



The  
**Merchant Taylors' Schools**  
Crosby

# Annual Report & Accounts

For the year ended 31st August 2021

Registered Company: 06654276  
Registered Charity Number: 1125485



# CONTENTS

## Page

<b>1-21</b>	<b>REPORT OF THE GOVERNORS (incorporating the Strategic Report)</b>
<b>22</b>	<b>STATEMENT OF GOVERNOR'S RESPONSIBILITIES</b>
<b>23-25</b>	<b>INDEPENDENT AUDITOR'S REPORT</b>
<b>26-27</b>	<b>CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME AND EXPENDITURE ACCOUNT</b>
<b>28</b>	<b>CONSOLIDATED AND SCHOOL BALANCE SHEETS</b>
<b>29</b>	<b>CONSOLIDATED CASH FLOW STATEMENT</b>
<b>30-34</b>	<b>STATEMENT OF ACCOUNTING POLICIES</b>
<b>35-46</b>	<b>NOTES TO THE ACCOUNTS</b>



The Governors are pleased to present their annual report for the year ended 31 August 2021 under the Charities Act 2011 and the Companies Act 2006, together with the audited accounts for the period, and confirm that the latter comply with the requirements of the Acts, the Charity Commission's Scheme and the Charities SORP 2019.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Document – Constitution and Objects**

The Merchant Taylors' Schools, Crosby is a registered charity (registered number 1125485) and is incorporated under the Companies Act 2006 as a company limited by guarantee and not having a share capital (registered number 6654276). The Charity is governed by the Memorandum and Articles of Association dated 15 July 2008.

The school undertaking and expendable assets of Merchant Taylors' Schools of the Foundation of John Harrison (the previous unincorporated charity registered under number 526681), were transferred to the Company on 1 September 2008 to form part of the corporate property of the Company. A Charity Commission Scheme was sealed on 28 August 2008 and came into effect on 1 September 2008. This Scheme replaces the former trusts of the unincorporated charity and renames it Merchant Taylors' Schools of the Foundation of John Harrison Trust. The Scheme appoints the Company as sole corporate trustee of the unincorporated charity and the Schools' permanent endowment properties and various prize and scholarship funds. The Scheme includes a uniting direction, so that the unincorporated charity is treated as forming part of the Company for the purposes of charity registration and accounting.

### **Governing Body**

The Governing Body consists of a maximum of three Nominated Governors and eleven Co-opted Governors, all of whom are appointed for renewable periods of three years. The Nominated Governors are nominated, one each, by the Merchant Taylors' Company, the Committee of the Merchant Taylors' Old Girls' Association and the Committee of the Merchant Taylors' Old Boys' Association. The Governors who served during this financial year are listed on page 19.

No employee of the Charity can be a Governor and no fee or other remuneration (other than the repayment of reasonable expenses incurred in relation to their duties for the Charity) is payable to Governors. All Governors are also Directors of the Company.

### **Charity Governance Code**

The Charity Governance Code is designed as a tool to support continuous improvement. The Board, having reviewed the Code's key principles, considers its governance structure and arrangements to be appropriate for the nature of the School's operations, and as such has decided not to formally adopt the Code. The Board does however regularly revisit the Code's key principles to ensure that the highest standards of governance are maintained.

### **Recruitment and Training of Governors**

When a vacancy arises for a Nominated Governor, the Board confers with the relevant organisation to identify candidates with the specialist skills required.

In the case of the Co-Opted Governors, when a vacancy arises, the Governors approach or advertise for candidates who they consider are appropriate and would widen the Board's representation and skills.



Nominees are considered by the Nominations Committee who review their skills and suitability for the Governing Body before making a recommendation to the Board. Prospective governors are then appointed following an affirmative vote by the Board and successful receipt of DBS check and character references.

New Governors are provided with an induction pack containing the governing documents of the school, other information about the school and information on the responsibilities of governors. They also have the opportunity to meet the Head Teachers, Director of Finance and Operations (DFO) and other Governors and managers, tailored to their specific requirements. All Governors take part in annual training and briefings on topical subjects incorporated into the programme of Governors' Meetings, with external speakers/trainers being brought in as appropriate. Governors are also encouraged to attend training events run for the sector by external bodies such as the Association of Governing Bodies of Independent Schools (AGBIS). The Board conducted an AGBIS Governance Review exercise in 2020 and is acting on the recommendations as appropriate.

Governors are also expected to regularly attend Board and sub-committee meetings. If appropriate, the Chair will meet with individual Governors to discuss their contribution and to the organisation as a whole.

### **Organisational Management**

The Governors, as the Charity's Trustees, are legally responsible for the overall management and control of the Schools. They meet as a full Board at least four times a year. The work of implementing their policies is carried out by a number of Committees, details of which are given on page 20. Each Committee meets at least once a term.

The day to day running of the Schools is delegated to the Senior Officers, namely the Heads at each school (three in total) and the Director of Finance and Operations (DFO). They meet regularly as the Executive Management Team and are supported by their senior management teams. The Heads and DFO attend meetings of the Governors and their Committees.

The remuneration of the Senior Officers is reviewed annually. The Governors set the remuneration levels through benchmarking against levels in other Schools of a similar size and character, available through external reports produced for the sector, and based on the performance of the individuals concerned.

### **Group Structure and Relationships**

The Schools' fundraising activities are carried out by a separate registered charity, the Merchant Taylors' Schools General Charitable Trust, for whom the Schools provide office accommodation and other support services. The Trustees are current Governors of the Schools.

The Schools have close contact with their alumni associations. Some financial assistance for bursaries is given by the Old Boys' Charitable Trust, the Friends of Merchant Taylors' School for Girls and the Merchant Taylors' Company. The School greatly values its connections with the Merchant Taylors' Company in the City of London.

A wholly owned trading subsidiary, Merchant Taylors' Schools Crosby Services Limited, promotes commercial activities which use the Schools' assets to generate income.



## **OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES**

### **Charitable Objects**

The Charity's objects, as set out in the Memorandum of Association, are to advance the education of boys and girls by the provision of day and/or boarding schools in or near Crosby and by ancillary or incidental educational activities and other associated activities for the benefit of the community. The Schools shall include instruction in accordance with the principles of the Christian faith, except that any pupils may be exempted from such instruction, in accordance with any policy set by the Governors from time to time. Under the Charity Commission's Scheme, the Charity also has various permanent endowment property and investments, as well as unendowed trust funds held for special purposes in connection with the development of the Schools' facilities and for scholarships, bursaries and prizes.

### **Aims and Public Benefit**

Within these objects, the Schools' aims are as follows:

- To sustain the Schools' reputation as one of the North West's top academic schools.
- To continue to provide a non-denominational Christian education for local children from a wide range of backgrounds, through the Schools' own Bursary Scheme.
- In addition to providing an academic, disciplined education, to offer a diverse range of extra-curricular activities, so that pupils leave as rounded, confident and balanced members of society, well prepared for further education and their careers, while also recognising their responsibilities to the wider community.
- To employ good quality teaching and support staff.

In the furthering of these aims, the Governors, as the Charity Trustees, have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

### **Principal activities of the period**

The Charity principally provides education to boys and girls from the ages of 4 to 18, in its Senior Boys', Senior Girls' and Primary 'Stanfield Merchant Taylors'.

### **Grant making policy**

The Governors are committed to ensuring that access to the education the Schools offer is not restricted to those who can afford the fees. The Governors' policy is to make bursary awards on the basis of the individual's educational ability, individual personal circumstances and their parents' financial circumstances, subject to any particular conditions imposed by the original donor where the award is out of restricted funds. Bursary awards may also be made to relieve hardship where an existing pupil's education would otherwise be at risk, for example in the case of bereavement or redundancy. With the exception of a limited number of scholarships, all assistance now awarded is means-tested and can in exceptional circumstances amount to 100% of the tuition fee.



## **Report on Schools' Charitable and Community Activities and Public Benefit**

### **Public Benefit through Bursaries and Grant-making**

The Governors have given regard to The Charity Commission's guidance on public benefit. Merchant Taylors' is committed to open and inclusionary access for children irrespective of their financial background.

Accordingly, not only is fund-raising for bursaries a key aspect of the activity at the School, but also supporting bursaries through its own resources. Merchant Taylors' aims to raise £3 million for bursaries by 2023 and this has been a central tenet of our 400<sup>th</sup> anniversary celebrations.

During this year, total bursaries, grants and allowances totalled £1,095,852 per note 1a (2020: £1,183,291), benefitting 248 pupils. Of this, £178,507 came from external funding including support from Old Boys' Trust and Friends of MTGS as well as the June Floyd and Glasgow Bursaries. £917,345 came from Merchant Taylors' own resources and equates to 6.37% of gross fee income.

91 pupils receive some form of means-tested bursary of which around one third are transformational bursaries of 90% or more, including clothing allowance and funded school meals.

We aim to offer further transformational bursaries in the future as well as continuing to offer other families the financial support they need for their children to attend Merchant Taylors'.

### **Public Benefit through Educational Excellence**

The Schools' examination results are again among the best in the North West of England. The percentage of A\*-B grades at A Level was nearly 75%. The majority of the cohort secured first choice places at Russell Group or pre-1994 Group universities.

Equally significant is the high number of pupils who study and do well in Science, technology, engineering and maths (STEM) as well as those studying Modern Foreign Languages which is declining at a national level. A number of pupils go on to study these and related subjects at university.

At GCSE the proportion of exam grades at A\*-A/9-7 was over 60%. The School accept pupils from average and above in the ability range and strive to seek to add significant value. The results above attest to this happening.

The Schools also do well in providing value for money, having one of the lowest fee levels for top performing independent day schools in the country, as well as providing a significant number of means-tested bursaries, allowing local children to access the Schools irrespective of parental income.

Merchant Taylors' Schools continue to perform well in a wide range of sports, including athletics, cricket, cross-country, football, hockey, netball, orienteering, rowing, rugby, swimming and tennis. Teams reach county and regional finals in a number of these team sports while individual pupils at various ages have attained county, regional and national honours. There is also a wide amount of participation across the sports ensuring that our pupils are living a healthy and active lifestyle.

There is also a strong focus on musical and dramatic performances in the Schools last year saw a senior production of Hairspray alongside a number of concerts. One of the Schools' ensembles, SaxPac, played at the School Proms in the Royal Albert Hall in November. Thus we are able to provide substantial opportunities for creativity among our pupils.



The Combined Cadet Force (CCF), together with the Duke of Edinburgh Award Scheme, the Community Service Units, and various national individual subject competitions continue to give pupils a wide range of opportunities to develop skills and interests as well as taking on positions of responsibility and providing service to the community. Our budding lawyers were able to win through to the national final of The Law Society debating competition.

### **Public Benefit through Partnership**

Merchant Taylors' engages in many other activities that provide benefit to the public.

The Governors attach great importance to the Schools' relationship with the local community and actively seek ways in which the Schools' facilities can be used for the public benefit.

The Schools welcome the local community in to use their facilities without charge or at subsidised rates, including in the following ways:

- Pupils from local maintained schools are invited to attend a variety of age-specific lessons, workshops or other educational events, such as those relating to careers and higher education courses
- Local maintained schools are invited to attend our academic lecture series (Emrys Jones' lectures) to hear distinguished speakers
- Scheduled hosting of Ogden Primary School Physics Day (due to Covid, this was postponed until the summer of 2022)
- Teaching Mandarin lessons in local primary schools
- Helping local schools to prepare students for Oxbridge
- Allowing members of our teaching staff time to participate and organise events for various national organisations, such as one teacher being the Royal Society of Chemistry Representative for the North of England
- Sharing sports facilities such as our tennis courts and sports fields with a number of local schools, including Waterloo Primary School
- The Schools' Sports Centre has significant community use – it is open to the public during evenings and weekends and includes a gym and a programme of dance and fitness classes which any member of the public can attend. The Sports Centre was closed to the public during national lockdown periods, but resumed facilities hire activities in May 2021.
- Being a regional hub for the MCC Cricket Foundation
- A strong relationship with Waterloo RFC and Marine FC including providing use of facilities
- Providing financial support and use of facilities to Northern Hockey and Cricket Club
- Hosting a variety of sporting events for children at local and regional level
- Hosting regional chess tournaments





- Pupils from local maintained schools are invited to attend musical and dramatic productions during the course of the year, including special matinee performances exclusively for them.
- Pupils from local maintained schools are invited to attend drama and music events across the schools.
- Sharing the concert hall/theatre and the dance studio with outside users.
- Merchant Taylors' pupils undertake weekly community service placements in local schools, local charities and local nursing homes, including visiting Thornton Hall Residential Care Home.
- Merchant Taylors' is partnering with Marine in the Community to provide support for various ventures. This includes playing in concerts for senior citizens and local primary school children.
- Members of staff serve as governors in maintained schools.

A community and charitable ethos is also encouraged throughout the Schools and each year they support numerous local and national charities, raising in the region of £15,000 - £20,000, through the combined efforts of pupils, parents and staff.

This is generated through a combination of activities from own clothes days to concerts, coffee mornings, cake sales, collections, raffles and sports events. Charities that were supported this year included those offering support to the homeless, opportunities for underprivileged children and those providing mental health care – all areas that Merchant Taylors' feels strongly about.

## **STRATEGIC REPORT**

### **REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**

#### **Operational performance of the Schools**

In addition to the continuing excellent academic results, a number of objectives were met:

Across the Schools, throughout the year, there were flexible moves between remote, in-person and hybrid lessons depending on the local and national conditions.

Although many events were postponed or cancelled, others continued in online form such as Prizegiving, Musical Performances and Debates. At the same time, when regulations allowed, each school enjoyed outside summer concerts and performances.

The Schools continued to work closely with organisations in the community, working especially closely with Marine FC to meet with vulnerable adults in the local area. The Schools also produced over 300 food parcels to give to local people in need at Christmas.

MTGS was visited by OFSTED as part of their national response to Everyone's Invited to help shape further guidance for schools.

Pastoral Reviews carried out at both Senior Schools saw changes to the structure in each of the schools.

A new Contingent Commander was appointed to lead the very successful CCF contingent and abbreviated summer camps for the Army and RAF sections occurred at local bases. A new SSI will be appointed for the 2022/23 year.





There was continued success on the sporting front, most notably as the U14 Cricket Team at MTBS reached the Semi-Finals of the National Cup

Regular attendance continued at the Sefton Children Services and Schools Cell Meeting to inform and be informed about the local educational situation

£0.6m investment in Stanfield Preparatory School delivered new outdoor facilities including full refurbishment of the playground facilities, a new multi-use games area and outdoor classroom facilities.

## **Plans for the Future**

Merchant Taylors' School, Crosby from September 2022 will be implementing a Diamond Model of Learning throughout the School. The senior leadership structure will be changed to the school having one overarching Executive Head across the schools, a Chief Operating Officer and four Heads of School (co-educational Stanfield Preparatory Merchant Taylors, single sex Merchant Taylors' Boys and Girls for pupils in Years 7 to 11 and a co-educational Sixth Form). This structure will allow us to provide the best advantages of co-educational and single-sex education at different stages. It will also enable us to deliver high-quality, sophisticated and tailored teaching which reflects different learning styles and interests, is appropriate to their age and emotional maturity and is personalised to each individual. This will be supported by the continued commitment to investment in our estate and facilities to ensure the School provides dedicated facilities for all its pupils.

Underpinning this has been the launch of the organisation's five-year strategic plan (in January 2022) "Investing in Potential". This plan has been published and is available to read on our website at <https://www.merchanttaylors.com/strategy/>. The plan is the result of significant research and extensive engagement with all our stakeholders and it is intended to provide a strong foundation for the future success of the school, its staff and its pupils.

Merchant Taylors' seeks to continue to broaden its charitable activities by supporting the local community whether that is through use of its facilities or access to its academic or co-curricular expertise and also through the development of partnerships with stakeholders.

## **Financial Review and Results for the Year**

The accounts for the period show a more favourable out-turn compared to the prior year, with other unrestricted funds showing net incoming resources before transfers of £1,253,692, which represents 8.9% of fees receivable. This increase from previous years is due pupil numbers being above budget and cost savings being delivered from prior year restructuring projects.

Tuition fee income has reduced by 3.8% from last year. Other income has reduced slightly mainly due to the one-off donations being made directly into the Charitable Trust from the 2020/21 onwards.

Employment costs, which represent 70% of total expenditure, have remained level with prior year. Interest received has remained in line with last year due to interest rates continuing to remain low.

The Schools' trading company (Merchant Taylors' Schools' Crosby Services Limited) continues to hire out facilities during the holidays and outside school hours as well as running the sports centre. This has generated a £161 surplus (2020: £9,962 deficit), this has occurred because in March 2020 the sports



centre had to shut to the general public because of Covid 19, and has re-opened now for external hire although the gym membership offering has not resumed.

The Schools are well resourced, including expenditure on sporting and other extra-curricular activities. Investment in information technology has continued with the acquisition of new personal computers, software and networks. Significant work has also gone into maintenance of the estate, in order to establish a solid base from which to pursue further development in the future.

The School is invested in an ongoing capital expenditure plan to allow buildings to be updated. The Schools' buildings were valued for insurance purposes at £66.5 million in March 2016, representing the estimated rebuilding costs, including debris removal, fees and VAT.

There was a gain on the Schools' investments of £1,659,662 (2020 gain of £277,018 restated). This is mainly due to a rebound in the stock markets following Covid 19.

Capital commitments are shown in note 19.

There have been no significant events since the year end affecting the Company.

### **External Factors**

The School has coped well with the Covid-19 pandemic. There were fee rebates issued for the initial lockdown in 2020, in addition refunds for lunch and bus fees were provided for the period in which pupils were not in school. Pupil numbers are slightly ahead of forecast in 2020/21 despite the impact of Covid. Investment values for restricted funds as discussed previously have been affected in the short term, however it is expected this will even out as we come out of lockdown measures. Covid has also impacted upon the trading Company, with the Sports Centre closed to the public since March 2020, meaning there are little funds available for gift aid to the School.

Brexit has had very little impact so far on the school, and is expected to remain this way in the future.

### **Reserves Policy**

As at 31 August 2021, the School had total funds of £29,682k (2020: £27,700k restated). These are set out in notes 14-18 of these accounts. Of these funds, £11,768k (2020: £10,062 restated) are restricted, primarily for use for grants and bursaries, and £2,851k (2020: £2,924k restated) are treated as a permanent endowment, part of which is invested in land and buildings. Unrestricted funds totalling £14,593k (2020: £14,713k restated) are tied up largely in fixed assets. Our balance of free reserves currently stands at £1.4m. This includes approximately 4 weeks of anticipated expenditure plus a contingency for potential losses of £90k. There are therefore limited free reserves, with the policy being to reinvest in developing buildings, facilities and resources, whilst also ensuring that cashflow overall remains positive. The Governors are satisfied that the School has sufficient financing available to meet its working capital requirements.

The Governors have considered the level of reserves and financial forecasts in determining that Merchant Taylors' Schools, Crosby is a going concern. The Governors are reviewing the reserves policy in 2021/22.



## Streamlined Energy and Carbon Reporting (SECR) 12 months to 31 August 2021

A review of energy and carbon usage was undertaken by Amber Energy during the 2020/21 academic year. Their findings were reported as follows:

### Total UK energy use/Green House Gas emissions:

Grid Electricity:	783,137 kWh	181 GHG emissions
Natural Gas:	2,194,726 kWh	445 CHG emissions
School Minibuses (Diesel Fuel):	69,406 kWh	17 CHG emissions
Fuel reimbursed:	0 kWh	0 GHG emissions

### Intensity Ratio

To convert absolute emissions to an emissions intensity metric, Merchant Taylors' School (MTS) have calculated emissions per a relevant measure. An intensity ratio is a way of defining MTS emissions data in relation to an appropriate metric, such as tonnes of CO<sub>2</sub>e per sales revenue, or tonnes of CO<sub>2</sub>e per total square metres of floor space. This allows comparisons of energy efficiency performance over time and with similar types of organisations

SECR intensity ratios are calculated by dividing MTS emissions by its organisation specific metric. In this instance the intensity ratio used for MTS is square meterage of school buildings based on the following information:

TOTAL 21,217 sq/m / 228,378 sq/ft

Normalising Metric M<sup>2</sup> of School buildings: 20,701 M<sup>2</sup>  
the Intensity Ratio for 2020/21 = 31 KgCO<sub>2</sub>e/M<sup>2</sup>

The review highlighted that the figures quoted within the review report had been supplied directly from Merchant Taylors' School and includes invoices for electricity, natural gas and business mileage claims. Conversion factors used were taken from the '2021 UK Government GCH Conversion Factors for Company Reporting' to calculate emissions for Scopes 1, 2 and 3 as follows:

Scope 1: 463 GHG emissions  
Scope 2: 166 GHG emissions  
Scope 3: 15 GHG emissions (incl Electricity T&D)

For 'Grey Fleet' business mileage claims an average consumption figure of 5.051/100Km had been used along with an average petrol/diesel CV conversion of 10.02kW/l and the 'unknown fuel' figure taken from the '2021 UK Government's GCH Conversion Factors for Company Reporting'.

The review concluded that Merchant Taylors' School continues to strive for energy and carbon reduction arising from their activities. During the reporting period, no specific energy reduction measures were undertaken.

### Risk Management

The Board of Governors is responsible for the management of the strategic risks faced by the School.



The School has a Risk Register in place, it is reviewed at every Board meeting and also by each sub Committee to ensure there is sufficient oversight of the Register and any associated mitigating actions.

The Risk Register and associated procedures were reviewed in July 2021 by an external Enterprise Risk Management Consultant with the aim to ensure the School is operating to best practice in this area. The principles around the management and presentation of the Risk Register were reviewed and some recommendations made which have been implemented.

In addition, a formal review of the Charity's risk management processes is undertaken on an annual basis, using a recognised risk register template. The principal risks have been identified as:

- the effects of Covid-19 and economic uncertainty on both the Schools' income through future pupil numbers, other income generation as well as the pressure on managing costs with the current and future inflation forecasts
- the impact of Covid-19 on the Schools' day to day operations and the associated additional health, safety and welfare requirements of operating in the current environment
- the increasing burden of regulation, particularly in respect of school inspections
- the forecast increased costs of the Teachers Pension Scheme (TPS)
- political threats to charitable and VAT status.

Through the risk management processes, the Governors are satisfied that the major risks identified are adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that risks have been adequately managed. The key controls used by the Charity to manage risks include:

- formal agendas for all Committee and Board meetings to focus Governors' discussions;
- detailed Terms of Reference for all Committees to ensure that roles and responsibilities are clearly identified and all operational areas are covered;
- comprehensive strategic planning, budgeting and management accounting, enabling financial performance to be monitored and reviewed;
- established organisational structure and lines of reporting;
- formal written policies and procedures which staff work to, and regular training to ensure compliance with regulatory requirements and legislation;
- clear authorisation and approval levels;
- Child Protection and Safeguarding embedded within the Schools' culture, including vetting procedures as required by law. This is reinforced with regular training for Governors and staff.

The Governors have given consideration to the basis of preparing the financial statements in the context of the challenging times affecting the sector and the most recently considered the impact of Covid 19. Forecasts have been prepared and reviewed for the forthcoming year. Having done so, the governors consider that the going concern basis remains appropriate.

## **Fundraising Policy**

Section 162a of the Charities Act 2011 requires Charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable are presented in our accounts as "voluntary income" which includes legacies and grants.



In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund raisers, or third parties. The day to day management of all income generation is delegated to the Executive Team, who are accountable to the trustees.

The charity is not bound by any undertaking to be bound by any regulatory scheme and the charity does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities.

## **INVESTMENT REPORT**

### **Investment Policy and Objectives**

The Schools' investments are managed on behalf of the Board of Governors in accordance with the Trustee Act 2000. Investec were appointed as the Schools' Investment Manager in September 2015. They have been replaced from 1 October 2020 by COIF Charity Funds – CCLA.

The Governors accept that the attainment of the long-term investment objectives requires the acceptance of a certain level of risk which manifests itself in the volatility of, and occasional declines in, the capital value of the funds. The Governors seek to minimise the risks in a manner which is consistent with the attainment of the investment objectives.

In order to achieve these objectives, the Investment Manager is required to ensure an adequate degree of diversification across a range of asset classes of varying degrees of risk. The degree of risk to which the portfolios are exposed will vary from time-to-time in accordance with economic and market conditions and the Investment Manager's views thereon, but in order to control the limits of risk tolerance, the Governors have agreed a set of ranges for the level of investment in each asset class.

The overall portfolio will be benchmarked against a range of agreed bespoke benchmarks.

### **Report from the Schools' Investment Manager**

As with much of 2021, Q4 has seen the rollercoaster ride in financial markets and the world economy continue. The strong recovery from the pandemic, driven by incredible fiscal & monetary support, has spurred inflation, exacerbated by outsize demand for durable goods and resultant supply chain problems linked to Covid disruption. Such inflation is proving to be more persistent than initially expected and is driving central banks across the world to tighten policy (although remains historically very loose).

Against this backdrop the Covid crisis has again reared its ugly head with the surge in infections from the Omicron variant. Fortunately, this time around, with a high proportion of the population vaccinated and a successful booster rollout, the UK is avoiding the worst of the restrictions and the variant appears to be milder. However, with the government advising caution, many people have opted to stay at home, and the self-isolation required for Covid contacts is wreaking havoc in the hospitality and retail sectors. Elsewhere in Europe on the other hand, governments are resorting to the 2020 playbook of lockdowns and restrictions. The US remains steadfast in not imposing lockdowns or stay at home orders on the population. China continues its strict Covid policy with the lockdown in Xi'an, a city of 13m people, after 75 cases were discovered.

In terms of performance, over the year as a whole the School's portfolio returned 17.38% net outperforming the Comparator benchmark which returned 16.96% and the formal benchmark of CPI+5% which returned



9.85%. The performance continued to benefit from both appropriate asset allocation, with a focus on equities and alternatives over bonds, but also stock selection, where we hold quality companies that are participants in structural rather than cyclical growth trends.

All of this points to an uncertain outlook for 2022. From the consumer perspective, whilst overall household balance sheets remain strong, inflation will keep a lid on discretionary spend in some demographics. Meanwhile coronavirus will continue to create uncertainty in leisure, retail, and travel. Unfortunately, this likely means inequality will continue to rise. From an industrial standpoint, perhaps the outlook is more robust as inventories continue to be rebuilt and demand is strong.

This informs our strategy, and we remain focussed on quality companies, with strong balance sheets, pricing power and high levels of cash flow generation (this will be particularly important in a rising rate world where valuations are potentially compressed). We remain absent the bond market given the negative real returns on offer and the outlook for capital destruction in the face of higher interest rates. In alternatives we remain focussed on diversifying opportunities that generate attractive cash flows (and in many cases inflation linked cash flows).

Towards the end of the year, we took profits in equities and tactically raised the levels of cash in portfolios to control risk and take advantage of any market opportunities should they arise. The cash position sits just above 8% in the COIF Charities Investment Fund.

## **EQUAL OPPORTUNITIES**

The Schools welcome pupils from all backgrounds. To admit a prospective pupil, we need to be satisfied that the Schools will be able to educate and develop them to the best of their potential and in line with the general standards achieved by their peers. Entrance assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

The Schools are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the ground of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

The Schools are committed to safeguarding and promoting the welfare of their pupils and expects all staff and volunteers to share this commitment. In the last two separate Independent Schools Inspectorate reports, the pastoral care provided by our Form Tutors, Heads of House and Year, was described as 'excellent'. Parents are given regular information about their children's social and academic progress through parent evenings in addition to the traditional end of term and year reports. We maintain regular contact with parents throughout the year through informal contacts and through our newsletter. All pupils have a Class Teacher or Form Tutor responsible for pastoral care and academic development. We also have systems of peer support in assisting teaching staff in enforcing the Schools' very vigorous anti-bullying policy.

## **STAFF**

The Governors are very appreciative of the dedicated contribution made by all the Schools' staff, without whom the high standard and achievements would not have been possible.





## AUDITORS

A resolution for the appointment of Crowe U.K. LLP as auditors, taking over from BDO LLP was proposed at the Governors' meeting for the ensuing year.

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant information of which the Schools' auditors are unaware and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Report of the Governors, incorporating a strategic report, approved by the Board of Governors, as the company directors, on 23 March 2022 and signed on behalf of the Board by:

Mr P J Marshall QC  
Chair of the Board of Governors





## BOARD OF GOVERNORS



### **Mr P J Marshall QC – Chair of the Board of Governors**

Philip is the immediate past Joint Head of Chambers at 1 King's Bench Walk in London (2013-2020), having been called to the bar in 1989 and appointed a QC in 2012.

His various professional accolades include being past Secretary, Vice-Chairman and Chairman, and now an Honorary Life Vice President of the Family Law Bar Association and also a Fellow of the International Academy of Family Lawyers.

He is also a proud Old Boy of Merchant Taylors' (1978-1985) and an alumnus of Liverpool University, where he graduated in Law in 1988.

Philip has devoted his time to his former school for many years, serving as President of the Old Boys' Association, a Trustee of the Merchant Taylors' Old Boys Charitable Trust and as a Governor, before becoming Chair of the Board of Governors in July 2020.



### **Dr M Agarwal**

Manoj currently holds the position of Consultant Psychiatrist at Merseycare NHS Foundation Trust. Passionate about his work, during his extensive career as a Consultant, Manoj has always been involved in postgraduate medical education, having held positions of Director of Medical Education and Head of School of Psychiatry in the Mersey Deanery.

He has Post Graduate Certificates in Teaching and Learning in Clinical Practice, and Cognitive Behaviour Therapy.

Manoj has had a long association with the School, with both his children having attended Merchant Taylors' Schools from the Reception years. As an active Rotarian, Manoj is committed to its motto, Service Above Self.



### **Mr C Cowling, BSc, FIA, FIMA, Csci, CMath**

Charles attended Merchant Taylors' Boys' School between 1975 and 1981 before going up to Durham University to read mathematics.

He qualified as a Fellow of the Institute of Actuaries and was a worldwide partner at Mercer in Liverpool before taking up his current role as a director of JLT in Manchester. He is also a Fellow of the Institute of Mathematics and its Applications and is a Past Master of the Worshipful Company of Actuaries.

Charles is married to an Old Girl and has four children. He is a keen singer and also a runner, and regularly runs marathons for charity. He is also a churchwarden of St Mary's Mallerstang and a Trustee of the Brathay Trust. Charles is a Liveryman of the Merchant Taylors' Company and is their representative on the Board of Governors.



#### **Mr Simon Fowler, BSc (Hons)**

Simon worked in the John Lewis Partnership for 34 years in numerous senior roles including as Managing Director of both London Flagship department stores – Peter Jones and John Lewis, Oxford Street. Most recently he held the post of Director of Communications, operating at Executive Director level. As Director of Communications, Simon was responsible for the communications strategy for the John Lewis Partnership, leading a team with responsibility for Government and media relations, internal communications, the business Archives and the Partnership's weekly magazine, The Gazette, which, at over 100 years old, is the World's longest running in-house publication.

Simon is also a Member and Director of the Liverpool Institute for Performing Arts, an Executive Coach with the Government inspired organisation, Be the Business and has previously been Chair of the UK's Employee Ownership Association.

Simon was born in Thailand and spent his early years in Central Africa before moving to the Cotswolds. He read biology at Portsmouth University and has lived in Blundellsands with his family since 2009. He is a keen gardener and beekeeper.



#### **Mrs S Gascoigne B.Ed (Hons)**

Having gained a B.ed Hons from St Martins Lancaster, Sandi taught in three primary schools across South Manchester for 15 years, during which time she was responsible for SEN and Safeguarding. She taught Year 6 for nine years, preparing the children for their 11+ examinations, and was a Deputy Head for six years.

Sandi moved to Southport in 2000 and bought Yarrow House Nursery with her husband, which they owned for 15 years, during which time they undertook huge expansions and a relocation, and achieved an Outstanding Ofsted in 2015, prior to selling the nursery to a chain of nurseries later in 2015. Whilst having the nursery, Sandi also studied and gained Early Years Professional Status specialising in Early Years, and formed an ongoing link with Edge Hill Teacher Training.

Since then Sandi enjoys part time supply teaching for Sefton in a variety of schools, still enjoying the primary school environment, and says she "is not ready to be a housewife just yet!". Sandi brings with her previous experience of being both a Teacher Governor, and a Parent Governor. Sandi and her husband have two boys, both of whom attended Merchant Taylors' Senior Boys' School.



#### **Miss A Gervasoni MBA, BHSc (Hons), ALCM, LLCM**

Anna, who is Vice Chair of the Board of Governors, attended Merchant Taylors' Girls' School between 1986 and 1993 and left to pursue a career in the NHS as an Occupational Therapist before then gaining her MBA and switching paths to run her family's business.

After fifteen years at the helm of that company, she now specialises in new business ventures within the hospitality industry, focusing on opening new sites and turning existing businesses around. Anna is also a qualified music performer and teacher.

She enjoys hiking and cooking and is a member of Formby Ladies Golf Club. Anna is a former President of the Old Girls' Association and is their representative on the Board of Governors.



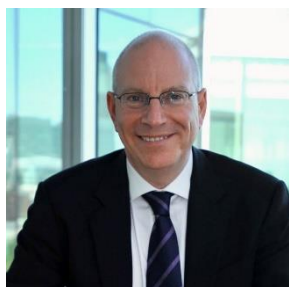
#### **Mr Chris Green**

Chris currently holds the position of Assistant Chief Constable, Merseyside Police leading the North West Regional Organised Crime Unit & regional specialist policing collaborations and represents the region on a number of national policing boards.

He has served with Merseyside Police for over 27 years, serving in every rank as a Detective. Chris is an experienced homicide investigator, strategic firearms commander and mentor to a number of leaders within the organisation.

Chris has lived, studied and worked in the Merseyside area all his life. He has a BA (Hons) in Geography and having a thirst for continuous improvement he studied for his Master's degree in leadership whilst serving and in 2019 spent three months attending the FBI National Academy senior leadership programme in Quantico.

In his spare time Chris enjoys all sports, the outdoors and maintains a diminishing desire to run one more marathon.



#### **Mr Stephen Gregory**

Stephen is a Fellow of the Institute of Chartered Accountants and a Business and Finance Professional. He graduated in Economics from Liverpool University and qualified as a chartered accountant in Liverpool before spending the majority of his career in London.

He is an independent consultant advising major companies on matters of risk management, corporate governance and business assurance. Stephen retired from the partnership of professional services firm Ernst & Young (EY) in 2016 after being in the partnership for more than 20 years. Stephen had been the head of Financial Services Risk Advisory across Europe providing consultancy services for many of Europe's leading financial institutions.

Stephen has a keen interest in professional learning and development having led EY's Advisory learning function for 5 years. He is married with 3 children, all of whom are former pupils.



#### **Mr George Hartley**

Currently holding the position of Headmaster at The King's School Chester, George's previous positions include Principal of Elizabeth College Guernsey, Headmaster of Sixth Form at Berkhamsted School Hertfordshire, and Teacher at Highgate School London and Eton College.

George was educated at Cranbrook School Kent and St Catharine's College Cambridge, where he read Geography. He subsequently completed an MSc in Environmental Science at Imperial College London. George currently Chairs the HMC Membership Committee and has carried out many HMC accreditation visits at schools across the UK. He is also a governor of Rudd Heath Academy in Northwich and a trustee of the 'Platform for Life' charity in Chester which provides mental health counselling for families of low income.

Born in Preston, George is now married with two children. A long-suffering fan of Preston North End FC (with visions of the Premier League!), George's other interests include rugby, cricket, mountaineering, poetry, singing, cooking and wine.



### **Professor Joe Howe**

Joe's background is in geography and planning, environmental science and environmental engineering.

He has extensive experience in working interchangeably with industry on major environmental projects and initiatives across the UK. Currently Joe is driven by the opportunities afforded to UK industry in delivering of the £600bn of infrastructure projects by 2030.

Joe is pro-actively engaged with the UK's emerging clean growth agenda including his roles on the UK Decarbonised of Gas Alliance, chairing of the NW Hydrogen Alliance and being the North West academic lead for the UK Industrial Decarbonisation Research and Innovation Centre.

He is particularly passionate about the STEM skills and sits on the Board of the Department of Education: Engineering Construction Industries Training Board.



### **Mrs Glynis Johnston**

An experienced teacher, holding an M.Ed. from Liverpool University, Glynis spent her final 10 years of teaching at Stanfield. In 2000 she joined her husband in a new Economics Consultancy Practice as Finance Manager – a position she continues to hold.





Since 1995 Glynis has been a magistrate, chairing adult courts but also specialising in domestic abuse. Having lived in Blundellsands for many years she is Chair of Blundellsands Park Trust, known locally as The Key Park. She believes passionately in conserving this beautiful place for future generations.

Glynis's interest in children and children's welfare led her to becoming a Trustee of Alder Hey Children's Charity, sitting on Finance/Audit and HR Committees.

Her hobbies include reading, travel and cooking but she likes nothing more than spending time with her four grandchildren, one of whom attends MTGS.



## SENIOR OFFICERS

	Headmaster – Merchant Taylors' Boys' School <b>Mr D Wickes BA (Hons) MA</b>
	Headmistress - Merchant Taylors' Girls' School <b>Mrs C Tao BSc (Hons) MSC grad.IPD</b>
	Headmistress – Stanfield Merchant Taylors' <b>Miss E Lynan BA (Hons) PGCE NPQH</b>
	Director of Finance and Operations (DFO) <b>Mrs L Hill BA (Hons) MSc FCMA</b>

**Company Secretary:** Mrs N Chapman HN Cert, ACMA CGMA



## MEMBERS OF THE BOARD OF GOVERNORS

(the dates in brackets indicate the year in which the current term of appointment expires)

Governor (end of current term)	Appointing Body	Date First Appointed
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### Chair of the Board of Governors

Mr P Marshall QC (2022)		2019
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### Nominative Governors

Mr P Marshall QC (2022)	Merchant Taylors' Old Boys Association	2019
Miss A Gervasoni (2022)	Merchant Taylors' Old Girls Association	2016
Mr C A Cowling (2023)	Merchant Taylors' Company	2017

### Co-optative Governors

Appointed by the Board of Governors

Mrs S Gascoigne (2024)		2018
Dr M Agarwal (2022)		2019
Mrs G Johnston (2023)		2020
Mr G Hartley (2023)		2020
Mr S Fowler (2023)		2020
Mr C Green (2023)		2020
Prof J Howe (2023)		2020
Mr S Gregory (2023)		2020
Mr J Hepworth (Resigned 16 November 2021)		2018
Dr J Fox (Resigned 4 January 2021)		2012

### Visitor

Master of the Merchant Taylors' Company





## **GOVERNORS' COMMITTEES AND APPOINTMENTS**

### **Finance Committee**

Mr C A Cowling (Chair)  
Mr C Green  
Mr S Gregory

### **Education and Safeguarding Committee**

Dr M Agarwal (Chair)  
Mrs S Gascoigne  
Mrs G Johnston  
Mr G Hartley

### **Estates Committee**

Mr J Hepworth (Chair)  
Mr S Fowler  
Prof J Howe

### **Nominations and Governance Committee**

Miss A Gervasoni (Chair)  
Mrs S Gascoigne  
Mrs G Johnston





## PRINCIPAL ADVISERS

Architects	-	10architect Ltd 12 Hilton Street Manchester M1 1JF	
Auditors	-	Crowe U.K. LLP The Lexicon Mount Street Manchester M2 5NT	
Bankers	-	Barclays Bank PLC 20 Chapel Street Liverpool L3 9AG	
Insurance Brokers / Pension advisors	-	Griffiths & Armour Drury House 19 Water Street Liverpool L2 0RL	Broadstone Unity Building 20 Chapel Street Liverpool L3 9AG
Investment Advisers	-	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET	
Legal advisors	-	Weightmans LLP No 1 Spinningfields Manchester M3 3EB	



## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors are responsible for preparing the Strategic Report, the Annual Report and the financial Statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MERCHANT TAYLORS' SCHOOLS, CROSBY**

We have audited the financial statements of The Merchant Taylors' Schools, Crosby ('the charitable company') and its subsidiaries ('the group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities including the Income and Expenditure Account, the Consolidated and School Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The governors are responsible for the other information contained within the annual report. 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.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared



for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; 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 governors**

As explained more fully in the governors' responsibilities statement set out on page 22, the governors (who are also the 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 governors 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 governors 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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to



operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment Legislation and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, sample testing of other income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vicky Szulist  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT  
Date 30th May 2022



## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account) as at 31 August 2021

		Unrestricted Funds		Restricted Funds	Endowed	Total Funds 2021	Restated Total Funds 2020
		Other	Designated				
	Notes	£	£	£	£	£	£
<b>Income and Endowments from:</b>							
<b>Charitable activities</b>							
Fees Receivable	1(a)	14,053,964	-	-	-	14,053,964	14,617,311
Other educational income	2	398,740	-	-	-	398,740	353,382
Investments	3	9,799	-	297,839	-	307,638	257,319
Donations and legacies	4	-	-	40,000	-	40,000	796,630
<b>Other trading activities</b>							
-MTS Crosby Services Limited	5	41,304	-	-	-	41,304	100,171
Other	2	91,691	-	-	-	91,691	24,746
Government Grant	2	60,890	-	-	-	60,890	234,942
<b>Total Incoming resources</b>		<b>14,656,388</b>	<b>-</b>	<b>337,839</b>	<b>-</b>	<b>14,994,227</b>	<b>16,384,501</b>
<b>Expenditure on:</b>							
<b>Raising funds</b>							
Investment Management		-	-	-	-	-	50,086
Fundraising costs	6	75,838	-	-	-	75,838	165,969
<b>Charitable Activities</b>							
Teaching Costs	7	9,458,913	-	-	-	9,458,913	9,423,030
Welfare		789,857	-	-	-	789,857	673,043
Premises		1,291,488	-	100,000	73,693	1,465,181	1,945,917
Marketing and publicity		134,497	-	-	-	134,497	277,768
Grants, bursaries, awards & prizes	1(b)	-	-	1,094,852	-	1,094,852	1,218,173
Finance and other costs		243,516	-	-	-	243,516	476,530
Support costs		1,277,610	-	-	-	1,277,610	1,564,848
Governance costs	8	90,133	-	-	-	90,133	119,337
-MTS Crosby Services Limited	5	41,143	-	-	-	41,143	110,133
Restructure costs		-	-	-	-	-	605,379
<b>Total Resources Expended</b>	6,7	<b>13,402,997</b>	<b>-</b>	<b>1,194,852</b>	<b>73,693</b>	<b>14,671,542</b>	<b>16,630,213</b>
NET INCOMING/(OUTGOING) RESOURCES BEFORE GAINS/(LOSS) ON INVESTMENTS		1,253,391	-	(857,013)	(73,693)	322,685	(245,712)
Gains on investment assets: Unrealised	11	302	363,297	1,296,063	-	1,659,662	277,018
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>1,253,692</b>	<b>363,297</b>	<b>439,050</b>	<b>(73,693)</b>	<b>1,982,347</b>	<b>31,306</b>
Transfers between funds	9	(1,024,889)	(242,343)	1,267,232	-	-	-
<b>NET INCOMING/(OUTGOING) RESOURCES</b>		<b>228,803</b>	<b>120,954</b>	<b>1,706,283</b>	<b>(73,693)</b>	<b>1,982,347</b>	<b>31,306</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>228,803</b>	<b>120,954</b>	<b>1,706,283</b>	<b>(73,693)</b>	<b>1,982,347</b>	<b>31,306</b>
Balances brought forward at 1 September 2020		12,118,664	2,594,651	10,061,554	2,924,991	27,699,860	27,668,554
<b>Fund Balances as at 31 August 2021</b>	14-17	<b>12,347,467</b>	<b>2,715,605</b>	<b>11,767,837</b>	<b>2,851,298</b>	<b>29,682,207</b>	<b>27,699,860</b>



## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account) as at 31 August 2020

		Restated Unrestricted Funds		Restated Restricted Funds	Restated Endowed	Restated Total Funds 2020
		Other	Designated			
	Notes	£	£	£	£	£
<b>Income and Endowments from:</b>						
<b>Charitable activities</b>						
Fees Receivable	1(a)	14,617,311	-	-	-	14,617,311
Other educational income	2	353,382	-	-	-	353,382
Investments	3	10,702	51,811	194,806	-	257,319
Donations and legacies	4	537,143	-	259,487	-	796,630
<b>Other trading activities</b>						
-MTS Crosby Services Limited	5	100,171	-	-	-	100,171
Other	2	24,746	-	-	-	24,746
Government Grant	2	234,942	-	-	-	234,942
<b>Total Incoming resources</b>		<b>15,878,397</b>	<b>51,811</b>	<b>454,293</b>	<b>-</b>	<b>16,384,501</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Investment Management		-	10,992	39,094	-	50,086
Fundraising costs		165,969	-	-	-	165,969
<b>Charitable Activities</b>						
Teaching Costs	7	9,423,030	-	-	-	9,423,030
Welfare		673,043	-	-	-	673,043
Premises		1,872,224	-	-	73,693	1,945,917
Marketing and publicity		277,768	-	-	-	277,768
Grants, bursaries, awards & prizes	1(b)	34,882	-	1,183,291	-	1,218,173
Finance and other costs		476,530	-	-	-	476,530
Support costs		1,564,848	-	-	-	1,564,848
Governance costs	8	119,337	-	-	-	119,337
-MTS Crosby Services Limited	5	110,133	-	-	-	110,133
Restructure costs		605,379	-	-	-	605,379
<b>Total Resources Expended</b>	6,7	<b>15,323,143</b>	<b>10,992</b>	<b>1,222,385</b>	<b>73,693</b>	<b>16,630,213</b>
NET INCOMING/(OUTGOING) RESOURCES BEFORE GAINS/(LOSS) ON INVESTMENTS		555,254	40,819	(768,092)	(73,693)	(245,712)
Gains/(loss) on investment assets: Unrealised	11	-	141,533	126,807	8,678	277,018
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>555,254</b>	<b>182,352</b>	<b>(641,285)</b>	<b>(65,015)</b>	<b>31,306</b>
Transfers between funds	9	(561,950)	-	561,950	-	-
<b>NET INCOMING/(OUTGOING) RESOURCES</b>		<b>(6,696)</b>	<b>182,352</b>	<b>(79,335)</b>	<b>(65,015)</b>	<b>31,306</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(6,696)</b>	<b>182,352</b>	<b>(79,335)</b>	<b>(65,015)</b>	<b>31,306</b>
Balances brought forward at 1 September 2019		12,125,360	2,412,299	10,140,889	2,990,006	27,668,554
<b>Fund Balances as at 31 August 2020</b>	14-17	<b>12,118,664</b>	<b>2,594,651</b>	<b>10,061,554</b>	<b>2,924,991</b>	<b>27,699,860</b>

All amounts relate to continuing operations.

The statement of accounting policies and notes on pages 30 to 46 form part of these accounts.





# **CONSOLIDATED AND SCHOOL BALANCE SHEETS** **31 AUGUST 2021**

**(Company number 06654276)**

Consolidated					School				
	Notes	2021 £	Restated 2020 £		2021 £	Restated 2020 £			
<b>FIXED ASSETS</b>									
School buildings and equipment	10a	15,660,697	15,159,846		15,660,697	15,159,339			
Investment Properties	10b	180,000	180,000		180,000	180,000			
Listed investments	11	12,615,175	10,955,815		12,615,175	10,955,815			
		<b>28,455,872</b>	<b>26,295,661</b>		<b>28,455,872</b>	<b>26,295,154</b>			
<b>CURRENT ASSETS</b>									
Debtors	12	560,209	921,081		558,336	934,898			
Stock		27,487	27,487		26,528	26,528			
Bank deposit and current accounts		2,236,634	4,405,461		2,206,698	4,399,331			
		<b>2,824,330</b>	<b>5,354,030</b>		<b>2,791,562</b>	<b>5,360,757</b>			
<b>CURRENT LIABILITIES</b>									
Creditors	13	(1,597,995)	(3,949,831)		(1,555,525)	(3,956,051)			
<b>NET CURRENT ASSETS</b>		<b>1,226,335</b>	<b>1,404,199</b>		<b>1,236,037</b>	<b>1,404,706</b>			
<b>TOTAL NET ASSETS</b>		<b>29,682,207</b>	<b>27,699,860</b>		<b>29,691,909</b>	<b>27,699,860</b>			
<b>ENDOWED FUNDS</b>									
Special Investment (BH) Capital Fund	14	631,403	631,403		631,403	631,403			
Fixed Assets		1,295,845	1,295,845		1,295,845	1,295,845			
Land & Building Reserve		924,050	997,743		924,050	997,743			
<b>RESTRICTED FUNDS</b>	15	<b>11,767,837</b>	<b>10,061,554</b>		<b>11,767,837</b>	<b>10,061,554</b>			
<b>UNRESTRICTED FUNDS</b>									
Designated	16	2,715,605	2,594,651		2,715,505	2,594,651			
Land and Buildings Reserve	17	115,074	115,074		115,074	115,074			
Retained Surplus	17	12,232,393	12,003,590		12,242,195	12,003,590			
<b>TOTAL FUNDS</b>	18	<b>29,682,207</b>	<b>27,699,860</b>		<b>29,691,909</b>	<b>27,699,860</b>			

Approved and authorised for issue by the Governors on 23 March 2022, and signed on their behalf by:

C Cowling  
Finance Governor

The statement of accounting policies and notes on pages 30 to 46 form part of these accounts.

The Merchant Taylors' Schools, Crosby has taken advantage of an exemption as per section 408 of the Companies Act 2006 from presenting the individual income and expenditure account. The surplus for the year for the School, is £1,982,347 (2020: £31,306 restated).



## CONSOLIDATED CASH FLOW STATEMENT

	2021		Restated 2020	
	£	£	£	£
<b>Net cash provided by operating activities (see below)</b>		<b>2,724,148</b>		<b>785,724</b>
<b>Cash flows from investing activities</b>				
Dividends and interest from investments	307,638		257,319	
Purchase of tangible fixed assets	(1,241,643)		(1,128,957)	
Purchase of investments	-		(705,391)	
Proceeds from sale of investments	-		1,405,280	
Proceeds from sale of fixed assets	378,685		(378,685)	
<b>Cash provided by investing activities</b>		<b>(555,321)</b>		<b>(550,434)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(2,168,827)</b>		<b>235,291</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>4,405,461</b>		<b>4,170,171</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,236,634</b>		<b>4,405,461</b>
	£		£	
<b>Reconciliation of incoming resources to net cash inflow from operations</b>				
Net movement in funds	1,982,347		31,306	
Investment income receivable	(297,839)		(246,617)	
Bank interest receivable	(9,799)		(10,702)	
Depreciation of buildings	379,993		573,788	
Depreciation of equipment	360,800		297,267	
Decrease/(Increase) in debtors	362,182		(265,092)	
(Increase) in stock	-		(13,714)	
(decrease)/Increase in creditors	(1,713,197)		696,507	
Losses/Gains on investments	1,659,662		(277,018)	
Gains on investment properties	-		-	
<b>Net Cash inflow from operating activities</b>	<b>2,724,148</b>		<b>785,725</b>	
<b>Analysis of change in net debt</b>				
	01.09.20	Cashflows	31.08.21	
	£	£	£	
Bank deposit and current accounts	4,405,461	(2,168,827)	2,236,634	
<b>Total</b>	<b>4,405,461</b>	<b>(2,168,827)</b>	<b>2,236,634</b>	



## **STATEMENT OF ACCOUNTING POLICIES**

### **Accounting Policies**

The Principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### **Basis of Accounting**

The school is limited by guarantee and has no share capital

The financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 (Charities SORP(FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared in accordance with the historical cost convention, modified by the revaluation of investments and investment properties which are included at fair value.

The trustees confirm that the Charity meets the definition of a public benefit entity under FRS 102.

The group financial statement consolidates the financial statements of the Schools and its subsidiary undertaking Merchants Taylors' Schools Crosby Services Limited. All inter group transactions are eliminated fully on consolidation. No separate statement of financial activities has been prepared for the charity as advantage of the exemption afforded by s408 of the Companies Act 2006 has been taken.

#### **Financial Instruments**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price. The Merchant Taylors' School, Crosby only has financial assets and 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.

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

Creditors and provisions are recognised where The Merchant Taylors' School, Crosby has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount to settle the obligation can be measured or estimated reliably.

Creditors and provisions are recognised at their settlement amount allowing for any trade discounts.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing the financial statements, the Governors are required to make estimates and judgements. The matters considered below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that would impact the amounts reported in the results of operations, financial positions and cash flows:



- Valuation of investment property – investment property is held at fair value. In order to determine the fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.
- Assumptions made to determine whether leases entered into are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Assumptions made to determine whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected performance of that unit.

Other key sources of estimation uncertainty include:

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, are taken into account. Residual value assessments consider issues such as future market conditions and projected disposal values.
- Provision for bad debts: bad debts are provided for when there is objective evidence that the debt will not be recoverable.

## **Going Concern**

In preparing these financial statements, the Governors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. In satisfaction of this responsibility, the Governors have considered the Group's ability to meet its liabilities as they fall due for a period of at least 12 months from the signing of the financial statements. The financial statements have been prepared on a going concern basis, which principally assumes that the Group will continue to receive fee income at a sustainable level.

The Governors have continued to consider the impact of Covid 19 based on the latest available information and government guidance, and have completed sensitivity analysis on the potential financial impact of the pandemic on future numbers and fee income which has been fed into our financial plan. The Governors are satisfied with the projections. For the 2021/22 academic year, the actual pupil numbers are in excess of original forecasts.

The Governors have also considered the cash requirements of the school for at least 12 months from the date of this report and are satisfied that sufficient funds are available to meet the liabilities as they fall due taking into account the strength of the balance sheet and levels of cash and unrestricted investments currently held of £2.2m and £2.7m, as well as access to an arranged overdraft of £1m. As a result, the governors believe that, whilst uncertainty exists, this does not pose a material uncertainty that would cast doubt on the school's ability to continue as a going concern. The governors therefore consider it appropriate to prepare the financial statements on a going concern basis.

## **Funds Structure**

The Schools have an endowed fund consisting of a Special Investment capital fund which is a permanent endowment fund originally endowed in 1974. This fund is used to support capital and infrastructure investments in the Schools.



Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. The prize and scholarship fund represents individual funds set up by a number of donors for specific prizes or scholarships. The Grants and Bursaries funds are used to provide assistance with fees, based on financial need, in the form of bursaries, scholarships, school assisted places and awards to certain pupils.

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. They include designated funds where the trustees, at their discretion, have created a fund for a specific purpose. The Governors have designated that the Grieve Hudson Fund should be used for providing financial assistance to pupils in the Boys' School and the Edith Gillespie Fund should be used for providing financial assistance to pupils in the Girls' School.

### **Fees and similar income**

Fees receivable and other income (including trading activities and educational income) are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the Schools, but include contributions received from restricted funds for assisted places, bursaries, scholarships and other awards.

### **Bank interest and listed investment income**

Bank interest and listed investment income, together with the recoverable taxation, are accounted for on a receivable basis. Liquid resources are represented by bank interest in the Cash Flow Statement.

### **Donations and legacies**

Donations and legacies received for the general purposes of the Schools are included as unrestricted designated funds. Donations and legacies subject to the specific wishes of donors are carried to relevant restricted funds, or to endowed funds where the amount is required to be held as permanent capital.

### **Resources expended**

Resources expended are accounted for on an accruals basis. The irrecoverable element of VAT is included with the item of expense to which it relates.

Overhead and other costs, not directly attributable to particular functional activity categories, are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, by reference to staff time.

Costs of generating funds include all financing support costs. Charitable activities include expenditure associated with the objects of the Schools and include both the direct costs and support costs of the activity.

Governance costs comprise the costs of running the charity, including audit fees, Governors' liability insurance, reimbursed expenses and all the costs of complying with constitutional and statutory requirements.

### **Finance Leases**

Assets obtained under finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over their useful lives. Finance leases are those where substantially all of the



benefits and risks of ownership are assumed by the Schools. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities.

### **Operating leases**

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

### **Pension schemes**

The Schools contribute to the Teachers' Pension Scheme at rates set by the Scheme Actuary and advised to the Schools. The Scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme which are attributable to the Schools. In accordance with FRS102 therefore, the Scheme is accounted for as a defined contribution scheme.

The Schools also contribute to a defined contribution Administrative Staff Pension Scheme for those who wish to join it, at 8% or 6% of annual basic salary. Contributions are also made to one individual's personal pension scheme.

### **Finance and other costs**

Other costs include depreciation of equipment and the running cost of school buses.

### **Recognition of liabilities**

Liabilities are recognised once there is a legal or constructive obligation that commits the Schools to pay out resources.

### **Taxation**

As a registered charity, the Schools are exempt from taxation on income and gains arising out of their charitable activities.

## **School buildings and equipment**

### **Capitalisation and replacement**

Land and buildings are shown in the accounts at historical cost. The Governors do not consider that it is appropriate to apply a current day value to the Schools' land and buildings. A number of the properties are listed and the Governors are required to keep the buildings in a good state of repair. The costs of minor repairs are written off as incurred, major refurbishments such as the roof at the Boys' School are capitalised.

### **Depreciation**

All buildings and sports facilities are depreciated over 50 years, or over their useful life if this is considered to be less.

The depreciation of other assets aims to write off the cost over their estimated useful lives. The rates of depreciation used are as follows:



	<u>Years</u>
Assets under construction	Nil
Buildings and sports facilities	10-50
Motor vehicles	4
Equipment	3-10
Administration computers	3-4
Teaching computers	3-4

Not all furniture is capitalised, but is written off in full when purchased. Individual capital items costing less than £500 are written off when acquired.

### **Investment Properties**

Investment properties are valued at open market value by an independent qualified professional. Depreciation is not provided for on these properties and any movement is reflected in the Statement of Financial Activities.

### **Listed investments and investment income**

Listed investments are included at closing bid price value at the balance sheet date. The value of gains or losses arising from disposals and the unrealised value of market movements are included in the Statement of Financial Activities. Investment income is accounted for in the period in which the Schools are entitled to receipt.

### **Stocks**

At the year end stock is accounted for on vending machines and catering food items.

### **Grants and Bursaries**

Grants and bursaries etc. from restricted funds are included as restricted expenditure and unrestricted income in the period for which the award is given. Allowances from unrestricted funds towards school fees receivable are treated as a reduction in those fees. The disclosure of these amounts is given in note 1(a).

### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.





# 1 FEES RECEIVABLE

	2021 £	2020 £
(a) Fees receivable consist of:		
Gross fees	14,058,408	15,811,922
Less: Total grants, bursaries, scholarships, awards and allowances	(1,094,852)	(1,838,314)
Covid 19 Discount	(4,444)	(539,588)
	12,959,112	13,434,020
Add: Bursaries, scholarships and awards paid for by Restricted Funds	1,094,852	1,183,291
	14,053,964	14,617,311
All fees receivable were unrestricted in the current and prior year.		
Movements in deferred income		
Fee income deferred at 1.9.20		
Fee income receivable in the year	1,172,438	1,212,345
Fee income deferred at 31.08.21	13,516,680	15,772,015
Gross fees recognised in the year	(630,710)	(1,172,438)
	14,058,408	15,811,922
(b) The total amount paid for by Restricted Funds consists of:		
School Assisted Bursaries	610,116	660,351
Scholarships	187,918	192,157
Awards	296,818	330,783
Total included in gross fee income	1,094,852	1,183,291
Prizes and leaving awards	-	-
	1,094,852	1,183,291
The total amount paid for by Unrestricted Funds consists of:		
Prizes and scholarships	-	34,882
	1,094,852	1,218,173



## 2 OTHER INCOME

	2021 £	2020 £
<b>Educational activities</b>		
Registration fees	-	-
School buses	<u>398,740</u>	<u>353,382</u>
	<b>398,740</b>	<b>353,382</b>

All income from educational activities was unrestricted in the current and prior year.

<b>Other ancillary income</b>	<b>2021</b>	<b>2020</b>
	£	£
Miscellaneous items	<b>91,691</b>	24,746
Government grant re Furlough	<u>60,890</u>	<u>234,942</u>
	<b>152,581</b>	<b>259,688</b>

All other ancillary income was unrestricted in the current and prior year.

## 3 INVESTMENT INCOME

	2021 £	2020 £
Bank Interest	<b>9,799</b>	10,702
Listed investment income	<u>297,839</u>	<u>246,617</u>
	<b>307,638</b>	<b>257,319</b>

Investment income of £297,839 (2020: £194,806) was restricted and nil (2020: £51,811) was designated. All other investment income in the current and prior year was unrestricted.

## 4 DONATIONS AND LEGACIES

These comprise sums received from various individuals and organisations, for investment in the Grieve Hudson, Edith Gillespie, Grants and Bursaries or Prize and Scholarship Funds.

In 2021 £40,000 (2020: £90,000) was received from the Merchant Taylors' Schools General Charitable Trust.

A capital contribution of £470,000 was received from the catering contractor in the previous year for the refurbishment of the kitchen. This equipment was capitalised with a corresponding entry in accruals. As this should have been included in donations a prior year adjustment has been made to the financial statements. The equipment will be owned by the school at the end of the catering contract. If the school were to change its catering contract before this date there would be an amount payable based on the remaining term of the contract.

## 5 INVESTMENT IN SUBSIDIARY COMPANY

The School has a 100% interest in its trading subsidiary Merchant Taylors' Schools Crosby Services Limited which is incorporated in the United Kingdom (Company number 08668764).

Merchant Taylors' Schools Crosby Services Limited's principal activity continues to be that of promoting commercial activities which use the Schools' assets to generate income from lettings and other activities. Its trading results for the year, as extracted from the audited financial statements, are summarised below:



	2021 £	2020 £
Turnover	41,304	100,171
Expenditure	(41,143)	(110,133)
Retained (loss)/profit for the year	161	(9,962)

The net assets of the subsidiary at 31 August 2021 amounted to £100 (2020: £100)

## 6 EXPENDITURE

Direct charitable expenditure includes £153,498 (2020: £370,875) spent on major repairs and maintenance of the Schools' buildings and equipment.

	2021 £	2020 £
Other expenditure includes:		
Auditors' remuneration:		
For audit	25,000	25,227
Governors' liability insurance	17,920	17,407
Investment management fees	-	50,086
Lease payments	45,044	51,985
Total staff costs were as follows:		
Salaries	7,095,791	8,371,908
Tax and National Insurance costs	704,620	792,210
Pension contributions (See Note 20)	1,362,724	1,489,975
Redundancy/ Settlement agreements	120,267	605,379
	9,283,402	11,259,472

Included in the staff costs are salaries of £16,152 (2020: £68,495), Tax and NI of £2,409 (2020: £3,152) and Pension contributions of £828 (2020: £2,560) all relating to the Trading Company.

The number of employees whose emoluments exceeded £60,000 were:	2021 No	2020 No
£60,000-£70,000	4	7
£70,000-£80,000	1	5
£80,000-£90,000	1	1
£90,000-£100,000	-	2
£100,000-£110,000	1	2
£110,000-£120,000	1	1
£120,000-£130,000	-	1
£190,000-£200,000	-	1

The average total number of employees in the year was 257 (2020: 307), including 111 (2020: 143) part time staff. The average number of teaching and teaching support staff employed by the Schools was 136 (2020: 151).

Included within these employee numbers are staff relating to the Trading Company of 7 (2020: 10). Contributions were made to the Teachers Pension Scheme, which is a defined benefits scheme, for 6 higher paid employees and contributions amounting to £12,079 (2020: £12,079) were made to a defined contributions scheme for 2 employees.

The key management personnel of the School's comprised the Head at the Boy's Senior School, the Head at the Girl's Senior School, the Head at the c-educational Primary school and the Director of Finance and Operations.



The Total employee benefits received by the key management personnel for their services to the charity were £637,424 (2020: £709,803). Neither the Governors nor persons connected with them received any remuneration or other benefit from the Schools. Expenses of £910 were reimbursed to 3 Governors (2020: £4,027 to 3 governors)

## 7 ANALYSIS OF TOTAL RESOURCES EXPENDED 2021

	Staff Costs	Depreciation	Other	Total 2021	Total restated 2020
	£	£	£	£	£
<b>Charitable Activities:</b>					
<b>Costs of Activities in furtherance of the Charity's objects for the public benefit</b>					
Teaching Costs	7,891,621	323,790	1,243,502	<b>9,458,913</b>	9,423,030
Welfare	34,559	-	755,298	<b>789,857</b>	673,043
Premises	235,949	262,213	967,020	<b>1,465,181</b>	1,945,917
Marketing and publicity	86,913	-	47,584	<b>134,497</b>	277,768
Bursaries, awards and prizes (note 1b)	-	-	1,094,852	<b>1,094,852</b>	1,218,173
Finance and other costs	-	-	243,516	<b>243,516</b>	476,530
Fundraising	49,085	-	26,754	<b>75,838</b>	165,969
<b>Sub-Total</b>	<b>8,298,126</b>	<b>586,003</b>	<b>4,378,526</b>	<b>13,262,655</b>	14,180,430
Support Costs	867,085	149,626	260,900	<b>1,277,610</b>	1,564,848
Trading Company	19,389	507	21,247	<b>41,143</b>	110,133
Re-structure costs	-	-	-	<b>-</b>	605,379
	<b>9,184,600</b>	<b>736,136</b>	<b>4,660,672</b>	<b>14,581,409</b>	16,460,790
<b>Governance Costs:</b>					
Management and administration of the charity (note 8)	-	-	90,133	<b>90,133</b>	119,337
<b>Costs of generating funds:</b>					
Investment management	-	-	-	<b>-</b>	50,086
	<b>9,184,600</b>	<b>736,136</b>	<b>4,750,806</b>	<b>14,671,542</b>	16,630,213

Bursaries awards and prizes of £1,095,852 (2020: £1,183,291) were restricted.

Depreciation of £73,693 (2020: £73,693) was from endowed funds. All other expenditure in the current and prior year was unrestricted

## 8 ANALYSIS OF GOVERNANCE COSTS

	2021 £	2020 £
Governors' liability insurance	<b>17,920</b>	17,407
Auditors' remuneration (see note 6)	<b>25,000</b>	25,227
Legal fees	<b>46,303</b>	72,676
Governors' reimbursed expenses (travel)	<b>910</b>	4,027
	<b>90,133</b>	119,337

During the course of the period reimbursements were made to 3 Governors (2020: 3).



## 9 TRANSFERS 2021

The transfers between funds are represented by:

	Unrestricted £	Designated £	Restricted £
<b>(a) transfers made in the course of normal operating activity</b>			
Levy on Schools' net fees to Grants & Bursaries Fund	(574,469)	-	574,469
Transfers of prize and endowed funds	(453,074)	-	453,074
Historic transfer between reserves to correct funds	2,654	(242,343)	239,689
	<b>(1,024,889)</b>	<b>(242,343)</b>	<b>1,267,232</b>

## TRANSFERS 2020

	Unrestricted £	Designated £	Restricted £
<b>(a) transfers made in the course of normal operating activity</b>			
Levy on Schools' net fees to Grants & Bursaries Fund	(561,950)	-	561,950
	<b>(561,950)</b>		<b>561,950</b>

## 10a TANGIBLE FIXED ASSETS - RESTATED GROUP

	Asset under construction £	Freehold Land and Buildings £	Long term Leasehold Land and Buildings £	Equipment Computers and Motor Vehicles £	Total £
<b>Cost</b>					
1 September 2020	80,251	19,527,473	93,364	4,335,740	<b>24,036,828</b>
Additions	132,004	766,893	-	342,747	<b>1,261,644</b>
Write off fully depreciated assets	-	-	-	(1,761,441)	<b>(1,761,441)</b>
31 August 2021	<b>212,255</b>	<b>20,294,366</b>	<b>93,364</b>	<b>2,917,046</b>	<b>23,517,031</b>
<b>Depreciation</b>					
1 September 2020	-	(6,151,587)	(93,364)	(2,632,031)	<b>(8,876,982)</b>
Charge for period	-	(379,993)	-	(360,800)	<b>(740,793)</b>
Write off fully depreciated assets	-	-	-	1,761,441	<b>1,761,441</b>
31 August 2021	<b>-</b>	<b>(6,531,580)</b>	<b>(93,364)</b>	<b>(1,231,390)</b>	<b>(7,856,334)</b>
<b>Net book values</b>					
31 August 2021	<b>212,255</b>	<b>13,762,786</b>	<b>-</b>	<b>1,685,656</b>	<b>15,660,697</b>
31 August 2020	<b>80,251</b>	<b>13,375,886</b>	<b>-</b>	<b>1,703,709</b>	<b>15,159,846</b>

All tangible fixed assets were used for Charitable purposes.

A write off has been made in the year of fully depreciated assets of £1,761,441.



## 10b INVESTMENT PROPERTIES GROUP

	£
Market value brought forward at 1 September 2020	180,000
Additions	-
Transfer to tangible fixed assets	-
Gain on revaluations	-
Market value carried forward at 31 August 2021	<b>180,000</b>

Investment Properties are included on a fair value basis. External revaluations have been carried out by Clive Watkin, Berkeley Shaw and Entwistle Green all Estate Agents on a rolling three year programme and internally on an annual basis. The trustees have considered the valuations above as a fair reflection of the year end fair value. The last valuation was undertaken in September 2020.

## 11 LISTED INVESTMENTS RESTATED GROUP AND SCHOOL

	Restated Unrestricted (Designated)	Restated Restricted	Restated Endowed	Restated Total
	£	£	£	£
Market value as at 1 September 2020	2,330,953	8,550,479	74,383	<b>10,955,815</b>
Prior year reclassification	-			
Increase in market value	363,297	1,296,056	7	<b>1,659,360</b>
Market value as at 31 August 2021	<b>2,694,250</b>	<b>9,846,535</b>	<b>74,390</b>	<b>12,615,175</b>

All the quoted fixed asset investments are listed on a recognised Stock Exchange.

## 12 DEBTORS

	Consolidated		School	
	2021	2020	2021	2020
	£	£	£	£
Fees outstanding	<b>27,595</b>	458,826	<b>27,595</b>	458,826
Investment income	-	18,703	-	18,703
Amount due from subsidiary undertaking	<b>36,428</b>	-	<b>36,428</b>	18,022
Sundry debtors and prepayments	<b>496,186</b>	443,552	<b>494,313</b>	439,347
	<b>560,209</b>	921,081	<b>558,336</b>	934,898

## 13 CREDITORS RESTATED

	Consolidated		School	
	2021	Restated 2020	2021	Restated 2020
	£	£	£	£
<b>Creditors due within one year:</b>				
Trade creditors	<b>420,928</b>	410,588	<b>420,928</b>	410,588
Deferred income	<b>630,710</b>	1,172,438	<b>630,710</b>	1,172,438
Taxation and National Insurance	<b>181,887</b>	221,226	<b>181,887</b>	221,226
Pensions	<b>144,878</b>	157,695	<b>144,878</b>	157,694
Other creditors and accruals	<b>219,592</b>	1,987,884	<b>177,122</b>	1,994,905
	<b>1,597,995</b>	3,949,831	<b>1,555,525</b>	3,956,051



#### 14 ENDOWED FUNDS RESTATED GROUP AND SCHOOL 2021

	Restated Balance at 01.09.20 £	Investment Movement £	Resources Expended £	Depreciation £	Balance at 31.08.21 £
Special Investment Capital Fund	631,403	-	-	-	<b>631,403</b>
Fixed Assets	1,295,845	-	-	-	<b>1,295,845</b>
Land & Building Reserve	997,743	-	-	(73,693)	<b>924,050</b>
	<b>2,924,991</b>	<b>-</b>	<b>-</b>	<b>(73,693)</b>	<b>2,851,298</b>

#### ENDOWED FUNDS GROUP AND SCHOOL 2020

	Balance at 01.09.19 £	Investment Movement £	Resources Expended £	Depreciation £	Balance at 31.08.20 £
Special Investment Capital Fund	622,725	8,678	-	-	<b>631,403</b>
Fixed Assets	1,295,845	-	-	-	<b>1,295,845</b>
Land & Building Reserve	1,071,436	-	-	(73,693)	<b>997,743</b>
	<b>2,990,006</b>	<b>8,678</b>	<b>-</b>	<b>(73,693)</b>	<b>2,924,991</b>

The Special Investment (BH) Capital Fund represents a permanent endowment, as specified in the Charity Commission's Scheme. The income arising from the investments held in the Fund is allocated to the Special Investment (BH) Income Fund, which is used to help finance capital projects carried out by the Schools.

#### 15 RESTRICTED FUNDS – GROUP AND SCHOOL 2021 RESTATED

	Restated Balance at 01.09.20 £	Incoming Resources £	Resources Expended £	Transfers (Note 9) £	Investment Movement £	Balance at 31.08.21 £
Prize and Scholarship Funds	378,196	-	-	-	489	<b>378,685</b>
Grant Funds	535,994	-	-	-	55,504	<b>591,498</b>
Bursaries Fund	8,011,729	337,389	(1,094,852)	1,267,232	1,155,522	<b>9,677,471</b>
Glasgow Fund	1,035,635	-	-	-	84,548	<b>1,120,183</b>
Donation from OBA	100,000	-	(100,000)	-	-	<b>-</b>
	<b>10,061,554</b>	<b>337,389</b>	<b>(1,194,852)</b>	<b>1,267,232</b>	<b>1,296,063</b>	<b>11,767,837</b>





## RESTRICTED FUNDS – GROUP AND SCHOOL 2020 RESTATED

	Balance at 01.09.19 £	Incoming Resources £	Resources Expended £	Transfers (Note 9) £	Restated Investment Movement £	Restated Balance at 31.08.20 £
Prize and Scholarship Funds	374,376	-	-	-	3,820	<b>378,196</b>
Grant Funds	535,994	-	-	-	-	<b>535,994</b>
Bursaries Fund	8,090,105	454,293	(1,217,606)	561,950	122,987	<b>8,011,729</b>
Glasgow Fund	1,040,414	-	(4,779)	-	-	<b>1,035,635</b>
Donation from OBA	100,000	-	-	-	-	<b>100,000</b>
	<b>10,140,889</b>	<b>454,293</b>	<b>(1,222,385)</b>	<b>561,950</b>	<b>(126,807)</b>	<b>10,061,554</b>

The Prize and Scholarship Funds represent individual trust funds set up by a number of donors, including the John Harrison Foundation account.

The Grants and Bursaries Funds are used to provide assistance with fees, based on financial need, in the form of bursaries, scholarships, school assisted places and awards.

The Glasgow Fund was a legacy donation used to provide bursaries at Merchant Taylors Schools'.

The donation from the OBA was for works on Williamson Hall which have been completed.

## 16 UNRESTRICTED FUNDS DESIGNATED GROUP AND SCHOOL 2021

	Balance at 01.09.20 £	Incoming Resources £	Resource sExpend ed £	Transfers £	Investment Movement £	Balance at 31.08.21 £
Special Investment Income Fund	1,257,342	-	-	(242,343)	260,053	<b>1,275,051</b>
Grieve Hudson Fund	660,669	-	-	-	62,719	<b>723,388</b>
Edith Gillespie Fund	676,540	-	-	-	40,526	<b>717,066</b>
Share capital	100	-	-	-	-	<b>100</b>
	<b>2,594,651</b>	<b>-</b>	<b>-</b>	<b>(242,343)</b>	<b>363,297</b>	<b>2,715,605</b>

## UNRESTRICTED FUNDS DESIGNATED GROUP AND SCHOOL 2020 RESTATED

	Balance at 01.09.19 £	Incoming Resource s £	Resources Expended £	Transfers £	Restated Investment Movement £	Restated Balance at 31.08.20 £
Special Investment Income Fund	1,076,321	24,464	(5,234)	-	161,791	1,257,342
Grieve Hudson Fund	660,012	13,706	(2,891)	-	(10,158)	660,669
Edith Gillespie Fund	675,866	13,641	-	-	-	676,540
Share Capital	100	-	-	-	-	100
	<b>2,412,299</b>	<b>51,811</b>	<b>(10,992)</b>	<b>-</b>	<b>141,533</b>	<b>2,594,651</b>

Details of the Special Investment Income Fund are given in note 14.



The Grieve Hudson and Edith Gillespie Funds were established from general legacies received for the Boys and Girls Schools respectively. The Governors have designated that the Grieve Hudson Fund should be used for providing financial assistance to pupils in the Boys' School and the Edith Gillespie Fund should be used for providing financial assistance to pupils in the Girls' School.

## 17 UNRESTRICTED FUNDS – OTHER RESTATED

	Land and Building Reserve £	Restated Retained Surplus £	Total £
Balance at 1 September 2020	115,074	12,003,590	12,118,664
Net incoming resources before transfers	-	1,253,391	1,253,391
Transfers between funds (note 9)	-	(1,024,889)	(1,024,889)
Gain prior year	-	302	302
	<b>115,074</b>	<b>12,232,393</b>	<b>12,347,467</b>
Write back of accelerated depreciation of land and buildings in previous years	-	-	-
Balance at 31 August 2021	<b>115,074</b>	<b>12,232,393</b>	<b>12,347,467</b>

The Land and Buildings Reserve results from the change in accounting policy in 1997, concerning the depreciation of the Schools' buildings. It represents the accelerated depreciation charged in previous years and has been transferred to the Retained Surplus.

## 18 ALLOCATION OF THE CHARITY'S NET ASSETS 2021

The net assets were held in the various Funds as follows:

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Endowed Funds	2,219,895	74,390	557,013	2,851,298
Restricted Funds	-	9,846,535	1,921,295	11,767,830
Unrestricted Funds	13,620,802	2,694,250	(1,251,974)	15,063,079
	<b>15,840,697</b>	<b>12,615,175</b>	<b>1,226,335</b>	<b>29,682,207</b>

## ALLOCATION OF THE CHARITY'S NET ASSETS 2020 RESTATED

The net assets were held in the various Funds as follows:

	Restated Tangible Fixed Assets £	Restated Investments £	Restated Net Current Assets £	Restated Total £
Endowed Funds	2,293,588	74,383	557,020	2,924,991
Restricted Funds	-	8,550,479	1,511,075	10,061,554
Unrestricted Funds	13,046,258	2,330,953	(663,896)	14,713,315
	<b>15,339,846</b>	<b>10,955,815</b>	<b>1,404,199</b>	<b>27,699,860</b>



As part of the Schools' incorporation, the Charity Commission determined that part of the Schools' properties should be treated as permanent endowment. This is set out in the new Scheme dated 28th August 2008.

## 19 COMMITMENTS UNDER OPERATING LEASES:

At 31 August 2021 the Schools had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
<b>Operating leases which expire:</b>		
Not later than one year	<b>45,044</b>	51,985
Later than 1 year and not later than 5 years	<b>30,974</b>	58,972
More than 5 years	<b>16,920</b>	22,560
	<b>92,938</b>	133,517

The operating leases shown in the table above relate to leases on photocopiers, computers, computer networks and minibuses.

## 20 PENSION SCHEMES

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 £1,245,229 (2020: £1,350,739) and at the year-end £144,878 (2020 - £112,244) 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 by public funds provided 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.

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 discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.



The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 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 a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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 cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

## 21 RELATED PARTIES

The Schools' fundraising activities are carried out by a separate registered charity, the Merchant Taylors' School General Charitable Trust, for whom the Schools provide office accommodation and other support services. The Trustees of the General Charitable Trust are current Governors of the Schools. The General Charitable Trust donated £40,000 in 2021 (2020: £90,000).

Merchant Taylors' School Crosby Services Limited, a wholly owned subsidiary, carries out commercial activities and uses the Schools' assets to generate income from lettings and other activities. Its year end is 31 August 2021 and the surplus of £162 (2020: deficit £9,962 – no gift aid) will be gift aided back to the Schools.

In the financial year there were 3 Governors (2020: 0) of the School who held office for at least part of the year had children enrolled at the School during the year. The arrangements for all children of Governors to be admitted to the School are consistent with those for all other children who enter the School.

## 22 PRIOR YEAR ADJUSTMENT

	£
Net Assets at 31 August 2020 as previously stated	26,950,243
1 – Gain on investments	474,426
2 – Net adjustment to Fixed Assets	(194,809)
3 – Reclass of prize funds from bank to investments	-
4 – Donations received	470,000
Net assets at 31 August 2020 restated	<u>27,699,860</u>

Explanations to prior year adjustments as follows:

- 1 – A gain on listed investments of £474,426 was omitted from the prior year accounts, this was split between Unrestricted Designated £172,326, Restricted £293,422 and Endowed £8,678.
- 2 – Fixed Assets were overstated by £194,809. This was comprised of understatements of £80,251 and £158,749 relating to assets under construction and land and buildings respectively, overstated depreciation on Equipment of £8,529 and understated land and buildings depreciation of £442,338.



- 3 – Prize funds of £378,685 were historically listed under bank and cash, these have been reclassified to investments. This has no impact on overall net assets.
- 4 - A capital contribution of £470,000 was received from the catering contractor in the previous year for the refurbishment of the kitchen. This equipment was capitalised with a corresponding entry in accruals. As this should have been included in donations a prior year adjustment has been made to the financial statements. The equipment will be owned by the school at the end of the catering contract. If the school were to change its catering contract before this date there would be an amount payable based on the remaining term of the contract.



The  
**Merchant Taylors' Schools**  
Crosby

Registered Company: 06654276  
Registered Charity Number: 1125485