

M.G.S. TRUST

England & Wales · Charity number 526564

Details

Other names	M G S TRUST, MANCHESTER GRAMMAR SCHOOL TRUST
Status	Registered
Legal form	Other
Registered	1966-10-24
Register	View on the Charity Commission register

Contact

Address Manchester Grammar School
Old Hall Lane
Manchester
M13 0XT

Phone 07814611352

Email gill@gilliangriffiths.co.uk

Activities

Objects: THE ADVANCEMENT OF EDUCATION BY EXPENDING THE CAPITAL AND INCOME OF THE TRUST FUND TO OR TOWARDS OR IN FURTHERANCE OR FOR THE BENEFIT OF SUCH ONE OR MORE EDUCATIONAL CHARITIES, EDUCATIONAL CHARITABLE INSTITUTIONS OR EDUCATIONAL CHARITABLE PURPOSE AS THE TRUSTEES SELECT OR THINK FIT.

Activities: The charity pays an annual bursary grant to the Manchester Grammar School leaving the school responsible for the allocation of the grant between those pupils deemed to qualify.

Classification

- **How:** Makes Grants To Organisations
- **What:** Education/training
- **Who:** Other Defined Groups

Geography

- Manchester City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£3,769,711	£2,884,217	£33,754,509	0
2023-12-31	£2,845,709	£2,805,457	£30,187,739	0
2022-12-31	£2,820,000	£2,556,975	£27,767,148	0
2021-12-31	£2,479,016	£2,437,073	£31,042,567	0
2020-12-31	£2,615,277	£2,265,980	£27,778,515	0

Trustees

Name	Role	Appointed
NIGEL JOHN RICHENS	Chair	2017-01-25
Ashok Abraham Kallumpram		2021-09-29
Ian Thorpe		2018-01-30
James Herbert Tully		2017-01-25
Rowland Francis Warburton Flower		2018-01-30

M.G.S. TRUST

England & Wales - Charity number 526564

Accounts

Registered Charity No.
526564

The MGS Trust
TRUSTEES' REPORT
and
FINANCIAL STATEMENTS
for the year ended
31 December 2024

**The MGS Trust
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**The MGS Trust
Trust Information**

Charity Number

526564

Trustees

Mr N J Richens

Mr J H Tully

Mr R F W Flower

Mr I Thorpe

Mr A A Kallumpram

Secretary

Mrs G L Griffiths

Principal Office

c/o The Manchester Grammar School

Old Hall Lane

Manchester

M13 0XT

Bankers

National Westminster Bank plc

Spinningfields Square Branch

182 Deansgate

Manchester

M3 3LY

Auditors

Clarke Nicklin LLP

Brooks Drive

Cheadle Royal Business Park

Cheadle

SK8 3TD

Investment Advisers

Sarasin & Partners LLP

Juxon House

100 St Paul's Churchyard

London

EC4M 8BU

Navera Investment Management Limited (previously called Meridiem Investment Management Ltd)

Riverside House

2a Southwark Bridge Road

London

SE1 9HA

Tax reference

XN18041

The MGS Trust Trustees' Report for 2024

The Trustees present their report and the audited financial statements of the MGS Trust (a registered charity No. 526564) for the year ended 31 December 2024. The financial statements have been prepared in accordance with the accounting policies set out on pages 12 to 14 and comply with the deeds of The MGS Trust, the Charities Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective on 1 January 2019. Reference and Administration details of The MGS Trust, its Trustees and Advisers are set out on page 1.

Structure, governance and management

The MGS Trust was constituted by a Declaration of Trust dated 5th April 1966 and is governed by several supplemental trust deeds. The MGS Trust is constituted as an unincorporated Association. The power to appoint new Trustees is vested in the existing Trustees.

When required, new Trustees are appointed after decision by the existing Trustees as to the skill set best suited to the needs of The MGS Trust. Recruitment is then initiated to identify a suitable candidate. The Trustees are conscious of the need for continuous training. During 2024 there were no changes in Trustees.

The Trustees usually meet formally on three occasions each year to review progress and to discuss investment performance with their advisers. Three meetings were held in 2024.

Mrs G. L. Griffiths FCCA acted as Secretary to the Trustees. Day to day administration has been carried out by the Secretary who submits an appropriate report to each meeting of the Trustees.

There have been no related party transactions during the year, except for Secretary honorarium and expenses as disclosed.

Objectives and activities

The Trust was established for the advancement of education by the appropriate management of funds principally for the benefit of The Manchester Grammar School, its pupils and former pupils. Funds have been provided by individual donors and through appeals organised by the Development Office at The Manchester Grammar School.

Funds raised by the Development Office and passed to the MGS Trust (which is independent of The Manchester Grammar School) and individual donations are invested by the Trustees with the intention that the return on those investments, supplemented when appropriate by the application of capital, should be used each year to pay a bursary grant to The Manchester Grammar School.

Regular meetings are held with representatives of The Manchester Grammar School to determine the level of bursary funding and the contribution to be made from the MGS Trust.

The MGS Trust Trustees' Report for 2024

Principal risks and going concern

The principal risks of the Trust are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. The Trustees have considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

Achievements and performance

The Trustees have agreed with the School that a grant of £2,674,411 will be made to the School to fund bursaries for the academic year starting in September 2024. As in previous years the School will be responsible for the allocation of the grant between those pupils deemed to qualify.

The investment managers have full discretion to operate within the limits of a strategy agreed with and regularly reviewed by the Trustees. Performance is measured quarterly by reference to benchmarks agreed between the Trustees and the investment managers.

The Trustees confirm that they have considered the risks to which the funds could be exposed and are satisfied that adequate systems and controls are in place to mitigate those risks.

Financial Review

The total incomings for the year 2024 amounted to £3,769,711 including:

	£
Donations and legacies	2,747,490
Investment income	712,886
Tax recoverable	202,150
Interest receivable	106,315

A summary of the movements of the investment portfolio is set out at note 2 to the accounts on page 15. Net gains on investments sold amounted to £351,078 against market values at 1 January 2024. Other investments increased in value by £2,330,198 resulting in total net gains of £2,681,276 over the year.

In 2024 there was an increase in total funds of 3,566,770 to £33,754,509

Grant making policy

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils, and agreed on an annual basis by the Trustees.

The MGS Trust Trustees' Report for 2024

Reserves policy

The Trustees have established a policy whereby an amount equivalent to the anticipated grant payable during the next twelve months is held in readily available form. The policy in respect of both the General Bursary Fund and the Bursary Endowment Fund is explained further below.

The Trustees have determined that no change to the reserves policy is required at this time. The reserves policy along with investment performance, the adequacy of resources and the principal risks are reviewed on a regular basis.

The total funds held at 31 December 2024 were £33,754,509 (2023 - £30,187,739).

All the funds of the Trust are Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The bursary grant for academic year 2024-2025 has been agreed at £2,674,411 (2023-2024 £2,601,110).

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Public benefit and plans for future periods

The Manchester Grammar School Development Office is successfully continuing fundraising. Steps have been taken to encourage continuing support from parents, old boys of the School and other benefactors. The Trustees continue to consider the public benefit requirement in the light of the guidance issued by the Charity Commission and in the commitment of The Manchester Grammar School to its provision of the public benefit. The Trustees are in regular contact with The Manchester Grammar School in relation to the public benefit requirement and the criteria for determining the award of bursaries.

**The MGS Trust
Trustees' Report for 2024**

Statement of Trustees' Responsibilities

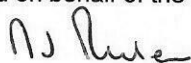
The Trustees are responsible for preparing the report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the year. In preparing these financial statements the Trustees are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles of the Charities Statement of Recommended Practice;
- (c) make judgments and estimates that are reasonable and prudent; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. 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.

Signed on behalf of the Trustees



Nigel J Richens
Trustee

Date 8 September 2025

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

Opinion

We have audited the financial statements of The MGS Trust (the "charity") for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 December 2024 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

The MGS Trust
Independent Auditor's Report to the trustees of The MGS Trust

- We obtained an understanding of laws, regulations and guidance that affect the charity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Charities Act 2011, taxation legislation, data protection and employment legislation.
- We enquired of the trustees and reviewed correspondence and trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the trustees have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the trustees have in place to prevent and detect fraud. We enquired of the trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Clarke Nicklin LLP, Statutory Auditor

Clarke Nicklin LLP is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Clarke Nicklin LLP
Statutory Auditors
CN House
Brooks Drive
Cheadle Royal Business Park
Cheadle, Cheshire
SK8 3TD

Clarke Nicklin LLP

Date... *8 September 2025*

The MGS Trust
Statement of Financial Activities
for the year ended 31 December 2024

	Bursary Endowment Fund 2024 £	General Bursary Fund 2024 £	Total 2024 £	Total 2023 £
Donations	260,386	2,094,353	2,354,739	623,157
Legacies	-	392,751	392,751	1,381,122
Income tax recoverable	1,298	200,852	202,150	87,159
Investment income	161,266	551,620	712,886	664,363
Interest receivable	1,719	104,596	106,315	89,038
Net rent receivable	-	870	870	870
Total income	424,669	3,345,042	3,769,711	2,845,709
Expenditure				
Investment managers' fees	23,285	171,081	194,366	188,910
Charitable expenditure				
Grants payable to The Manchester Grammar School	-	2,674,411	2,674,411	2,601,110
Management and Administration				
Secretary's honorarium and expenses	-	8,042	8,042	8,023
Sundry expenses	69	2,193	2,262	2,314
Professional fees	-	216	216	540
Governance costs				
Auditor's remuneration	-	4,920	4,920	4,560
Total expenditure	23,354	2,860,863	2,884,217	2,805,457
Net income/(expenditure) and net movement in funds before gains and losses on investments	401,315	484,179	885,494	40,252
Net gains/(losses) on investments (note 2)	404,879	2,276,397	2,681,276	2,380,339
Net movement in funds	806,194	2,760,576	3,566,770	2,420,591
Total funds brought forward	4,712,996	25,474,743	30,187,739	27,767,148
Total funds carried forward	5,519,190	28,235,319	33,754,509	30,187,739

All the trust funds are restricted

**The MGS Trust
Balance Sheet
as at 31 December 2024**

	Notes	2024 £	2023 £
Fixed assets			
Investments	2	33,323,047	29,779,369
Current assets			
Debtors	3	75,752	837,102
Short term deposits		759,301	703,715
Cash at bank		1,439,223	663,828
		<u>2,274,276</u>	<u>2,204,645</u>
Current liabilities			
Creditors: amounts falling due within one year	4	(1,842,814)	(1,796,275)
Net current assets/(liabilities)		<u>431,462</u>	<u>408,370</u>
Net assets		<u><u>33,754,509</u></u>	<u><u>30,187,739</u></u>
The Funds of the Charity			
Restricted funds	6		
General Bursary Fund		28,235,319	25,474,743
Bursary Endowment Fund		5,519,190	4,712,996
Total		<u><u>33,754,509</u></u>	<u><u>30,187,739</u></u>

Approved and authorised for issue by the Trustees and signed on their behalf by



Nigel J Richens
Trustee

Date 8 September 2025

The MGS Trust
Statement of cash flows
for the year ended 31 December 2024

	2024	2023
	£	£
Net cash (used)/generated from operating activities (note 1 below)	874,182	(1,187,966)
Cash flow from investing activities		
Interest and similar income received	819,201	753,401
Proceeds from the sale of investments	2,210,526	2,618,661
Purchase of investments	(3,072,928)	(2,045,923)
Net change in cash and cash equivalents	<u>830,981</u>	<u>138,173</u>
Cash and cash equivalents at beginning of the year	1,367,543	1,229,370
Cash and cash equivalents at end of the year	<u>2,198,524</u>	<u>1,367,543</u>
Note 1		
Net income/(expenditure) for the year	3,566,770	2,420,591
Adjustments for non-cash items:		
Decrease/(increase) in trade and other debtors	761,350	(640,704)
Increase in trade and other creditors	46,539	165,887
(Gains)/losses on investment asset	(2,681,276)	(2,380,339)
Adjustments for investing or financing activities:		
Investment income	(712,886)	(664,363)
Interest income	(106,315)	(89,038)
Net cash generated from operating activities	<u>874,182</u>	<u>(1,187,966)</u>

All of the cash flows are derived from continuing operations during the above two periods.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2024

1 Accounting policies

The Charity is an unincorporated Charity registered in England and Wales. The registered office is c/o The Manchester Grammar School, Old Hall Lane, Manchester M13 0XT.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective on 1 January 2019 and the Charities Act 2011.

The Trust is incorporated in the United Kingdom and constitutes a public benefit entity as defined by FRS102.

The accounts are presented in £ sterling.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period, the most significant area of uncertainty is the level of investment return and the performance of investment markets.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives, or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

The Trust carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities.

Investment income

Investment income is accounted for when receivable.

All investment gains and losses are taken to the Statement of Financial Activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their opening carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Donations

Donations, legacies, etc. are credited when receivable and can be measured with reasonable accuracy. Gifts in kind of listed investments are valued at mid-market price on receipt.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2024

1 Accounting policies (continued)

Income tax recoverable

Income tax recoverable from investment income and Gift Aid is accounted for on an accruals basis.

Grants

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils.

Resources expended

Resources expended are accounted for on an accruals basis and where appropriate include irrecoverable VAT. Costs of generating funds represent the allocated costs of generating voluntary income and the costs of operating the investment portfolio. Investment managers' fees are charged quarterly as a percentage of the value of the fund. Governance costs include expenditure related to the governance of the charity and represent external audit costs.

Funds

All the funds of the Trust are deemed to be Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Financial Instruments

Financial assets measured at fair value include fixed asset investments. Financial assets that are debt instruments measured at amortised cost include cash at bank, short term deposits, legacies, accrued investment interest and other debtors. Financial liabilities at amortised cost include accruals, grants payable and other creditors.

Preparation of accounts on a going concern basis

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity. The principal risks of the Trust are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. The Trustees have considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2024

1 Accounting policies (continued)

Debtors

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

Creditors

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

Key judgements

The key judgements are those policies relating to Fixed Asset Investments.

a) **Income**

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

b) **Charitable Activities**

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The Charity is a registered Charity and is, therefore, exempt from any liability to taxation on its income and capital gains.

The Charity is not registered for VAT and therefore expenditure is stated inclusive of VAT.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2024

2 Gains on Revaluation & Disposal of Investment Assets

	Bursary Endowment Fund 2024	General Bursary Fund 2024	Total 2024	Total 2023
			£	£
Realised gains/(losses) on investment assets sold	12,457	338,621	351,078	66,760
Unrealised gains/(losses)	392,422	1,937,776	2,330,198	2,313,579
Total net gains/(losses)	404,879	2,276,397	2,681,276	2,380,339

Fixed Assets Investments

	£	£
Quoted Investments - General Bursary Fund		
Market value at 1 January 2024	24,861,369	23,565,511
Additions	2,495,060	1,775,743
Disposals	(2,007,766)	(2,618,584)
Net realised gains/(losses)	338,621	66,759
Unrealised gains/(losses)	1,937,776	2,071,940
Market value at 31 December 2024	27,625,060	24,861,369
Quoted Investments - Bursary Endowment Fund		
Market value at 1 January 2024	4,738,000	4,226,257
Additions	577,868	270,180
Disposals	(202,760)	(77)
Net realised gains/(losses)	12,457	1
Unrealised gains/(losses)	392,422	241,639
Market value at 31 December 2024	5,517,987	4,738,000
Investment Properties	180,000	180,000
	33,323,047	29,779,369

Historical cost

The historical cost of the quoted investments at 31 December 2024 was £28,148,293 (2023: £26,934,452).

Investment Properties

Investment Properties comprise land valued on an open market basis by H&H Land & Estates Limited as at 31 December 2024. H&H Land and Estates Limited act as property management agents, and have advised the Trustees. The land is solely agricultural.

3 Debtors

	2024	2023
	£	£
Legacies	11,835	787,225
Accrued investment interest	35,292	31,685
Income tax recoverable	28,625	18,192
	75,752	837,102

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2024

4 Creditors: amounts falling due within one year	2024	2023
	£	£
Accruals	5,163	4,916
Grants payable	1,782,670	1,734,073
Other creditors	54,981	57,286
	<u>1,842,814</u>	<u>1,796,275</u>

5 Net income for the year

Net income for the year is stated after charging:

	2024	2023
	£	£
Auditor's remuneration	4,920	4,560
Increase in valuation of property	-	70,000
Proceeds from the sale of property.	-	82,009

6 Movement in reserves

	Bursary Endowment Fund 2024	General Bursary Fund 2024	Total 2024 £	Total 2023 £
Net movement in funds	806,194	2,760,576	3,566,770	2,420,591
Total funds brought forward	4,712,996	25,474,743	30,187,739	27,767,148
Total funds carried forward	<u>5,519,190</u>	<u>28,235,319</u>	<u>33,754,509</u>	<u>30,187,739</u>

7 Analysis of changes in net debt

	At 1/1/2024	Cashflows	At 31/12/2024
Cash at bank	663,828	775,395	1,439,223
Short term deposits	703,715	55,586	759,301
Total	<u>1,367,543</u>	<u>830,981</u>	<u>2,198,524</u>

8 Trustees remuneration and expenses and related transactions

No trustees have received any remuneration or expenses in the year (2023: Nil) and there were no related party transactions in the year with Trustees (2023: Nil)

9 Staff costs and key management personnel

The Charity has no employees.

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2024

11 Capital commitments

At balance sheet date there were no capital commitments (2023: Nil).

12 Contingent liabilities

At balance sheet date there were no contingent liabilities (2023: Nil).

M.G.S. TRUST

England & Wales - Charity number 526564

Accounts

Registered Charity No.
526564

The MGS Trust
TRUSTEES' REPORT
and
FINANCIAL STATEMENTS
for the year ended
31 December 2023

**The MGS Trust
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**The MGS Trust
Trust Information**

Charity Number
526564

Trustees

Mr N J Richens
Mr J H Tully
Mr R F W Flower
Mr I Thorpe
Mr A A Kallumpram

Secretary

Mrs G L Griffiths

Principal Office

c/o The Manchester Grammar School
Old Hall Lane
Manchester
M13 0XT

Bankers

National Westminster Bank plc
Spinningfields Square Branch
182 Deansgate
Manchester
M3 3LY

Auditors

Clarke Nicklin LLP
Brooks Drive
Cheadle Royal Business Park
Cheadle
SK8 3TD

Investment Advisers

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Meridien Investment Management Ltd (previously called Veritas Investment Partners (UK) Limited)
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

Tax reference

XN18041

The MGS Trust Trustees' Report for 2023

The Trustees present their report and the audited financial statements of the MGS Trust (a registered charity No. 526564) for the year ended 31 December 2023. The financial statements have been prepared in accordance with the accounting policies set out on pages 12 to 14 and comply with the deeds of The MGS Trust, the Charities Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective on 1 January 2019. Reference and Administration details of The MGS Trust, its Trustees and Advisers are set out on page 1.

Structure, governance and management

The MGS Trust was constituted by a Declaration of Trust dated 5th April 1966 and is governed by several supplemental trust deeds. The MGS Trust is constituted as an unincorporated Association. The power to appoint new Trustees is vested in the existing Trustees.

When required, new Trustees are appointed after decision by the existing Trustees as to the skill set best suited to the needs of The MGS Trust. Recruitment is then initiated to identify a suitable candidate. The Trustees are conscious of the need for continuous training. During 2023 there were no changes in Trustees.

The Trustees usually meet formally on three occasions each year to review progress and to discuss investment performance with their advisers. Three meetings were held in 2023.

Mrs G. L. Griffiths FCCA acted as Secretary to the Trustees. Day to day administration has been carried out by the Secretary who submits an appropriate report to each meeting of the Trustees.

There have been no related party transactions during the year, except for Secretary honorarium and expenses as disclosed.

Objectives and activities

The Trust was established for the advancement of education by the appropriate management of funds principally for the benefit of The Manchester Grammar School, its pupils and former pupils. Funds have been provided by individual donors and through appeals organised by the Development Office at The Manchester Grammar School.

Funds raised by the Development Office and passed to the MGS Trust (which is independent of The Manchester Grammar School) and individual donations are invested by the Trustees with the intention that the return on those investments, supplemented when appropriate by the application of capital, should be used each year to pay a bursary grant to The Manchester Grammar School.

Regular meetings are held with representatives of The Manchester Grammar School to determine the level of bursary funding and the contribution to be made from the MGS Trust.

The MGS Trust Trustees' Report for 2023

Principal risks and going concern

The principal risks of the Trust are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. The Trustees have considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

Achievements and performance

The Trustees have agreed with the School that a grant of £2,601,110 will be made to the School to fund bursaries for the academic year starting in September 2023. As in previous years the School will be responsible for the allocation of the grant between those pupils deemed to qualify.

The investment managers have full discretion to operate within the limits of a strategy agreed with and regularly reviewed by the Trustees. Performance is measured quarterly by reference to benchmarks agreed between the Trustees and the investment managers.

The Trustees confirm that they have considered the risks to which the funds could be exposed and are satisfied that adequate systems and controls are in place to mitigate those risks.

Financial Review

The total incomings for the year 2023 amounted to £2,845,709 including:

	£
Donations and legacies	2,004,279
Investment income	664,363
Tax recoverable	87,159
Interest receivable	89,038

A summary of the movements of the investment portfolio is set out at note 2 to the accounts on page 15. Net gains on investments sold amounted to £66,760 against market values at 1 January 2023. Other investments increased in value by £2,313,579 resulting in total net gains of £2,380,339 over the year.

In 2023 there was an increase in total funds of £2,420,591 to £30,187,739

Grant making policy

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils, and agreed on an annual basis by the Trustees.

The MGS Trust Trustees' Report for 2023

Reserves policy

The Trustees have established a policy whereby an amount equivalent to the anticipated grant payable during the next twelve months is held in readily available form. The policy in respect of both the General Bursary Fund and the Bursary Endowment Fund is explained further below.

The Trustees have determined that no change to the reserves policy is required at this time. The reserves policy along with investment performance, the adequacy of resources and the principal risks are reviewed on a regular basis.

The total funds held at 31 December 2023 were £30,187,739 (2022 - £27,767,148).

All the funds of the Trust are Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The bursary grant for academic year 2024-2025 has been agreed at £2,674,411 (2023-2024 £2,601,110).

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Public benefit and plans for future periods

The Manchester Grammar School Development Office is successfully continuing fundraising. Steps have been taken to encourage continuing support from parents, old boys of the School and other benefactors. The Trustees continue to consider the public benefit requirement in the light of the guidance issued by the Charity Commission and in the commitment of The Manchester Grammar School to its provision of the public benefit. The Trustees are in regular contact with The Manchester Grammar School in relation to the public benefit requirement and the criteria for determining the award of bursaries.

**The MGS Trust
Trustees' Report for 2023**

Statement of Trustees' Responsibilities

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

Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the year. In preparing these financial statements the Trustees are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles of the Charities Statement of Recommended Practice;
- (c) make judgments and estimates that are reasonable and prudent; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. 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.

Signed on behalf of the Trustees



Nigel J Richens
Trustee

Date 24/9/24

The MGS Trust
Independent Auditor's Report to the trustees of The MGS Trust

Opinion

We have audited the financial statements of The MGS Trust (the "charity") for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 December 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

The MGS Trust
Independent Auditor's Report to the trustees of The MGS Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

The MGS Trust
Independent Auditor's Report to the trustees of The MGS Trust

- We obtained an understanding of laws, regulations and guidance that affect the charity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Charities Act 2011, taxation legislation, data protection and employment legislation.
- We enquired of the trustees and reviewed correspondence and trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the trustees have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the trustees have in place to prevent and detect fraud. We enquired of the trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Clarke Nicklin LLP, Statutory Auditor

Clarke Nicklin LLP is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Clarke Nicklin LLP
Statutory Auditor
CN House
Brooks House
Cheadle Royal Business Park
Cheadle, Cheshire
SK8 3TD



Date 24 September 2024

The MGS Trust
Statement of Financial Activities
for the year ended 31 December 2023

	Bursary Endowment Fund 2023 £	General Bursary Fund 2023 £	Total 2023 £	Total 2022 £
Donations	94,017	529,140	623,157	1,114,017
Legacies	-	1,381,122	1,381,122	822,644
Income tax recoverable	1,672	85,487	87,159	142,528
Investment income	145,364	518,999	664,363	683,756
Interest receivable	2,362	86,676	89,038	56,005
Net rent receivable	-	870	870	1,050
Total income	243,415	2,602,294	2,845,709	2,820,000
Expenditure				
Investment managers' fees	23,125	165,785	188,910	162,134
Charitable expenditure				
Grants payable to The Manchester Grammar School	-	2,601,110	2,601,110	2,375,628
Management and Administration				
Secretary's honorarium and expenses	-	8,023	8,023	7,051
Sundry expenses	67	2,247	2,314	2,190
Professional fees	-	540	540	5,532
Governance costs				
Auditor's remuneration	-	4,560	4,560	4,440
Total expenditure	23,192	2,782,265	2,805,457	2,556,975
Net income/(expenditure) and net movement in funds before gains and losses on investments	220,223	(179,971)	40,252	263,025
Net gains/(losses) on investments (note 2)	241,640	2,138,699	2,380,339	(3,538,444)
Net movement in funds	461,863	1,958,728	2,420,591	(3,275,419)
Total funds brought forward	4,251,133	23,516,015	27,767,148	31,042,567
Total funds carried forward	4,712,996	25,474,743	30,187,739	27,767,148

All the trust funds are restricted

**The MGS Trust
Balance Sheet
as at 31 December 2023**

	Notes	2023 £	2022 £
Fixed assets			
Investments	2	29,779,369	27,971,768
Current assets			
Debtors	3	837,102	196,398
Short term deposits		703,715	519,599
Cash at bank		663,828	709,771
		<u>2,204,645</u>	<u>1,425,768</u>
Current liabilities			
Creditors: amounts falling due within one year	4	(1,796,275)	(1,630,388)
Net current assets/(liabilities)		<u>408,370</u>	<u>(204,620)</u>
Net assets		<u><u>30,187,739</u></u>	<u><u>27,767,148</u></u>
The Funds of the Charity			
Restricted funds	6		
General Bursary Fund		25,474,743	23,516,015
Bursary Endowment Fund		4,712,996	4,251,133
Total		<u><u>30,187,739</u></u>	<u><u>27,767,148</u></u>

Approved and authorised for issue by the Trustees and signed on their behalf by



Nigel J Richens
Trustee

Date 24/9/24

The MGS Trust
Statement of cash flows
for the year ended 31 December 2023

	2023 £	2022 £
Net cash (used)/generated from operating activities (note 1 below)	(1,187,966)	(620,954)
Cash flow from investing activities		
Interest and similar income received	753,401	739,761
Proceeds from the sale of investments	2,618,661	3,260,278
Proceeds from the sale of property	-	82,009
Purchase of investments	(2,045,923)	(3,484,923)
Net change in cash and cash equivalents	<u>138,173</u>	<u>(23,829)</u>
Cash and cash equivalents at beginning of the year	1,229,370	1,253,199
Cash and cash equivalents at end of the year	<u>1,367,543</u>	<u>1,229,370</u>
Note 1		
Net income/(expenditure) for the year	2,420,591	(3,275,419)
Adjustments for non-cash items:		
Decrease/(increase) in trade and other debtors	(640,704)	(142,395)
Increase in trade and other creditors	165,887	80,186
(Gains)/losses on investment asset	(2,380,339)	3,608,444
(Gains)/losses on property (legacy income)		(70,000)
Gain on sale of property (legacy income)		(82,009)
Adjustments for investing or financing activities:		
Investment income	(664,363)	(683,756)
Interest income	(89,038)	(56,005)
Net cash generated from operating activities	<u>(1,187,966)</u>	<u>(620,954)</u>

All of the cash flows are derived from continuing operations during the above two periods.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2023

1 Accounting policies

The Charity is an unincorporated Charity registered in England and Wales. The registered office is c/o The Manchester Grammar School, Old Hall Lane, Manchester M13 0XT.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective on 1 January 2019 and the Charities Act 2011.

The Trust is incorporated in the United Kingdom and constitutes a public benefit entity as defined by FRS102.

The accounts are presented in £ sterling.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period, the most significant area of uncertainty is the level of investment return and the performance of investment markets.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives, or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

The Trust carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities.

Investment income

Investment income is accounted for when receivable.

All investment gains and losses are taken to the Statement of Financial Activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their opening carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Donations

Donations, legacies, etc. are credited when receivable and can be measured with reasonable accuracy. Gifts in kind of listed investments are valued at mid-market price on receipt.

**The MGS Trust
Notes to the Accounts
for the year ended 31 December 2023**

1 Accounting policies (continued)

Income tax recoverable

Income tax recoverable from investment income and Gift Aid is accounted for on an accruals basis.

Grants

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils.

Resources expended

Resources expended are accounted for on an accruals basis and where appropriate include irrecoverable VAT. Costs of generating funds represent the allocated costs of generating voluntary income and the costs of operating the investment portfolio. Investment managers' fees are charged quarterly as a percentage of the value of the fund. Governance costs include expenditure related to the governance of the charity and represent external audit costs.

Funds

All the funds of the Trust are deemed to be Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Financial Instruments

Financial assets measured at fair value include fixed asset investments. Financial assets that are debt instruments measured at amortised cost include cash at bank, short term deposits, legacies, accrued investment interest and other debtors. Financial liabilities at amortised cost include accruals, grants payable and other creditors.

Preparation of accounts on a going concern basis

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity. The principal risks of the Trust are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. The Trustees have considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2023

1 Accounting policies (continued)

Debtors

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

Creditors

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

Key judgements

The key judgements are those policies relating to Fixed Asset Investments.

a) Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

b) Charitable Activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The Charity is a registered Charity and is, therefore, exempt from any liability to taxation on its income and capital gains.

The Charity is not registered for VAT and therefore expenditure is stated inclusive of VAT.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2023

2 Gains on Revaluation & Disposal of Investment Assets

	Bursary Endowment Fund 2023	General Bursary Fund 2023	Total 2023 £	Total 2022 £
Realised gains/(losses) on investment assets sold	1	66,759	66,760	406,716
Unrealised gains/(losses)	241,639	2,071,940	2,313,579	(3,945,160)
Total net gains/(losses)	241,640	2,138,699	2,380,339	(3,538,444)

Fixed Assets Investments

	£	£
Quoted Investments - General Bursary Fund		
Market value at 1 January 2023	23,565,511	27,285,536
Additions	1,775,743	2,660,675
Disposals	(2,618,584)	(3,260,016)
Net realised gains/(losses)	66,759	406,716
Unrealised gains/(losses)	2,071,940	(3,527,400)
Market value at 31 December 2023	24,861,369	23,565,511
Quoted Investments - Bursary Endowment Fund		
Market value at 1 January 2023	4,226,257	3,890,031
Additions	270,180	824,248
Disposals	(77)	(262)
Net realised gains/(losses)	1	-
Unrealised gains/(losses)	241,639	(487,760)
Market value at 31 December 2023	4,738,000	4,226,257
Investment Properties	180,000	180,000
	29,779,369	27,971,768

Historical cost

The historical cost of the quoted investments at 31 December 2023 was £26,934,452 (2022: £27,437,251).

Investment Properties

Investment Properties comprise land valued on an open market basis by H&H Land & Estates Limited as at 31 December 2023. H&H Land and Estates Limited act as property management agents, and have advised the Trustees. The land is solely agricultural.

3 Debtors

	2023 £	2022 £
Legacies	787,225	138,701
Accrued investment interest	31,685	28,569
Income tax recoverable	18,192	29,128
	837,102	196,398

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2023

4 Creditors: amounts falling due within one year	2023	2022
	£	£
Accruals	4,916	4,789
Grants payable	1,734,073	1,580,000
Other creditors	57,286	45,599
	<u>1,796,275</u>	<u>1,630,388</u>

5 Net income for the year

Net income for the year is stated after charging:	2023	2022
	£	£
Auditor's remuneration	4,560	4,440
Increase in valuation of property	-	70,000
Proceeds from the sale of property.	-	82,009

6 Movement in reserves

	Bursary Endowment Fund 2023	General Bursary Fund 2023	Total 2023	Total 2022
			£	£
Net movement in funds	461,863	1,958,728	2,420,591	(3,275,419)
Total funds brought forward	4,251,133	23,516,015	27,767,148	31,042,567
Total funds carried forward	<u>4,712,996</u>	<u>25,474,743</u>	<u>30,187,739</u>	<u>27,767,148</u>

7 Analysis of changes in net debt

	At 1/1/2023	Cashflows	At 31/12/2023
Cash at bank	709,771	(45,943)	663,828
Short term deposits	519,599	184,116	703,715
Total	<u>1,229,370</u>	<u>138,173</u>	<u>1,367,543</u>

8 Trustees remuneration and expenses and related transactions

No trustees have received any remuneration or expenses in the year (2022: Nil) and there were no related party transactions in the year with Trustees (2022: Nil)

9 Staff costs and key management personnel

The Charity has no employees.

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2023

11 Capital commitments

At balance sheet date there were no capital commitments (2022: Nil).

12 Contingent liabilities

At balance sheet date there were no contingent liabilities (2022: Nil).

M.G.S. TRUST

England & Wales - Charity number 526564

Accounts

Registered Charity No.
526564

The MGS Trust
TRUSTEES' REPORT
and
FINANCIAL STATEMENTS
for the year ended
31 December 2022

**The MGS Trust
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**The MGS Trust
Trust Information**

Charity Number
526564

Trustees
Mr N J Richens
Mr J H Tully
Mr R F W Flower
Mr I Thorpe
Mr A A Kallumpram

Secretary
Mrs G L Griffiths

Principal Office
c/o The Manchester Grammar School
Old Hall Lane
Manchester
M13 0XT

Bankers
National Westminster Bank plc
Spinningfields Square Branch
182 Deansgate
Manchester
M3 3LY

Auditors
Clarke Nicklin LLP
Brooks Drive
Cheadle Royal Business Park
Cheadle
SK8 3TD

Investment Advisers
Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Veritas Investment Partners (UK) Limited
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

Tax reference
XN18041

The MGS Trust Trustees' Report for 2022

The Trustees present their report and the audited financial statements of the MGS Trust (a registered charity No. 526564) for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out on pages 12 to 14 and comply with the deeds of The MGS Trust, the Charities Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective on 1 January 2019. Reference and Administration details of The MGS Trust, its Trustees and Advisers are set out on page 1.

Structure, governance and management

The MGS Trust was constituted by a Declaration of Trust dated 5th April 1966 and is governed by several supplemental trust deeds. The MGS Trust is constituted as an unincorporated Association. The power to appoint new Trustees is vested in the existing Trustees.

When required, new Trustees are appointed after decision by the existing Trustees as to the skill set best suited to the needs of The MGS Trust. Recruitment is then initiated to identify a suitable candidate. The Trustees are conscious of the need for continuous training. During 2022 there were no changes in Trustees.

The Trustees usually meet formally on a quarterly basis to review progress and to discuss investment performance with their advisers. Three meetings were held in 2022.

Mrs G. L. Griffiths FCCA acted as Secretary to the Trustees. Day to day administration has been carried out by the Secretary who submits an appropriate report to each meeting of the Trustees.

There have been no related party transactions during the year, except for Secretary honorarium and expenses as disclosed.

Objectives and activities

The Trust was established for the advancement of education by the appropriate management of funds principally for the benefit of The Manchester Grammar School, its pupils and former pupils. Funds have been provided by individual donors and through appeals organised by the Development Office at The Manchester Grammar School.

Funds raised by the Development Office and passed to the MGS Trust (which is independent of The Manchester Grammar School) and individual donations are invested by the Trustees with the intention that the return on those investments, supplemented when appropriate by the application of capital, should be used each year to pay a bursary grant to The Manchester Grammar School.

Regular meetings are held with representatives of The Manchester Grammar School to determine the level of bursary funding and the contribution to be made from the MGS Trust.

The MGS Trust Trustees' Report for 2022

Principal risks and going concern

The principal risks of the Trust are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. The Trustees have considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

Achievements and performance

The Trustees have agreed with the School that a grant of £2,375,628 will be made to the School to fund bursaries for the academic year starting in September 2022. As in previous years the School will be responsible for the allocation of the grant between those pupils deemed to qualify.

The investment managers have full discretion to operate within the limits of a strategy agreed with and regularly reviewed by the Trustees. Performance is measured quarterly by reference to benchmarks agreed between the Trustees and the investment managers.

The Trustees confirm that they have considered the risks to which the funds could be exposed and are satisfied that adequate systems and controls are in place to mitigate those risks.

Financial Review

The total incomings for the year 2022 amounted to £2,820,000 including:

	£
Donations and legacies	1,936,661
Investment income	683,756
Tax recoverable	142,528
Interest receivable	56,005

A summary of the movements of the investment portfolio is set out at note 2 to the accounts on page 15. Net gains on investments sold amounted to £406,716 against market values at 1 January 2022. Other investments decreased in value by £3,945,160 resulting in total net losses of £3,538,444 over the year.

In 2022 there was a decrease in total funds of £3,275,419 to £27,767,148.

Grant making policy

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils, and agreed on an annual basis by the Trustees.

The MGS Trust Trustees' Report for 2022

Reserves policy

The Trustees have established a policy whereby an amount equivalent to the anticipated grant payable during the next twelve months is held in readily available form. The policy in respect of both the General Bursary Fund and the Bursary Endowment Fund is explained further below.

The Trustees have determined that no change to the reserves policy is required at this time. The reserves policy along with investment performance, the adequacy of resources and the principal risks are reviewed on a regular basis.

The total funds held at 31 December 2022 were £27,767,148 (2021 £31,042,567).

All the funds of the Trust are Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The bursary grant for academic year 2023-2024 has been agreed at £2,939,000 (2022-2023 £2,375,628).

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Public benefit and plans for future periods

The Manchester Grammar School Development Office is successfully continuing fundraising. Steps have been taken to encourage continuing support from parents, old boys of the School and other benefactors. The Trustees continue to consider the public benefit requirement in the light of the guidance issued by the Charity Commission and in the commitment of The Manchester Grammar School to its provision of the public benefit. The Trustees are in regular contact with The Manchester Grammar School in relation to the public benefit requirement and the criteria for determining the award of bursaries.

**The MGS Trust
Trustees' Report for 2022**

Statement of Trustees' Responsibilities

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

Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the year. In preparing these financial statements the Trustees are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles of the Charities Statement of Recommended Practice;
- (c) make judgments and estimates that are reasonable and prudent; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. 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.

Signed on behalf of the Trustees

Nigel J Richens
Trustee



Date

31/8/2023

The MGS Trust
Independent Auditor's Report to the trustees of The MGS Trust

Opinion

We have audited the financial statements of The MGS Trust (the "charity") for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 December 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

The MGS Trust
Independent Auditor's Report to the trustees of The MGS Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

The MGS Trust
Independent Auditor's Report to the trustees of The MGS Trust

- We obtained an understanding of laws, regulations and guidance that affect the charity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Charities Act 2011, taxation legislation, data protection and employment legislation.
- We enquired of the trustees and reviewed correspondence and trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the trustees have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the trustees have in place to prevent and detect fraud. We enquired of the trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

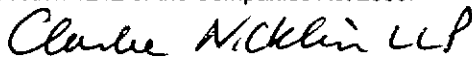
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Clarke Nicklin LLP, Statutory Auditor

Clarke Nicklin LLP is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Clarke Nicklin LLP 
Statutory Auditor
CN House
Brooks House
Cheadle Royal Business Park
Cheadle, Cheshire
SK8 3TD

Date..... 

The MGS Trust
Statement of Financial Activities
for the year ended 31 December 2022

	Bursary Endowment Fund 2022 £	General Bursary Fund 2022 £	Total 2022 £	Total 2021 £
Donations	348,309	765,708	1,114,017	1,372,205
Legacies	-	822,644	822,644	174,588
Income tax recoverable	3,325	139,203	142,528	127,498
Investment income	132,513	551,243	683,756	745,837
Interest receivable	239	55,766	56,005	58,668
Net rent receivable	-	1,050	1,050	220
Total income	484,386	2,335,614	2,820,000	2,479,016
Expenditure				
Investment managers' fees	21,146	140,988	162,134	191,066
Charitable expenditure				
Grants payable to The Manchester Grammar School	-	2,375,628	2,375,628	2,231,000
Management and Administration				
Secretary's honorarium and expenses	-	7,051	7,051	7,073
Sundry expenses	46	2,144	2,190	2,044
Professional fees	-	5,532	5,532	1,380
Governance costs				
Auditor's remuneration	-	4,440	4,440	4,510
Total expenditure	21,192	2,535,783	2,556,975	2,437,073
Net income/(expenditure) and net movement in funds before gains and losses on investments	463,194	(200,169)	263,025	41,943
Net gains/(losses) on investments (note 2)	(487,760)	(3,050,684)	(3,538,444)	3,222,109
Net movement in funds	(24,566)	(3,250,853)	(3,275,419)	3,264,052
Total funds brought forward	4,275,699	26,766,868	31,042,567	27,778,515
Total funds carried forward	4,251,133	23,516,015	27,767,148	31,042,567

All the trust funds are restricted

**The MGS Trust
Balance Sheet
as at 31 December 2022**

	Notes	2022 £	2021 £
Fixed assets			
Investments	2	27,971,768	31,285,567
Current assets			
Debtors	3	196,398	54,003
Short term deposits		519,599	453,711
Cash at bank		709,771	799,488
		<u>1,425,768</u>	<u>1,307,202</u>
Current liabilities			
Creditors: amounts falling due within one year	4	(1,630,388)	(1,550,202)
Net current liabilities		<u>(204,620)</u>	<u>(243,000)</u>
Net assets		<u>27,767,148</u>	<u>31,042,567</u>
The Funds of the Charity			
Restricted funds	6		
General Bursary Fund		23,516,015	26,766,868
Bursary Endowment Fund		4,251,133	4,275,699
Total		<u>27,767,148</u>	<u>31,042,567</u>

Approved and authorised for issue by the Trustees and signed on their behalf by

Nigel J Richens
Trustee



Date

31/12/2022

The MGS Trust
Statement of cash flows
for the year ended 31 December 2022

	2022	2021
	£	£
Net cash (used)/generated from operating activities (note 1 below)	(620,954)	(681,621)
Cash flow from investing activities		
Interest and similar income received	739,761	804,505
Proceeds from the sale of investments	3,260,278	4,512,163
Proceeds from the sale of property	82,009	-
Purchase of investments	(3,484,923)	(6,023,738)
Net change in cash and cash equivalents	<u>(23,829)</u>	<u>(1,388,691)</u>
Cash and cash equivalents at beginning of the year	1,253,199	2,641,890
Cash and cash equivalents at end of the year	<u>1,229,370</u>	<u>1,253,199</u>
Note 1		
Net income/(expenditure) for the year	(3,275,419)	3,264,052
Adjustments for non-cash items:		
Decrease/(increase) in trade and other debtors	(142,395)	(8,186)
Increase in trade and other creditors	80,186	89,127
(Gains)/losses on investment asset	3,608,444	(3,222,109)
(Gains)/losses on property (legacy income)	(70,000)	-
Gain on sale of property (legacy income)	(82,009)	-
Adjustments for investing or financing activities:		
Investment income	(683,756)	(745,837)
Interest income	(56,005)	(58,668)
Net cash generated from operating activities	<u>(620,954)</u>	<u>(681,621)</u>

All of the cash flows are derived from continuing operations during the above two periods.

**The MGS Trust
Notes to the Accounts
for the year ended 31 December 2022**

1 Accounting policies

The Charity is an unincorporated Charity registered in England and Wales. The registered office is c/o The Manchester Grammar School, Old Hall Lane, Manchester M13 0XT.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective on 1 January 2019 and the Charities Act 2011.

The Trust is incorporated in the United Kingdom and constitutes a public benefit entity as defined by FRS102.

The accounts are presented in £ sterling.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period, the most significant area of uncertainty is the level of investment return and the performance of investment markets.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives, or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

The Trust carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities.

Investment income

Investment income is accounted for when receivable.

All investment gains and losses are taken to the Statement of Financial Activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their opening carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Donations

Donations, legacies, etc. are credited when receivable and can be measured with reasonable accuracy and include amounts received under Gift Aid declaration. Gifts in kind of listed investments are valued at mid-market price on receipt.

**The MGS Trust
Notes to the Accounts
for the year ended 31 December 2022**

1 Accounting policies (continued)

Income tax recoverable

Income tax recoverable from investment income and Gift Aid is accounted for on an accruals basis.

Grants

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils.

Resources expended

Resources expended are accounted for on an accruals basis and where appropriate include irrecoverable VAT. Costs of generating funds represent the allocated costs of generating voluntary income and the costs of operating the investment portfolio. Investment managers' fees are charged quarterly as a percentage of the value of the fund. Governance costs include expenditure related to the governance of the charity and represent external audit costs.

Funds

All the funds of the Trust are deemed to be Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Financial Instruments

Financial assets measured at fair value include fixed asset investments. Financial assets that are debt instruments measured at amortised cost include cash at bank, short term deposits, legacies, accrued investment interest and other debtors. Financial liabilities at amortised cost include accruals, grants payable and other creditors.

Preparation of accounts on a going concern basis

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity. The principal risks of the Trust are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. The Trustees have considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2022

1 Accounting policies (continued)

Debtors

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

Creditors

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

Key Judgements

The key judgements are those policies relating to Fixed Asset Investments.

a) Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

b) Charitable Activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The Charity is a registered Charity and is, therefore, exempt from any liability to taxation on its income and capital gains.

The Charity is not registered for VAT and therefore expenditure is stated inclusive of VAT.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2022

2 Gains on Revaluation & Disposal of Investment Assets

	Bursary Endowment Fund 2022	General Bursary Fund 2022	Total 2022 £	Total 2021 £
Realised gains/(losses) on investment assets sold	-	406,716	406,716	1,755,708
Unrealised gains/(losses)	(487,760)	(3,457,400)	(3,945,160)	1,466,401
Total net gains/(losses)	(487,760)	(3,050,684)	(3,538,444)	3,222,109

Fixed Assets Investments

	£	£
Quoted Investments - General Bursary Fund		
Market value at 1 January 2022	27,285,536	23,427,430
Additions	2,660,675	5,335,048
Disposals	(3,260,016)	(4,454,588)
Net realised gains (losses)	406,716	1,761,936
Unrealised gains/(losses)	(3,527,400)	1,215,710
Market value at 31 December 2022	23,565,511	27,285,536
Quoted Investments - Bursary Endowment Fund		
Market value at 1 January 2022	3,890,031	3,014,453
Additions	824,248	688,690
Disposals	(262)	(57,575)
Net realised gains (losses)	-	(6,228)
Unrealised gains/(losses)	(487,760)	250,691
Market value at 31 December 2022	4,226,257	3,890,031
Investment Properties	180,000	110,000
	27,971,768	31,285,567

Historical cost

The historical cost of the quoted investments at 31 December 2022 was £27,437,251 (2021: £26,805,738).

Investment Properties

Investment Properties comprise land valued on an open market basis by H&H Land & Estates Limited as at 31 December 2022. H&H Land and Estates Limited act as property management agents, and have advised the Trustees. The land is solely agricultural.

3 Debtors

	2022 £	2021 £
Legacies	138,701	5,000
Accrued investment interest	28,569	25,746
Income tax recoverable	29,128	23,257
	196,398	54,003

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2022

4 Creditors: amounts falling due within one year	2022	2021
	£	£
Accruals	4,789	4,358
Grants payable	1,580,000	1,487,000
Other creditors	45,599	58,844
	<u>1,630,388</u>	<u>1,550,202</u>

5 Net Income for the year

Net income for the year is stated after charging:	2022	2021
	£	£
Auditor's remuneration	4,440	4,510
Increase in valuation of property	70,000	-
Proceeds from the sale of property.	82,009	-

6 Movement in reserves

	Bursary Endowment Fund 2022	General Bursary Fund 2022	Total 2022 £	Total 2021 £
Net movement in funds	(24,566)	(3,250,853)	(3,275,419)	3,264,052
Total funds brought forward	4,275,699	26,766,868	31,042,567	27,778,515
Total funds carried forward	<u>4,251,133</u>	<u>23,516,015</u>	<u>27,767,148</u>	<u>31,042,567</u>

7 Analysis of changes in net debt

	At 1/1/2022	Cashflows	At 31/12/2022
Cash at bank	799,488	(89,717)	709,771
Short term deposits	453,711	65,888	519,599
Total	<u>1,253,199</u>	<u>(23,829)</u>	<u>1,229,370</u>

8 Trustees remuneration and expenses and related transactions

No trustees have received any remuneration or expenses in the year (2021: Nil) and there were no related party transactions in the year with Trustees (2021: Nil)

9 Staff costs and key management personnel

The Charity has no employees.

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2022

11 Capital commitments

At balance sheet date there were no capital commitments (2021: Nil).

12 Contingent liabilities

At balance sheet date there were no contingent liabilities (2021: Nil).

M.G.S. TRUST

England & Wales - Charity number 526564

Accounts

Registered Charity No.
526564

The MGS Trust
TRUSTEES' REPORT
and
FINANCIAL STATEMENTS
for the year ended
31 December 2021

The MGS Trust
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**The MGS Trust
Trust Information**

Charity Number
526564

Trustees
Mr W G R Lees-Jones (resigned 29.9.2021)
Mr N J Richens
Mr J H Tully
Mr R F W Flower
Mr I Thorpe
Mr A Kallumpram (appointed 29.9.2021)

Secretary
Mrs G L Griffiths

Principal Office
c/o The Manchester Grammar School
Old Hall Lane
Manchester
M13 0XT

Bankers
National Westminster Bank plc
Spinningfields Square Branch
182 Deansgate
Manchester
M3 3LY

Auditors
Beever and Struthers
St. George's House
215-219 Chester Road
Manchester
M15 4JE

Investment Advisers
Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Veritas Investment Partners (UK) Limited
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

Tax reference
XN18041

The MGS Trust Trustees' Report for 2021

The Trustees present their report and the audited financial statements of the MGS Trust (a registered charity No. 526564) for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out on pages 12 to 14 and comply with the deeds of The MGS Trust, the Charities Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective on 1 January 2019. Reference and Administration details of The MGS Trust, its Trustees and Advisers are set out on page 1.

Structure, governance and management

The MGS Trust was constituted by a Declaration of Trust dated 5th April 1966 and is governed by several supplemental trust deeds. The MGS Trust is constituted as an unincorporated Association. The power to appoint new Trustees is vested in the existing Trustees.

When required, new Trustees are appointed after decision by the existing Trustees as to the skill set best suited to the needs of The MGS Trust. Recruitment is then initiated to identify a suitable candidate. The Trustees are conscious of the need for continuous training. During 2021 there was a change in Trustees as set out on the information page.

The Trustees usually meet formally on a quarterly basis to review progress and to discuss investment performance with their advisers. Three meetings were held in 2021.

Mrs G. L. Griffiths FCCA acted as Secretary to the Trustees. Day to day administration has been carried out by the Secretary who submits an appropriate report to each meeting of the Trustees.

There have been no related party transactions during the year, except for Secretary honorarium and expenses as disclosed.

Objectives and activities

The Trust was established for the advancement of education by the appropriate management of funds principally for the benefit of The Manchester Grammar School, its pupils and former pupils. Funds have been provided by individual donors and through appeals organised by the Development Office at The Manchester Grammar School.

Funds raised by the Development Office and passed to the MGS Trust (which is independent of The Manchester Grammar School) and individual donations are invested by the Trustees with the intention that the return on those investments, supplemented when appropriate by the application of capital, should be used each year to pay a bursary grant to The Manchester Grammar School.

Regular meetings are held with representatives of The Manchester Grammar School to determine the level of bursary funding and the contribution to be made from the MGS Trust.

The MGS Trust

Trustees' Report for 2021

Principal risks, Covid-19 and going concern

The Trustees have further considered the impact of the pandemic on the principal risks of the Trust which are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. They have further considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

Achievements and performance

The Trustees have agreed with the School that a grant of £2,231,000 will be made to the School to fund bursaries for the academic year starting in September 2021. As in previous years the School will be responsible for the allocation of the grant between those pupils deemed to qualify.

The investment managers have full discretion to operate within the limits of a strategy agreed with and regularly reviewed by the Trustees. The strategy was reviewed in 2020. Performance is measured quarterly by reference to benchmarks agreed between the Trustees and the investment managers.

The Trustees confirm that they have considered the risks to which the funds could be exposed and are satisfied that adequate systems and controls are in place to mitigate those risks.

Financial Review

The total incomings for the year 2021 amounted to £2,479,016 including:

	£
Donations and legacies	1,546,793
Investment income	745,837
Tax recoverable	127,498
Interest receivable	58,668

A summary of the movements of the investment portfolio is set out at note 2 to the accounts on page 15. Net gains on investments sold amounted to £1,755,708 against market values at 1 January 2021. Other investments increased in value by £1,466,401 resulting in total net gains of £3,222,109 over the year.

In 2021 there was an increase in total funds of £3,264,052 to £31,042,567.

Grant making policy

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils, and agreed on an annual basis by the Trustees.

The MGS Trust Trustees' Report for 2021

Reserves policy

The Trustees have established a policy whereby an amount equivalent to the anticipated grant payable during the next twelve months is held in readily available form. The policy in respect of both the General Bursary Fund and the Bursary Endowment Fund is explained further below.

The Trustees have determined that no change to the reserves policy is required at this time. The reserves policy along with investment performance, the adequacy of resources and the principal risks are reviewed on a regular basis.

The total funds held at 31 December 2021 were £31,042,567 (2020 £27,778,515).

All the funds of the Trust are Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The bursary grant for academic year 2022-2023 has been agreed at £2,375,628 (2021-2022 £2,231,000).

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Public benefit and plans for future periods

The Manchester Grammar School Development Office is successfully continuing fundraising. Steps have been taken to encourage continuing support from parents, old boys of the School and other benefactors. The Trustees continue to consider the public benefit requirement in the light of the guidance issued by the Charity Commission and in the commitment of The Manchester Grammar School to its provision of the public benefit. The Trustees are in regular contact with The Manchester Grammar School in relation to the public benefit requirement and the criteria for determining the award of bursaries.

The MGS Trust Trustees' Report for 2021

Statement of Trustees' Responsibilities

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

Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the year. In preparing these financial statements the Trustees are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles of the Charities Statement of Recommended Practice;
- (c) make judgments and estimates that are reasonable and prudent; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. 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.

Signed on behalf of the Trustees



Nigel J Richens
Trustee

16 August 2022

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

Opinion

We have audited the financial statements of The MGS Trust (the "charity") for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 December 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

- We obtained an understanding of laws, regulations and guidance that affect the charity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Charities Act 2011, taxation legislation, data protection and employment legislation.
- We enquired of the trustees and reviewed correspondence and trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the trustees have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the trustees have in place to prevent and detect fraud. We enquired of the trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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


Use of our report

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

Beever and Struthers, Statutory Auditor

Beever and Struthers is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester M15 4JE



16 August 2022

The MGS Trust
Statement of Financial Activities
for the year ended 31 December 2021

	Bursary Endowment Fund 2021 £	General Bursary Fund 2021 £	Total 2021 £	Total 2020 £
Donations	672,957	699,248	1,372,205	1,922,735
Legacies	-	174,588	174,588	64,040
Income tax recoverable	3,138	124,360	127,498	122,751
Investment income	109,742	636,095	745,837	489,603
Interest receivable	9	58,659	58,668	16,148
Net rent receivable	-	220	220	-
Total income	785,846	1,693,170	2,479,016	2,615,277
Expenditure				
Investment managers' fees	18,855	172,211	191,066	104,210
Charitable expenditure				
Grants payable to The Manchester Grammar School	-	2,231,000	2,231,000	2,135,831
Management and Administration				
Secretary's honorarium and expenses	-	7,073	7,073	9,092
Sundry expenses	46	1,998	2,044	1,346
Professional fees	-	1,380	1,380	11,880
Governance costs				
Auditor's remuneration	-	4,510	4,510	3,621
Total expenditure	18,901	2,418,172	2,437,073	2,265,980
Net income/(expenditure) and net movement in funds before gains and losses on investments	766,945	(725,002)	41,943	349,297
Net gains/(losses) on investments (note 2)	244,463	2,977,646	3,222,109	(1,101,923)
Net movement in funds	1,011,408	2,252,644	3,264,052	(752,626)
Total funds brought forward	3,264,291	24,514,224	27,778,515	28,531,141
Total funds carried forward	4,275,699	26,766,868	31,042,567	27,778,515

All the trust funds are restricted

**The MGS Trust
Balance Sheet
as at 31 December 2021**

	Notes	2021 £	2020 £
Fixed assets			
Investments	2	31,285,567	26,551,883
Current assets			
Debtors	3	54,003	45,817
Short term deposits		453,711	1,499,328
Cash at bank		<u>799,488</u>	<u>1,142,562</u>
		<u>1,307,202</u>	<u>2,687,707</u>
Current liabilities			
Creditors: amounts falling due within one year	4	(1,550,202)	(1,461,075)
Net current (liabilities)/assets		<u>(243,000)</u>	<u>1,226,632</u>
Net assets		<u><u>31,042,567</u></u>	<u><u>27,778,515</u></u>
The Funds of the Charity			
Restricted funds	6		
General Bursary Fund		26,766,868	24,514,224
Bursary Endowment Fund		<u>4,275,699</u>	<u>3,264,291</u>
Total		<u><u>31,042,567</u></u>	<u><u>27,778,515</u></u>

Approved and authorised for issue by the Trustees and signed on their behalf by



Nigel J Richens
Trustee

16 August 2022

The MGS Trust
Statement of cash flows
for the year ended 31 December 2021

	2021	2020
	£	£
Net cash (used)/generated from operating activities (note 1 below)	(681,621)	(110,544)
Cash flow from investing activities		
Interest and similar income received	804,505	505,751
Proceeds from the sale of investments	4,512,163	24,622,031
Proceeds from the sale of property	-	-
Purchase of investments	(6,023,738)	(23,395,317)
Net change in cash and cash equivalents	(1,388,691)	1,621,921
Cash and cash equivalents at beginning of the year	2,641,890	1,019,969
Cash and cash equivalents at end of the year	<u>1,253,199</u>	<u>2,641,890</u>
Note 1		
Net income/(expenditure) for the year	3,264,052	(752,626)
Adjustments for non-cash items:		
Decrease/(increase) in trade and other debtors	(8,186)	24,249
Increase in trade and other creditors	89,127	21,661
(Gains)/losses on investment asset	(3,222,109)	1,101,923
Adjustments for investing or financing activities:		
Investment income	(745,837)	(489,603)
Interest income	(58,668)	(16,148)
Net cash generated from operating activities	<u>(681,621)</u>	<u>(110,544)</u>

All of the cash flows are derived from continuing operations during the above two periods.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2021

1 Accounting policies

The Charity is an unincorporated Charity registered in England and Wales. The registered office is c/o The Manchester Grammar School, Old Hall Lane, Manchester M13 0XT.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective on 1 January 2019 and the Charities Act 2011.

The Trust is incorporated in the United Kingdom and constitutes a public benefit entity as defined by FRS102.

The accounts are presented in £ sterling.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period, the most significant area of uncertainty is the level of investment return and the performance of investment markets.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives, or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

The Trust carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities.

Investment income

Investment income is accounted for when receivable.

All investment gains and losses are taken to the Statement of Financial Activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their opening carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Donations

Donations, legacies, etc. are credited when receivable and can be measured with reasonable accuracy and include amounts received under Gift Aid declaration. Gifts in kind of listed investments are valued at mid-market price on receipt.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2021

1 Accounting policies (continued)

Income tax recoverable

Income tax recoverable from investment income and Gift Aid is accounted for on an accruals basis.

Grants

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils.

Resources expended

Resources expended are accounted for on an accruals basis and where appropriate include irrecoverable VAT. Costs of generating funds represent the allocated costs of generating voluntary income and the costs of operating the investment portfolio. Investment managers' fees are charged quarterly as a percentage of the value of the fund. Governance costs include expenditure related to the governance of the charity and represent external audit costs.

Funds

All the funds of the Trust are deemed to be Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Financial Instruments

Financial assets measured at fair value include fixed asset investments. Financial assets that are debt instruments measured at amortised cost include cash at bank, short term deposits, legacies, accrued investment interest and other debtors. Financial liabilities at amortised cost include accruals, grants payable and other creditors.

Preparation of accounts on a going concern basis

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity. The Trustees have considered the impact of the pandemic on the principal risks of the Trust which are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. They have further considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2021

1 Accounting policies (continued)

Debtors

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

Creditors

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

Key judgements

The key judgements are those policies relating to Fixed Asset Investments.

a) Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

b) Charitable Activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The Charity is a registered Charity and is, therefore, exempt from any liability to taxation on its income and capital gains.

The Charity is not registered for VAT and therefore expenditure is stated inclusive of VAT.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2021

2 Gains on Revaluation & Disposal of Investment Assets

	Bursary Endowment Fund 2021	General Bursary Fund 2021	Total 2021 £	Total 2020 £
Realised gains/(losses) on investment assets sold	(6,228)	1,761,936	1,755,708	(2,231,742)
Unrealised gains/(losses)	250,691	1,215,710	1,466,401	1,129,819
Total net gains/(losses)	244,463	2,977,646	3,222,109	(1,101,923)

Fixed Assets Investments

	£	£
Quoted Investments - General Bursary Fund		
Market value at 1 January 2021	23,427,430	26,417,984
Additions	5,335,048	20,086,877
Disposals	(4,454,588)	(22,171,031)
Net realised gains (losses)	1,761,936	(1,916,002)
Unrealised gains/(losses)	1,215,710	1,009,602
Market value at 31 December 2021	27,285,536	23,427,430
Quoted Investments - Bursary Endowment Fund		
Market value at 1 January 2021	3,014,453	2,352,536
Additions	688,690	3,308,440
Disposals	(57,575)	(2,451,000)
Net realised gains (losses)	(6,228)	(315,740)
Unrealised gains/(losses)	250,691	120,217
Market value at 31 December 2021	3,890,031	3,014,453
Investment Properties	110,000	110,000
	31,285,567	26,551,883

Historical cost

The historical cost of the quoted investments at 31 December 2021 was £26,805,738 (2020: £23,549,210).

Investment Properties

Investment Properties is land stated at probate value for the year ending 31 December 2021. H&H Land and Estates act as property management agents, and have advised the Trustees that there are no material changes to the valuation, with the land being solely agricultural.

3 Debtors

	2021 £	2020 £
Legacies	5,000	-
Accrued investment interest	25,746	20,337
Income tax recoverable	23,257	25,480
	54,003	45,817

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2021

4 Creditors: amounts falling due within one year	2021	2020
	£	£
Accruals	4,358	3,761
Grants payable	1,487,000	1,420,000
Other creditors	58,844	37,314
	<u>1,550,202</u>	<u>1,461,075</u>

5 Net income for the year

Net income for the year is stated after charging:

	2021	2020
	£	£
Auditor's remuneration	4,510	3,621
	<u>4,510</u>	<u>3,621</u>

6 Movement in reserves

	Bursary Endowment Fund 2021	General Bursary Fund 2021	Total 2021 £	Total 2020 £
Net movement in funds	1,011,408	2,252,644	3,264,052	(752,626)
Total funds brought forward	3,264,291	24,514,224	27,778,515	28,531,141
Total funds carried forward	<u>4,275,699</u>	<u>26,766,868</u>	<u>31,042,567</u>	<u>27,778,515</u>

7 Analysis of changes in net debt

	At 1/1/2021	Cashflows	At 31/12/2021
Cash at bank	1,142,562	(343,074)	799,488
Short term deposits	1,499,328	(1,045,617)	453,711
Total	<u>2,641,890</u>	<u>(1,388,691)</u>	<u>1,253,199</u>

8 Trustees remuneration and expenses and related transactions

No trustees have received any remuneration or expenses in the year (2020: Nil) and there were no related party transactions in the year with Trustees (2020: Nil)

9 Staff costs and key management personnel

The Charity has no employees.

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2021

11 Capital commitments

At balance sheet date there were no capital commitments (2020: Nil).

12 Contingent liabilities

At balance sheet date there were no contingent liabilities (2020: Nil).

M.G.S. TRUST

England & Wales - Charity number 526564

Accounts

Registered Charity No.
526564

The MGS Trust
TRUSTEES' REPORT
and
FINANCIAL STATEMENTS
for the year ended
31 December 2020

The MGS Trust
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The MGS Trust
Trust Information

Charity Number
526564

Trustees
Mr W G R Lees-Jones
Mr N J Richens
Mr J H Tully
Mr R F W Flower
Mr I Thorpe

Secretary
Mrs G L Griffiths

Principal Office
c/o The Manchester Grammar School
Old Hall Lane
Manchester
M13 0XT

Bankers
National Westminster Bank plc
Spinningfields Square Branch
182 Deansgate
Manchester
M3 3LY

Auditors
Beever and Struthers
St. George's House
215-219 Chester Road
Manchester
M15 4JE

Investment Advisers
Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Veritas Investment Partners (UK) Limited
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

Tax reference
XN18041

The MGS Trust Trustees' Report for 2020

The trustees present their report and the audited financial statements of the MGS Trust (a registered charity No. 526564) for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15 and comply with the deeds of The MGS Trust, the Charities Act 2011 and the Accounting and Reporting by Charities: Statement of the Recommended Practice applicable to charities preparing their accounts with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective on 1 January 2019. Reference and Administration details of The MGS Trust, its Trustees and Advisers are set out on page 1.

Structure, governance and management

The MGS Trust was constituted by a Declaration of Trust dated 5th April 1966 and is governed by several supplemental trust deeds. The MGS Trust is constituted as an unincorporated Association. The power to appoint new Trustees is vested in the existing Trustees.

When required, new Trustees are appointed after decision by the existing Trustees as to the skill set best suited to the needs of The MGS Trust. Recruitment is then initiated to identify a suitable candidate. The Trustees are conscious of the need for continuous training.

The Trustees usually meet formally on a quarterly basis to review progress and to discuss investment performance with their advisers. Six meetings were held in 2020.

Mrs G. L. Griffiths FCCA acted as Secretary to the Trustees. Day to day administration has been carried out by the Secretary who submits an appropriate report to each meeting of the Trustees.

There have been no related party transactions during the year, except for Secretary honorarium and expenses as disclosed.

Objectives and activities

The Trust was established for the advancement of education by the appropriate management of funds principally for the benefit of The Manchester Grammar School, its pupils and former pupils. Funds have been provided by individual donors and through appeals organised by the Development Office at The Manchester Grammar School.

Funds raised by the Development Office and passed to the MGS Trust (which is independent of The Manchester Grammar School) and individual donations are invested by the Trustees with the intention that the return on those investments, supplemented when appropriate by the application of capital, should be used each year to pay a bursary grant to The Manchester Grammar School.

Regular meetings are held with representatives of The Manchester Grammar School to determine the level of bursary funding and the contribution to be made from the MGS Trust.

The MGS Trust Trustees' Report for 2020

Principal risks, Covid-19 and going concern

The Trustees have further considered the impact of the pandemic on the principal risks of the Trust which are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. They have further considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The Trustees regularly monitor the investment managers regarding investment risks and returns and have deemed it appropriate to increase the level of cash balances to avoid any potential short term cashflow issues without unduly prejudicing the prospects for long term growth.

Achievements and performance

The Trustees have agreed with the School that a grant of £2,135,000 will be made to the School to fund bursaries for the academic year starting in September 2020. As in previous years the School will be responsible for the allocation of the grant between those pupils deemed to qualify.

During 2020 the Trustees conducted a re-tender exercise for the management of The MGS Trust assets, the outcome of which was to split the General Bursary Fund into two halves in view of its escalating size and appoint two separate managers to mitigate risk while seeking the optimal risk-adjusted returns. The managers selected were chosen to complement each other with Veritas Investment Partners and Sarasin & Partners each running half of the General Bursary Fund. In addition, Sarasin were appointed to manage the Bursary Endowment Fund, utilising their Charity Authorised Investment Fund (CAIF) known as the Sarasin Endowments Fund.

The investment managers have full discretion to operate within the limits of a strategy agreed with and regularly reviewed by the Trustees. The strategy was reviewed in 2020. Performance is measured quarterly by reference to benchmarks agreed between the Trustees and the investment managers.

The Trustees confirm that they have considered the risks to which the funds could be exposed and are satisfied that adequate systems and controls are in place to mitigate those risks.

The MGS Trust

Trustees' Report for 2020

Financial Review

The total incomings for the year 2020 amounted to £2,615,277 including:

	£
Donations and legacies	1,986,775
Investment income	489,603
Tax recoverable	122,751
Interest receivable	16,148

A summary of the movements of the investment portfolio is set out at note 2 to the accounts on page 16. Net losses on investments sold amounted to £2,231,742 against market values at 1 January 2020. Other investments increased in value by £1,129,819 resulting in total net losses of £1,101,923 over the year.

In 2020 there was an decrease in total funds of £752,626 to £27,778,515.

Grant making policy

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils, and agreed on an annual basis by the Trustees.

Reserves policy

The Trustees have established a policy whereby an amount equivalent to the anticipated grant payable during the next twelve months is held in readily available form. The policy in respect of both the General Bursary Fund and the Bursary Endowment Fund is explained further below.

The Trustees have determined that no change to the reserves policy is required at this time. The reserves policy along with investment performance, the adequacy of resources and the principal risks are reviewed on a regular basis.

The total funds held at 31 December 2020 were £27,778,515 (2019 £28,531,141).

All the funds of the Trust are Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The bursary grant for academic year 2021-2022 has been agreed at £2,231,000 (2020-2021 £2,135,000).

The MGS Trust Trustees' Report for 2020

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

The Trustees have the power to distribute both income and capital from the General Bursary Fund. However, whilst the Bursary Endowment Fund becomes established, it is their current intention (without limiting their discretion) to treat part of the General Bursary Fund as if held on an endowment basis. At 31 December 2020 that part of the General Bursary Fund amounted to approximately £5.3M (2019 £5.4M).

Public benefit and plans for future periods

The Manchester Grammar School Development Office is successfully continuing fundraising. Steps have been taken to encourage continuing support from parents, old boys of the School and other benefactors. The Trustees continue to consider the public benefit requirement in the light of the guidance issued by the Charity Commission and in the commitment of The Manchester Grammar School to its provision of the public benefit. The Trustees are in regular contact with The Manchester Grammar School in relation to the public benefit requirement and the criteria for determining the award of bursaries.

Statement of Trustees' Responsibilities

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

Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the year. In preparing these financial statements the Trustees are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles of the Charities Statement of Recommended Practice;
- (c) make judgments and estimates that are reasonable and prudent; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The MGS Trust
Trustees' Report for 2020

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. 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.

Signed on behalf of the Trustees

Nigel J Richens
Trustee

Date.....

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

Opinion

We have audited the financial statements of The MGS Trust "the charity" for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on pages 5 to 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

The MGS Trust

Independent Auditor's Report to the trustees of The MGS Trust

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including legislation such as the Charities Act 2011, taxation legislation, data protection and employment legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures on specific balances for which robust, substantive analytical procedures have been undertaken to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- assessed whether judgments and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

Use of our report

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

Beever and Struthers, Statutory Auditor

Beever and Struthers is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

St George's House
215/219 Chester Road
Manchester M15 4JE

Date.....

The MGS Trust
Statement of Financial Activities
for the year ended 31 December 2020

	Bursary Endowment Fund 2020 £	General Bursary Fund 2020 £	Total 2020 £	Total 2019 £
Donations	720,378	1,202,357	1,922,735	1,023,859
Legacies	-	64,040	64,040	384,099
Income tax recoverable	2,291	120,460	122,751	78,376
Investment income	66,490	423,113	489,603	760,171
Interest receivable	144	16,004	16,148	33,430
Total income	789,303	1,825,974	2,615,277	2,279,935
Expenditure				
Investment managers' fees	8,082	96,128	104,210	108,833
Charitable expenditure				
Grants payable to The Manchester Grammar School	-	2,135,831	2,135,831	2,130,000
Management and Administration				
Secretary's honorarium and expenses	-	9,092	9,092	7,092
Sundry expenses	23	1,323	1,346	1,460
Professional fees	-	11,880	11,880	1,200
Governance costs				
Auditor's remuneration	-	3,621	3,621	3,541
Total expenditure	8,105	2,257,875	2,265,980	2,252,126
Net income/(expenditure) and net movement in funds before gains and losses on investments	781,198	(431,901)	349,297	27,809
Net gains/(losses) on investments (note 2)	(195,523)	(906,400)	(1,101,923)	3,144,199
Net movement in funds	585,675	(1,338,301)	(752,626)	3,172,008
Total funds brought forward	2,678,616	25,852,525	28,531,141	25,359,133
Total funds carried forward	3,264,291	24,514,224	27,778,515	28,531,141

All the trust funds are restricted

**The MGS Trust
Balance Sheet
as at 31 December 2020**

	Notes	2020 £	2019 £
Fixed assets			
Investments	2	26,551,883	28,880,520
Current assets			
Debtors	3	45,817	70,066
Short term deposits		1,499,328	486,793
Cash at bank		<u>1,142,562</u>	<u>533,176</u>
		<u>2,687,707</u>	<u>1,090,035</u>
Current liabilities			
Creditors: amounts falling due within one year	4	(1,461,075)	(1,439,414)
Net current assets/(liabilities)		<u>1,226,632</u>	<u>(349,379)</u>
Net assets		<u><u>27,778,515</u></u>	<u><u>28,531,141</u></u>
The Funds of the Charity			
Restricted funds	6		
General Bursary Fund		24,514,224	25,852,525
Bursary Endowment Fund		<u>3,264,291</u>	<u>2,678,616</u>
Total		<u><u>27,778,515</u></u>	<u><u>28,531,141</u></u>

-

Approved and authorised for issue by the Trustees and signed on their behalf by

Nigel J Richens
Trustee

Date.....

The MGS Trust
Statement of cash flows
for the year ended 31 December 2020

	2020	2019
	£	£
Net cash (used)/generated from operating activities (note 1 below)	(110,544)	(480,006)
Cash flow from investing activities		
Interest and similar income received	505,751	793,601
Proceeds from the sale of investments	24,622,031	3,667,052
Proceeds from the sale of property	-	-
Purchase of investments	(23,395,317)	(4,542,212)
Net change in cash and cash equivalents	<u>1,621,921</u>	<u>(561,565)</u>
Cash and cash equivalents at beginning of the year	1,019,969	1,581,534
Cash and cash equivalents at end of the year	<u>2,641,890</u>	<u>1,019,969</u>
Note 1		
Net income/(expenditure) for the year	(752,626)	3,172,008
Adjustments for non-cash items:		
Decrease/(increase) in trade and other debtors	24,249	191,619
Increase in trade and other creditors	21,661	94,167
(Gains)/losses on investment asset	1,101,923	(3,144,199)
Adjustments for investing or financing activities:		
Investment income	(489,603)	(760,171)
Interest income	(16,148)	(33,430)
Net cash generated from operating activities	<u>(110,544)</u>	<u>(480,006)</u>

All of the cash flows are derived from continuing operations during the above two periods.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2020

1 Accounting policies

The Charity is an unincorporated Charity registered in England and Wales. The registered office is c/o The Manchester Grammar School, Old Hall Lane, Manchester M13 0XT.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective on 1 January 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011.

The Trust is incorporated in the United Kingdom and constitutes a public benefit entity as defined by FRS102.

The accounts are presented in £ sterling.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period, the most significant area of uncertainty is the level of investment return and the performance of investment markets.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives, or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

The Trust carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities.

Investment income

Investment income is accounted for when receivable.

All investment gains and losses are taken to the Statement of Financial Activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their opening carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2020

1 Accounting policies (continued)

Donations

Donations, legacies, etc. are credited when receivable and can be measured with reasonable accuracy and include amounts received under Gift Aid declaration. Gifts in kind of listed investments are valued at mid-market price on receipt.

Income tax recoverable

Income tax recoverable from investment income and Gift Aid is accounted for on an accruals basis.

Grants

Grants are recognised as the commitment arises. All grants payable are for the benefit of The Manchester Grammar School, its current and former pupils.

Resources expended

Resources expended are accounted for on an accruals basis and where appropriate include irrecoverable VAT. Costs of generating funds represent the allocated costs of generating voluntary income and the costs of operating the investment portfolio. Investment managers' fees are charged quarterly as a percentage of the value of the fund. Governance costs include expenditure related to the governance of the charity and represent external audit costs.

Funds

All the funds of the Trust are deemed to be Restricted Funds as defined by the Statement of Recommended Practice.

The General Bursary Fund represents gifts donated by individuals and organisations to meet the cost of providing bursaries to pupils of The Manchester Grammar School, together with accumulated income. The Trustees and The Manchester Grammar School agree each year the amount of bursary grant required and funds are released to The Manchester Grammar School at appropriate times of the academic year. The balance of the General Bursary Fund is retained to provide bursaries for future academic years as and when agreed between the Trustees and The Manchester Grammar School. The Trustees have the power to distribute both income and capital from the General Bursary Fund.

The Bursary Endowment Fund will meet the requirements of certain donors who wish to make donations on an endowment basis. Each year the income will be used, as required, to meet the cost of bursaries as explained above. Income can only be applied in this way if the capital value of the Bursary Endowment Fund is higher than the total of inflation adjusted (using the Consumer Prices Index) donations and legacies received. The Trustees are not authorised to spend or apply any of the capital of the Bursary Endowment Fund, provided that they may spend or apply income that has been previously added to the Fund as though it were income arising in the then current year.

Movement of reserves

The Trustees have the power to distribute both income and capital from the General Bursary Fund. However, while the Bursary Endowment Fund grows, it is their current intention (without limiting their discretion) to treat part of the General Bursary Fund as if held on an endowment basis.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2020

1 Accounting policies (continued)

Financial Instruments

Financial assets measured at fair value include fixed asset investments. Financial assets that are debt instruments measured at amortised cost include cash at bank, short term deposits, legacies, accrued investment interest and other debtors. Financial liabilities at amortised cost include accruals, grants payable and other creditors.

Preparation of accounts on a going concern basis

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity. The Trustees have considered the impact of the pandemic on the principal risks of the Trust which are considered to be the level of investment return, the performance of investment markets and the ability to raise funds in a more challenging economic environment. They have further considered these risks in relation to going concern and given the still considerable excess of the value of investments over the annual cost of bursaries they continue to believe that there is reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

Debtors

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

Creditors

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

Key judgements

The key judgements are those policies relating to Fixed Asset Investments.

a) Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

b) Charitable Activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The Charity is a registered Charity and is, therefore, exempt from any liability to taxation on its income and capital gains.

The Charity is not registered for VAT and therefore expenditure is stated inclusive of VAT.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2020

2 Gains on Revaluation & Disposal of Investment Assets

	Bursary Endowment Fund 2020	General Bursary Fund 2020	Total 2020 £	Total 2019 £
Realised gains/(losses) on investment assets sold	(315,740)	(1,916,002)	(2,231,742)	201,507
Unrealised gains/(losses)	120,217	1,009,602	1,129,819	2,942,692
Total net gains/(losses)	(195,523)	(906,400)	(1,101,923)	3,144,199

Fixed Assets Investments

	£	£
Quoted Investments - General Bursary Fund		
Market value at 1 January 2020	26,417,984	23,336,851
Additions	20,086,877	3,769,652
Disposals	(22,171,031)	(3,612,064)
Net realised gains (losses)	(1,916,002)	196,035
Unrealised gains/(losses)	1,009,602	2,727,510
Market value at 31 December 2020	23,427,430	26,417,984
Quoted Investments - Bursary Endowment Fund		
Market value at 1 January 2020	2,352,536	1,414,310
Additions	3,308,440	772,560
Disposals	(2,451,000)	(54,988)
Net realised gains (losses)	(315,740)	5,472
Unrealised gains/(losses)	120,217	215,182
Market value at 31 December 2020	3,014,453	2,352,536
Investment Properties	110,000	110,000
	26,551,883	28,880,520

Historical cost

The historical cost of the quoted investments at 31 December 2020 was £23,549,210 (2019: £23,686,981).

Investment Properties

Investment Properties is land stated at market value for the year ending 31 December 2020. H&H Land and Estates act as property management agents, and have advised the Trustees that there are no material changes to the valuation, with the land being solely agricultural.

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2020

3 Debtors	2020	2019
	£	£
Legacies	-	25,174
Accrued investment interest	20,337	17,401
Income tax recoverable	25,480	24,055
Other debtors	-	3,436
	<u>45,817</u>	<u>70,066</u>

4 Creditors: amounts falling due within one year	2020	2019
	£	£
Accruals	3,761	3,735
Grants payable	1,420,000	1,419,169
Other creditors	37,314	16,510
	<u>1,461,075</u>	<u>1,439,414</u>

5 Net income for the year	2020	2019
	£	£
Net income for the year is stated after charging:		
Auditor's remuneration	3,621	3,541
	<u>3,621</u>	<u>3,541</u>

6 Movement in reserves	Bursary Endowment Fund 2020	General Bursary Fund 2020	Total 2020 £	Total 2019 £
Net movement in funds	585,675	(1,338,301)	(752,626)	3,172,008
Total funds brought forward	2,678,616	25,852,525	28,531,141	25,359,133
Total funds carried forward	<u>3,264,291</u>	<u>24,514,224</u>	<u>27,778,515</u>	<u>28,531,141</u>

The Trustees have the power to distribute both income and capital from the General Bursary Fund. However, while the Bursary Endowment Fund becomes established, it is their current intention (without limiting their discretion) to treat part of the General Bursary Fund as if held on an endowment basis. At 31 December 2020 that part of the General Bursary Fund amounted to approximately £5.3M (2019 £5.4M).

7 Analysis of changes in net debt	At 1/1/2020	Cashflows	At 31/12/2020
Cash at bank	533,176	609,386	1,142,562
Short term deposits	486,793	1,012,535	1,499,328
Total	<u>1,019,969</u>	<u>1,621,921</u>	<u>2,641,890</u>

The MGS Trust
Notes to the Accounts
for the year ended 31 December 2020

8 Trustees remuneration and expenses and related transactions

No trustees have received any remuneration or expenses in the year (2019: Nil) and there were no related party transactions in the year with Trustees (2019: Nil)

9 Staff costs and key management personnel

The Charity has no employees.

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

11 Capital commitments

At balance sheet date there were no capital commitments (2019: Nil).

12 Contingent liabilities

At balance sheet date there were no contingent liabilities (2019: Nil).