

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

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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](http://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 £	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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
<b>Total income</b>	<b>789,303</b>	<b>1,825,974</b>	<b>2,615,277</b>	<b>2,279,935</b>
<b>Expenditure</b>				
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
<b>Total expenditure</b>	<b>8,105</b>	<b>2,257,875</b>	<b>2,265,980</b>	<b>2,252,126</b>
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
<b>Net movement in funds</b>	<b>585,675</b>	<b>(1,338,301)</b>	<b>(752,626)</b>	<b>3,172,008</b>
<b>Total funds brought forward</b>	<b>2,678,616</b>	<b>25,852,525</b>	<b>28,531,141</b>	<b>25,359,133</b>
<b>Total funds carried forward</b>	<b>3,264,291</b>	<b>24,514,224</b>	<b>27,778,515</b>	<b>28,531,141</b>

All the trust funds are restricted

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

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Investments	2	26,551,883	28,880,520
<b>Current assets</b>			
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>
<b>Current liabilities</b>			
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>
<b>Net assets</b>		<u><u>27,778,515</u></u>	<u><u>28,531,141</u></u>
<b>The Funds of the Charity</b>			
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**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Net cash (used)/generated from operating activities</b> <b>(note 1 below)</b>	(110,544)	(480,006)
<b>Cash flow from investing activities</b>		
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)
<b>Net change in cash and cash equivalents</b>	1,621,921	(561,565)
<b>Cash and cash equivalents at beginning of the year</b>	1,019,969	1,581,534
<b>Cash and cash equivalents at end of the year</b>	<u>2,641,890</u>	<u>1,019,969</u>
<b>Note 1</b>		
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)
<b>Net cash generated from operating activities</b>	<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	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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**

	<b>£</b>	<b>£</b>
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.

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<b>3 Debtors</b>	<b>2020 £</b>	<b>2019 £</b>
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>

<b>4 Creditors: amounts falling due within one year</b>	<b>2020 £</b>	<b>2019 £</b>
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>

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

<b>6 Movement in reserves</b>	Bursary Endowment Fund 2020	General Bursary Fund 2020	<b>Total 2020 £</b>	<b>Total 2019 £</b>
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).

<b>7 Analysis of changes in net debt</b>	<b>At 1/1/2020</b>	<b>Cashflows</b>	<b>At 31/12/2020</b>
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**  
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**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).