting high fundraising standards. The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications thereof on their fundraising activities.

The School raises money for bursaries, providing free and reduced fee places for applicants whose families are unable to afford the full fee. We also seek to raise money for capital projects, which benefit the School and wider community.

In August 2020 we became the first English school to run a telephone fundraising campaign entirely remotely. Our alumni and parents gave generously to bursaries and other projects, such as our Primary School outreach programme. A record amount of £161,000 was raised or pledged.

Infrastructure

Investment in infrastructure was interrupted by COVID-19 and firm cash flow control was required. However, existing contractual commitments made before the lockdown were delivered successfully, despite the difficulties presented by the pandemic.

The new Geography Building was brought into full use during the year and proved to be a superb space for teaching and learning, supported by virtual reality equipment. The Jon Gabitass Room was refurbished to provide the School's main meeting room, supported by web based facilities to facilitate remote conferences. The Careers Department was refurbished to provide additional work space and meeting areas to support pupil requirements. The first phase of a rolling programme to improve Biology facilities was completed during the summer, providing refurbished laboratories on the ground floor, together with a staff office and prep room. A service lift was installed to support the safe movement of chemicals to the first floor. Staff welfare facilities were improved with a refurbished WC area on the North Corridor. The old Surgery was converted to provide an occasional overnight facility for visitors and currently provides the School's COVID-19 isolation area.

Operational performance review 2019-20 (continued)

Despite the restrictions during lockdown, general maintenance of the site continued, with roof works, installation of improved air circulation systems, repointing and sewage pump servicing. A specific programme of COVID-19 specific works including sanitisation, one way systems, ventilation and infection control prepared the School for re-opening in September 2020.

At MTP, work continued through lockdown on the new Reception Building which is due to be completed by the end of 2020. This new building will provide a considerably enhanced medical centre, as well as upgraded and consolidated office spaces, a conference room and meeting rooms. In addition, the inner quad play area at the Manor was improved with a rubberised play surface and new ramps to improve access from the classroom areas.

The School continued to prepare plans for possible future projects, including a five lane indoor cricket centre, indoor sports refurbishment and a performing arts centre. These plans will be brought forward for implementation when they become affordable.

4.5 Public benefit and outreach

Public benefit has been integral to School life since the Merchant Taylors' Company founded the School in 1561. During their strategic planning, Governors considered the Charity Commission's general guidance on public benefit, in deciding which activities the School should undertake. This year, we continued to make a full contribution to the academic vigour and breadth of UK society, its schools and universities.

COVID-19 provided a unique opportunity for the School to make a direct contribution to the community. In response to the national shortage of PPE, our Design, Technology & Engineering department began producing face shields for local NHS staff. Demand outstripped supply until a BBC News report led to Merchant Taylors' alumnus, Jonathan Duck, Chief Executive of leading flooring material company, Amtico, offering his company's factory as a bulk assembly site for components. The Design Centre, until then a place of learning and experimentation by pupils, became a manufacturing centre and assembly line. This initiative met the urgent requirements of local doctors, nurses and pharmacists, including many OMTs working in the front line of the fight against COVID-19. The group of manufacturers soon widened to create a coalition of local schools. By the end of the period under review, the School had produced 12,000 face shields, and enabled others to produce an additional 9,000. When the School closed and teaching moved online, it donated stocks of other PPE equipment including gloves and goggles to local hospitals at the height of the pandemic.

Public benefit and outreach (continued)

MTS continues to develop strong links with local primary schools. MTS Sixth Formers mentored primary pupils in a range of subjects and areas of interest. This included one-to-one weekly mentoring of boys at Greenfields School, helping their reading. MTS boys established a choir of 30 at Bushey Heath School, who performed for their whole school at Christmas, and at a care home in the local area. They provided weekly technology lessons at lunchtimes, including video technology and editing masterclasses. At Eastbury Farm Primary School we set up two coding days, giving 45 members of their Year 5 the opportunity to learn basic coding language and apply it to different scenarios, such as controlling a robot.

Our P.E. Department taught weekly swimming lessons to Year 3 boys and girls from St Mary's Primary School in the Merchant Taylors' swimming pool. We hosted two primary schools at our Mathematics Challenge and provided transport for the pupils. MTP staff trained a staff member at St Peter's Primary School to become a fully qualified Forest School leader. St Peter's does not have access to woodland, so we have made provision for them to visit the School site using the MTP minibus for transport.

MTP welcomed Year 6 pupils from St Peter's School to an Artsmark and Holocaust education drama production and workshop courtesy of Trestle Theatre Company (The Rachel Project). In November 2019, MTP purchased fiction books for St Peter's School library after hosting a talk and book signing by the children's author, Cressida Cowell.

The Community Service team enjoyed a productive year. The annual Harry Potter theme days allowed six different local primary schools to visit the School and enjoy a full day of Harry Potter themed activities arranged by MTS boys. The pupils ran a weekly woodland school where the local prep school students would visit on a weekly basis and carry out a woodland school theme activity. Support Staff and Teachers are heavily involved in the community and volunteer as governors at local primary schools and serve in scout or other local leadership roles.

Alongside fundraising, the School seeks to raise social awareness among pupils to imbue the desire to make the world a better place, which will endure well beyond their time at Merchant Taylors' School. Our Charity Drive team raised £8,000 through a series of activities in support of three main charities during the year. The first is the Lynda Jackson Macmillan Centre, a local charity that provides support and information for those affected by cancer. The second is Centrepoin, a charity who provide homeless young people with accommodation, health support and life skills to get them back into education, training and employment. The last is Age UK Hertfordshire, a local charity that promotes the wellbeing of older people. Fundraising activities not only raised valuable funds for these charities, but also established strong relationships with them. The main event of the year, with Centrepoin in mind, was a sleep-out in late February, which saw over 50 boys and staff spend a night sleeping rough. In addition, our eight houses have raised money for Action for Children by hosting breakfasts.

Public benefit and outreach (continued)

The Merchant Taylors' Combined Cadet Force (run in partnership with St Helen's School) raised funds for the Not Forgotten Association, the national charity that supports ex-servicemen. Our Duke of Edinburgh Scheme remains popular and involves significant outreach to the local community. During the year, the Duke of Edinburgh Award participants provided hundreds of hours of volunteering in our local community. Music is an enduring feature of fundraising activity at MTS, especially for Phab, an inspiring charity at the heart of school life for the past 50 years. Last year's Year 13 musicians organised a 24 Hours of Music, which raised £4,000.

The School's site at Sandy Lodge provides wonderful sports facilities, which we share with large numbers of primary school pupils. For example, Rugby Week continues to grow with 26 matches played under floodlights with every boy on the programme given the opportunity to play. Highlights include the Under 9, 10 and 11 Barbarians matches made up of boys from a number of different Primary and Prep Schools and in 2019, we were delighted to host a girls' match. In hockey, Merchant Taylors' staff and boys provide coaching for local Prep Schools on Tuesday evenings during the Autumn Term.

Community access to facilities

Disabled access was improved further this year, building on a comprehensive range of lifts, ramps, and walkways across both the Senior and Prep Schools. External pathways were improved between the OMT Clubhouse and the School car park. Accessible toilet provision was expanded at MTS and ramps were installed to improve play area access at MTP. The new Reception under construction at MTP includes an accessible hygiene facility and the entire building is wheel chair accessible.

Governors maintained their support to the local community by providing weekly access to around 1600 members of the public drawn from at least 65 local sporting and social organisations of all age groups. Support to local primary schools continued, including St Mary's School in Rickmansworth. In addition, MTS hosted sports days and swimming galas for six local schools. Activate Sports, Vernon School of Cricket, Maximum Performances, The Hive and Future Star Education (Young Engineers) provided holiday activities for local children, utilising School sports pitches, the swimming pool, grounds and classrooms. South Oxhey Sea Scouts received coaching, transport and equipment during their water sports activities at MTS, which allowed 18 participants to achieve their British Canoeing Paddle Start Award. Chiltern Harriers Athletics Club trained on the athletics track on Thursday evenings and Saturday mornings. Harrow Athletics Club trained on the athletics track on Mondays and Wednesdays during the summer holidays. We supported Reddiford School and Croxley Danes School with PE lessons and afternoon games sessions; these included hockey, rugby, cricket, football, netball and rounders.

Public benefit and outreach (continued)

Middlesex Hockey continued to use the School during practice sessions and competitive matches against other counties. As a Regional High Performance Centre for England Hockey, the School hosted training evenings and weekend competitions for boys and girls of various age groups.

The School's strong partnership with Middlesex County Cricket Club continued, but activities were curtailed by COVID-19. This led to the cancellation of the Tendulkar Middlesex Global Academy and the Middlesex T20 and four-day matches scheduled during the summer. Despite the pandemic, we managed to provide 35 days of cricket for all age groups during August and September.

The School continued to support the MOD with an occasional helicopter landing site to support VIP visits to the Northwood Base and the provision of a running track to support individual fitness tests. HMS Wildfire, the local Royal Navy Reserve unit, held their Annual Ceremonial Dinner at the OMT Clubhouse. The Rickmansworth Fire Department made use of the lake for training days with their fire crews.

The School views this high level of commitment to the local community as essential and intends to maintain it.

4.6 Financial review

During the year under review, the School's incoming resources were £24,043,113 (2019: £24,305,620) and total charitable expenditure was £22,493,194 (2019: £22,771,687), generating a surplus of £1,549,918 (2019: £1,533,933). The principal source of income was School fees, which accounted for £22,136,119 (92%), (2019: £22,966,340 (94%)). £243,134 (2019: £209,595) was raised through the Development Office for bursaries and School development. Governors maintained their strategy of investing all net incoming resources in the School's educational purposes and infrastructure.

During the year, the School increased expenditure on scholarships and bursaries to £1,829,328 (2019: £1,656,982). Capital expenditure of £2,533,003 (2018: £2,158,234) and revenue expenditure of £594,559 (2019: £601,678) were invested in the School infrastructure. At the Senior School, this included completion of a new Geography building and medical centre, installation of voltage optimisation and improvements to the maintenance department accommodation. CCTV was upgraded and cyclic refurbishment of corridors and washrooms continued. At the Prep School, the library was refurbished, a new grounds and maintenance area was established, a disabled WC was installed and a minibus was replaced. This strong financial performance continued to be underpinned by a high demand for pupil places and carefully controlled expenditure.

Governors' report (continued)
For the year ended 31 August 2020

Financial review (continued)

4.7 **Going concern**

The School operates as a going concern and had net cash flows from operating activities of £2,766,664 (2019: £3,311,049).

4.8 **Reserves policy**

The School aims to maintain adequate free, unrestricted reserves to respond to unforeseen events and to meet up to three months' non-discretionary expenditure (approximately £4.5m). On 31 August 2020 free unrestricted reserves were £3,011,304 (2019: £2,435,644). These are defined as unrestricted funds, less both fixed assets and permanent endowment, adding back any outstanding loans. The reserves policy and its calculation are monitored by the Finance Committee and updated annually. Future development plans will be funded by a combination of cash flow, borrowing and fundraising.

Total reserves as at 31 August 2020 were £39.5m (2019: £37.8m), of which £801k relates to Restricted funds (2019: £759k) and £1,704k to the Endowment Fund (2019: £1,656k). Unrestricted reserves totalled £37.0m (2019: £35.4m), of which £9.4m was designated for various purposes, as outlined in Note 15 to the accounts.

4.9 **Risk management**

Governors are responsible for ensuring that an appropriate risk identification and management framework is in place.

A Risk Management Committee drawn from across the School compiles the School's Risk Register, in order to identify the likelihood and impact of foreseeable risks to the School's operations. Minutes of Risk Management Committee meetings are scrutinised by the School's Finance Committee annually, before the Risk Register is reviewed by Governors. Risks associated with the coronavirus pandemic became apparent in the early months of 2020. Action plans were developed urgently and were implemented to ensure the continuing safe and effective operation of the School at the Northwood sites and remotely. Further information about the COVID-19 pandemic and its impact can be found at section 4.3 of this Governor's report.

Other key vulnerabilities continue to be: staff recruitment; fire; transport; and cyber-attack, the last of which increased considerably.

Governors' report (continued)
For the year ended 31 August 2020

Governors have introduced a range of measures to manage and mitigate these risks.

- (i) A Safer Recruiting Action plan is in place to ensure that mandatory checks are completed prior to all appointments.
- (ii) A whole School fire risk assessment was conducted across all sites and Fire Risk Action Plans have been implemented in order of priority. Trained fire wardens are assigned to each area of the School and fire practices were held during the year in the main buildings and staff accommodation areas.
- (iii) Vehicle maintenance schedules, insurance cover and driver licencing were reviewed during the year. Roadworthiness inspections were conducted on School minibuses, in partnership with a local garage. Signage, road marking and traffic calming measures were improved on the School's vehicle routes and car parks to improve safety.
- (iv) The IT Department continues to update computer virus control measures and monitors carefully the increasing attempts to disrupt the School's IT Network.

Wider risks are addressed within the School's Health and Safety Management System, security enhancements and Safeguarding procedures. Firm credit control procedures continue to manage the risk of bad debt and pupil numbers remain stable, due to local demand for independent education and the high academic and all round reputation of the School.

Emerging threats include: the levy of VAT on school fees; a removal of charitable relief on business rates; an increase in the burden of the Teachers' Pension Scheme. Contingency plans for all scenarios are under constant review.

4.10 Remuneration policy

The MTS Remuneration Committee, chaired by the Chairman of Governors, meets annually to review the remuneration of teaching staff, support staff and the Senior Leadership Team. The Remuneration Committee considers the external environmental factors, which influence recruiting and retention, alongside other relevant issues. These include reference to independent benchmarking surveys, including haysmacintyre and Baines-Cutler. The recommendations of the Remuneration Committee are then presented to the main Governing Body for consideration and endorsement, before being implemented from the following September. Support Staff salaries are aligned using a framework developed from an external job evaluation process, which is updated annually to reflect changes to individual roles. Following an external review of teaching remuneration, a new teaching salary scale has been in place since September 2017.

Due to the uncertainties arising from COVID-19, Governors decided not to recommend any increase in staff salaries from September 2020, with the exception of performance based progression for those who had met the criteria for advancement.

4.11 Investment policy

The MTS Investment Committee, chaired by Andrew Moss, reviews the performance of the School's investment portfolio. In liaison with Rathbones, the School's investment managers, the balance of risk and return reflected in the apportionment of cash, bonds and equities is reviewed in the light of external events and adjusted as necessary. The School aims to protect its capital from inflation and market volatility, whilst building designated and endowment funds to support future bursary and other requirements.

The Investment Committee decided to reduce exposure to equities and increase the cash element of the School's investments, both as a defensive measure and to increase liquidity for the time being, pending further assessment of the economic impact of COVID-19.

4.12 Future plans

Merchant Taylors' School, Northwood aims to be the independent day school of choice for boys aged 3-18 in the North West London area, providing an excellent all-round education. We wish to enable pupils to live fulfilled lives that contribute to society. To meet our vision, we will:

- treat the wellbeing and safeguarding of our staff and pupils as the foremost consideration;
- employ and retain the best staff available for the job;
- maintain the highest academic standards, whilst supporting a holistic education;
- select pupils who will benefit from the all-round education that we offer and achieve great things;
- ensure an appropriate number of scholarships and bursaries are targeted to provide outstanding educational opportunities for notably gifted boys and boys from disadvantaged backgrounds;
- sustain a diverse and supportive environment that allows staff and pupils to thrive without regard to background, faith, gender, special educational needs, disabilities or sexual orientation;
- maintain and develop our buildings, grounds and facilities to the highest standards and to shape plans that meet emerging educational needs;
- be mindful of our historic charitable foundation and promote wider public benefit in our activities;
- remain a competitive fee-paying school in the independent sector;
- ensure that management of the School's finances is efficient and that expenditure takes account of affordability, recognising that parents make significant financial sacrifices to educate their boys at the School;

4.13 Section 172 Statement

As an Independent School in Northwood, Merchant Taylors' School depends on the trust and confidence of its stakeholders to operate sustainably in the long term. Governors place the educational needs of the boys first, invest in the staff and support the local community.

The Governors of Merchant Taylors' School have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the School for the benefit of pupils and staff, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

Section 172 considerations are embedded in the School's strategic decision making process led by Governors and throughout the operational planning process led by the Executive. Issues, factors and stakeholders, which the Governors have considered when discharging their duty under section 172(1) are recorded in Governors' meeting papers and referred to throughout this Annual Report. These include considerations relating to inter alia: remuneration; pension provision; fee discounts and bursaries in connection with the COVID-19 pandemic; capital expenditure management and the optimisation of remote learning.

Our vision, purpose, values and aims are set out in section 3.2 and are further illustrated in the Strategic Report, which can be found at section 4. The key risks facing the School and the framework of their management and mitigation are outlined in section 4.9 of the Strategic Report.

Our environmental, social and governance practices are described in section 4.5 (Public benefit and outreach) and the extent of bursarial support for pupils whose families are unable to pay the school fees are primarily set out at section 4.6 (Financial review). For the first time, Merchant Taylors' School is reporting key energy and carbon usage information and this can be found in section 4.14 (Environmental performance). This area of ESG reporting will, no doubt, develop over time.

4.14 Environmental Performance

Under the Energy and Carbon Report Regulations 2018, the School is required to report on the environmental impacts of the organisation. The key environmental impacts for Merchant Taylors' School are gas and electricity consumption at both the Senior and the Preparatory schools and the vehicles used across both sites. The numbers reported here meet the regulations noted above and refer to consumption on site, rather than the total impact on the environment. For example, the tabulations below are not required to indicate energy consumed by pupils and staff travelling to and from their homes. The School has applied the Streamlined Energy and Carbon Reporting (SECR) Protocol and used the 2020 Government emission conversion factors to compile this report. The School's total carbon emissions for 2020 were 1,378.55 metric tonnes, which can be broken down as follows:

Merchant Taylors' Senior School

| Energy Source | Consumption | Scope | Emissions |
|------------------------|--------------------------------|-------|-----------------------------------|
| Annual Gas kWh | 3,979,360 kWh | 1 | 731.7t CO ₂ e |
| Annual Electricity kWh | 1,559,334 kWh | 2 | 363.5t CO ₂ e |
| Annual vehicle mileage | 19 324 miles (23,085.6 kWh) | 1 | 5.88t CO ₂ e |
| Staff duty travel | 1090.8 miles (1,269 kWh) | 3 | 0.31t CO ₂ e |
| Total | 5,561,779.6 kWh | | 1101.4t CO₂e |
| Intensity ratio | 903 pupils | | 1.22t CO ₂ e per pupil |

Merchant Taylors' Prep School

| Energy Source | Consumption | Scope | Emissions |
|------------------------|-------------------------------|-------|-----------------------------------|
| Annual Gas kWh | 299,664 kWh | 1 | 251.3t CO ₂ e |
| Annual Electricity kWh | 97,894 kWh | 2 | 22.8 t CO ₂ e |
| Annual vehicle mileage | 8220 miles (9 820.1 kWh) | 1 | 2.5 t CO ₂ e |
| Staff duty travel | 1 953 miles (2,269.2 kWh) | 3 | 0.548t CO ₂ e |
| Total | 409 647.1 kWh | | 277.15t CO₂e |
| Intensity ratio | 368 pupils | | 0.75t CO ₂ e per pupil |

Voltage optimisation was installed this year to reduce consumption and boilers have been replaced with more efficient models. Future plans include a rolling programme to install LED lighting and the procurement of electric vehicles to reduce reliance on fossil fuels. The swimming pool plant will be modernised and a pool cover installed to reduce heat loss. This is part of a developing plan to report and manage energy efficiency and carbon emissions.

Governors' report (continued)
For the year ended 31 August 2020

Statement of Trustees' responsibilities

The School's Governors are Directors of the Charitable Company and Trustees of the Charity. They are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires Directors to prepare financial statements, which provide a true and fair view of the affairs of the Company and the profit or loss for that year. In preparing those financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking steps for the prevention and detection of fraud and other irregularities. In the case of all persons who are directors at the time when this report is approved, the following applies:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Disability statement

The Company continues to give full and fair consideration to disabled persons applying for employment, having full regard to their particular aptitudes and abilities. Full and fair consideration will be given to the continuing employment and appropriate training of persons who become disabled. The Company provides equal opportunities to all staff on the basis of objective criteria and personal merit.

Auditors

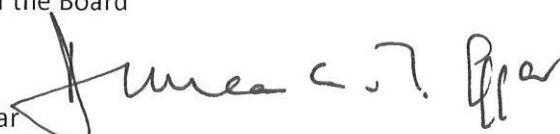
Saffery Champness LLP, Chartered Accountants, have indicated their willingness to continue in office.

Chairman

The Governors would like to record their thanks to Christopher Hare who retired as Chairman and Governor on 31 August 2020, having served as a governor with distinction for twenty six years.

By order of the Board

D G M Eggar
Chairman



Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Independent auditors' report
For the year ended 31 August 2020

We have audited the financial statements of Merchant Taylors' School for the year ended 31 August 2020 which comprise statement of financial activities, balance sheet and statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 (continued)
For the year ended 31 August 2020

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the Trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report (continued)
For the year ended 31 August 2020

Auditor's responsibilities for the audit of the financial statements

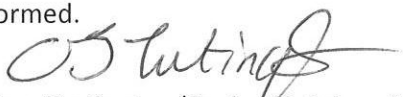
We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Cara Turtington (Senior Statutory Auditor)
For and on behalf of

Saffery Champness LLP
Chartered Accountants

71 Queen Victoria Street
London
EC4V 4BE

Statutory Auditors

Date: 28 February 2021

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

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Statement of financial activities (incorporating the income and expenditure account)
For the year ended 31 August 2020

| | Notes | Unrestricted funds £ | Unrestricted Designated funds £ | Restricted funds £ | Endowment funds £ | 2020 Total funds £ | 2019 Total funds £ |
|---|-------|-------------------------|---------------------------------------|-----------------------|----------------------|--------------------------|--------------------------|
| Income from: | | | | | | | |
| Charitable activities | | | | | | | |
| School fees | 2 | 22,136,119 | - | - | - | 22,136,119 | 22,966,340 |
| Registration/admissions fees | 3 | 138,571 | - | - | - | 138,571 | 154,223 |
| Other charitable activities | | | | | | | |
| - Insurance | 3 | 12,227 | - | - | - | 12,227 | 36,167 |
| - Rents received | 3 | 244,388 | - | - | - | 244,388 | 237,686 |
| - Government grants | 3 | - | - | 909,909 | - | 909,909 | - |
| - Other | 3 | 86,099 | - | - | - | 86,099 | 137,539 |
| Other trading activities | | | | | | | |
| Other ancillary income | | - | - | - | - | - | 800 |
| Donation from MTSEL | 3 | 56,826 | - | - | - | 56,826 | 117,872 |
| Investments | 3 | 32,164 | 58,536 | 39,983 | - | 130,683 | 132,735 |
| Donations & legacies | | | | | | | |
| Donations | 3 | - | - | 85,157 | - | 85,157 | 312,663 |
| Development campaign income | 3 | 31,545 | - | 204,534 | 7,055 | 243,134 | 209,595 |
| Total income: | | <u>22,737,939</u> | <u>58,536</u> | <u>1,239,583</u> | <u>7,055</u> | <u>24,043,113</u> | <u>24,305,620</u> |
| Expenditure on: | | | | | | | |
| Raising funds | | | | | | | |
| Alumni Relations and Development | | 201,224 | - | 28,623 | - | 229,847 | 233,796 |
| Investment management | | - | 8,430 | 6,420 | - | 14,850 | 14,367 |
| Financing costs | | 26,820 | - | - | - | 26,820 | 39,024 |
| | | <u>228,044</u> | <u>8,430</u> | <u>35,043</u> | <u>-</u> | <u>271,517</u> | <u>287,187</u> |
| Charitable activities | | | | | | | |
| School and grant making | | <u>20,868,862</u> | <u>189,885</u> | <u>1,162,930</u> | <u>-</u> | <u>22,221,677</u> | <u>24,484,500</u> |
| Total expenditure | 5 | <u>21,096,906</u> | <u>198,315</u> | <u>1,197,973</u> | <u>-</u> | <u>22,493,194</u> | <u>22,771,687</u> |
| Net income/(expenditure) before investment gains | | <u>1,641,033</u> | <u>(139,779)</u> | <u>41,610</u> | <u>7,055</u> | <u>1,549,919</u> | <u>1,533,933</u> |

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Statement of financial activities (continued)
For the year ended 31 August 2020

| | Notes | Unrestricted funds £ | Unrestricted Designated funds £ | Restricted funds £ | Endowment funds £ | 2020 Total funds £ | 2019 Total funds £ |
|--|-------|-------------------------|---------------------------------------|-----------------------|----------------------|--------------------------|--------------------------|
| Net gains on investments | | - | 157,952 | - | 40,253 | 198,205 | 40,226 |
| Net income | | 1,641,033 | 18,173 | 41,610 | 47,308 | 1,748,124 | 1,574,159 |
| Transfers | 8 | (15,417) | 15,417 | - | - | - | - |
| Net movement in funds | | 1,625,616 | 33,590 | 41,610 | 47,308 | 1,748,124 | 1,574,159 |
| Fund balances at 31 August 2019 | | 25,984,877 | 9,396,776 | 759,204 | 1,656,352 | 37,797,209 | 36,223,050 |
| Fund balances at 31 August 2020 | 14 | 27,610,493 | 9,430,366 | 800,814 | 1,703,660 | 39,545,333 | 37,797,209 |

Summary Income and Expenditure Account

| | 2020 £ | 2019 £ |
|--------------------------------------|------------------|------------------|
| Total income | 24,036,058 | 24,305,620 |
| Total expenditure | 22,493,194 | 22,771,687 |
| Unrealised/realised gains and losses | 169,869 | 29,818 |
| Net income for the year | 1,712,733 | 1,563,751 |

All amounts relate to continuing operations.

The notes on pages 29 to 53 form part of these financial statements.

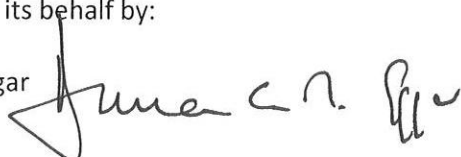
Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Balance Sheet
As at 31 August 2020

| | Notes | £ | 2020 £ | £ | 2019 £ |
|--|-------|-------------|-------------------|-------------------|------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 6 | | 33,334,517 | | 32,345,825 |
| Investments | 7 | | 5,919,464 | | 5,681,535 |
| Fees In Advance Investments | 7 | | 143,346 | | 143,065 |
| Current assets | | | | | |
| Stocks | 9 | 47,914 | | 37,962 | |
| Debtors | 10 | 405,358 | | 710,208 | |
| Cash at bank and in hand | 19 | 4,748,981 | | 4,448,659 | |
| | | | <u>5,202,253</u> | <u>5,196,829</u> | |
| Current liabilities | | | | | |
| Creditors: due within one year | 11 | (4,227,894) | | (4,527,560) | |
| | | | <u>974,359</u> | <u>669,269</u> | |
| Net current assets | | | | | |
| Total assets less current liabilities | | | | | |
| | | | <u>40,371,686</u> | <u>38,839,694</u> | |
| Creditors: due after more than one year | | | | | |
| | 12 | | (826,353) | (1,042,485) | |
| Total net assets | | | | | |
| | | | <u>39,545,333</u> | <u>37,797,209</u> | |
| Unrestricted funds | | | | | |
| | 15 | | 37,040,859 | 35,381,653 | |
| Restricted funds | | | | | |
| | 16 | | 800,814 | 759,204 | |
| Endowment | | | | | |
| | 17 | | 1,703,660 | 1,656,352 | |
| Total funds | | | | | |
| | | | <u>39,545,333</u> | <u>37,797,209</u> | |

The financial statements were approved by the Governors on 10 February 2021 and were signed on its behalf by:

D G M Eggar
Director



A G Moss
Director

10 February 2021


Company Registration No. 3411540

The notes on pages 29 to 53 form part of these financial statements

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Cash flow statement
For the year ended 31 August 2020

| | Notes | £ | 2020 £ | £ | 2019 £ |
|--|-----------|-------------|-------------|-------------|-------------|
| Net cash flows from operating activities | 18 | | 2,766,664 | | 3,311,049 |
| Cash flows from investing activities | | | | | |
| Investment income | | 130,683 | | 132,735 | |
| Purchase of property, plant and equipment | | (2,533,003) | | (2,158,234) | |
| Proceeds from sale of investments | | 1,767,185 | | 1,594,548 | |
| Purchase of investments | | (2,021,910) | | (1,555,549) | |
| Proceeds from sale of assets | | - | | 800 | |
| Net cash used in investing activities | | | (2,657,045) | | (1,985,700) |
| Cash flows from financing activities | | | | | |
| Movement in final deposits | | (20,400) | | (120,000) | |
| Repayment of interest on loans | | (15,830) | | (18,587) | |
| Repayments of borrowing | | (66,517) | | (90,435) | |
| Net cash used in financing activities | | | (102,747) | | (229,022) |
| Change in cash and cash equivalents in the reporting period | | | 6,872 | | 1,096,327 |
| Cash and cash equivalents b/f | 19 | | 5,419,574 | | 4,323,247 |
| Cash and cash equivalents c/f at 31 August | 19 | | 5,426,446 | | 5,419,574 |

The notes on pages 29 to 53 form part of these financial statements.

Notes to the financial statements
For the year ended 31 August 2020

1. Accounting policies

1.1 Basis of accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Charities Statement of Recommended Practice (SORP) and Financial Reporting Standard 102 (FRS102). The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of properties and other investments.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statement are rounded to the nearest £.

The Charity is a public benefit entity.

Having reviewed the funding facilities available to the School, the increasing demand for places, the School's projected cash flows and impact of Covid-19, Governors have concluded that the School has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 20.

The financial information is presented for Merchant Taylors' School as an individual undertaking and not for the group. The Trustees have taken advantage of the SORP and Companies Act 2006 (S.405(2)) exemption not to prepare group financial statements as they consider the effects of changes would not be material to the financial statements of Merchant Taylors' School.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

1.2 Tangible fixed assets

The School entered into a lease from the Merchant Taylors' Company for a 128 year term effective from 16 March 2011. Under the terms of this lease, the School is responsible for keeping the properties in a fit and useful condition and these costs are expensed when incurred. Subsequent additions and material improvements by the School are capitalised on completion and are depreciated as set out in note 1.3 below. Tangible fixed assets valued at £7.0m associated with MTP were acquired on 15 October 2015.

Expenditure on the acquisition, construction or enhancement of land and buildings together with vehicles, furniture, machinery, ICT infrastructure and other equipment are carried in the balance sheet at historical cost.

Notes to the financial statements (continued)
For the year ended 31 August 2020

Accounting policies (continued)

1.3 Depreciation

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 expected useful economic lives as follows:

| | |
|-------------------------------------|--|
| Building and leasehold improvements | - 70% charged over 50 years, 30% charged over 20 years – the latter to reflect components that have a shorter life (e.g. flat roofs, electrical wiring etc.) |
| Furniture and equipment | - over 10 or 20 years |
| Machinery and motor vehicles | - over 4 years |
| Computer hardware | - 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, as acquired.

1.4 Current assets

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

1.5 Fees and similar income

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.

1.6 Donations, legacies, grants and other voluntary income

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention is to be permanent or not.

1.7 Investments and investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis.

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.

Notes to the financial statements (continued)
For the year ended 31 August 2020

Accounting policies (continued)

1.8 Expenditure

Expenditure is accounted for on an accruals basis. 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. Irrecoverable VAT is included within the item of expense to which it relates.

Governance costs, included within Support costs of schooling, comprise external audit costs and costs incurred in relation to constitutional and statutory requirements.

1.9 Pensions

The School's 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 pension schemes as detailed in note 20.

1.10 Rental income

Rental income is accounted for on a receivable basis.

1.11 Fund accounting

Funds held by the Company are:

Unrestricted General Reserve:

These are funds which can be used in accordance with the charitable objects at the discretion of the Governors

Designated Funds:

These funds, although unrestricted, are used for specific purposes. Refer to note 15 for further details.

Restricted Funds:

(i) Permanent Endowed Funds:

The use of these funds has been restricted by the original donor and only the income arising is available to spend.

(ii) Expendable Endowed Funds:

These funds are accounted for similarly, except that all capital can be converted into income for spending, either at the Governors' discretion, or upon the occurrence of an event contemplated by the donor.

See note 17 for further details of endowed funds

Notes to the financial statements (continued)
For the year ended 31 August 2020

Accounting policies (continued)

1.12 Operating leases

Rentals payable are charged on a time basis over the lease term.

1.13 Taxation

The School is a registered charity and its income is not liable to taxation, as it is applied to wholly charitable purposes.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount, net of any trade discounts due.

1.15 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.16 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount, after allowing for any trade discounts due.

1.17 Financial instruments

The Charity only has financial assets and financial liabilities 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.

1.18 Critical accounting judgement and estimates

The preparation of the financial statements requires the Governors to make estimates and assumptions concerning the future. These could materially affect the carrying amounts of assets and liabilities within the next financial year and include accruals, depreciation and revenue recognition. The accounting in these areas of the accounts requires management to exercise judgement.

- Accruals are estimates as costs that will be incurred based on contractual requirements
- For depreciation, estimates are driven by the useful economic life of the associated assets
- For revenue recognition, management applies judgements in determining the point at which revenue should be recognised as income.

Notes to the financial statements (continued)
For the year ended 31 August 2020

2. School fees

| | 2020 £ | 2019 £ |
|--|-------------------|-------------------|
| The School's fee income comprised: | | |
| Gross fees | 25,157,268 | 24,241,230 |
| Less: 2020 summer term discounts | (1,444,842) | - |
| Less: Total bursaries, grants and allowances | (1,829,328) | (1,656,982) |
| | <u>21,883,098</u> | <u>22,584,248</u> |
| Add back: Scholarships, grants and allowances paid for by restricted funds, MT Co charities fund and MTET endowment fund | 253,021 | 382,092 |
| | <u>22,136,119</u> | <u>22,966,340</u> |

3. Other income

| | 2020 £ | 2019 £ |
|--|------------------|----------------|
| Other educational charitable activities | | |
| Registration fees | 112,971 | 123,073 |
| Admission fees | 25,600 | 31,150 |
| | <u>138,571</u> | <u>154,223</u> |
| Other charitable activities | | |
| Insurance | 12,227 | 36,167 |
| Rents receivable | 244,388 | 237,686 |
| Deposits forfeited, fees in lieu, music income and other misc. income | 86,099 | 137,539 |
| MTSEL donation | 56,826 | 117,872 |
| Sale of fixed assets | - | 800 |
| Government grants | 909,909 | - |
| | <u>1,309,449</u> | <u>530,064</u> |
| Investment income | | |
| Bank interest | 22,016 | 21,602 |
| Investment income | 98,519 | 100,512 |
| Interest on late fees | 10,148 | 10,621 |
| | <u>130,683</u> | <u>132,735</u> |

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Notes to the financial statements (continued)
For the year ended 31 August 2020

3. Other income (continued)

| | 2020 £ | 2019 £ |
|---------------------------------|-------------|-------------|
| Donations | | |
| MT Company Donation | 56,994 | 38,180 |
| Scholarship Income | 28,163 | 28,232 |
| MTET Endowment Fund | - | 196,000 |
| Other donations | - | 50,251 |
| | <hr/> | <hr/> |
| | 85,157 | 312,663 |
| Development campaign income | 243,134 | 209,595 |
| | <hr/> | <hr/> |
| | 328,291 | 522,258 |
| | <hr/> | <hr/> |

Government grants of £909,909 (2019:£nil) comprise monies received from HMRC in relation to the Coronavirus Job Retention Scheme.

4. Expenditure

| | 2020 £ | 2019 £ |
|---|------------|------------|
| Support costs of schooling included: | | |
| Auditors' remuneration for audit services | 24,000 | 22,500 |
| Auditors' remuneration for other services | 3,942 | 3,980 |
| | <hr/> | <hr/> |
| | 27,942 | 26,480 |
| | <hr/> | <hr/> |
| Total staff costs comprised: | | |
| Wages and salaries | 12,159,692 | 11,969,674 |
| Social security costs | 1,248,520 | 1,233,551 |
| Pension contributions | 2,284,946 | 1,697,046 |
| Termination costs | - | 8,318 |
| | <hr/> | <hr/> |
| | 15,693,158 | 14,908,589 |
| | <hr/> | <hr/> |

Notes to the financial statements (continued)
For the year ended 31 August 2020

4. Expenditure (continued)

Employees

The average number of employees in the year was 369 (2019: 371) of which 149 (2019: 157) were teaching staff.

| The number of higher paid employees was: | 2020 | 2019 |
|--|------|------|
| £60,001 - £70,000 | 35 | 32 |
| £70,001 - £80,000 | 7 | 2 |
| £80,001 - £90,000 | 4 | 5 |
| £100,001 - £110,000 | - | - |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | 2 | 1 |
| £180,001 - £190,000 | - | 1 |
| £190,001 - £200,000 | 1 | - |

Twenty nine of the above employees had retirement benefits accruing in a Defined Benefit Scheme (Teachers' Pensions Superannuation Scheme with employer contributions paid at 23.68% of salary) and four employees had benefits accruing in the Group Personal Pension Plan (with employer contributions paid at 14% of salary).

The key management personnel of the School comprise the Headmaster, the Bursar and the Senior Leadership Team. Their total combined contractual benefits totalled £1,465,123 (2019: £1,351,819).

Governors' remuneration

No Governor, nor persons connected with them, received any remuneration in the year ended 31 August 2020 (2019: Nil) and Governors are not included in the number of persons employed, listed above.

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Notes to the financial statements (continued)
For the year ended 31 August 2020

5. Analysis of total expenditure

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2020 £ |
|---|---------------------|---------------------|-------------------|--------------------|
| Raising funds | | | | |
| Financing costs/bank interest | - | 26,820 | - | 26,820 |
| Investment management | - | 14,850 | - | 14,850 |
| Development office | 183,412 | 40,520 | - | 223,932 |
| | <u>183,412</u> | <u>82,190</u> | <u>-</u> | <u>265,602</u> |
| Charitable activities | | | | |
| Teaching | 12,299,525 | 1,198,657 | - | 13,498,182 |
| Welfare | 710,760 | 340,226 | - | 1,050,986 |
| Premises | 1,111,420 | 2,748,980 | 790,819 | 4,651,219 |
| Support costs of schooling | 1,388,041 | 604,027 | 563,608 | 2,555,676 |
| | <u>15,509,746</u> | <u>4,891,890</u> | <u>1,354,427</u> | <u>21,756,063</u> |
| School's operating costs * | | | | |
| Bursaries paid for by restricted funds | - | 253,021 | - | 253,021 |
| Alumni Relations and Development | - | 28,623 | - | 28,623 |
| OMT sports facilities | - | - | 189,885 | 189,885 |
| | <u>-</u> | <u>281,644</u> | <u>189,885</u> | <u>471,529</u> |
| Total expenditure | <u>15,693,158</u> | <u>5,225,724</u> | <u>1,544,312</u> | <u>22,493,194</u> |

*School's operating costs includes furloughed staff costs.

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Notes to the financial statements (continued)
For the year ended 31 August 2020

Analysis of total expenditure (continued) - previous year

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2019 £ |
|---|---------------------|---------------------|-------------------|--------------------|
| Raising funds | | | | |
| Financing costs/bank interest | - | 39,024 | - | 39,024 |
| Investment management | - | 14,367 | - | 14,367 |
| Development office | 135,227 | 11,717 | - | 146,944 |
| | <u>135,227</u> | <u>65,108</u> | <u>-</u> | <u>200,335</u> |
| Charitable activities | | | | |
| Teaching | 11,553,542 | 1,675,279 | - | 13,228,821 |
| Welfare | 729,180 | 424,607 | - | 1,153,787 |
| Premises | 1,107,598 | 2,617,996 | 792,559 | 4,518,153 |
| Support costs of schooling | 1,383,042 | 1,061,756 | 566,964 | 3,011,762 |
| | <u>14,773,362</u> | <u>5,779,638</u> | <u>1,359,523</u> | <u>21,912,523</u> |
| School's operating costs | | | | |
| Bursaries paid for by restricted funds | - | 382,092 | - | 382,092 |
| Alumni Relations and Development | - | 86,852 | - | 86,852 |
| OMT sports facilities | - | - | 189,885 | 189,885 |
| | <u>-</u> | <u>468,944</u> | <u>189,885</u> | <u>658,829</u> |
| Total expenditure | <u>14,908,589</u> | <u>6,313,690</u> | <u>1,549,408</u> | <u>22,771,687</u> |

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Notes to the financial statements (continued)
For the year ended 31 August 2020

6. Tangible fixed assets

| | Land and buildings £ | Assets under construction £ | Furniture and equipment £ | Total 2020 £ |
|-----------------------------|-------------------------------|-----------------------------------|---------------------------------|--------------------|
| Costs or revaluation | | | | |
| 1 September 2019 | 41,139,677 | 242,149 | 7,597,036 | 48,978,862 |
| Additions | 805,507 | 1,536,798 | 190,698 | 2,533,003 |
| 31 August 2020 | 41,945,184 | 1,778,947 | 7,787,734 | 51,511,865 |
| Depreciation | | | | |
| 1 September 2019 | 11,805,380 | - | 4,827,657 | 16,633,037 |
| Charge for year | 980,703 | - | 563,608 | 1,544,311 |
| 31 August 2020 | 12,786,083 | - | 5,391,265 | 18,177,348 |
| Net book value | | | | |
| 31 August 2020 | 29,159,101 | 1,778,947 | 2,396,469 | 33,334,517 |
| 31 August 2019 | 29,334,297 | 242,149 | 2,769,379 | 32,345,825 |

Of the total net book value of land and buildings included above, £6,065,258 is freehold (£2,900,000 land) and £23,093,843 is leasehold.

Notes to the financial statements (continued)
For the year ended 31 August 2020

7. Investments

| | 2020 £ | 2019 £ |
|-----------------------------|------------------|------------------|
| Investment in subsidiary | 100 | 100 |
| Investment portfolio | 5,919,364 | 5,681,435 |
| Fees In Advance Investments | 143,346 | 143,065 |
| | <u>6,062,810</u> | <u>5,824,600</u> |

The investment in subsidiary relates to the trading company, Merchant Taylors' School Enterprises Limited. The activities of this subsidiary include the Tuck Shop and the letting of School facilities. The results for the year are as follows:

| | 2020 £ | 2019 £ |
|---|---------------|----------------|
| Gross profit | 220,504 | 311,257 |
| Gross expenditure | (163,678) | (193,385) |
| Net surplus before donating to MTS | <u>56,826</u> | <u>117,872</u> |

At the balance sheet date, the aggregate share capital and reserves of the subsidiary undertaking were £100 (2019: £100).

| | Fees In Advance Investments £ | Quoted Investments £ |
|-------------------------------------|-------------------------------------|----------------------------|
| Investments at 31 August 2020 were: | | |
| Fixed Interest | - | 1,433,413 |
| Overseas Bonds | - | - |
| UK Equities | - | 900,556 |
| UK Investment Companies | - | - |
| Overseas Investment Companies | - | 2,456,013 |
| Alternatives | - | 595,263 |
| Cash | 143,346 | 534,119 |
| | <u>143,346</u> | <u>5,919,364</u> |

Investments in the School's portfolio are managed primarily by Rathbones.

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Notes to the financial statements (continued)
For the year ended 31 August 2020

| | | |
|--|-------------|-------------|
| 8. Transfer between funds | 2020 | 2019 |
| | £ | £ |
| Designated Funds: | | |
| Transferred to Pension Fund | - | 7,000 |
| Transferred to/(from) Unrestricted Funds re Housing Fund | 15,417 | (3,552) |
| Net transfer to/(from) Designated funds | 15,417 | (3,448) |
| | | |
| 9. Stocks | 2020 | 2019 |
| | £ | £ |
| Consumables (including textbooks) | 33,797 | 26,320 |
| Goods for resale | 14,117 | 11,642 |
| | 47,914 | 37,962 |
| | | |
| 10. Debtors | 2020 | 2019 |
| | £ | £ |
| Trade/fee debtors | 22,093 | 39,464 |
| Amounts owed from Related Undertakings (See Note 23) | 64,236 | 357,313 |
| Prepayments and accrued income | 81,715 | 232,929 |
| Other debtors | 237,314 | 80,502 |
| | 405,358 | 710,208 |

Notes to the financial statements (continued)
For the year ended 31 August 2020

11. Creditors: due within one year

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Amounts due to Related Undertakings (See Note 23) | 14,426 | 11,877 |
| Bank loans and overdrafts | 529,725 | 499,291 |
| Final term deposits | 75,200 | 65,600 |
| Trade creditors | 78,106 | 335,749 |
| Accruals | 1,461,487 | 1,014,650 |
| Exam deposits and Autumn term pre-payments | 1,700,216 | 2,002,529 |
| Other deferred income | 12,791 | 70,705 |
| Fees In Advance Scheme | 134,171 | 169,357 |
| Other creditors | 221,772 | 357,812 |
| | <u>4,227,894</u> | <u>4,527,560</u> |

Creditors: due after more than one year (continued)

Bank loans included within creditors totalling £529,725 are loans outstanding which are subject to a negative pledge relating to the property at Merchant Taylors' Preparatory School, Moor Farm, Sandy Lodge Road, Rickmansworth, Hertfordshire WD3 1LW. This site is included within the fixed asset note under leasehold land and buildings. These loans were repaid on 23 October 2020.

12. Creditors: due after more than one year

| | 2020 £ | 2019 £ |
|---------------------|----------------|----------------|
| Final term deposits | | |
| Within 1 to 2 years | 66,000 | 69,200 |
| Within 2 to 5 years | 247,900 | 234,700 |
| After 5 years | <u>335,600</u> | <u>334,800</u> |
| | <u>649,500</u> | <u>638,700</u> |
| Bank loans: | | |
| Within 1 to 2 years | - | 49,356 |
| Within 2 to 5 years | - | 47,605 |
| After 5 years | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>96,961</u> |

Notes to the financial statements (continued)
For the year ended 31 August 2020

Creditors: due after more than one year (continued)

| | | |
|---------------------|---------|-----------|
| Fees In Advance: | | - |
| Within 1 to 2 years | 136,927 | 133,302 |
| Within 2 to 5 years | 39,926 | 173,522 |
| After 5 years | - | |
| | <hr/> | <hr/> |
| | 176,853 | 306,824 |
| | <hr/> | <hr/> |
| | 826,353 | 1,042,485 |
| | <hr/> | <hr/> |

13. Fees In Advance Scheme

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. Assuming pupils remain in the School, fees in advance will be applied as disclosed in Notes 11 and 12, above.

The balance represents the accrued liability under the contracts. The capital movements during the year were:

| | |
|-------------------------------------|----------------|
| | £ |
| Balance at 31 August 2019 | 476,181 |
| New contracts | 1,967 |
| Discounts | 3,172 |
| | <hr/> |
| | 481,320 |
| Amounts utilised in payment of fees | (170,296) |
| | <hr/> |
| Balance as at 31 August 2020 | 311,024 |
| | <hr/> |

Notes to the financial statements (continued)
For the year ended 31 August 2020

14. Analysis of net assets

| | Fixed assets and investments | Current assets | Current liabilities | Long term liabilities | Total 2020 |
|-----------------------------------|---------------------------------|-------------------|------------------------|--------------------------|---------------|
| | £ | £ | £ | £ | £ |
| Unrestricted and designated funds | 37,693,667 | 4,401,439 | (4,227,894) | (826,353) | 37,040,859 |
| Restricted funds | - | 800,814 | - | - | 800,814 |
| Permanent endowment funds | 1,224,762 | - | - | - | 1,224,762 |
| Expendable endowment funds | 478,898 | - | - | - | 478,898 |
| Total | 39,397,327 | 5,202,253 | (4,227,894) | (826,353) | 39,545,333 |

Analysis of net assets of the funds (continued) - previous year

| | Fixed assets and investments | Current assets | Current liabilities | Long term liabilities | Total 2019 |
|-----------------------------------|---------------------------------|-------------------|------------------------|--------------------------|---------------|
| | £ | £ | £ | £ | £ |
| Unrestricted and designated funds | 36,514,073 | 4,437,625 | (4,527,560) | (1,042,485) | 35,381,653 |
| Restricted funds | - | 759,204 | - | - | 759,204 |
| Permanent endowment funds | 1,196,426 | - | - | - | 1,196,426 |
| Expendable endowment funds | 459,926 | - | - | - | 459,926 |
| Total | 38,170,425 | 5,196,829 | (4,527,560) | (1,042,485) | 37,797,209 |

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Notes to the financial statements (continued)
For the year ended 31 August 2020

15. Analysis of unrestricted funds

| | Balance 2019 £ | Income/gain £ | Expenditure £ | Transfers between funds £ | Balance 2020 £ |
|----------------------------------|----------------------|-------------------|---------------------|------------------------------------|----------------------|
| Undesignated General Reserves | 25,986,181 | 22,737,939 | (21,096,906) | (15,417) | 27,611,797 |
| Designated | | | | | |
| Housing Fund | 46,039 | - | - | 15,417 | 61,456 |
| Pension Fund | 121,580 | - | - | - | 121,580 |
| Bursary Fund | 601,577 | 2,094 | - | - | 603,671 |
| OMT Asset Fund | 4,904,519 | - | (189,885) | - | 4,714,634 |
| Durrants Fund | 3,702,084 | 212,969 | (8,430) | - | 3,906,623 |
| Fees In Advance Scheme | 19,673 | 1,425 | - | - | 21,098 |
| | 9,395,472 | 216,488 | (198,315) | 15,417 | 9,429,062 |
| Total | 35,381,653 | 22,954,427 | (21,295,221) | - | 37,040,859 |

Analysis of unrestricted funds – previous year

| | Balance 2018 £ | Income/gain £ | Expenditure £ | Transfers between funds £ | Balance 2019 £ |
|----------------------------------|----------------------|-------------------|---------------------|------------------------------------|----------------------|
| Undesignated General Reserves | 24,320,172 | 23,767,948 | (22,098,491) | (3,448) | 25,986,181 |
| Designated | | | | | |
| Housing Fund | 49,591 | - | - | (3,552) | 46,039 |
| Pension Fund | 114,580 | - | - | 7,000 | 121,580 |
| Bursary Fund | 600,000 | 1,577 | - | - | 601,577 |
| OMT Asset Fund | 5,094,404 | - | (189,885) | - | 4,904,519 |
| Durrants Fund | 3,624,648 | 86,354 | (8,918) | - | 3,702,084 |
| Fees In Advance Scheme | 18,617 | 1,056 | - | - | 19,673 |
| | 9,501,840 | 88,987 | (198,803) | 3,448 | 9,395,472 |
| Total | 33,822,012 | 23,856,935 | (22,297,294) | - | 35,381,653 |

Notes to the financial statements (continued)
For the year ended 31 August 2020

Housing Fund

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.

Bursary Fund

The Bursary Fund was created to assist with the provision of general bursaries to pupils attending the School. The Fund was created using a proportion of the funds received from the sale of the OMT sports facility at Durrants as noted below.

OMT Asset Fund

In 2011 the Old Merchant Taylors' Society (OMT) relocated its War Memorial Sports Ground to Sandy Lodge, where new facilities were built on the School grounds. The charge above of £189,885 represents the depreciation charge on these new facilities and reconciles the fund balance to the current net book value of the OMT sports facility.

Durrants Fund

Due to the size and significance of the funds received from the sale of The War Memorial Sports Ground at Durrants (excluding that the amount which was received to build the OMT facility), the Trustees agreed to create a designated fund for the purpose of maintaining the OMT sports facilities. Included within the Durrants Fund is a revaluation reserve totalling £564,124 in relation to fixed asset investments.

Fees In Advance Scheme

This amount represents the net assets relating to the Fees In Advance scheme.

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Notes to the financial statements (continued)
For the year ended 31 August 2020

16. Analysis of restricted funds

| | Balance 2019 £ | Incoming resources £ | Resources expended £ | Balance 2020 £ |
|-------------------------------|-------------------|----------------------------|----------------------------|-------------------|
| General donations | 320,224 | 85,157 | (113,103) | 292,278 |
| Government grants | - | 909,909 | (909,909) | - |
| | <u>320,224</u> | <u>85,157</u> | <u>(113,103)</u> | <u>292,278</u> |
| Development Fund | | | | |
| Bursary | 376,008 | 217,435 | (159,769) | 433,674 |
| Sports, art and school campus | 25,552 | 8,901 | (15,192) | 19,261 |
| Capital projects | 37,420 | 18,181 | | 55,601 |
| | <u>438,980</u> | <u>244,517</u> | <u>(174,961)</u> | <u>508,536</u> |
| Total | <u>759,204</u> | <u>329,674</u> | <u>(288,064)</u> | <u>800,814</u> |

During 2019-20 the School received £909,909 restricted funds from HMRC in the form of Government grants in relation to the Coronavirus Job Retention Scheme.

Analysis of restricted funds – previous year

| | Balance 2018 £ | Incoming resources £ | Resources expended £ | Balance 2019 £ |
|-------------------------------|-------------------|----------------------------|----------------------------|-------------------|
| General donations | 362,360 | 262,412 | (304,548) | 320,224 |
| | <u>362,360</u> | <u>262,412</u> | <u>(304,548)</u> | <u>320,224</u> |
| Development Fund | | | | |
| Bursary | 329,623 | 191,599 | (145,214) | 376,008 |
| Sports, art and school campus | 23,904 | 10,376 | (8,728) | 25,552 |
| Capital projects | 42,992 | 10,330 | (15,901) | 37,421 |
| | <u>396,519</u> | <u>212,305</u> | <u>(169,843)</u> | <u>438,981</u> |
| Total | <u>758,879</u> | <u>474,717</u> | <u>(474,391)</u> | <u>759,205</u> |

Notes to the financial statements (continued)
For the year ended 31 August 2020

17. Analysis of endowed funds

| | Balance 2019 £ | Income/gains £ | Expenditure £ | Balance 2020 £ |
|----------------------|----------------------|-------------------|------------------|----------------------|
| Fund: | | | | |
| Permanent Endowment | 1,196,426 | 28,336 | - | 1,224,762 |
| Expendable Endowment | 459,926 | 18,972 | - | 478,898 |
| | | | | |
| Total | 1,656,352 | 47,308 | - | 1,703,660 |

Analysis of endowed funds – previous year

| | Balance 2018 £ | Income/gains £ | Expenditure £ | Balance 2019 £ |
|----------------------|----------------------|-------------------|------------------|----------------------|
| Fund: | | | | |
| Permanent Endowment | 1,185,018 | 10,408 | - | 1,196,426 |
| Expendable Endowment | 455,141 | 3,785 | - | 459,926 |
| | | | | |
| Total | 1,642,159 | 14,193 | - | 1,656,352 |

The Permanent Endowment was initiated in 2009 when the 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.

18. Reconciliation of net income to net cash flow from operating activities

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Net income for the reporting period | 1,748,124 | 1,574,159 |
| Depreciation | 1,544,311 | 1,549,408 |
| (Gains) on investments | (276,935) | (141,603) |
| Investment income | (130,683) | (132,735) |
| (Decrease)/Increase in operating creditors and accruals | (413,050) | 697,426 |
| Decrease/(Increase) in debtors | 304,849 | (230,378) |
| (Increase) in stocks | (9,952) | (4,428) |
| (Profit) on sale of fixed assets | - | (800) |
| Net cash flow from operating activities | 2,766,664 | 3,311,049 |

Notes to the financial statements (continued)
For the year ended 31 August 2020

19. Net debt reconciliation

| | At 1 September 2019 | Cash Flows | Other non cash changes | At 31 August 2020 |
|--|---------------------------|---------------|---------------------------|----------------------|
| Cash and cash equivalents | | | | |
| Cash at bank and in hand | 4,448,659 | 300,322 | - | 4,748,981 |
| Cash at investment managers | 970,915 | (293,450) | - | 677,465 |
| | 5,419,574 | 6,872 | - | 5,426,446 |
| Loans falling due within one year | (499,281) | 66,517 | (96,961) | (529,725) |
| Loans falling due after more than one year | (96,961) | - | 96,961 | - |
| Total | 4,822,858 | 73,389 | - | 4,896,721 |

20. Pension costs

Teaching staff

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,826,242 (2019: £1,255,604) and at the year-end, £nil (2019: £nil) was accrued in respect of contributions to this scheme.

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 from public funds determined by Parliament.

The employer contribution rate is set by the Secretary of State, following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

Notes to the financial statements (continued)
For the year ended 31 August 2020

Pensions (continued)

On 27 June 2019 the Supreme Court denied the Government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discrimination will be remedied.

A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020. The TPS is subject to a cost cap mechanism, which was put in place to protect taxpayers against unforeseen changes in scheme costs. In January 2019 the Chief Secretary to the Treasury announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021. In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation. Until the consultation and the cost cap mechanism review are completed it is not possible to determine any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional pension costs is included in these financial statements.

Non-teaching staff

Merchant Taylors' Company Pension Scheme

The 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 15, will therefore be maintained 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.

Group Personal Pension Scheme

The School also contributes to a group personal pension plan in respect of its support staff. In total, the School's contributions to group personal pension schemes for the year amounted to £458,704 (2019: £450,093).

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Notes to the financial statements (continued)
For the year ended 31 August 2020

21. Capital commitments

Capital expenditure contracted for, but not provided in the financial statements for the School totalled £1,906,210 (2019: £2,268,000).

22. Other financial commitments

At 31 August 2020, the School had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2020 | 2019 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Within one year | 120,679 | 120,679 |
| Between 2 and 5 years | 458,243 | 466,766 |
| In over 5 years | 12,785,748 | 12,897,940 |

23. Related party transactions

23.1 Merchant Taylors' Educational Trust (MTET)

MTET appoints the Directors and Governors of the School, who thereafter are responsible for the oversight of the Company. The balance outstanding from MTET at the year end was £nil (2019:£196,000).

23.2 Merchant Taylors' School Enterprises Limited (MTSEL) – Company registration no. 2275287

MTSEL is a wholly owned subsidiary of Merchant Taylors' School. The results of this Company for the year were satisfactory, given the adverse impact of COVID-19. The profit donated to the School was £56,826 (2019: £117,872). The balance outstanding from MTSEL at the year end was £63,166, (2019:£135,702).

23.3 Merchant Taylors' Company

Merchant Taylors' Company provides various services to Merchant Taylors' School. The balance payable to Merchant Taylors' Company in respect of these services at the year end was £14,426 (2019: receivable £4,043).

The Merchant Taylors' Company owns the original 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 £112,156 (2019: £112,156) to be subject to review. No amount was outstanding at either the 2020 or 2019 year end.

Notes to the financial statements (continued)

For the year ended 31 August 2020

Related party transactions (continued)

23.4 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. An annual management fee for this service is charged to St John's, which amounted to £65,000 (2019: £65,000) for the year ended 31 August 2020, and the balance due from St John's School was £1,070, (2019:£14,669) at the year end.

23.5 Governors do not receive any remuneration but incidental expenses incurred and claimed in the course of their duties are reimbursed. The total amount of such expenditure in the year was £1,330 (2019: £2,923) paid to three (2019: four) Governors.

The total amount of donations received from the Governors during the year was £675 paid by three Governors (2019: £664) (paid by four Governors), of which £0 was restricted to the Bursary Fund (2019: £0).

23.6 The Old Merchant Taylors' Society contributes towards the running costs of the Old Merchant Taylors' War Memorial Clubhouse, which is located within the grounds of Merchant Taylors' School. At the end of the period under review, no money was due to or from The Old Merchant Taylors' Society (2019: £4,979 payable).

Merchant Taylors' School
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Notes to the financial statements (continued)
For the year ended 31 August 2020

24. Comparative information

| | Unrestricted | | Restricted | Permanent endowment | 2019 |
|----------------------------------|-------------------|------------------|----------------|---------------------|-------------------|
| | Unrestricted | Designated | Restricted | Permanent endowment | Total |
| | funds | funds | funds | funds | funds |
| | £ | £ | £ | £ | £ |
| Income from: | | | | | |
| Charitable activities | | | | | |
| School fees | 22,966,340 | - | - | - | 22,966,340 |
| Registration/admissions Fees | 154,223 | - | - | - | 154,223 |
| Other charitable activities | | | | | |
| - Insurance | 36,167 | - | - | - | 36,167 |
| - Rents received | 237,686 | - | - | - | 237,686 |
| - Other | 137,539 | - | - | - | 137,539 |
| Other trading activities | | | | | |
| Donation from MTSEL | 117,872 | - | - | - | 117,872 |
| Other ancillary income | 800 | - | - | - | 800 |
| Investments | 32,222 | 64,258 | 36,255 | - | 132,735 |
| Donations & legacies | | | | | |
| Donations | 50,251 | - | 262,412 | - | 312,663 |
| Development campaign income | 33,544 | - | 176,051 | - | 209,595 |
| Total income: | 23,766,644 | 64,258 | 474,718 | - | 24,305,620 |
| Expenditure on: | | | | | |
| Raising funds | | | | | |
| Alumni Relations and Development | 146,944 | - | 86,852 | - | 233,796 |
| Investment management | - | 8,918 | 5,449 | - | 14,367 |
| Bank interest | 39,024 | - | - | - | 39,024 |
| | 185,968 | 8,918 | 92,301 | - | 287,187 |
| Charitable activities | | | | | |
| School and grant making | 21,912,523 | 189,885 | 382,092 | - | 22,484,500 |
| Total expenditure | 22,098,491 | 198,803 | 474,393 | - | 22,771,687 |
| Net income/(expenditure) | 1,668,153 | (134,545) | 325 | - | 1,533,933 |

Merchant Taylors' School
(A company limited by guarantee and not having a share capital)

Notes to the financial statements (continued)
For the year ended 31 August 2020

Comparative information (continued)

| | Unrestricted funds £ | Unrestricted Designated funds £ | Restricted funds £ | Permanent endowment funds £ | 2019 Total Funds £ |
|------------------------------------|----------------------------|--|--------------------------|--------------------------------------|-----------------------------|
| Net gains on investments | - | 26,033 | - | 14,193 | 40,226 |
| Net income/(expenditure) | 1,668,153 | (108,512) | 325 | 14,193 | 1,574,159 |
| Transfers | (3,448) | 3,448 | - | - | - |
| Net movement in funds | 1,664,705 | (105,064) | 325 | 14,193 | 1,574,159 |
| Fund balances at 31 August 2018 | 24,320,172 | 9,501,840 | 758,879 | 1,642,159 | 36,223,050 |
| Fund balances at 31 August 2019 | 25,984,877 | 9,396,776 | 759,204 | 1,656,352 | 37,797,209 |

