

CHETHAM'S HOSPITAL SCHOOL AND LIBRARY

England & Wales · Charity number 526702

Details

Other names	CHETHAM'S LIBRARY, CHETHAM'S SCHOOL OF MUSIC
Status	Registered
Legal form	Other
Registered	1964-09-21
Register	View on the Charity Commission register

Contact

Address Chethams School Of Music
Long Millgate
Manchester
M3 1SB

Phone 0161 834 9644

Email chets@chethams.com

Website www.chethams.com

Activities

Objects: A DAY AND BOARDING SCHOOL FOR BOYS. A LIBRARY. MAINTENANCE OF THE PREMISES OF THE LIBRARY AND HOSPITAL PREMISES. AWARD OF SCHOLARSHIPS, MAINTENANCE ALLOWANCES, LEAVING EXHIBITIONS AND OTHER GRANTS.

Activities: Provision of a musical and academic education to young people between the ages of 8 and 18. To provide, under the terms of Humphrey Chetham's will, a "Library within the Town of Manchester, for the use of scholars, and others well affected, to resort unto". Maintenance and improvement of the School, Library and Hospital premises and the award of allowances and other financial assistance.

Classification

- **How:** Makes Grants To Individuals, Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training, Arts/culture/heritage/science, Environment/conservation/heritage
- **Who:** Children/young People, The General Public/mankind

Geography

- Manchester City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£13,943,451	£15,769,526	£45,651,145	339
2023-08-31	£12,303,043	£13,616,184	£46,887,372	338
2022-08-31	£13,262,812	£12,557,654	£48,463,662	343
2021-08-31	£11,901,122	£12,100,340	£48,683,441	314
2020-08-31	£12,361,310	£11,285,477	£47,141,734	345
2019-08-31	£10,679,049	£11,705,909	£45,928,990	354

Trustees

Name	Role	Appointed
Andrew Nicholas Gregory		2026-06-08
CAROLYN BAXENDALE		2015-01-01
Canon Dr IAN HERBERT JORYSZ		2024-09-09
Dr John Richard Hodgson		2025-11-03
Elaine Victoria Halstead		2021-09-28
Harry Ralph Ross		2015-02-01
Jane Healey Brown		2025-03-17
Jonathan Philip Langridge		2021-02-10
Linton Wesley Stephens		2021-09-28
MALCOLM EDGE		2011-05-26
Mary Olive Corran		2023-09-20
Neil Campbell MacInnes		2021-06-23
Nigel Graham Shepherd		2018-09-25
Prof Bernadette Brennan		2016-01-26
Professor Linda Joyce Merrick		2023-06-27
Robert Websdale		2023-07-03
Sandra Pike		2024-09-09
THE RT. HON THE EARL OF DERBY DL		
The Very Revd Rogers Govender		
Tim Arthur Ernest News		2021-02-10
VANESSA GOLDSTONE		2021-02-10
Valerie Jane Torevell		2021-02-10

Linked charities

- THE MICHAEL ABRAHAM PIANO PRIZE FOR SIGHT READING (526702-1)
- BANNICKEL PRIZE (526702-10)
- LAWSON PRIZE (526702-11)
- MRS CRICKETTS LEGACY (526702-12)
- BOUTFLOWER PRIZE (526702-13)
- DRANE MEMORIAL PRIZE (526702-14)
- DEARDEN PRIZE (526702-15)
- LESLIE CHESTER PRIZE (526702-16)
- DENNIS N MIDWOOD PRIZES FOR KEYBOARD MUSIC STRING MUSIC AND WIND MUSIC (526702-17)
- THE BURNEY FUND (526702-18)
- THE CHETHAM HOSPITAL DEVELOPMENT FUND (526702-19)
- FRANCIS WILLINK MEMORIAL PRIZE (526702-2)
- IDA CARROLL PRIZE FOR A PUPIL OF A DOUBLE BASS (526702-20)
- LIBRARY INVESTMENT FUND (526702-21)
- THE MCCABE PRIZE (526702-22)
- THE MOZART PRIZE (526702-23)
- THE PENRY AWARD FOR PUBLIC SPEAKING (526702-24)
- MELLOR ENDOWMENT FUND (526702-3)
- AMY WATSON SCHOLARSHIP FUND (526702-4)
- J H TAYLOR PRIZE FOR PUBLIC SPIRIT (526702-5)
- LESLIE VALENTINE MEMORIAL PRIZE (526702-6)
- C F WALTON-BERRY SCHOLARSHIP FUND (526702-7)
- ROBERT HOLT FUND (526702-8)
- RYLANDS PRIZE (526702-9)

CHETHAM'S HOSPITAL SCHOOL AND LIBRARY

England & Wales - Charity number 526702

Accounts

**THE HOSPITAL AND LIBRARY IN MANCHESTER
FOUNDED BY HUMPHREY CHETHAM ESQ
AND INCORPORATED BY KING CHARLES II**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2024

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
ANNUAL REPORT OF THE FEOFFEES
For the year ended 31 August 2024**

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ANNUAL REPORT OF THE FEOFFEES
For the year ended 31 August 2024**

The Foffees and School Governing Body present their annual report for the year ended 31 August 2024 under the Charities Act 2011, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Act, the Charity Commission Scheme dated 27 May 1952 and amended Scheme dated 22 October 1969 and the Charities SORP 2015.

Reference and administrative details

The Foffees who served during the year and up to the date of signing the accounts were as follows:

P.A. Lee, Esq.	(Chairman)
H. Ross, Esq.	(Vice Chairman)
Mrs. V. Torevell	(Treasurer)
M. Edge, Esq.	
The Rt. Hon. The Earl of Derby	
Mrs V. Goldstone	
The Very Reverend R. Govender	
Dr. D. Hill	(resigned 23 August 2025)
J. Langridge, Esq.	
N. MacInnes, Esq.	
Prof. L. Merrick	(resigned 17 March 2025)
T. News, Esq.	
R. Websdale	
J, Healey-Brown	(appointed 17 March 2025)
Dr. J Hodgson	(appointed 3 November 2025)

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School Governing Body

Under the terms of the Charity Commission Scheme, there is a School Governing Body managing the School of the Foundation, which, when complete, comprises nineteen members.

Those who served during the year and up to the date of signing the accounts were as follows:

M. Edge, Esq.	(Chair and Treasurer)
Ms. S. Barnes	(Resigned 3 November 2023)
Mrs. C. Baxendale	
Prof. B. Brennan	(Appointed by the School Governing Body)
Councillor J. Davies	(Resigned 16 April 2025)
Mrs. E. Halstead	
K. Jaquiss, Esq.	(Resigned 8 May 2025)
Prof. L. Merrick	(Appointed by the School Governing Body)
L. Pratt, Esq.	(Resigned 27 February 2026)
H. Ross, Esq.	
Ms. K. Russell	
N. Shepherd, Esq.	
L. Stephens, Esq.	
Canon M. Wall	(Resigned 29 January 2024)
Dr. S. Zhi	(Resigned 19 April 2024)
M. Corran	
Mrs V. Torevell	(Resigned 20 May 2025)
Cannon I. Jorysz	(Appointed 9 September 2024)
Mrs S Pike	(Appointed 9 September 2024)
A. Henderson, Esq	(Appointed 10 December 2025)

Library Committee

Those who served on the Library Committee during the year and up to the date of signing the accounts were as follows:

Mrs V. Goldstone	(Chair)
N. Barker, Esq.	
Professor M. Schmidt	
Dr J. Hodgson	
N. MacInnes, Esq.	
Dr. R. Oates	
Mrs C. Paynton	(Resigned September 2023)
N. Brooks-Sykes, Esq.	(Resigned November 2024)
Professor S. Handley	(Appointed November 2024)
Mr R. Johns, Esq.	(Appointed November 2024)
Ms M. McHugh	(Appointed November 2024)
Ms L. Evans	(Appointed November 2024)
Dr. L. Champion	(Appointed November 2024)
Mr C. Norwood	(Appointed November 2024)
Ms A. Ada Ogolo	(Appointed November 2024)

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Officers

Joint Principal	T. Redmond, Esq.
Joint Principal	Ms. N. Smith
Director of Finance	Mr. A. Ross (Resigned August 2024)
	Mr P. Oberg (Appointed August 2024)
The Librarian	Dr J.F. Wilde (Retired May 2024)
	Ms J. Simpson (Appointed May 2024)
The Clerk to the Feoffees	J. Aldersley, Esq.

Principal Office Address

Chetham's Hospital School and Library
Long Millgate
Manchester
M3 1SB

Advisers

Bankers

National Westminster Bank plc
182 Deansgate
Manchester
M3 3LY

Solicitors

Butcher & Barlow LLP
3 Royal Mews
Gadbrook Park
Northwich
Cheshire
CW9 7UD

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Auditors of the Charitable Foundation

Crowe U.K. LLP
3rd Floor
St George's House
56 Peter Street
Manchester
M2 3NQ

Investment Managers

Rathbone Brothers PLC
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

Insurance Brokers

Marsh Commercial
Kabel House
15 Quay Street
Manchester
M3 3HN

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Structure, governance and management

Governing document and structure

The full name of this charitable foundation is “The Hospital and Library in Manchester founded by Humphrey Chetham, Esq. and Incorporated by King Charles II” (Registered Charity Number 526702).

The Foundation, including the School, is regulated by a Charity Commission Scheme dated 27 May 1952, and amended by a Scheme dated 22 October 1969.

Chetham’s Hospital, Chetham’s School of Music and Chetham’s Library are separate charities but are registered under one Charity Number, following a Uniting Direction issued by the Charities Commission in 2004 for registration and accounting purposes.

The Trustees of the Hospital and Library charities, who are known as the Feoffees, are a Body Corporate, pursuant to Letters Patent of King Charles II, dated 10 November 1665.

Chetham’s Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham’s Hospital.

Chetham’s Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham’s School of Music.

Governing bodies

The Feoffees are the governing body of the Hospital and Library charities. The School Governing Body of Chetham’s School of Music is the governing body of the School. The Library Committee acts as the management committee of the Library charity and approval for that Committee’s recommendations is given by the Feoffees.

Recruitment and training

Chetham’s Hospital

Feoffees are appointed under the terms of the Will of Humphrey Chetham. The Chairman, Vice Chairman and Treasurer are elected annually.

The term of office is 5 years and Feoffees may be re-elected.

New Feoffees are chosen from a wide variety of academic and business backgrounds to ensure that the essential level of knowledge and experience is maintained and they are inducted into the working of the Hospital on appointment. Continuing training for existing Feoffees is arranged on an on-going basis as necessary.

Chetham’s School of Music

The appointment of members of the School Governing Body is confirmed by the Feoffees except where otherwise stated. The term of office is three years. All members may be re-elected.

New Governing Body members are chosen from a wide variety of academic, musical and business backgrounds and are inducted into the workings of the School by the Joint Principals. Safer recruitment procedures are followed for all School Governors including DBS checks. Continuing training for existing members is organised on an on-going basis as necessary. At each meeting of the Governing Body the opportunity is taken to update members on various aspects of School life and current educational issues. The School’s Designated Safeguarding Lead and Joint Principal provide safeguarding training to all trustees annually.

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Chetham's Library

New members of the Library Committee are selected by the Library Committee and their appointments are confirmed by the Feoffees. Members serve for a three year period with the opportunity for re-election at the end of that time if appropriate. New members are chosen from a wide variety of academic and business backgrounds and are inducted into the workings of the Library by Chetham's Librarian who also arranges for ongoing training for existing members as necessary.

Organisational management

The Feoffees are legally responsible for the overall management and control of Chetham's Hospital and of Chetham's Library. The Feoffees meet formally at least twice a year. The Investment Sub-Committee oversees the investment portfolio and works with the Investment Managers.

The day to day running of Chetham's Hospital is delegated to the Joint Principals in collaboration with the Finance Director (financial matters) and the Facilities and Site Manager (for building matters).

The day to day running of Chetham's Library is delegated to the Library Committee and to the Librarian.

The School Governing Body is legally responsible for the overall management and control of the School. The Governing Body meets formally at least three times a year. There are three sub-committees of the Governing Body, the Resources Committee, the Safeguarding Committee, and the International Opportunities Committee. In addition, a governor is on the School's Health and Safety Committee.

The day to day running of the School is delegated to the two Joint Principals.

The Remuneration Sub-Committee sets the remuneration packages for the Joint Principals and Director of Finance. The remuneration package of the Librarian is set by the Feoffees. Remuneration packages are informally benchmarked against comparable organisations' pay structures.

Principal risks and uncertainties

The Feoffees and the School Governing Body are responsible for the management of the risks faced by the Hospital, School and Library. Detailed considerations of risk are delegated to the Joint Principals, Librarian and Director of Finance and to the Resources Committee which identifies and assesses risks and establishes controls throughout the year.

The Feoffees deem the major risk faced by the Hospital to be the risk that fundraising achievements are insufficient to provide the necessary resources to properly maintain the buildings and resource the activities to which the organisation has committed. The Development Department is monitored on an on-going basis directly by the Feoffees and its reports are scrutinized closely at their regular meetings.

The School Governing Body maintains a comprehensive risk register. Key risks include the impact of a change in the Music and Dance Scheme which is the major source of ongoing fee income for the School, reputational damage, safeguarding and health and safety risks. All of these risks are mitigated by careful planning, thorough checks and reviews being in place and regular monitoring by senior staff and Governors.

The Feoffees deem the major risk to the Library is its financial sustainability. Whilst the Hospital charity is in a position to financially support the Library on an ongoing basis, the Library staff, Feoffees and Library Committee members are committed to sourcing alternative financial resources to provide a sustainable future for the Library.

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The key controls used by the Foundation include:

- formal agendas for the Committee meetings;
- detailed terms of reference for all Committees;
- comprehensive budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Foundation the Feoffees and School Governors are satisfied that the major risks have been adequately managed. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Objects, aims, objectives and activities

Charitable objects

The Feoffees are required, under the terms of the Charity Commission Scheme, to apply the annual income of the Hospital to the maintenance and improvement of the School, Library and Hospital premises, including provisions for extension and improvement of those premises and purchase of additional land and in the payment of grants and allowances and the award, inter alia, of scholarships, maintenance allowances and other financial assistance.

The object of the School is to give a liberal education with due regard to the theory and practice of music.

The object of the Library is to provide, under the Will of Humphrey Chetham, "A Library within the Town of Manchester, for the use of scholars, and others well affected, to resort unto".

Public benefit aims and intended impact

The Public Benefit aims of the Hospital are to provide the optimum resources to enable Chetham's Library and Chetham's School of Music to excel in their respective fields of expertise and to facilitate wide public access to the services offered by both entities. The Feoffees and School Governors have had regard to the Charity Commissions guidance on Public Benefit.

The Public Benefit aims of the School are as follows:

- To educate musically gifted children between the ages of 8 and 18 whatever their social, racial and cultural background and financial circumstances;
- To provide as broad an academic curriculum as is possible within a specialist school; and
- To develop the whole person, furthering the spiritual, moral, social and cultural development of each student.

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The Public Benefit aims of the Library are to maintain the provisions of the Humphrey Chetham Will, and to make improvements to the Library whenever possible. It aims to advance the education of the public by the provision of opportunities to study historical and contemporary literature, specialising in the history of the North West of England.

Objectives for the year

The overarching objective has been to ensure that the charities and the services provided to beneficiaries are maintained at the highest possible level.

The major objective for the Hospital this year has been to continue to fulfil its stated aims of supporting the Library and School.

The main objectives of the School were as follows:

- To ensure that the School's Safeguarding Policy and practices are exemplary and fulfil all regulatory and statutory requirements.
- To continue to achieve consistently high results in musical and academic fields.
- Working with the Feoffees to create a Master plan for the site to reduce our carbon footprint whilst developing the further Long Millgate external area, the Whiteley Hall refurbishment and the School Gym.
- To continue to provide opportunities to the public via the Stoller Hall, the Creative Engagement Programme and Music Courses widening access to the School.

The major objective for the Library this year has been to continue to fulfil its stated aims of the provision of a Library. Fundraising has been prioritised to help to ensure the Library's activities are sustainable.

Strategies to achieve the year's objectives

The strategies used to achieve the Hospital's objective this year include continuing to raise the necessary funding to cover the funding gaps incurred during the on-going Site Development Project.

The School's strategies included:

- The School's Safeguarding Committee monitors safeguarding matters at each of its meetings. The Safeguarding Policy is updated and reviewed at least annually by the School and Governors. This is overseen by the Independent Safeguarding Commission. The School was also inspected in April 2024 and was found to be compliant in all areas of safeguarding.
- Continuing to employ and invest in the best possible staff in all departments in the School.
- Providing opportunities for Chetham's students and the public to participate in high quality events including masterclasses, recitals, orchestral concerts and numerous specialist teacher and student days throughout the year.
- Major works have been completed on the Long Millgate pavement areas to improve the down light into the Gym, whilst reducing fire risk. The Master plan was created with a vision to make the site more environmentally sustainable, whilst also looking at areas to improve over the next few years.
- Refurbishment of the Whiteley Hall is due to be completed in 2025. This has taken three years from the initial fire, through to this point due to the various complexities of a Grade II listed building and conservation requirements.
- Identifying and working with potential providers of Bursary funding.

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Principal activities of the year

The principal activities of the Hospital were the provision of premises to house the School and Library and associated activities, together with the awarding of grants to students of the School.

The principal activity of the School was the provision of a musical and academic education to young people between the ages of 8 and 18. The School also provides an extensive outreach programme to encourage wider community access to the excellent teaching resources of the School.

The principal activity of the Library was the provision of a library and associated activities.

Foundation buildings

Under the Will of Humphrey Chetham who died in 1653, College House was purchased for the foundation of a hospital (school) and a library. The accounts of the Foundation do not incorporate any value of College House.

The value of land and buildings shown in the financial statements is the purchase price of the Millgate Building, and the construction costs of New College House, the Millgate extension, the New School Building, the conversion costs for the Nicholls Building re-development, the construction costs of the Stoller Hall and of the redevelopment of the boys' boarding accommodation in the Millgate Building, all net of depreciation where relevant, together with the purchase price of the parcel of land at Walkers Croft. The buildings are insured for £162 million on a rebuilding basis.

The Hospital is responsible for the external repair and maintenance of the Foundation buildings, and the costs are charged to its annual accounts as incurred. The School and Library pay for internal repairs and maintenance within their own respective accounts.

Grant making policy

The Feoffees make awards on the basis of an individual's financial position. Any particular conditions imposed by donors are taken into account when making awards.

Any grant from the Instrument Fund is given to parents in support of their requests for assistance in buying instruments for their children. The parents usually have to contribute to any purchase. This year, the value of awards made by the Hospital to the School's students was £nil (2023 - £5,050).

Around 80% of the students at Chetham's are eligible for means-tested support through the Music and Dance Aided Pupil Scheme, funded by the Department for Education (DfE). This Scheme ensures that families are only asked to contribute towards the fees of the School at a level that they can afford. For a number of reasons, usually because the Scheme is primarily for UK residents, a small number of students are not eligible for financial support through the DfE scheme. A significant part of the School's activities is the provision of Bursaries to these students, to facilitate the widening of access to the School. Bursaries can be awarded from both unrestricted and restricted funds and awards are based on the School's assessment of financial need. Detailed means testing is carried out by the School to ensure that its funds are directed towards those who would otherwise not be able to afford to come to Chetham's. This year the School contributed £617,592 (2023 - £634,364) from Restricted Funds to support students financially. The amount contributed each year varies according to specific need in each particular year.

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Review of achievements and performance for the year

Review of activities

Chetham's Hospital

The major activity of the Hospital during the year has been to increase public access to the medieval estate by the opening of the South Entrance to the site, therefore enabling a more open visitor attraction to the Library and College House. Plans have been made for the separation of the School site from the Visitor Attraction areas, and for significantly upgrading the Waterhouse Building, which in due course will become a major part of the visitor experience. The Feoffees have worked closely with a variety of partners and neighbours with the aim of enhancing the exciting and unique experience for tourists and other visitors. This part of the Site Development Project is subject to the securing of the necessary funding.

Safeguarding matters were also at the forefront of activities, supporting the School in ensuring that systems were effective.

Chetham's School of Music

At the start of the year there were 333 students on roll, compared to 331 the previous year. This number includes 8 Choristers, as the School acts as the Choir School for Manchester Cathedral. There were 183 girls and 150 boys, with 117 students in the 6th Form, 174 in Years 7 to 11 and 42 Juniors. Most (60%) students are boarders, with the remainder living within commuting distance of the School.

The School admits students solely on the basis of musical ability and applicants are rigorously auditioned for selection. For entry in September 2023 there were 133 applications and 125 auditions with 86 children successfully joining the School. In addition the School carries out many free advice auditions where children who may be considering applying to the School are given professional feedback on their playing and musical ability.

A total of 263 places at the School are funded each year by the Department for Education under the Government-funded Music and Dance Schools (MDS) Aided Pupils Scheme. This Scheme allows for means testing with fee remission for eligible families. The School also provides substantial Bursary funding for exceptionally talented students who are not eligible for the MDS Scheme, and for other families who may be suffering financial hardship. The average award this year was £14,036 (2023 - £9,612), providing support to a total of 44 (2023 – 66) students. The number of students who are helped financially varies each year according to need. Chorister places at Chetham's are also significantly supported by the School as the fees for Choristers are discounted by over 60%. The School aims to help as many students as it can in this way as it believes that the musical education that it provides benefits the public as well as the individuals concerned.

Education is a public benefit in its own right. As well as providing an exemplary level of music education, the academic results of the School continue to be excellent. A level results were excellent with a 100% pass rate and 68% of the candidates receiving A* to B grades. Results at GCSE level were also pleasing with 96% at 9-4 grades and 65% of those at 7-9. Education at the level provided by the School in Music and other subjects to such a high standard provides not only world class musicians of the future but rounded individuals who have the choice of where their future lives may lead.

Destinations of the Year 13 Leavers continue to be varied. Nearly 74% of the leavers were offered places with scholarships to read Music at university, music college or conservatoire, and the most popular destinations were the Royal College of Music, Royal Academy of Music, Royal Northern College of Music, Guildhall and Cambridge. Other (non-Music) destinations included King's College Cambridge, St Hilda's Oxford, and Swansea University for subjects such as Computing and Mathematics.

There were three Music Course weeks for students at the School covering music from lesser known composers through to more well known. The School has been on a journey to encourage and play more diverse music or music from a diverse range of composers. Masterclasses have been led by a wider range of artists and musicians.

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The year started Welsh National Opera, Play Opera Live toured venues in Cardiff, Llandudno, Birmingham, Plymouth and Bristol and featured as part of WNO's main season. It was the perfect way to embark on our two-year opera project that will culminate in Summer 2025. In October we welcomed Karen Ni Bhroin to conduct CSO in our first Music Course of the academic year. Shostakovich's 5th Symphony sat alongside music by Tom Coult, Anne Marie O Farrell and Arutunian. This course also saw Karen and Chetham's Symphony Orchestra (CSO) visit the CoOp Academy in Blackley, Manchester where they performed for around 1000 young people who hadn't ever heard a symphony orchestra before, let alone Shostakovich. Chetham's Philharmonic Orchestra (CPO) presented a programme of Purcell, Bizet, Holmés, Williams and Haydn. Saxophone Choir played music by Elgar and Gershwin.

November saw six students and four members of staff invited to China as guests of the Consul General in Manchester to visit the Central Conservatory of Music in Beijing and Shanghai Conservatoire, staff delivered masterclasses and lectures as part of this enriching and eye-opening cultural exchange.

In December with a series of sold-out schools and family concerts featuring Prokofiev's Peter and the Wolf conducted by Maria Barbosa Aristizabal with narrator Carla Henry. Christmas Music was particularly special this year as we said farewell to David Chatterton who retired after 40 years working at Chetham's. An ensemble of brass and percussion alumni, staff and students added an extra dimension to the service which featured music by Strauss and Benjamin Ellin alongside Darius Battiwalla's rousing arrangement of O Holy Night. As the majority of the school started to rest and recharge for Christmas, our Choristers started to work even harder as they prepared for a live television broadcast on Christmas Day.

In the first week of the new year, we were joined by students and staff from Barratt Due Institute of Music, the specialist music school in Oslo, with which we've enjoyed a long and inspiring exchange programme. Wind, Brass and String players visited Oslo later in the year and performed side by side in chamber groups and ensembles that had a strong focus on improvisation. String players worked with our jazz violin tutor, Dom Ingham, who wrote a new piece for the project while wind and brass players were coached by trumpeter Gary Farr.

Our percussionists played a significant part in the Hallé's Steve Reich Festival. Curated by percussionist Colin Currie, this weekend consisted of multiple performances across the city.

Stoller Hall hosted the inaugural Manchester Harp Festival, a weekend that saw many of the great harpists of the world visit our school and venues. As well as solo performances and a competition, there was also a Harp Academy, led by Huw Boucher. We started running Academy days after Covid as a way to help inspire young musicians, both our own and guests from across the UK. Led by Chetham's staff and guest tutors (many of whom are alumni), academy days give us a chance to open our doors to young musicians from across the country who may not otherwise be able to access the musical education and opportunities that Chetham's has to offer.

February Music Course was soon upon us with guest conductor Elizabeth Vergara Gallego arriving from Columbia to conduct CSO in music from South and North America, Italy and Finland. Opening with Margaret Brouwer's Sizzle, we then heard Ginastera's Suite de la Estancia before the first half closed as soloist in Respighi's Aretusa. The rousing finale of Sibelius' 2nd Symphony became the triumphant soundtrack to a much needed half term break! Once again CPO performed repertoire that mirrored that of CSO, a performance of Haydn's Oboe Concerto, we heard Sibelius' Finlandia, Narayanan's Drifting Tides and Marquez Danzon no 2. Violetta performed an incredibly diverse programme that covered a traditional German folk song (inspired by a workshop with the Danish String Quartet) to music by Gustav Holst and Lady Gaga!

Shortly after half term our guitarists took over two lunchtime concerts in which they performed all the etudes of Leo Brouwer, alongside other selected works.

Easter was heralded in with two very special performances, Millgate Street and Founder's Day. Millgate Street was a set of opera scenes drawn together with a soap opera narrative. Vocal students worked with director Genevieve Raghu to create this two-hour drama based on well-known arias and choruses alongside original music composed for the production. Founder's Day saw each musical department being represented in the service in Manchester Cathedral. A brass fanfare by Dani Howard accompanied the procession of the Feoffees to the statue of Humphrey Chetham; a string interlude came from our Sixth Form cello quartet playing March by Klengel; wind and piano were featured with a movement of Poulenc's Sextet and our vocal consort performed Bruckner's Locus Iste. The Stoller Organ was played magnificently for us on the way in and out of the Cathedral.

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
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For the year ended 31 August 2024**

As was the case at Christmas, as the rest of the school returned home the Choristers continued, their performance of Bach's St Matthew's Passion with Manchester Baroque received great praise from all that heard it.

As we returned from the Easter break, our large-scale activities started to slow down to create space for revision and exam preparation, however we were delighted to be able find time to work with Foden's Brass Band to record a previously unrecorded work by Sir Malcolm Arnold. His Song of Freedom was written in the early 1970s and will be part of a CD being released by Foden's in conjunction with the Malcolm Arnold Society. Once the Foden's recording was complete, the stage was reset for our Symphonic Big Band concert. The Composers' Concerts that take place each term are some of the most exciting events in the school calendar in which new music is brought to life with such commitment and enthusiasm. The feeling of collaboration and support from both performers and audience is a powerful reminder of the extraordinary creativity of our students and staff.

During the year Chetham's investments were adversely affected by the stock market decline, and at the year end Investments totalled £10,846,463. Debtors were considerably increased at the year end as the final payment from the Estate of the late Mr A Chesters was received just after the year end.

Chetham's Library

Chetham's Library is widely recognised as the oldest surviving public library in the English speaking world, remaining in continuous use from its foundation in 1655 to the present day. It forms a resource that has few parallels, being a major research library, heritage complex and arts organisation. Its significance has been recognized by Arts Council England through designation of its collection as being of national and international importance.

Dr Fergus Wilde retired as Librarian in May 2024. He was originally appointed as Assistant Librarian in 1997 and became Librarian after Michael Powell's untimely passing in 2019. He contributed enormously to the development of the Library in that time especially shepherding it into the 21st century with cataloguing and digitisation. Julianne Simpson took up the post of Librarian in May 2024.

The Library was grateful to receive various grants and donations during the year. It was awarded £10,000 from the Pilgrim Trust for cleaning of books in the historic library presses. The work was completed in February 2024 with external contractors Max Communications. Library staff are continuing the cleaning with the support of volunteers. Funding from the Friends of the Nations Libraries has enabled the Library to acquire an early 18th century fob seal with the Chetham coat of arms. In May 2024 the Library received a generous bequest of £110,000 from the estate of Professor David Blamires who had been a long time supporter and collaborator with the Library.

Since reopening after Covid lockdowns the Library has established daily public tours, supported by volunteer guides. These have since been extended to six days per week and are now the main source of income for the Library. There continues to be a wide range of activities during the year. From July to September 2024 the Library hosted an exhibition "A Royal Tudor Bed and a Northern Rogue". This stems from a partnership with Dr Peter Lindfield, previously at MMU and now at Cardiff University investigating the work of George Shaw, Victorian architect, antiquarian and forger. The exhibition focused on the original marriage bed of Henry VII and Elizabeth of York and also included other 19th century pieces by Shaw. There was also a series of talks which were very well attended.

Fundraising for the Library's work continues. The Patrons of Chetham's Library scheme raised £247 this year (2023: £247).

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Fundraising performance against objectives

During the year £1,037,901 (2023: £747,643) was donated or bequeathed to the Foundation. The Feoffees and School Governing Body have set general targets for the Development Department, both for unrestricted and restricted income and consider that the year's results are more than satisfactory in the circumstances.

Chetham's is registered with the Fundraising Regulator and is committed to delivering the Fundraising Promise, as outlined on the Fundraising Regulator's website, and the high standards set for fundraising, as outlined in the Regulator's Code of Fundraising.

Investment performance against objectives

The investment powers of the Foundation are subject to statutory provisions, in particular the Trustees Investments Act 2000.

The policy is to maintain income whilst preserving the real value of endowed investments and to maximise income on temporarily invested funds.

Rathbone Brothers PLC acting as Investment Managers have discretionary powers to manage the portfolio and their performance is monitored on a regular basis against agreed benchmarks by the Investment Sub-Committee. The Feoffees and School Governing Body consider that the year's results are satisfactory.

The Foundation's annualized total return on investment assets was a gain of £843,114 (2023: £18,522).

Investment income in the Hospital increased during the year to £33,979 (2023 - £14,026) and realised losses were £84,678 (2023 of £6,365).

Investment income in the School decreased during the year to £140,349 (2023 - £179,384) and realised investment losses were £413,353 (2023 - £37,951).

Investment income in the Library decreased during the year to £78,938 (2023 - £88,261) and realised investment gains were £32,473 (2023 - losses of £28,664).

Financial Review

The Foundation recorded an overall deficit on unrestricted funds of 1,038,089 (2023 - £685,910) and its total Unrestricted Funds now stand at £9,224,093 (2023 - £10,262,182).

The Hospital recorded a surplus on unrestricted funds for the year of £363,919 (2023 - £93,511) and its total Unrestricted Funds now stand at £2,809,907 (2023 - £2,445,988). This includes a deficit of £228,907 (2023 - £228,907) in Designated Funds.

The School recorded a deficit on unrestricted funds for the year of £1,405,381 (2023 - £722,085) and its total Unrestricted Funds now stand at £6,077,712 (2023 - £7,483,093). This includes £1,195,783 (2023 - £862,387) which is designated for a variety of specific purposes.

The Library recorded a surplus on unrestricted funds for the year of £3,373 (2023 - deficit of £57,336) and its total Unrestricted Funds now stand at £336,474 (2023 - £333,101). This includes £110,000 (2023 - £ nil) in Designated Funds.

Going concern

The Department for Education continues to support the school through the Music and Dance Scheme. Student places are oversubscribed and visitors to the Library and Stoller Hall continue to increase. The Feoffees and School Governors do not consider that there are any issues for the organisation as a going concern.

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Reserves policy

Introduction

Notes 16 to 19 of the financial statements set out an analysis of the assets attributable to the various Funds together with a description of the major components of those Funds. These assets are sufficient to meet the financial obligations on a fund by fund basis.

The Hospital "which owns the buildings" is primarily dependent on rent from the School for its income. The Feoffees aim to increase the balance of free reserves each year, to bring the level up to an amount felt to be appropriate in the circumstances. At the present time, the Feoffees' target for free reserves for the Hospital is equivalent to around a year's expenditure.

It is the policy of the School Governing Body to increase reserves each year when there is no call on the reserves to cover unexpected costs. The Governing Body's aim is to bring the level of reserves to a higher level than at present to safeguard against income deterioration or unexpected costs.

The Feoffees and Library Committee aim to ensure that the free reserves of the Library cover approximately one year's expenditure.

Review of policies

These policies will be reviewed every three years by the Treasurer and Director of Finance and brought to the attention of the Feoffees and the School and Library Committees as part of the review of all policies. These policies were reviewed by the Resources Committee in December 2024.

Level of Reserves

Unrestricted reserves of the Foundation held at 31 August 2024 were £9,224,093 (2023 - £10,262,182) of which £1,076,876 (2023 - £633,480) is designated for specific purposes.

The unrestricted reserves are substantially invested in the tangible fixed assets of the Foundation. In the year to 31 August 2024 the surplus on free reserves decreased to £8,147,217 (2023 - £9,628,702).

Restricted reserves of the Foundation were £32,810,998 (2023: £33,392,729). Of this balance £28,806,947 (2023: £29,570,301) is represented by fixed assets.

Hospital

Free reserves of the Hospital are £3,038,814 (2023 - £2,674,895).

Restricted reserves are £27,190,481 (2023: £28,010,021). Two (2023: two) capital project funds are in deficit at the year end by £1,792,751 (2023: £1,806,070) as expenditure has been incurred in advance of income being received for the projects.

School

Free reserves of the School are £4,881,929 (2023 - £6,620,706). At present, the level of reserves is equivalent to around twenty-four weeks' expenditure. The Governors' aim to increase the level of free reserves to at least 9 months' expenditure, which at the current time would be approximately £8.5 million.

Restricted reserves are £5,610,639 (2023: £5,372,968) and are held for a variety of purposes.

Library

Free reserves of the Library are £336,474 (2023 - £333,101). This is just over one year's operating costs and is deemed to be sufficient at present.

Restricted reserves are £9,878 (2023: £9,740) and are held for a variety of purposes.

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Plans for future periods

The Feoffees and School Governing Body aim to support continuation and progression of the excellent work carried out by the staff of the School and Library.

The Site Master Plan will continue as funding allows, with exciting exploratory work into river source heating. The most pressing aim of the Feoffees and Governors is to stabilise the court in Fox Court, improve pipework around Waterhouse Building and to fix the Chimney in Baronial Hall.

Disclosure of information to the auditors

So far as each person who was a Feoffee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Feoffees and the charity's auditors each Feoffee has taken all the steps that he or she is obliged to take as a Feoffee in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Feoffees' responsibilities in respect of the financial statements

Charity law requires the Feoffees to prepare financial statements for each year which give a true and fair view of the charity's financial activities during the year and the financial position at the end of the year. In preparing those financial statements, the Feoffees are required to:

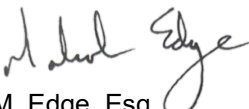
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Feoffees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity. 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.

Approved by the Feoffees on the 2nd of June 2026 and signed on their behalf by:



P. Lee, Esq
Chair of Feoffees



M. Edge, Esq.
Chair of School Governing Body

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**
For the year ended 31 August 2024

Opinion

We have audited the financial statements of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II and its subsidiaries ('the group') for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 August 2024 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Feoffees' 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 or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Feoffees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we have not identified material misstatements in the Feoffees' report.

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

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**
For the year ended 31 August 2024

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Foeffees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Foeffees

As explained more fully in the Foeffees responsibilities statement set out on page 14, the Foeffees 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 Foeffees 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 Foeffees 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 Foeffees 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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation

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

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

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

Use of our report

This report is made solely to the charity's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
St George's House
56 Peter Street
Manchester
M2 3NQ

Date: 3rd June 2026

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
and incorporated by King Charles II**

**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2024**

	<i>Notes</i>	<i>Hospital Funds</i>	<i>School Funds</i>	<i>Library Funds</i>	<i>2024</i>	<i>2023</i>
		£	£	£	£	£
Income from:						
Charitable activities:						
School fees	2	-	10,600,320	-	10,600,320	10,246,512
Ancillary activities	6	972	1,124,353	-	1,125,325	367,163
Other trading activities:						
Activities for generating funds	3	-	817,865	97,356	915,221	639,872
Investments:						
Investment income	4	33,979	140,349	78,938	253,266	299,683
Voluntary sources:						
Bequests and donations	5	50,569	864,060	123,272	1,037,901	747,643
Grants received		-	11,418	-	11,418	2,170
Total incoming resources		85,520	13,558,365	299,566	13,943,451	12,303,043
Expenditure on:						
Raising funds:						
Fundraising		-	231,285	-	231,285	148,721
Publicity		-	60,281	-	60,281	118,083
Conference, facility hire and trading costs		2,824	835,035	-	837,859	505,330
Financing costs		102,664	25,466	-	128,130	113,120
Investment management costs		4,500	37,700	16,420	58,620	48,333
		109,988	1,189,767	16,420	1,316,175	933,587
Charitable activities:						
Teaching costs – academic		-	2,369,482	-	2,369,482	2,141,324
Teaching costs – music		-	4,419,713	-	4,419,713	4,241,419
Welfare		-	2,067,341	-	2,067,341	1,784,120
Premises		994,747	3,615,174	-	4,609,921	3,513,791
Scholarships and Bursaries		-	619,160	-	619,160	634,364
Grants, awards and prizes		-	8,600	-	8,600	22,542
Library running costs		-	-	214,616	214,616	226,835
Support and Governance costs		2,995	139,022	2,501	144,518	118,202
		997,742	13,238,492	217,117	14,453,351	12,682,597
Total resources expended	9	1,107,730	14,428,259	233,537	15,769,526	13,616,184
Net income/(expenditure)		(1,022,210)	(869,894)	66,029	(1,826,075)	(1,313,141)
Transfer between funds	10	627,000	(627,000)	-	-	-
Realised		(84,678)	(413,353)	32,473	(465,558)	(72,980)
Unrealised		126,959	742,537	185,910	1,055,406	(190,169)
Net movement in funds		(352,929)	(1,167,710)	284,412	(1,236,227)	(1,576,290)
Fund balances at 1 September 2023		31,185,260	12,856,061	2,846,051	46,887,372	48,463,662
Fund balances at 31 August 2024		30,832,331	11,688,351	3,130,463	45,651,145	46,887,372

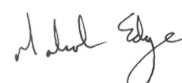
**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
and incorporated by King Charles II
BALANCE SHEET
As at 31 August 2024**

	<i>Note</i>	<i>2024</i> £	<i>2023</i> £
Fixed assets			
Heritage assets	11	115,000	115,000
Tangible fixed assets	11	32,640,041	33,403,593
Investments	12	<u>10,910,767</u>	<u>9,978,326</u>
		43,665,808	43,496,919
Current assets			
Stock		7,082	-
Debtors - fees		650,233	366,242
- other debtors and prepayments	13	154,391	469,908
Cash at bank and in hand		<u>4,123,892</u>	<u>7,362,592</u>
		4,935,598	8,198,742
Creditors: amounts falling due within one year	14	<u>(1,622,160)</u>	<u>(3,347,469)</u>
Net current assets		<u>3,313,438</u>	<u>4,851,273</u>
Total assets less current liabilities		46,979,246	48,348,192
Creditors: amounts falling due after more than one year	15	<u>(1,328,101)</u>	<u>(1,460,820)</u>
Total net assets	16	<u>45,651,145</u>	<u>46,887,372</u>
Endowment funds			
	17	3,616,054	3,232,461
Restricted funds			
	18	32,810,998	33,392,729
Unrestricted funds			
	19	<u>9,224,093</u>	<u>10,262,182</u>
Total funds		<u>45,651,145</u>	<u>46,887,372</u>
Hospital funds			
		30,832,331	31,185,260
School funds			
		11,688,351	12,856,061
Library funds			
		<u>3,130,463</u>	<u>2,846,051</u>
Total funds	16	<u>45,651,145</u>	<u>46,887,372</u>

The financial statements were approved and authorised for issue by the Feoffees on 2nd June 2026 and signed on their behalf by:



P. A. Lee, Esq.
Chair of Feoffees



M. Edge, Esq
Chair of School Governing Body

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
and incorporated by King Charles II**
CASH FLOW STATEMENT
For the year ended 31 August 2024

	<i>Cash flow statement notes</i>	2024 £	2023 £
Net cash inflow/(outflow) from operations			
<i>Net cash provided by/(used by) operating activities</i>	1	(2,406,051)	724,470
Cash flows from investing activities			
Investment income		253,266	299,683
Payments to purchase buildings and other fixed assets		(490,486)	(939,936)
Payments to acquire investments, including cash awaiting investment		(3,442,730)	(2,403,955)
Receipts from sales of fixed asset investments		2,917,097	2,220,962
Increase in cash held by investment advisors		183,040	190,492
Net cash provided by/(used in) investing activities		<u>(579,813)</u>	<u>(632,754)</u>
Cash flow from financing activities			
Bank loan and interest payable		(128,130)	(113,120)
Bank loan repayments		<u>(124,706)</u>	<u>(156,399)</u>
Net cash used in financing activities		<u>(252,836)</u>	<u>(269,519)</u>
Change in cash and cash equivalents in the reporting period		(3,238,700)	(177,803)
<i>Cash and cash equivalent at the beginning of the period</i>		<u>7,362,592</u>	<u>7,540,395</u>
<i>Cash and cash equivalent at the end of the period</i>	2	<u>4,123,892</u>	<u>7,362,592</u>

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
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NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 August 2024**

1. Reconciliation of net expenditure to net cash flow from operating activities

	2024 £	2023 £
Net incoming/(outgoing) resources	(1,826,075)	(1,313,141)
Depreciation	1,254,038	1,133,876
Investment income	(253,266)	(299,683)
Bank and loan interest payable	128,130	113,120
(Increase)/Decrease in stock	(7,082)	-
(Increase)/Decrease in debtors	31,526	955,716
Increase/(Decrease) in creditors	(1,733,322)	134,582
Net cash inflow/(outflow) from operating activities	(2,406,051)	724,470

2. Analysis of cash and cash equivalent

	2024 £	2023 £
Cash at bank and in hand	4,082,782	5,818,050
Cash on deposit	41,110	1,544,542
	4,123,892	7,362,592

3. Reconciliation of net debt

	<i>At 1 September 2023 £</i>	<i>Cashflow £</i>	<i>At 31 August 2024 £</i>
Cash at bank and in hand	7,362,592	(3,238,700)	4,123,892
Bank loan due in less than one year	(163,354)	(8,013)	(171,367)
Bank loan due in greater than one year	(1,460,820)	132,719	(1,328,101)
	5,738,418	(3,113,994)	2,624,424

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2024**

1. Statement of accounting policies

Basis of preparation of accounts

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

The Foundation has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The Foundation is a Public Benefit Entity registered as a charity in England and Wales. It is registered as a charity on the Charity Commission website (charity number: 526702).

No material uncertainties that may cast significant doubt about the ability of the Foundation to continue as a going concern have been identified by the Feoffees or School Governing Body.

The Foundation has reviewed its Fundraising Strategy. The focus for the near future is to replenish bursary funds to ensure that funded places can be offered to children in the future, as well as targeting funding to open up the medieval buildings as part of the Visitor Attraction Project.

A significant proportion of fee income for the School is receivable from the Department for Education (DfE) under the Music and Dance Aided Pupil Scheme (MDS). In the current year £7,269,825 was receivable (2023 - £7,146,056). The DfE have provided assurances to the School that they foresee the MDS Scheme being continued in its current form for the foreseeable future.

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2024**

1. **Statement of accounting policies (continued)**

Uniting direction

A Uniting Direction was issued by the Charities Commission on 25 June 2004. This links the Chetham's Hospital, School and Library charitable strands for the purposes of registration and accounting under the Charities Act 1993. The Charity Commission has agreed to the adapted format of the Statement of Financial Activities wherein funds are categorised by component charitable strand rather than by type.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of the Hospital. Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of the School. The results of both subsidiaries are included in the accounts of the relevant charity.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting Bursaries granted by the School, but include contributions received from Restricted Funds towards fees.

Donations and bequests

Donations and bequests received for the general purposes of the Foundation are credited to unrestricted funds. Donations and bequests subject to specific wishes of the benefactors are credited to restricted funds, or to endowment funds where the amount is required to be held as permanent capital.

Donations and bequests are accounted for as and when entitlement arises, the amount can be reliably qualified and the economic benefit to the school is considered probable.

Investment and covenant income

Credit is taken for investment and covenant income, including related taxation, on an accruals basis. The income from COIF Accumulation units is automatically reinvested and this income is not disclosed as such in the accounts because there is a corresponding increase in the valuation of the original subscribed units.

Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer- term liabilities. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the proportions of individuals' time attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also external audit, any legal advice for the Feoffees and School and Library Committees, and all costs of complying with constitutional and statutory requirements, such as the costs of meetings of the Feoffees, the School Governing Body and the Library Committee and of preparing statutory accounts and satisfying public accountability.

Tangible fixed assets and depreciation

The Foundation's Collections and Management Plan, available from Chetham's Librarian upon request, details the Foundation's policy for the acquisition, preservation, management and disposal of its heritage assets.

College House and the Collections are deemed to have indeterminate lives and therefore the Feoffees do not consider it appropriate to charge depreciation.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2024**

1. **Statement of accounting policies (continued)**

College House

The site of Chetham's, on a sandstone outcrop at the confluence of the Rivers Irwell and Irk, has been of strategic importance and occupied since Roman times. College House, in 1421, was the largest building in the medieval town of Manchester. The buildings have been used to house the School since 1653 and are Grade 1 listed.

The Feoffees consider that, owing to the incomparable nature of the buildings, conventional valuation approaches lack sufficient reliability and even if valuations could be obtained, the costs of doing so would be onerous compared with the additional benefits derived by the Foundation and users of the accounts. As a result, no value is reported for this asset in the Balance Sheet.

The Library's Collections

The Library's Collections were started in 1655. From illuminated manuscripts made for kings and queens to the minutiae of personal life – diaries, letters, account books – the Library has a wealth of special items and collections. Chetham's holds over forty medieval manuscripts, including the thirteenth century *Flores Historiarum* of Matthew Paris. The Collections are mainly concerned with the history of the North West of England and include the first ever census of Manchester compiled in 1773-74. There are well over 120,000 printed items, over half of which were published before 1850.

It is considered that obtaining valuations for the vast majority of the Collections would involve disproportionate cost due to the size and diversity of the items and so these assets are therefore not recognised in the Balance Sheet. Significant acquisitions from September 2009 onwards will be reported at cost, where the item is purchased, or if donated, at the current value if it is readily discernible, for example by using a probate value.

The Feoffees will very occasionally approve the disposal of items of the Collections, for example when an item is of doubtful provenance or is a duplicate of an item already in a Collection. Where items that are not recognised as fixed assets are disposed of, the proceeds are reported in the Statement of Financial Activities. Disposal proceeds are also disclosed separately in the notes to the accounts.

The Collections are deemed to have indefinite lives and therefore no depreciation is charged.

Preservation costs

Expenditure which, in the Feoffees' view, is required to preserve or clearly prevent further deterioration of College House or individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

Other assets

The cost of freehold buildings which are not classed as heritage assets is written off by annual instalments over their expected useful lives as follows:

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2024**

1. Statement of accounting policies (continued)

Freehold buildings: 40 - 60 years

The cost of the land acquired in 2008 is not written off but is kept in the accounts as a capital item matched by a restricted Capital Fund as its purchase was funded by a grant from the NWDA for that specific purpose.

Expenditure on instruments, furniture and equipment etc. costing less than £1,000 is written off as an expense in the year incurred.

Depreciation is provided on the cost of tangible fixed assets, to write them down in equal instalments to their estimated residual values based current market prices over their expected useful lives as follows:

Furniture, fittings and equipment:	5 years
Instruments:	3 years

Grants received towards capital expenditure are credited to the appropriate restricted fund upon entitlement thereto; any depreciation of the grant-funded proportion of such fixed assets expenditure is charged to the related restricted fund.

Investments

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Investment management fees are accounted for as incidental costs of the acquisition or disposal where transaction-based. Other management fees are disclosed separately as Resources Expended in the Statement of Financial Activities.

Investment in subsidiaries are valued at cost less provision for impairment.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2024**

1. Statement of accounting policies (continued)

Pension schemes

Contributions are made to the multi-employer defined benefit Teachers' Pension Scheme at rates set by the Scheme Actuary and advised by the Scheme Administrator. Contributions are also made to the Greater Manchester Pension Fund, a multi-employer defined benefit pension scheme, for a small number of non-teaching staff, and also to a money purchase pension scheme for other non-teaching staff. In accordance with FRS 102 all schemes are accounted for as defined contribution schemes and contributions therefore are charged in the Statement of Financial Activities as they become payable.

Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities as they fall due.

Taxation

As a registered charity, the Foundation and its associated funds are not subject to taxation on its surpluses. However, provision is made for corporation tax on any trading profits generated by Chetham's Hall Limited and Chetham's Trading Limited after provision for Gift Aid payment.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

Critical accounting judgements and key sources of estimation uncertainty

In applying the charity's accounting policies, the Feofees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Feofees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The critical accounting judgements that the Feofees have made in the process of applying the charity's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Pension deficit provision

The charity has an obligation to pay deficit funding contributions towards the multi- employer defined benefit pension scheme. This provision is dependent on a number of factors including discount rate, life expectancy and asset valuations. The assumptions reflect historical experience and current trends.
Key sources of estimation uncertainty

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For the year ended 31 August 2024**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining residual values and useful economic lives of property, plant and equipment. The charity depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by the Feofees. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by the Feofees when determining the residual values for plant, machinery and equipment. When determining the residual value, the Feofees aim to assess the amount that the charity would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

2. School fees

	2024 £	2023 £
Gross fees receivable	10,600,320	10,246,512
Less: total Bursaries, grants and allowances	(619,160)	(634,364)
	9,981,160	9,612,148
Scholarships and Bursaries financed from restricted and endowment funds	619,160	634,364
	10,600,320	10,246,512
The total educational awards financed from restricted funds comprise:		
	2024	2023
		£
Scholarships and Bursaries	619,160	634,364
Grants, awards and prizes	8,600	22,542
	627,760	656,906

3. Other trading activities

	2024 £	2023 £
Trading income, summer schools and facility hire	915,221	639,872

Trading income includes £817,865 (2023: £633,954) in relation to Chetham's Trading Limited.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2024**

4. Investment income

	2024 £	2023 £
Income from UK listed investments (gross)	252,138	281,671
Interest on funds deposited on bank reserve accounts	1,128	18,012
	<u>253,266</u>	<u>299,683</u>

5. Bequests and donations

During the year significant bequests and donations were gratefully received from the following:

The Estate of the late P P Essex, the Oglesby Charitable Trust, Mr D Gaskill, Mr & Mrs P & R Jackson, Hulme Trust Estates, LHR Charitable Trust, The Leverhulme Trust and Mr J Langridge. ,
Donations and bequests were also received from many other sources and the Feoffees and School Governors wish to express their sincere gratitude to all donors.

6. Ancillary activities

	2024 £	2023 £
Charitable activities		
Concert income	7,960	29,700
Summer Music School	28,097	74,136
Piano Summer School	306,400	263,327
Sundry income	82,868	-
Insurance claims	700,000	-
	<u>1,125,325</u>	<u>367,163</u>

7. Expenditure

	2024 £	2023 £
Charitable expenditure includes:		
Depreciation of fixed assets	1,254,038	1,133,876
Auditors' remuneration: audit services	38,182	22,320
Operating lease costs	<u>30,659</u>	<u>26,617</u>

The above excludes rent of £627,000 (2023 - £627,000) paid by Chetham's School of Music to Chetham's Hospital which is eliminated by way of transfers between funds (note 10).

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For the year ended 31 August 2024**

8. Employment costs

	2024	2023
	£	£
Wages and salaries	7,006,031	6,218,372
Social security costs	631,217	537,270
Pension contributions	1,122,773	941,624
	<u>8,760,021</u>	<u>7,697,266</u>

The average monthly number of employees in the year was 339 (2023 - 338) of which 164 (2023 – 162) were teaching staff.

The key management personnel comprise the two Joint Principals, the Director of Finance, and Chetham’s Librarian.

The total employment benefits of the key management personnel were £463,317 (2023: £457,641). Total employment benefits include gross salaries, employer’s National Insurance Contributions, employer’s pension contributions, benefits in kind and Class 1A National Insurance Contributions on those benefits in kind.

Neither the Feoffees nor members of the other Foundation Committees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Charities or from any connected organisation during this year or the previous year.

The number of employees whose emoluments exceeded £60,000 was as follows:

	2024	2023
	No.	No.
£60,001 to £70,000	5	4
£70,001 to £80,000	1	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	2	2

Contributions paid in the year for the provision of defined contribution schemes for higher paid employees were £139,299 (2023 - £109,009) and for money purchase pension schemes for higher paid employees were £0 (2023 - £0). There are no (2023 – 0) higher paid employees to whom retirement benefits are accruing under money purchase schemes and 8 (2023 – 6) higher paid employees in defined contribution schemes.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2024**

9. Analysis of total resources expended

	<i>Staff costs</i> £	<i>Other costs</i> £	<i>Depreciation</i> £	<i>Total 2024</i> £	<i>Total 2023</i> £
Cost of generating funds					
Fundraising	184,930	46,355	-	231,285	148,721
Publicity	-	60,281	-	60,281	118,083
Conference, facility hire and trading costs	455,992	381,867	-	837,859	505,330
Financing costs		128,130	-	128,130	113,120
Investment management costs	-	58,620	-	58,620	48,333
	<u>640,922</u>	<u>675,253</u>	<u>-</u>	<u>1,316,175</u>	<u>933,587</u>
Charitable activities					
Teaching costs – academic	2,041,462	328,020	-	2,369,482	2,141,324
Teaching costs - music	4,009,512	410,201	-	4,419,713	4,241,419
Welfare	917,042	1,150,299	-	2,067,341	1,784,120
Premises	961,019	2,394,864	1,254,038	4,609,921	3,513,791
Scholarships & Bursaries	-	619,160	-	619,160	634,364
Grants, awards & prizes	-	8,600	-	8,600	22,542
Library costs	176,132	38,484	-	214,616	226,835
	<u>8,105,167</u>	<u>4,949,628</u>	<u>1,254,038</u>	<u>14,308,833</u>	<u>12,564,395</u>
Governance costs	13,932	130,586	-	144,518	118,202
	<u>8,760,021</u>	<u>5,755,467</u>	<u>1,254,038</u>	<u>15,769,526</u>	<u>13,616,184</u>

Conference and facility hire includes £2,824 (2023: £4,357) in relation to Chetham's Hall Limited and £772,172 (2023: £483,852) in relation to Chetham's Trading Limited.

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9. **Analysis of total resources expended (continued)**

Total resources expended is £1,177,477 (2023 - £1,156,128) in respect of support costs detailed below, that have been allocated to the above expense headings.

	<i>Hospital</i>	<i>School</i>	<i>Library</i>	<i>Total 2024</i>	<i>Total 2023</i>
Support Costs	£	£	£	£	£
Management	-	100,072	176,132	276,204	294,896
Administration	-	355,365	-	355,365	300,599
Recruitment	-	38,239	-	38,239	40,264
Office costs	-	3,481	-	3,481	88,142
IT	-	148,763	-	148,763	153,770
Legal and professional	3,737	181,278	1,909	186,924	66,366
Insurance	80,584	87,485	432	168,501	212,091
	<u>84,321</u>	<u>914,683</u>	<u>178,473</u>	<u>1,177,477</u>	<u>1,156,128</u>

10. **Transfers between funds**

	<i>Unrestricted Funds</i>		<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds</i>
	<i>General</i>	<i>Designated</i>	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Hospital					
Rent from School	627,000	-	-	-	627,000
	<u>627,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>627,000</u>
School					
Rent paid to Hospital	(627,000)	-	-	-	(627,000)
Grants and Other income fund	321,928	-	(321,928)	-	-
	<u>(305,072)</u>	<u>-</u>	<u>(321,928)</u>	<u>-</u>	<u>(627,000)</u>
TOTAL	<u>-</u>	<u>321,928</u>	<u>-</u>	<u>(321,928)</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
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11. Tangible fixed assets

	<i>Heritage Assets</i>	<i>Freehold Property</i>	<i>Furniture, Fittings, Plant & Equipment</i>	<i>Instruments</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 September 2023	115,000	44,984,133	1,115,028	667,575	46,881,736
Additions	-	490,486	-	-	490,486
	<u>115,000</u>	<u>45,474,619</u>	<u>1,115,028</u>	<u>667,575</u>	<u>47,372,222</u>
At 31 August 2024					
Depreciation:					
At 1 September 2023	-	12,410,555	689,387	263,201	13,363,143
Charge for the year	-	950,473	141,814	161,751	1,254,038
	<u>-</u>	<u>13,361,028</u>	<u>831,201</u>	<u>424,952</u>	<u>14,617,181</u>
At 31 August 2024					
Net book value:					
At 31 August 2024	<u>115,000</u>	<u>32,113,591</u>	<u>283,827</u>	<u>242,623</u>	<u>32,755,041</u>
At 1 September 2023	<u>115,000</u>	<u>32,573,578</u>	<u>425,641</u>	<u>404,374</u>	<u>33,518,593</u>

The cost of tangible fixed assets includes the cost of land at Walkers Croft, which was purchased in March 2008 with the support of a grant from the North West Development Agency (NWDA). This piece of land is secured by legal charges in favour of NatWest as security for the 2011 bank loan.

Information on Heritage Assets is given in Note 1 to the accounts. There were no heritage asset additions or donations during the year (2023: none).

Five year financial summary of Heritage Asset transactions:

	2024	2023	2022	2021	2020
	£	£	£	£	£
Additions:	-	-	-	-	-
Donations	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
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12. Investments

	<i>Restricted Funds</i> £	<i>Unrestricted Funds</i> £	<i>Endowment Funds</i> £	<i>Total</i> £
Balance at 1 September 2023	5,336,731	1,304,246	3,337,349	9,978,326
Additions	1,892,491	429,120	1,121,119	3,442,730
Disposals	(1,913,570)	(417,093)	(1,051,992)	(3,382,655)
Revaluation gains	659,155	131,669	264,582	1,055,406
Change in amounts awaiting investment	(92,408)	(25,964)	(64,668)	(183,040)
Balance at 31 August 2024	<u>5,882,399</u>	<u>1,421,978</u>	<u>3,606,390</u>	<u>10,910,767</u>
Historical cost of listed investments	<u>4,416,355</u>	<u>1,534,025</u>	<u>2,627,454</u>	<u>8,577,834</u>
Listed on UK stock exchange	5,789,991	1,396,014	3,541,722	10,727,727
Cash holding	92,408	25,964	64,668	183,040
	<u>5,882,399</u>	<u>1,421,978</u>	<u>3,606,390</u>	<u>10,910,767</u>

All investments are held to provide an investment return.

13. Debtors (excluding fees)

	2024 £	2023 £
Other debtors	47,899	308,183
Prepayments	106,492	121,599
Accrued income	-	40,126
	<u>154,391</u>	<u>469,908</u>

A total of £nil (2023: £nil) was written off in the year for bad debts and a £nil increase was made in the provision (2023: £6,239).

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For the year ended 31 August 2024**

14. **Creditors:** amounts falling due within one year

	2024	2023
	£	£
Bank loans (note 15)	171,367	163,354
Other creditors and accruals	1,450,793	1,284,115
Fees received in advance from DfE	-	1,900,000
	<u>1,622,160</u>	<u>3,347,469</u>

15. **Creditors:** amounts falling due after more than one year

	2024	2023
	£	£
Bank loans	<u>1,328,101</u>	<u>1,460,820</u>
	<u>1,328,101</u>	<u>1,460,820</u>

The total bank loans outstanding at 31 August 2024 amounted to £1,499,468 (2023 - £1,624,174). Of this amount £171,367 (2023 - £163,354) is repayable within one year and is therefore included in current liabilities.

A bank loan of £3,000,000 was taken out in May 2011 for a 20 year period to help to finance the construction of the New School Building. The loan interest is fixed at 6.4% for the life of the loan.

The loan is secured by first legal mortgages over the freehold land on the north side of Long Millgate, Manchester and over the freehold property of the Hospital and Library, together with the land on Walkers Croft where the New School Building is situated.

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16. Allocation of the charity's net assets

The net assets are held for the various funds as follows:

	<i>Fixed Assets</i>	<i>Investments</i>	<i>Net current assets/ (liabilities)</i>	<i>Long term liabilities</i>	<i>Total</i>
	£	£	£	£	£
Hospital					
Unrestricted	1,761,300	3,447	1,045,160	-	2,809,907
Restricted	28,806,947	394,953	(683,318)	(1,328,101)	27,190,481
Endowment	-	807,146	24,797	-	831,943
	<u>30,568,247</u>	<u>1,205,546</u>	<u>386,639</u>	<u>(1,328,101)</u>	<u>30,832,331</u>
School					
Unrestricted	2,071,794	1,389,366	2,616,552	-	6,077,712
Restricted	-	5,487,446	123,193	-	5,610,639
	<u>2,071,794</u>	<u>6,876,812</u>	<u>2,739,745</u>	<u>-</u>	<u>11,688,351</u>
Library					
Unrestricted	115,000	29,165	192,309	-	336,474
Restricted	-	-	9,878	-	9,878
Endowment	-	2,799,244	(15,133)	-	2,784,111
	<u>115,000</u>	<u>2,828,409</u>	<u>187,054</u>	<u>-</u>	<u>3,130,463</u>
Total					
Unrestricted	3,948,094	1,421,978	3,854,021	-	9,224,093
Restricted	28,806,947	5,882,399	(550,247)	(1,328,101)	32,810,998
Endowment	-	3,606,390	9,664	-	3,616,054
	<u>32,755,041</u>	<u>10,910,767</u>	<u>3,313,438</u>	<u>(1,328,101)</u>	<u>45,651,145</u>

17. Endowment funds

	<i>Balance at 1 September 2023</i>	<i>Incoming Resources</i>	<i>Resources expended</i>	<i>Investment gains/(losses)</i>	<i>Transfers between funds</i>	<i>Balance at 31 August 2024</i>
	£	£	£	£	£	£
Hospital						
Investment Replacement Sinking Funds	583,668	46,140	-	56,552	-	686,360
EF Jacob Endowment Fund	145,583	-	-	-	-	145,583
	<u>729,251</u>	<u>46,140</u>	<u>-</u>	<u>56,552</u>	<u>-</u>	<u>831,943</u>
Library						
Grants from Heritage Lottery Fund	2,503,210	78,938	(16,420)	218,383	-	2,784,111
Total	<u>3,232,461</u>	<u>125,078</u>	<u>(16,420)</u>	<u>274,935</u>	<u>-</u>	<u>3,616,054</u>

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Hospital

Investment Replacement Sinking Funds

Under Schemes approved by the Charity Commissioners, Hospital investments worth £183,340 were sold between 1981 and 1992 in order to provide finance for major capital purposes, subject to the restoration of the original sums by means of annual investments through Sinking Funds. This was achieved during the year to 31st August 2014 and the Schemes have been discharged.

E F Jacob Endowment Fund

A fund for the general benefit of the Hospital. Any income generated is credited to unrestricted reserves.

Library

Endowment Fund

The Heritage Lottery Fund grants were given in order to provide substantially improved investment income and thereby to enable improved facilities in the Library. Accordingly, investment income and realised gains, together with expenditure therefrom, are included as part of General Fund movements in the Statement of Financial Activities.

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18. Restricted funds

	<i>Balance at 1 September 2023</i>	<i>Incomin g resourc es</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investmen ts gains/(los ses)</i>	<i>Balance at 31 August 2024</i>
	£	£	£	£	£	£
Hospital						
Capital Fund - Millgate Extension	856,184	-	(39,668)	-	-	816,516
Capital Fund - New Land	4,500,000	-	-	-	-	4,500,000
Capital Fund - New School Building	16,994,807	-	(585,832)	-	-	16,408,975
Capital Fund – Nicholls Conversion	560,915	-	(18,506)	-	-	542,409
Capital Fund – Concert Hall	6,654,713	-	(197,665)	-	-	6,457,048
Improvements Fund	22,569	-	-	-	-	22,569
New School Development Fund	(1,609,084)	13,319	-	-	-	(1,595,765)
Concert Hall Fund	(196,986)	-	-	-	-	(196,986)
Instrument Fund	194,008	23,083	-	-	(14,271)	202,820
Nicholls Fund	32,601	-	-	-	-	32,601
Miscellaneous Fund	294	-	-	-	-	294
	28,010,021	36,402	(841,671)	-	(14,271)	27,190,481
School						
Vernon Farley Fund	12,587	-	(300)	-	-	12,287
Hazel Smith Fund	-	-	-	-	-	-
Ida Carroll Fund	(769)	-	(2,000)	-	-	(2,769)
Hospital Prize Fund	81,525	-	-	-	-	81,525
Kolbert Music Prize Fund	1,968	-	-	-	-	1,968
Academic Prizes Fund	325	-	-	-	-	325
Music Prizes Fund	300	1,101	(1,300)	-	-	101
David Hartigan Memorial Piano Fund	2,588	-	(1,250)	-	-	1,338
Neil Vint Bursary Fund	29,170	400	-	-	-	29,570
Milne Fund	247,824	-	(721)	-	-	247,103
Bursary Fund	1,622,752	423,387	(317,671)	-	378,749	2,107,217
Bateson Family Bursary Fund	735,375	-	(140,066)	-	-	595,309
Leverhulme Trust Bursary Fund	755	80,000	(61,709)	-	-	19,046
Oglesby Bursary Fund	9,863	27,741	(34,349)	-	-	3,255
2022 matches Funding Bursary Fund	13,796	5,000	-	-	-	18,796
Tony and Tania Music Prize Fund	5,000	-	-	-	-	5,000
Hospitallers Camp Fund	9,613	-	-	-	-	9,613
Mellor Endowment Fund	5,345	-	-	-	-	5,345
Amy Watson Endowment Fund	24,551	-	-	-	-	24,551
John Shaw Bursary Fund	-	-	-	-	-	-
Stoller Bursary Fund	14,304	-	-	-	-	14,304
Ethel Kerry Bursary Fund	1,684,019	-	(63,797)	-	-	1,620,222
Hardship Fund	56,222	-	(277)	-	-	55,945
Co-op Fund	415	-	-	-	-	415
Miscellaneous Restricted Fund	104,077	4,735	(12,900)	-	-	95,912
David Gaskill Music Week Fund	-	-	-	-	-	-
Opera Vocal Course	7,500	-	-	-	-	7,500
David Gaskill - Balance Sheet	33,334	-	(1,250)	-	-	32,084
Friends of Chetham's Fund	18,684	838	-	-	-	19,522
Chets in London Fund	2,521	-	(182)	-	-	2,339
Stoller Hall Fund	33,546	6,581	-	-	-	40,127
50 th Anniversary Fund	45,733	25	(11,000)	-	-	34,758
Confucius Classroom Fund	103,585	11,878	(571)	-	-	114,892
Piano Summer School Fund	184,251	51,621	-	-	-	235,872
Capital Fund - Instruments	7,083	-	-	-	-	7,083
Grants and Other Income Fund	275,126	226,439	(9,553)	(321,928)	-	170,084
	5,372,968	839,746	(658,896)	(321,928)	378,749	5,610,639

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For the year ended 31 August 2024**

18. Restricted funds (continued)

Library	<i>Balance at 1 September 2023</i> £	<i>Incoming resources</i> £	<i>Resources expended</i> £	<i>Transfers Between funds</i> £	<i>Investments gains/(losses)</i> £	<i>Balance at 31 August 2024</i> £
J Paul Getty Fund	-	-	-	-	-	-
Miscellaneous Restricted Fund	1,710	-	-	-	-	1,710
Library Patrons Fund	-	138	-	-	-	138
Arts and Heritage Fund	2,470	-	-	-	-	2,470
Heritage Compass Fund	710	-	-	-	-	710
Conservation Project Fund	4,850	-	-	-	-	4,850
	<u>9,740</u>	<u>138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,878</u>
Total	<u>33,392,729</u>	<u>876,286</u>	<u>(1,500,567)</u>	<u>(321,928)</u>	<u>364,478</u>	<u>32,810,998</u>

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18. **Restricted funds (continued)**

Hospital

Building Funds

Capital Fund - Millgate Extension

A fund which represents the depreciated capital cost of the Millgate Extension.

Capital Fund – New Land

A fund which represents the capital value of the new land purchased in 2008 (note 11).

Capital Fund – New School Building

A fund which represents the depreciated capital value of the New School Building.

Capital Fund – Nicholls Conversion

A fund which represents the depreciated capital value of the Nicholls Conversion.

Capital Fund – Concert Hall

A fund which represents the depreciated capital value of the Concert Hall.

Improvements Fund

A fund established from the proceeds of donations from a major anonymous Trust, for use at the discretion of the Feoffees for major improvements.

New School Development Fund

An appeal fund for use in furthering the New School Development Project. This fund is in deficit at 31 August 2024 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

Concert Hall Fund

A fund established for the construction of the School's New Concert Hall. This fund is in deficit at 31 August 2024 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the School's Unrestricted Fund.

Other Funds

Instrument Fund

A fund established to give financial assistance to parents of students at the School wishing to purchase new instruments.

Nicholls Fund

A fund that can be used either to give hardship awards to parents in financial difficulties, or towards the maintenance of the Foundation's buildings.

Miscellaneous Restricted Fund

This fund comprises various miscellaneous and small funds, to be used for a variety of charitable purposes

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Restricted funds (continued)

School

Vernon Farley Fund

A fund established in order to make annual prizes for piano-playing and sight-reading.

Hazel Smith Fund

A prize or Bursary awarded annually to a Lower School student who plays piano, woodwind or a string instrument and whose family is in financial need.

Ida Carroll Fund

Prizes awarded annually to double bass players.

Hospital Prize Fund, Kolbert Music Prize Fund, Academic Prizes Fund, Music Prizes Fund

Prizes awarded to students each Speech Day under the terms of a variety of trust funds established by various donors.

David Hartigan Memorial Piano Fund

A fund established in order to make annual awards to deserving piano students of Chetham's School.

Neil Vint Bursary Fund

A Bursary awarded annually to former students of Chetham's School aged between 18 and 25, to help develop their careers.

Milne Fund

This fund was established to help students in financial difficulty and to support the development of the School's facilities.

Bursary Fund

This fund was established to help students who are in need of financial assistance.

Bateson Family Bursary Fund

A fund established for the estate of the late Michael Bateson to provide Bursaries for students at the School who are in financial need.

Andrew Lloyd Webber Foundation Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Leverhulme Trust Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Oglesby Bursary Fund

A fund established by the Oglesby Charitable Trust, providing Bursary support to Chetham's students.

2023 Matched Funding Bursary Fund

A fund established to support Ukrainian students at the school.

Tony and Tania Music Prize Fund

A fund established to provide Bursary support to school students.

Hospitallers "Camp" Fund

A fund established in order to assist extra-mural activities.

Mellor Endowment and Amy Watson Endowment Funds

These funds are to provide benefits for the School.

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For the year ended 31 August 2024**

18. **Restricted funds (continued)**

John Shaw Bursary Fund

A fund to provide Bursary support to students from Lancashire or Yorkshire.

Stoller Bursary Fund

A fund established by the Stoller Charitable Trust to support students who live in Oldham.

Ethel Kerry Bursary Fund

A fund established from the estate of the late Ethel Kerry, to provide Bursaries for students who live in Lancashire, Yorkshire, Cumbria and Scotland.

Hardship Fund

A fund established to provide support to students at the School who are in financial need.

Co-op Fund

A fund established to help the School.

Miscellaneous Restricted Fund

This fund comprises miscellaneous small restricted funds for a variety of uses.

David Gaskill Fund

A fund established for 2024/25 and 2025/26 to support creative engagement projects (specifically online workshops, increasing participation and skills development).

Brendan and Nicola Doyle (Opera Project)

A fund established for 2 years to support Opera and Stagecraft courses for Chetham's students (2024/24 and 2024/25).

Friends of Chetham's Fund

A fund to support the advancement of education of students at Chetham's by funding projects and facilities as the School requires.

Chets in London Fund

A fund to support the School.

Stoller Hall Fund

A fund to support the costs of running the Stoller Hall.

50th Anniversary Fund

A fund established to support the work of the School in a variety of ways.

Capital Fund – Instruments

A fund representing the depreciated capital value of instruments purchased using the Instrument Fund. This fund is now fully expended.

Confucius Classroom Fund

A fund established for the costs of establishing the Confucius Classroom.

Piano Summer School Fund

A fund established from the surplus generated by the running of the annual Piano Summer School. The fund is to enable the Piano department to facilitate further Summer Schools, to support piano students and to purchase instruments.

Grants and Other Income Fund

This fund shows grants and other restricted income received for specific charitable purposes such as outreach events and conferences, and specific support for individual students.

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18. Restricted funds (continued)

Library

J Paul Getty Fund

This is a fund for the conservation of Library material. This fund is now fully expended.

Miscellaneous Restricted Fund

This is a fund established for miscellaneous restricted donations.

Library Patrons Fund

This fund is for donations made by Library Patrons and the income is transferred each year to the unrestricted General Fund.

Karl Marx Recording Project Fund

This is a fund established with a grant from the Lipman Miliband Trust for digitising and making facsimiles of the books used by Marx when he visited the Library.- This fund is now fully expended.

Arts and Heritage Fund

This is a fund established for an art installation in the Library.

Booth Charities Fund

This is a fund established for a project on the history of Salford. This fund is now fully expended.

Hills Archive Fund

This is a fund established to meet the expenses of cataloguing the Hills Archive Collection. This fund is now fully expended.

HLF Project Fund

This is a fund established to support the HLF application for the visitor attraction project. This fund is now fully expended.

Heritage Compass Fund

A fund established to provide training support for two development departments.

Conservation Project Fund

A fund established to support the conservation work of the library.

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19. **Unrestricted funds**

	<i>Balance at 1 September 2023</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investment gains/ (losses)</i>	<i>Balance at 31 August 2024</i>
	£	£	£	£	£	£
Hospital						
General Fund	2,674,895	630,015	(266,096)	-	-	3,038,814
Designated funds:						
Palatine Demolition Fund	(228,907)	-	-	-	-	(228,907)
	<u>2,445,988</u>	<u>630,015</u>	<u>(266,096)</u>	<u>-</u>	<u>-</u>	<u>2,809,907</u>
School						
General Fund	6,620,706	12,166,117	(14,177,257)	321,928	(49,565)	4,881,929
Designated funds:						
Chiller Unit Fund	30,000	-	-	-	-	30,000
Millgate Building Refurbishment Fund	-	-	-	-	-	-
Dining Room Refurbishment Fund	91,725	-	-	-	-	91,725
Chesters Bequest Fund	254,567	2,606	-	-	-	257,173
Organ Cash Settlement Fund	487,000	-	-	-	-	487,000
Whiteley Hall Fund	-	700,000	(369,210)	-	-	330,790
Music Department & Tour Fund	(905)	-	-	-	-	(905)
	<u>7,483,093</u>	<u>12,868,723</u>	<u>(14,546,467)</u>	<u>321,928</u>	<u>(49,565)</u>	<u>6,077,712</u>
Library						
General Fund	333,101	110,490	(217,117)	-	-	226,474
David Blamires Fund	-	110,000	-	-	-	110,000
	<u>333,101</u>	<u>220,490</u>	<u>(217,117)</u>	<u>-</u>	<u>-</u>	<u>336,474</u>
	<u>10,262,182</u>	<u>13,719,228</u>	<u>(15,029,680)</u>	<u>321,928</u>	<u>(49,565)</u>	<u>9,224,093</u>

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19. Unrestricted funds (continued)

Hospital

Palatine Demolition Fund

A fund established for the costs of demolishing the Palatine Building. This fund is in deficit at 31 August 2024 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this Fund's deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

School

Chiller Unit Fund

A fund established to provide resources for replacing the Chiller Unit in the New School Building at the end of its useful life.

Millgate Building Refurbishment Fund

A fund established for the refurbishment of the boys' boarding accommodation and improvements to other areas in the Millgate Building.

Dining Room Refurbishment Fund

A fund established for the refurbishment of the School's dining room.

Chesters Bequest Fund

A fund established from a bequest to support developments at the school.

Organ Cash Settlement Fund

A fund established to hold the insurance cash settlement for the fire damaged Whiteley Hall Organ.

Music Department Tour Fund

A fund established to manage the costs of overseas Music Department tours.

20. Pensions arrangements

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £971,982 (2023: 824,495), and at the year-end £nil (2023 - £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023.

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For the year ended 31 August 2024**

20. Pension arrangements (continued)

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2023. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation have valued the 'greater value' benefits for groups of relevant members.

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

In addition, a small number of employees are members of the Greater Manchester Pension Fund ("GMPF"). The GMPF is a multi-employer final salary defined benefit scheme and the assets of the School are pooled with similar institutions for actuarial valuation purposes. Accordingly, under FRS 102 the Scheme is accounted for as a defined contribution scheme.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2022 when the market value of the assets of the Scheme was £29,324 million, being 104% of members' accrued benefits.

The pension contributions made to the Scheme for the year ended 31 August 2024 were £8,356 (2023-£4,714). The employee contribution rate varied between 5.5% and 6.8% depending upon actual pay levels. The employer contribution rate was 25.4%.

In addition to the above, the contributions to a money purchase scheme amounted to £142,435 (2023-£112,415).

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21. Operating lease commitments

The School has minimum lease payments under non-cancellable operating leases as follows:

	<i>Equipment</i>	
	2024	2023
	£	£
Within one year	30,659	26,652
Between two and five years	96,955	103,496
After five years	<u>108,475</u>	<u>132,593</u>
	<u>236,089</u>	<u>262,741</u>

22. Financial Instruments

	2024	2023
	£000	£000
Financial assets measured at amortised cost (a)	4,929	7,411
Financial assets measured at fair value (b)	10,911	9,978
Financial liabilities measured at amortised cost (c)	(2,950)	(4,808)
	—	—
Net financial assets measured at amortised cost	<u>12,890</u>	<u>23,205</u>

(a) Financial assets include cash, trade and fee debtors, staff loans, other debtors accrued income and amounts due from subsidiaries

(b) Financial assets held at fair value include assets held as investments

(c) Financial liabilities include deposits, fees in advance, trade creditors, and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2023: £nil).

23. Related party transactions

There are no related party transactions that need to be disclosed in the financial statements.

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24. **Statement of financial activities – comparative figures by fund**

	<i>Notes</i>	<i>Hospital Funds</i>	<i>School Funds</i>	<i>Library Funds</i>	<i>2023</i>
		£	£	£	£
Income from:					
Charitable activities:					
School fees	2	-	10,246,512	-	10,246,512
Ancillary activities	6	-	283,771	83,392	367,163
Other trading activities:					
Activities for generating funds	3	-	633,954	5,918	639,872
Investments:					
Investment income	4	14,032	197,390	88,261	299,683
Voluntary sources:					
Bequests and donations	5	22,242	690,211	35,190	747,643
Grants received		-	2,170	-	2,170
Total incoming resources		36,274	12,054,008	212,761	12,303,043
Expenditure on:					
Raising funds:					
Fundraising		10,400	138,321	-	148,721
Publicity		-	118,083	-	118,083
Conference, facility hire and trading costs		4,357	500,973	-	505,330
Financing costs		110,108	3,012	-	113,120
Investment management costs		4,778	30,300	13,255	48,333
		129,643	790,689	13,255	933,587
Charitable activities:					
Teaching costs – academic		-	2,141,324	-	2,141,324
Teaching costs – music		-	4,241,419	-	4,241,419
Welfare		-	1,784,120	-	1,784,120
Premises		1,071,812	2,441,979	-	3,513,791
Scholarships and Bursaries		-	634,364	-	634,364
Grants, awards and prizes		5,050	17,492	-	22,542
Library running costs		-	-	226,835	226,835
Support and Governance costs		22,761	93,862	1,579	118,202
		1,099,623	11,354,560	228,414	12,682,597
Total resources expended	9	1,229,266	12,145,249	241,669	13,616,184
Net income/(expenditure)		(1,192,992)	(91,241)	(28,908)	(1,313,141)
Transfer between funds	10	627,000	(627,000)	-	-
Gains/(losses) on investment assets:					
Realised		(6,365)	(37,951)	(28,664)	(72,980)
Unrealised		(1,187)	(121,338)	(67,644)	(190,169)
Net movement in funds		(573,544)	(877,530)	(125,216)	(1,576,290)
Fund balances at 1 September 2022		31,758,804	13,733,591	2,971,267	48,463,662
Fund balances at 31 August 2023		31,185,260	12,856,061	2,846,051	46,887,372

CHETHAM'S HOSPITAL SCHOOL AND LIBRARY

England & Wales - Charity number 526702

Accounts

**THE HOSPITAL AND LIBRARY IN MANCHESTER
FOUNDED BY HUMPHREY CHETHAM ESQ
AND INCORPORATED BY KING CHARLES II**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2023

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
ANNUAL REPORT OF THE FEOFFEEES
For the year ended 31 August 2023**

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The Feoffees and School Governing Body present their annual report for the year ended 31 August 2023 under the Charities Act 2011, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Act, the Charity Commission Scheme dated 27 May 1952 and amended Scheme dated 22 October 1969 and the Charities SORP 2015.

Reference and administrative details

The Feoffees who served during the year and up to the date of signing the accounts were as follows:

P.A. Lee, Esq.	(Chairman)
H. Ross, Esq.	(Vice Chairman)
Mrs. V. Torevell	(Treasurer)
M. Edge, Esq.	
The Rt. Hon. The Earl of Derby	
Mrs V. Goldstone	
The Very Reverend R. Govender	
Dr. D. Hill	
J. Langridge, Esq.	
N. MacInnes, Esq.	
Prof. L. Merrick	
T. News, Esq.	
R. Websdale	

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School Governing Body

Under the terms of the Charity Commission Scheme, there is a School Governing Body managing the School of the Foundation, which, when complete, comprises nineteen members.

Those who served during the year and up to the date of signing the accounts were as follows:

M. Edge, Esq.	(Chair)
Mrs. V. Torevell	(Treasurer)
Ms. S. Barnes	
Mrs. C. Baxendale	
Prof. B. Brennan	(Appointed by the School Governing Body)
Councillor J. Davies	(Nominated by Manchester City Council)
Mrs. E. Halstead	
K. Jaquiss, Esq.	
Prof. L. Merrick	(Appointed by the School Governing Body)
L. Pratt, Esq.	
H. Ross, Esq.	
Ms. K. Russell	
N. Shepherd, Esq.	
L. Stephens, Esq.	
Canon M. Wall	(Nominated by the Dean and Chapter of Manchester Cathedral)
Dr. S. Zhi	
M. Corran	

Library Committee

Those who served on the Library Committee during the year and up to the date of signing the accounts were as follows:

Mrs. V. Goldstone	(Chair)
N. Barker, Esq.	
Professor J. Bergin	
N. Brooks-Sykes, Esq.	
J. Hodgson, Esq.	
N. MacInnes, Esq.	
Dr. R. Oates	
Mrs. C. Paynton	
Professor M. Schmidt	

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Officers

Joint Principal	T. Redmond, Esq.
Joint Principal	Ms. N. Smith
Director of Finance	Mr. A. Ross
The Librarian	J. Simpson
The Clerk to the Feoffees	J. Aldersley, Esq.

Principal Office Address

Chetham's Hospital School and Library
Long Millgate
Manchester
M3 1SB

Advisers

Bankers

National Westminster Bank plc
182 Deansgate
Manchester
M3 3LY

Solicitors

Butcher & Barlow LLP 3 Royal Mews Gadbrook Park Northwich Cheshire CW9 7UD	Veale Wasbrough Vizards LLP Narrow Quay House Narrow Quay Bristol BS1 4QA
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Auditors of the Charitable Foundation

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Investment Managers

Rathbone Brothers PLC
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

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Insurance Brokers

Marsh Commercial
Kabel House
15 Quay Street
Manchester
M3 3HN

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Structure, governance and management

Governing document and structure

The full name of this charitable foundation is "The Hospital and Library in Manchester founded by Humphrey Chetham, Esq. and Incorporated by King Charles II" (Registered Charity Number 526702).

The Foundation, including the School, is regulated by a Charity Commission Scheme dated 27 May 1952, and amended by a Scheme dated 22 October 1969.

Chetham's Hospital, Chetham's School of Music and Chetham's Library are separate charities but are registered under one Charity Number, following a Uniting Direction issued by the Charities Commission in 2004 for registration and accounting purposes.

The Trustees of the Hospital and Library charities, who are known as the Feoffees, are a Body Corporate, pursuant to Letters Patent of King Charles II, dated 10 November 1665.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's Hospital.

Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's School of Music.

Governing bodies

The Feoffees are the governing body of the Hospital and Library charities. The School Governing Body of Chetham's School of Music is the governing body of the School. The Library Committee acts as the management committee of the Library charity and approval for that Committee's recommendations is given by the Feoffees.

Recruitment and training

Chetham's Hospital

Feoffees are appointed under the terms of the Will of Humphrey Chetham. The Chairman, Vice Chairman and Treasurer are elected annually.

The term of office is 5 years and Feoffees may be re-elected.

New Feoffees are chosen from a wide variety of academic and business backgrounds to ensure that the essential level of knowledge and experience is maintained and they are inducted into the working of the Hospital on appointment. Continuing training for existing Feoffees is arranged on an on-going basis as necessary.

Chetham's School of Music

The appointment of members of the School Governing Body is confirmed by the Feoffees except where otherwise stated. The term of office is three years. All members may be re-elected.

New Governing Body members are chosen from a wide variety of academic, musical and business backgrounds and are inducted into the workings of the School by the Joint Principals. Safer recruitment procedures are followed for all School Governors including DBS checks. Continuing training for existing members is organised on an on-going basis as necessary. At each meeting of the Governing Body the opportunity is taken to update members on various aspects of School life and current educational issues. The School's Designated Safeguarding Lead attended the September 2021 meeting to answer questions on the School's Safeguarding Policy.

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Chetham's Library

New members of the Library Committee are selected by the Library Committee and their appointments are confirmed by the Feoffees. Members serve for a three year period with the opportunity for re-election at the end of that time if appropriate. New members are chosen from a wide variety of academic and business backgrounds and are inducted into the workings of the Library by Chetham's Librarian who also arranges for ongoing training for existing members as necessary.

Organisational management

The Feoffees are legally responsible for the overall management and control of Chetham's Hospital and of Chetham's Library. The Feoffees meet formally at least twice a year. The Investment Sub-Committee oversees the investment portfolio and works with the Investment Managers.

The day to day running of Chetham's Hospital is delegated to the Director of Finance for financial and buildings matters.

The day to day running of Chetham's Library is delegated to the Library Committee and to the Librarian.

The School Governing Body is legally responsible for the overall management and control of the School. The Governing Body meets formally at least three times a year. There are three sub-committees of the Governing Body, the Resources Committee, the Safeguarding Committee, and the International Opportunities Committee. In addition, a governor is on the School's Health and Safety Committee.

The day to day running of the School is delegated to the two Joint Principals.

The Remuneration Sub-Committee sets the remuneration packages for the Joint Principals. The remuneration package of the Librarian is set by the Feoffees. Remuneration packages are informally benchmarked against comparable organisations' pay structures.

Principal risks and uncertainties

The Feoffees and the School Governing Body are responsible for the management of the risks faced by the Hospital, School and Library. Detailed considerations of risk are delegated to the Joint Principals, Librarian and Director of Finance and to the Resources Committee which identifies and assesses risks and establishes controls throughout the year.

The Feoffees deem the major risk faced by the Hospital to be the risk that fundraising achievements are insufficient to provide the necessary resources to properly maintain the buildings and resource the activities to which the organisation has committed. The Development Department is monitored on an on-going basis directly by the Feoffees and its reports are scrutinized closely at their regular meetings.

The School Governing Body maintains a comprehensive risk register. Key risks include the impact of a change in the Music and Dance Scheme which is the major source of ongoing fee income for the School, reputational damage, safeguarding and health and safety risks. All of these risks are mitigated by careful planning, thorough checks and reviews being in place and regular monitoring by senior staff and Governors.

The Feoffees deem the major risk to the Library is its financial sustainability. Whilst the Hospital charity is in a position to financially support the Library on an ongoing basis, the Library staff, Feoffees and Library Committee members are committed to sourcing alternative financial resources to provide a sustainable future for the Library.

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The key controls used by the Foundation include:

- formal agendas for the Committee meetings;
- detailed terms of reference for all Committees;
- comprehensive budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Foundation the Feoffees and School Governors are satisfied that the major risks have been adequately managed. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Objects, aims, objectives and activities

Charitable objects

The Feoffees are required, under the terms of the Charity Commission Scheme, to apply the annual income of the Hospital to the maintenance and improvement of the School, Library and Hospital premises, including provisions for extension and improvement of those premises and purchase of additional land and in the payment of grants and allowances and the award, inter alia, of scholarships, maintenance allowances and other financial assistance.

The object of the School is to give a liberal education with due regard to the theory and practice of music.

The object of the Library is to provide, under the Will of Humphrey Chetham, "A Library within the Town of Manchester, for the use of scholars, and others well affected, to resort unto".

Public benefit aims and intended impact

The Public Benefit aims of the Hospital are to provide the optimum resources to enable Chetham's Library and Chetham's School of Music to excel in their respective fields of expertise and to facilitate wide public access to the services offered by both entities. The Feoffees and School Governors have had regard to the Charity Commissions guidance on Public Benefit.

The Public Benefit aims of the School are as follows:

- To educate musically gifted children between the ages of 8 and 18 whatever their social, racial and cultural background and financial circumstances;
- To provide as broad an academic curriculum as is possible within a specialist school; and
- To develop the whole person, furthering the spiritual, moral, social and cultural development of each student.

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The Public Benefit aims of the Library are to maintain the provisions of the Humphrey Chetham Will, and to make improvements to the Library whenever possible. It aims to advance the education of the public by the provision of opportunities to study historical and contemporary literature, specialising in the history of the North West of England.

Objectives for the year

The overarching objective has been to ensure that the charities and the services provided to beneficiaries are maintained at the highest possible level.

The major objective for the Hospital this year has been to continue to fulfill its stated aims of supporting the Library and School.

The main objectives of the School were as follows:

- To ensure that the School's Safeguarding Policy and practices are exemplary and fulfill all regulatory and statutory requirements.
- To continue to achieve consistently high results in musical and academic fields.
- Working with the Feoffees to further the site development in the Millgate House and Long Millgate external area.
- To continue to provide opportunities to the public via the Stoller Hall, the Creative Engagement Programme and Music Courses widening access to the School.
- To increase the amount of Bursary funding for overseas and home students to enable more students to be supported financially. £634,364 (2022: £599,967) was provided in Bursary support this year.

The major objective for the Library this year has been to continue to fulfill its stated aims of the provision of a Library. Fundraising has been prioritised to help to ensure the Library's activities are sustainable.

Strategies to achieve the year's objectives

The strategies used to achieve the Hospital's objective this year include continuing to raise the necessary funding to cover the funding gaps incurred during the on-going Site Development Project.

The School's strategies included:

- The School's Safeguarding Committee monitors safeguarding matters at each of its meetings. The Safeguarding Policy is updated and reviewed at least annually by the School and Governors.
- Continuing to employ and invest in the best possible staff in all departments in the School.
- Providing opportunities for Chetham's students and the public to participate in high quality events including masterclasses, recitals, orchestral concerts and numerous specialist teacher and student days throughout the year.
- Continuing work on the refurbishment of the Millgate boarding accommodation in the Millgate Building. The first phase of the construction work was completed in Summer 2019 and the students moved into the new bedrooms in September 2019. Phase 2 has completed and was opened in September 2023. This part of the Site Development Project is expected to continue for a number of years. Major works have been completed on the Long Millgate pavement areas.
- Preparing the way for the refurbishment of the Whiteley Hall
- Identifying and working with potential providers of Bursary funding.

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The strategies used by the Library to achieve this year's objectives included reviewing the securing of the financial viability of the Library by the submission of numerous funding applications to a variety of trusts and foundations, continuing and expanding on the strong links with other academic institutions and Manchester Cathedral and targeted expansion of the holding of relevant books and other materials. Increased promotion as a visitor attraction has seen an increase in visitors to the library.

Principal activities of the year

The principal activities of the Hospital were the provision of premises to house the School and Library and associated activities, together with the awarding of grants to students of the School.

The principal activity of the School was the provision of a musical and academic education to young people between the ages of 8 and 18. The School also provides an extensive Creative Engagement programme to encourage wider community access to the excellent teaching resources of the School.

The principal activity of the Library was the provision of a library and associated activities.

Foundation buildings

Under the Will of Humphrey Chetham who died in 1653, College House was purchased for the foundation of a hospital (school) and a library. The accounts of the Foundation do not incorporate any value of College House.

The value of land and buildings shown in the financial statements is the purchase price of the Millgate Building, and the construction costs of New College House, the Millgate extension, the New School Building, the conversion costs for the Nicholls Building re-development, the construction costs of the Stoller Hall and of the redevelopment of the boys' boarding accommodation in the Millgate Building, all net of depreciation where relevant, together with the purchase price of the parcel of land at Walkers Croft. The buildings are insured for £140 million on a rebuilding basis.

The Hospital is responsible for the external repair and maintenance of the Foundation buildings, and the costs are charged to its annual accounts as incurred. The School and Library pay for internal repairs and maintenance within their own respective accounts.

Grant making policy

The Feoffees make awards on the basis of an individual's financial position. Any particular conditions imposed by donors are taken into account when making awards.

Any grant from the Instrument Fund is given to parents in support of their requests for assistance in buying instruments for their children. The parents usually have to contribute to any purchase. This year, the value of awards made by the Hospital to the School's students was £5,050 (2022 - £5,000).

Around 80% of the students at Chetham's are eligible for means-tested support through the Music and Dance Aided Pupil Scheme, funded by the Department for Education (DfE). This Scheme ensures that families are only asked to contribute towards the fees of the School at a level that they can afford. For a number of reasons, usually because the Scheme is primarily for UK residents, a small number of students are not eligible for financial support through the DfE scheme. A significant part of the School's activities is the provision of Bursaries to these students, to facilitate the widening of access to the School. Bursaries can be awarded from both unrestricted and restricted funds and awards are based on the School's assessment of financial need. Detailed means testing is carried out by the School to ensure that its funds are directed towards those who would otherwise not be able to afford to come to Chetham's. This year the School contributed £634,364 (2022- £599,967) from Restricted Funds to support students financially. The amount contributed each year varies according to specific need in each particular year.

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Review of achievements and performance for the year

Review of activities

Chetham's Hospital

The major activity of the Hospital during this year was to continue to fundraise to cover the funding gaps incurred during the on-going Site Development Project. This Project was divided into three phases: to construct the New School Building, including constructing a 482-seat concert hall, to refurbish the residential accommodation in the Millgate and Nicholls Buildings and to increase public access to the medieval estate by the opening of the Medieval Manchester Visitor Attraction. Fundraising for the Project has slowed in the last few years although over £43.7 million has been raised since the start of the project.

Plans have been made for the separation of the School site from the Visitor Attraction areas, and for significantly upgrading the Waterhouse Building, which in due course will become a major part of the visitor experience. The Feoffees have worked closely with a variety of partners and neighbours with the aim of enhancing the exciting and unique experience for tourists and other visitors. This part of the Site Development Project is subject to the securing of the necessary funding.

Safeguarding matters were also at the forefront of activities, supporting the School in ensuring that systems were effective.

Chetham's School of Music

At the start of the year there were 331 students on roll, compared to 330 the previous year. This number includes 12 Choristers, as the School acts as the Choir School for Manchester Cathedral. There were 188 girls and 143 boys, with 118 students in the 6th Form, 175 in Years 7 to 11 and 38 Juniors. Most (62%) students are boarders, with the remainder living within commuting distance of the School.

The School admits students solely on the basis of musical ability and applicants are rigorously auditioned for selection. For entry in September 2022 there were 124 applications and 120 auditions with 76 children successfully joining the School. In addition, the School carries out many free advice auditions where children who may be considering applying to the School are given professional feedback on their playing and musical ability.

A total of 263 places at the School are funded each year by the Department for Education under the Government-funded Music and Dance Schools (MDS) Aided Pupils Scheme. This Scheme allows for means testing with fee remission for eligible families. The School also provides substantial Bursary funding for exceptionally talented students who are not eligible for the MDS Scheme, and for other families who may be suffering financial hardship. The average award this year was £9,612 (2022 - £13,953), providing support to a total of 66 (2022 – 43) students. The number of students who are helped financially varies each year according to need. Chorister places at Chetham's are also significantly supported by the School as the fees for Choristers are discounted by over 60%. The School aims to help as many students as it can in this way as it believes that the musical education that it provides benefits the public as well as the individuals concerned.

Education is a public benefit in its own right. As well as providing an exemplary level of music education, the academic results of the School continue to be excellent. A level results were excellent with a 100% pass rate and 68% of the candidates receiving A* to B grades. Results at GCSE level were also pleasing with 96% at 9-4 grades and 65% of those at 7-9. Education at the level provided by the School in Music and other subjects to such a high standard provides not only world class musicians of the future but rounded individuals who have the choice of where their future lives may lead.

Destinations of the Year 13 Leavers continue to be varied. Nearly 70% of the leavers were offered places with scholarships to read Music at university, music college or conservatoire, and the most popular destinations were the Royal College of Music, Royal Academy of Music, Royal Northern College of Music, Guildhall and Cambridge. Other (non-Music) destinations included King's College Cambridge, St Hilda's Oxford, and Swansea University for subjects such as Computing and Mathematics.

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There were three Music Course weeks for students at the School covering music from lesser-known composers through to more well known. The School has been on a journey to encourage and play more diverse music or music from a diverse range of composers. Masterclasses have been led by a wider range of artists and musicians.

In September, Creative Engagement at Chetham's began a restructure, welcoming a new Manager to the team and rebranding as Creative Engagement. Over the autumn term, the team has been working together to deliver our in-house programmes for early years, schools and families and has also welcomed school groups, music services and communities to perform and enjoy music together with our teachers, artists and students at Chetham's. Four student composers have written music for the mental health charity, Stormbreak. The organisation promotes mental health in primary schools through movement and play and the music composed by students will form a significant part of their resources for the new term.

Our popular families programme has been well received, included 11 Stoller Story Sounds workshops for children under 5 and their grown-ups, which beautifully combines music, storytelling and illustration. The sessions featured Chetham's staff and students as well as visiting artists including Kantos chamber choir, Trio Boheme Czech string trio and Manchester Gospel Choir.

November saw the culmination of a 6-month project with 10 primary schools from each region of Greater Manchester, focusing on teaching and learning STEM through music. The project engaged around 2,500 children through in-school workshops and performances, including welcoming 720 pupils to The Stoller Hall to enjoy our Professor Lightbulb schools concert. This project was made possible through generous support from Huawei.

We have continued to work closely with our music hub partners, including Greater Manchester Youth String Orchestra who regularly rehearse at Chetham's, and Accent Music Hub with whom we are delivering a musicianship development programme for their most promising and committed young musicians.

Work to repair the fire damage in the Whiteley Hall, following the fire in June 2021, has progressed very slowly. The costs are covered by insurance but there have been delays with obtaining planning permission and appointing a suitable contractor. The work has finally been given permission to commence, starting in Easter 2024 for completion in the summer.

The Site Development was impacted by the Coronavirus pandemic and work on the refurbishment was slowed considerably. Phase 1 was completed in Summer 2019, and phase 2 was completed for September 2023. There is further refurbishment work for Millgate House as well as some bathroom and furnishings upgrades for new College.

The Site has also undergone an environmental site survey with a view to improving the environmental credentials of the School. LED lighting and casements have been fitted where possible, boilers and plant have been assessed for energy reductions and the heating and cooling system in the New School building has been reviewed to ensure the most efficient use of the system. Students and staff have had training on being more energy efficient. The School also now recycles far more of its waste than in previous years making good use of recycling stations and reducing food waste.

Chetham's Library

Chetham's Library is widely recognised as the oldest surviving public library in the English-speaking world, remaining in continuous use from its foundation in 1655 to the present day. It forms a resource that has few parallels, being a major research library, heritage complex and arts organisation. Its significance has been recognized by Arts Council England through designation of its collection as being of national and international importance.

Fundraising for the Library's work continues. The Patrons of Chetham's Library scheme raised £247 this year (2022: £394).

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Fundraising performance against objectives

During the year £747,643 (2022: £1,614,291) was donated or bequeathed to the Foundation. The Feoffees and School Governing Body have set general targets for the Development Department, both for unrestricted and restricted income and consider that the year's results are more than satisfactory in the circumstances.

Chetham's is registered with the Fundraising Regulator and is committed to delivering the Fundraising Promise, as outlined on the Fundraising Regulator's website, and the high standards set for fundraising, as outlined in the Regulator's Code of Fundraising.

Investment performance against objectives

The investment powers of the Foundation are subject to statutory provisions, in particular the Trustees Investments Act 2000.

The policy is to maintain income whilst preserving the real value of endowed investments and to maximise income on temporarily invested funds.

Rathbone Brothers PLC acting as Investment Managers have discretionary powers to manage the portfolio and their performance is monitored on a regular basis against agreed benchmarks by the Investment Sub-Committee. The Feoffees and School Governing Body consider that the year's results are satisfactory.

The Foundation's annualized total return on investment assets was a gain of £18,522 (2022: a loss of £662,209).

Fixed asset investment income in the Hospital increased during the year to £14,026 (2022 - £13,697) and realised losses were £6,365 (2022 - losses of £1,557).

Fixed asset investment income in the School increased during the year to £179,384 (2022 - £159,748) and realised investment losses were £37,951 (2022 - losses of £67,855).

Fixed asset investment income in the Library decreased during the year to £88,261 (2022 - £89,283) and realised investment losses were £28,664 (2022 - losses of £16,066).

Financial Review

The Foundation recorded an overall deficit on unrestricted funds of £685,910 (2022- an overall surplus of £1,555,062) and its total Unrestricted Funds now stand at £10,262,182 (2022 - £10,948,092).

The Hospital recorded a surplus on unrestricted funds for the year of £93,511 (2022 - £55,837) and its total Unrestricted Funds now stand at £2,445,988 (2022 - £2,352,477). This includes a deficit of £228,907 (2022 - £278,907) in Designated Funds.

The School recorded a deficit on unrestricted funds for the year of £722,085 (2022 - a surplus of £1,566,694) and its total Unrestricted Funds now stand at £7,483,093 (2022 - £8,205,178). This includes £862,387 (2022 - £1,696,754) which is designated for a variety of specific purposes.

The Library recorded a deficit on unrestricted funds for the year of £57,336 (2022 - surplus of £67,469) and its total Unrestricted Funds now stand at £333,101 (2022 - £390,437). This includes £nil (2022 - £ nil) in Designated Funds.

Going concern

The Department for Education continues to support the school through the Music and Dance Scheme. Student places are oversubscribed and visitors to the Library and Stoller Hall continue to increase. The Feoffees and School Governors do not consider that there are any issues for the organisation as a going concern.

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Reserves policy

Introduction

Notes 16 to 19 of the financial statements set out an analysis of the assets attributable to the various Funds together with a description of the major components of those Funds. These assets are sufficient to meet the financial obligations on a fund by fund basis.

The Hospital "which owns the buildings" is primarily dependent on rent from the School for its income. The Feoffees aim to increase the balance of free reserves each year, to bring the level up to an amount felt to be appropriate in the circumstances. At the present time, the Feoffees' target for free reserves for the Hospital is equivalent to around a year's expenditure.

It is the policy of the School Governing Body to increase reserves each year when there is no call on the reserves to cover unexpected costs. The Governing Body's aim is to bring the level of reserves to a higher level than at present to safeguard against income deterioration or unexpected costs.

The Feoffees and Library Committee aim to ensure that the free reserves of the Library cover approximately one year's expenditure.

Review of policies

These policies will be reviewed every three years by the Treasurer and Director of Finance and brought to the attention of the Feoffees and the School and Library Committees as part of the review of all policies. These policies are scheduled to next be reviewed at the next Resources Committee meeting in August 2024.

Level of Reserves

Unrestricted reserves of the Foundation held at 31 August 2023 were £10,262,182 (2022 - £10,948,092) of which £633,480 (2022 – £1,417,847) is designated for specific purposes.

The unrestricted reserves are substantially invested in the tangible fixed assets of the Foundation. In the year to 31 August 2023 the surplus on free reserves decreased to £6,313,890 (2022 - £7,650,931).

Restricted reserves of the Foundation were £33,392,729 (2022: £34,221,044). Of this balance £29,570,301 (2022: £30,415,372) is represented by fixed assets.

Hospital

Free reserves of the Hospital are £824,606 (2022 – £678,844).

Restricted reserves are £28,010,021 (2022: £29,314,467). Two (2022: two) capital project funds are in deficit at the year end by £1,806,070 (2022: £1,974,711) as expenditure has been incurred in advance of income being received for the projects.

School

Free reserves of the School are £5,271,183 (2022 - £6,696,650). At present, the level of reserves is equivalent to around twenty-four weeks' expenditure. The Governors' aim to increase the level of free reserves to at least 9 months' expenditure, which at the current time would be approximately £8.5 million.

Restricted reserves are £5,372,968 (2022: £5,528,413) and are held for a variety of purposes.

Library

Free reserves of the Library are £218,101 (2022 - £275,437). This is just over one year's operating costs and is deemed to be sufficient at present.

Restricted reserves are £9,740 (2022: £10,280) and are held for a variety of purposes.

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
ANNUAL REPORT OF THE FEOFFEEES
For the year ended 31 August 2023**

Plans for future periods

The Feoffees and School Governing Body aim to support continuation and progression of the excellent work carried out by the staff of the School and Library.

The Site Development Plan will continue as funding allows. The most pressing aim of the Feoffees and School Governing Body is to continue to upgrade the boarding accommodation in the Millgate Building and to start on New College House. This work started in the summer of 2018 and will continue for a number of years. There also plans to stabilise the well in Fox Court. The Feoffees also plan to launch the Medieval Manchester Visitor Attraction, featuring Chetham's Library and the medieval buildings as soon as funding is available.

Disclosure of information to the auditors

So far as each person who was a Feoffee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Feoffees and the charity's auditors each Feoffee has taken all the steps that he or she is obliged to take as a Feoffee in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Feoffees' responsibilities in respect of the financial statements

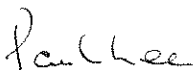
Charity law requires the Feoffees to prepare financial statements for each year which give a true and fair view of the charity's financial activities during the year and the financial position at the end of the year. In preparing those financial statements, the Feoffees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

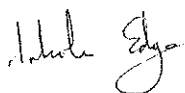
The Feoffees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Feoffees on 29th July 2024

and signed on their behalf by:



P. Lee, Esq
Chair of Feoffees



M. Edge, Esq.
Chair of School Governing Body



Mrs. V. Torevell
Hon. Treasurer

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**
For the year ended 31 August 2023

Opinion

We have audited the financial statements of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II and its subsidiaries ('the group') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 August 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Feoffees' 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 or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Feoffees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we have not identified material misstatements in the Feoffees' report.

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

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**
For the year ended 31 August 2023

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Foeffees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Foeffees

As explained more fully in the Foeffees responsibilities statement set out on page 14, the Foeffees 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 Foeffees 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 Foeffees 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 Foeffees 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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation

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

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

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**
For the year ended 31 August 2023

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

Use of our report

This report is made solely to the charity's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date 7th August 2024

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
and incorporated by King Charles II**

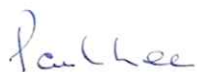
**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2023**

	Notes	Hospital Funds £	School Funds £	Library Funds £	2023 £	2022 £
Income from:						
Charitable activities:						
School fees	2	-	10,246,512	-	10,246,512	10,067,230
Ancillary activities	6	-	283,771	83,392	367,163	731,935
Other trading activities:						
Activities for generating funds	3	-	633,954	5,918	639,872	490,339
Investments:						
Investment income	4	14,032	197,390	88,261	299,683	262,728
Voluntary sources:						
Bequests and donations	5	22,242	690,211	35,190	747,643	1,614,291
Grants received		-	2,170	-	2,170	96,289
Total incoming resources		36,274	12,054,008	212,761	12,303,043	13,262,812
Expenditure on:						
Raising funds:						
Fundraising		10,400	138,321	-	148,721	116,242
Publicity		-	118,083	-	118,083	163,519
Conference, facility hire and trading costs		4,357	500,973	-	505,330	409,095
Financing costs		110,108	3,012	-	113,120	122,611
Investment management costs		4,778	30,300	13,255	48,333	49,255
		129,643	790,689	13,255	933,587	860,722
Charitable activities:						
Teaching costs – academic		-	2,141,324	-	2,141,324	2,015,111
Teaching costs – music		-	4,241,419	-	4,241,419	4,013,322
Welfare		-	1,784,120	-	1,784,120	1,648,945
Premises		1,071,812	2,441,979	-	3,513,791	3,058,804
Scholarships and Bursaries		-	634,364	-	634,364	599,967
Grants, awards and prizes		5,050	17,492	-	22,542	15,403
Library running costs		-	-	226,835	226,835	202,179
Support and Governance costs		22,761	93,862	1,579	118,202	143,201
		1,099,623	11,354,560	228,414	12,682,597	11,696,932
Total resources expended	9	1,229,266	12,145,249	241,669	13,616,184	12,557,654
Net income/(expenditure)		(1,192,992)	(91,241)	(28,908)	(1,313,141)	705,158
Transfer between funds	10	627,000	(627,000)	-	-	-
Gains/(Losses) on investment assets						
Realised		(6,365)	(37,951)	(28,664)	(72,980)	(85,478)
Unrealised		(1,187)	(121,338)	(67,644)	(190,169)	(839,459)
Net movement in funds		(573,544)	(877,530)	(125,216)	(1,576,290)	(219,779)
Fund balances at 1 September 2022		31,758,804	13,733,591	2,971,267	48,463,662	48,683,441
Fund balances at 31 August 2023		31,185,260	12,856,061	2,846,051	46,887,372	48,463,662

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
BALANCE SHEET
For the year ended 31 August 2023**

	<i>Note</i>	2023 £	2022 £
Fixed assets			
Heritage assets	11	115,000	115,000
Tangible fixed assets	11	33,403,593	33,597,533
Investments	12	<u>9,978,326</u>	<u>10,248,974</u>
		<u>43,496,919</u>	<u>43,961,507</u>
Current assets			
Debtors - fees		366,242	450,235
- other debtors and prepayments	13	469,908	1,341,631
Cash at bank and in hand		<u>7,362,592</u>	<u>7,540,395</u>
		8,198,742	9,332,261
Creditors: amounts falling due within one year	14	<u>(3,347,469)</u>	<u>(3,202,837)</u>
Net current assets		<u>4,851,273</u>	<u>6,129,424</u>
Total assets less current liabilities		48,348,192	50,090,931
Creditors: amounts falling due after more than one year	15	<u>(1,460,820)</u>	<u>(1,627,269)</u>
Total net assets	16	<u>46,887,372</u>	<u>48,463,662</u>
Endowment funds			
Restricted funds	17	3,232,461	3,294,526
Unrestricted funds	18	33,392,729	34,221,044
	19	<u>10,262,182</u>	<u>10,948,092</u>
Total funds		<u>46,887,372</u>	<u>48,463,662</u>
Hospital funds			
School funds		31,185,260	31,758,804
Library funds		12,856,061	13,733,591
		<u>2,846,051</u>	<u>2,971,267</u>
Total funds	16	<u>46,887,372</u>	<u>48,463,662</u>

The financial statements were approved and authorised for issue by the Feoffees on 29th July 2024 and signed on their behalf by:



P. A. Lee, Esq.
Chair of Feoffees



M. Edge, Esq
Chair of School Governing Body



Mrs. V. Torevell
Hon. Treasurer

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
CASH FLOW STATEMENT
For the year ended 31 August 2023**

	<i>Cash flow statement notes</i>	2023 £	2022 £
<i>Net cash inflow/(outflow) from operations</i>			
<i>Net cash provided by/(used by) operating activities</i>	1	724,470	809,511
<i>Cash flows from investing activities</i>			
Investment income		299,683	262,728
Payments to purchase buildings and other fixed assets		(939,936)	(804,553)
Payments to acquire investments, including cash awaiting investment		(2,403,955)	(2,132,036)
Receipts from sales of fixed asset investments		2,220,962	2,312,531
Increase in cash held by investment advisors		190,492	(131,192)
<i>Net cash provided by/(used in) investing activities</i>		<u>(632,754)</u>	<u>(492,522)</u>
<i>Cash flow from financing activities</i>			
Bank loan and interest payable		(113,120)	(122,611)
Bank loan repayments		(156,399)	(147,290)
<i>Net cash used in financing activities</i>		<u>(269,519)</u>	<u>(269,901)</u>
<i>Change in cash and cash equivalents in the reporting period</i>		(177,803)	47,088
<i>Cash and cash equivalent at the beginning of the period</i>		<u>7,540,395</u>	<u>7,493,307</u>
<i>Cash and cash equivalent at the end of the period</i>	2	<u>7,362,592</u>	<u>7,540,395</u>

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II**
NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 August 2023

1. **Reconciliation of net expenditure to net cash flow from operating activities**

	2023	2022
	£	£
Net incoming/(outgoing) resources	(1,313,141)	705,158
Depreciation	1,133,876	1,084,067
Investment income	(299,683)	(262,728)
Bank and loan interest payable	113,120	122,611
(Increase)/Decrease in debtors	955,716	(979,307)
Increase/(Decrease) in creditors	134,582	139,710
Net cash inflow/(outflow) from operating activities	<u>724,470</u>	<u>809,511</u>

2. **Analysis of cash and cash equivalent**

	2023	2022
	£	£
Cash at bank and in hand	5,818,050	6,009,555
Cash on deposit	1,544,542	1,530,840
	<u>7,362,592</u>	<u>7,540,395</u>

3. **Reconciliation of net debt**

	<i>At 1</i>		<i>At 31</i>
	<i>September</i>	<i>Cashflow</i>	<i>August</i>
	2022		2023
	£	£	£
Cash at bank and in hand	7,540,395	(177,803)	7,362,592
Bank loan due in less than one year	(153,304)	(10,050)	(163,354)
Bank loan due in greater than one year	(1,627,269)	166,449	(1,460,820)
	<u>5,759,822</u>	<u>(21,404)</u>	<u>5,738,418</u>

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

1. Statement of accounting policies

Basis of preparation of accounts

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

The Foundation has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The Foundation is a Public Benefit Entity registered as a charity in England and Wales. It is registered as a charity on the Charity Commission website (charity number: 526702).

No material uncertainties that may cast significant doubt about the ability of the Foundation to continue as a going concern have been identified by the Feoffees or School Governing Body.

The Foundation has a Fundraising Strategy in place to continue to raise the necessary funds for the Site Development Project with over £43.7 million having been raised to date. The continuation of the upgrading of the boarding accommodation in the Millgate Building is the next priority, as well as the opening of the medieval buildings as part of the Visitor Attraction Project.

A significant proportion of fee income for the School is receivable from the Department for Education (DfE) under the Music and Dance Aided Pupil Scheme (MDS). In the current year £7,146,056 was receivable (2022 - £7,288,080). The DfE have provided assurances to the School that they foresee the MDS Scheme being continued in its current form for the foreseeable future.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

1. Statement of accounting policies (continued)

Uniting direction

A Uniting Direction was issued by the Charities Commission on 25 June 2004. This links the Chetham's Hospital, School and Library charitable strands for the purposes of registration and accounting under the Charities Act 1993. The Charity Commission has agreed to the adapted format of the Statement of Financial Activities wherein funds are categorised by component charitable strand rather than by type.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of the Hospital. Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of the School. The results of both subsidiaries are included in the accounts of the relevant charity.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting Bursaries granted by the School, but include contributions received from Restricted Funds towards fees.

Donations and bequests

Donations and bequests received for the general purposes of the Foundation are credited to unrestricted funds. Donations and bequests subject to specific wishes of the benefactors are credited to restricted funds, or to endowment funds where the amount is required to be held as permanent capital.

Donations and bequests are accounted for as and when entitlement arises, the amount can be reliably qualified and the economic benefit to the school is considered probable.

Investment and covenant income

Credit is taken for investment and covenant income, including related taxation, on an accruals basis. The income from COIF Accumulation units is automatically reinvested and this income is not disclosed as such in the accounts because there is a corresponding increase in the valuation of the original subscribed units.

Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer- term liabilities. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the proportions of individuals' time attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also external audit, any legal advice for the Feoffees and School and Library Committees, and all costs of complying with constitutional and statutory requirements, such as the costs of meetings of the Feoffees, the School Governing Body and the Library Committee and of preparing statutory accounts and satisfying public accountability.

Tangible fixed assets and depreciation

The Foundation's Collections and Management Plan, available from Chetham's Librarian upon request, details the Foundation's policy for the acquisition, preservation, management and disposal of its heritage assets.

College House and the Collections are deemed to have indeterminate lives and therefore the Feoffees do not consider it appropriate to charge depreciation.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

1. Statement of accounting policies (continued)

College House

The site of Chetham's, on a sandstone outcrop at the confluence of the Rivers Irwell and Irk, has been of strategic importance and occupied since Roman times. College House, in 1421, was the largest building in the medieval town of Manchester. The buildings have been used to house the School since 1653 and are Grade 1 listed.

The Feoffees consider that, owing to the incomparable nature of the buildings, conventional valuation approaches lack sufficient reliability and even if valuations could be obtained, the costs of doing so would be onerous compared with the additional benefits derived by the Foundation and users of the accounts. As a result, no value is reported for this asset in the Balance Sheet.

The Library's Collections

The Library's Collections were started in 1655. From illuminated manuscripts made for kings and queens to the minutiae of personal life – diaries, letters, account books – the Library has a wealth of special items and collections. Chetham's holds over forty medieval manuscripts, including the thirteenth century *Flores Historiarum* of Matthew Paris. The Collections are mainly concerned with the history of the North West of England and include the first ever census of Manchester compiled in 1773-74. There are well over 120,000 printed items, over half of which were published before 1850.

It is considered that obtaining valuations for the vast majority of the Collections would involve disproportionate cost due to the size and diversity of the items and so these assets are therefore not recognised in the Balance Sheet. Significant acquisitions from September 2009 onwards will be reported at cost, where the item is purchased, or if donated, at the current value if it is readily discernable, for example by using a probate value.

The Feoffees will very occasionally approve the disposal of items of the Collections, for example when an item is of doubtful provenance or is a duplicate of an item already in a Collection. Where items that are not recognised as fixed assets are disposed of, the proceeds are reported in the Statement of Financial Activities. Disposal proceeds are also disclosed separately in the notes to the accounts.

The Collections are deemed to have indefinite lives and therefore no depreciation is charged.

Preservation costs

Expenditure which, in the Feoffees' view, is required to preserve or clearly prevent further deterioration of College House or individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

Other assets

The cost of freehold buildings which are not classed as heritage assets is written off by annual installments over their expected useful lives as follows:

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

1. Statement of accounting policies (continued)

Freehold buildings: 40 - 60 years

The cost of the land acquired in 2008 is not written off but is kept in the accounts as a capital item matched by a restricted Capital Fund as its purchase was funded by a grant from the NWDA for that specific purpose.

Expenditure on instruments, furniture and equipment etc. costing less than £10,000 is written off as an expense in the year incurred.

Depreciation is provided on the cost of tangible fixed assets, to write them down in equal instalments to their estimated residual values based current market prices over their expected useful lives as follows:

Furniture, fittings and equipment:	5 years
Instruments:	3 years

Grants received towards capital expenditure are credited to the appropriate restricted fund upon entitlement thereto; any depreciation of the grant-funded proportion of such fixed assets expenditure is charged to the related restricted fund.

Investments

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Investment management fees are accounted for as incidental costs of the acquisition or disposal where transaction-based. Other management fees are disclosed separately as Resources Expended in the Statement of Financial Activities.

Investment in subsidiaries are valued at cost less provision for impairment.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

1. Statement of accounting policies (continued)

Pension schemes

Contributions are made to the multi-employer defined benefit Teachers' Pension Scheme at rates set by the Scheme Actuary and advised by the Scheme Administrator. Contributions are also made to the Greater Manchester Pension Fund, a multi-employer defined benefit pension scheme, for a small number of non-teaching staff, and also to a money purchase pension scheme for other non-teaching staff. In accordance with FRS 102 all schemes are accounted for as defined contribution schemes and contributions therefore are charged in the Statement of Financial Activities as they become payable.

Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities as they fall due.

Taxation

As a registered charity, the Foundation and its associated funds are not subject to taxation on its surpluses. However, provision is made for corporation tax on any trading profits generated by Chetham's Hall Limited and Chetham's Trading Limited after provision for Gift Aid payment.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Feoffees and School Governors as trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Feoffees and School Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

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2. School fees

	2023 £	2022 £
Gross fees receivable	10,246,512	10,067,230
Less: total Bursaries, grants and allowances	(634,364)	(599,967)
	9,612,148	9,467,263
Scholarships and Bursaries financed from restricted and endowment funds	634,364	599,967
	<u>10,246,512</u>	<u>10,067,230</u>

The total educational awards financed from restricted funds comprise:

	2023 £	2022 £
Scholarships and Bursaries	634,364	599,967
Grants, awards and prizes	22,542	13,233
	<u>656,906</u>	<u>613,200</u>

3. Other trading activities

	2023 £	2022 £
Trading income, summer schools and facility hire	<u>639,872</u>	<u>490,339</u>

Trading income includes £0 (2022: £267) in relation to Chetham's Hall Limited and £633,954 (2022: £479,065) in relation to Chetham's Trading Limited.

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4. Investment income

	2023 £	2022 £
Income from UK listed investments (gross)	281,671	261,939
Interest on funds deposited on bank reserve accounts	18,012	789
	<u>299,683</u>	<u>262,728</u>

5. Bequests and donations

During the year significant bequests and donations were gratefully received from the following:

The Estate of the late Mr M Bateson, the Beaverbrooks Charitable Trust, the estate of the late Mr A Chesters, Mr and Mrs Torevell, Mr and Mrs Frost, Mr D Thompson, Mr B Doyle, Mr D Gaskill, the Haworth Charitable Trust, Hulme Trust Estates (Educational), Mr P Jackson, the Leverhulme Trust, LHR Charitable Foundation, the estate of the late Mr R Mcfarlane, the Oglesby Charitable Trust, the estate of the late Mr M Pearce, and the Mabel Evans Trust.

Donations and bequests were also received from many other sources and the Feoffees and School Governors wish to express their sincere gratitude to all donors.

6. Ancillary activities

	2023 £	2022 £
Charitable activities		
Concert income	29,700	15,454
Summer Music School	74,136	63,640
Piano Summer School	263,327	100,869
Sundry income	-	551,972
Insurance claims	-	731,935
	<u>367,163</u>	<u>731,935</u>

7. Expenditure

	2023 £	2022 £
Charitable expenditure includes:		
Depreciation of fixed assets	1,133,876	1,084,067
Auditors' remuneration: audit services	22,320	23,694
Operating lease costs	<u>26,617</u>	<u>27,071</u>

The above excludes rent of £627,000 (2022 - £627,000) paid by Chetham's School of Music to Chetham's Hospital which is eliminated by way of transfers between funds (note 10).

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8. Employment costs

	2023	2022
	£	£
Wages and salaries	6,218,372	5,905,888
Social security costs	537,270	526,022
Pension contributions	941,624	909,152
	<u>7,697,266</u>	<u>7,341,062</u>

The average monthly number of employees in the year was 338 (2022 - 343) of which 162 (2022 – 181) were teaching staff.

The key management personnel comprise the two Joint Principals, the Director of Finance, and Chetham's Librarian.

The total employment benefits of the key management personnel were £457,641 (2022: £460,974). Total employment benefits include gross salaries, employer's National Insurance Contributions, employer's pension contributions, benefits in kind and Class 1A National Insurance Contributions on those benefits in kind.

Neither the Feoffees nor members of the other Foundation Committees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Charities or from any connected organisation during this year or the previous year.

The number of employees whose emoluments exceeded £60,000 was as follows:

	2023	2022
	No.	No.
£60,001 to £70,000	4	2
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	2
£100,001 to £110,000	2	1

Contributions paid in the year for the provision of defined benefit schemes for higher paid employees were £109,009 (2022 - £74,993) and for money purchase pension schemes for higher paid employees were £0 (2022 - £19,300). There are no (2022 – 1) higher paid employees to whom retirement benefits are accruing under money purchase schemes and 6 (2022 – 4) higher paid employees in defined benefit schemes.

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9. Analysis of total resources expended

	<i>Staff costs</i> £	<i>Other costs</i> £	<i>Depreciation</i> £	<i>Total 2023</i> £	<i>Total 2022</i> £
<i>Cost of generating funds</i>					
Fundraising	132,921	15,800	-	148,721	116,242
Publicity	94,038	24,045	-	118,083	163,519
Conference, facility hire and trading costs	109,144	396,186	-	505,330	409,095
Financing costs	-	113,120	-	113,120	122,611
Investment management costs	-	48,333	-	48,333	49,255
	<u>336,103</u>	<u>597,484</u>	<u>-</u>	<u>933,587</u>	<u>860,722</u>
<i>Charitable activities</i>					
Teaching costs – academic	1,746,676	394,648	-	2,141,324	2,015,111
Teaching costs - music	3,362,698	878,721	-	4,241,419	4,013,322
Welfare	462,824	1,321,296	-	1,784,120	1,648,945
Premises	872,765	1,507,150	1,133,876	3,513,791	3,058,804
Scholarships & Bursaries	-	634,364	-	634,364	599,967
Grants, awards & prizes	-	22,542	-	22,542	15,403
Library costs	170,868	55,967	-	226,835	202,179
	<u>6,615,831</u>	<u>4,814,688</u>	<u>1,133,876</u>	<u>12,564,395</u>	<u>11,553,731</u>
Governance costs	53,022	65,180	-	118,202	143,201
	<u>7,004,956</u>	<u>5,477,352</u>	<u>1,133,876</u>	<u>13,616,184</u>	<u>12,557,654</u>

Conference and facility hire includes £4,357 (2022: £547) in relation to Chetham's Hall Limited and £483,852 (2022: £407,191) in relation to Chetham's Trading Limited.

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9. Analysis of total resources expended (continued)

Total resources expended is £1,156,128 (2022 - £1,022,787) in respect of support costs detailed below, that have been allocated to the above expense headings.

Support Costs	<i>Hospital</i> £	<i>School</i> £	<i>Library</i> £	<i>Total</i> 2023 £	<i>Total</i> 2022 £
Management	-	124,054	170,842	294,896	269,826
Administration	-	285,110	15,489	300,599	257,614
Recruitment	-	40,264	-	40,264	24,998
Office costs	-	68,407	19,735	88,142	65,500
IT	-	153,770	-	153,770	103,566
Legal and professional	22,506	41,407	2,453	66,366	124,339
Insurance	122,157	86,726	3,208	212,091	176,944
	<u>144,663</u>	<u>799,738</u>	<u>211,727</u>	<u>1,156,128</u>	<u>1,022,787</u>

10. Transfers between funds

	<i>Unrestricted Funds</i>		<i>Restricted Funds</i> £	<i>Endowment Funds</i> £	<i>Total Funds</i> £
	<i>General</i> £	<i>Designated</i> £			
Hospital					
Rent from School	627,000	-	-	-	627,000
New School Development Fund	(266,506)	-	266,506	-	-
Palatine Demolition Project	(50,000)	50,000	-	-	-
	<u>310,494</u>	<u>50,000</u>	<u>266,506</u>	<u>-</u>	<u>627,000</u>
School					
Rent paid to Hospital	(627,000)	-	-	-	(627,000)
Millgate Building Refurbishment Fund	307,130	(307,130)	-	-	-
Chesters Bequest Fund	563,488	(563,488)	-	-	-
Organ Cash Settlement Fund	(12,000)	12,000	-	-	-
Bursary Fund	47,548	-	(47,548)	-	-
	<u>279,166</u>	<u>(858,618)</u>	<u>(47,548)</u>	<u>-</u>	<u>(627,000)</u>
Library					
Transfer from Library Patrons Fund	238	-	(238)	-	-
	<u>238</u>	<u>-</u>	<u>(238)</u>	<u>-</u>	<u>-</u>
TOTAL	<u>689,898</u>	<u>(908,618)</u>	<u>218,720</u>	<u>-</u>	<u>-</u>

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11. Tangible fixed assets

	<i>Heritage Assets</i>	<i>Freehold Property</i>	<i>Furniture, Fittings, Plant & Equipment</i>	<i>Instruments</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 September 2022	115,000	44,578,728	879,432	368,640	45,941,800
Additions	-	405,405	235,596	298,935	939,936
At 31 August 2023	115,000	44,984,133	1,115,028	667,575	46,881,736
Depreciation:					
At 1 September 2022	-	11,433,196	594,692	201,379	12,229,267
Charge for the year	-	977,359	94,695	61,822	1,133,876
At 31 August 2023	-	12,410,555	689,387	263,201	13,363,143
Net book value:					
At 31 August 2023	115,000	32,573,578	425,641	404,374	33,518,593
At 1 September 2022	115,000	33,145,532	284,740	167,261	33,712,533

The cost of tangible fixed assets includes the cost of land at Walkers Croft, which was purchased in March 2008 with the support of a grant from the North West Development Agency (NWDA). This piece of land is secured by legal charges in favour of NatWest as security for the 2011 bank loan.

Information on Heritage Assets is given in Note 1 to the accounts. There were no heritage asset additions or donations during the year (2022: none).

Five year financial summary of Heritage Asset transactions:

	2023	2022	2021	2020	2019
	£	£	£	£	£
Additions:	-	-	-	-	-
Donations	-	-	-	-	-
Total	-	-	-	-	-

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12. **Investments**

	<i>Restricted Funds</i> £	<i>Unrestricted Funds</i> £	<i>Endowment Funds</i> £	<i>Total</i> £
Balance at 1 September 2022	5,515,812	1,288,598	3,444,564	10,248,974
Additions	1,274,045	451,514	678,396	2,403,955
Disposals	(1,185,668)	(396,912)	(712,120)	(2,294,700)
Revaluation losses	(95,269)	(33,318)	(60,824)	(189,411)
Change in amounts awaiting investment	(172,189)	(5,636)	(12,667)	(190,492)
Balance at 31 August 2023	<u>5,336,731</u>	<u>1,304,246</u>	<u>3,337,349</u>	<u>9,978,326</u>
Historical cost of listed investments	<u>4,792,996</u>	<u>1,328,382</u>	<u>2,572,553</u>	<u>8,693,931</u>
Listed on UK stock exchange	5,325,842	1,284,068	3,288,237	9,898,147
Cash holding	10,889	20,178	49,112	80,179
	<u>5,336,731</u>	<u>1,304,246</u>	<u>3,337,349</u>	<u>9,978,326</u>

All investments are held to provide an investment return.

13. **Debtors (excluding fees)**

	2023 £	2022 £
Other debtors	308,183	153,220
Prepayments	121,599	121,247
Accrued income	40,126	1,067,164
	<u>469,908</u>	<u>1,341,631</u>

A total of £nil (2022: £nil) was written off in the year for bad debts and a £6,239 increase was made in the provision (2022: increase of £1,224).

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14. **Creditors:** amounts falling due within one year

	2023	2022
	£	£
Bank loans (note 15)	163,354	153,304
Other creditors and accruals	1,284,115	1,149,533
Fees received in advance from DfE	<u>1,900,000</u>	<u>1,900,000</u>
	<u>3,347,469</u>	<u>3,202,837</u>

15. **Creditors:** amounts falling due after more than one year

	2023	2022
	£	£
Bank loans	<u>1,460,820</u>	<u>1,627,269</u>
	<u>1,460,820</u>	<u>1,627,269</u>

The total bank loans outstanding at 31 August 2023 amounted to £1,624,174 (2022 - £1,780,573). Of this amount £163,354 (2022 - £153,304) is repayable within one year and is therefore included in current liabilities.

A bank loan of £3,000,000 was taken out in May 2011 for a 20 year period to help to finance the construction of the New School Building. The loan interest is fixed at 6.4% for the life of the loan.

The loan is secured by first legal mortgages over the freehold land on the north side of Long Millgate, Manchester and over the freehold property of the Hospital and Library, together with the land on Walkers Croft where the New School Building is situated.

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16. Allocation of the charity's net assets

The net assets are held for the various funds as follows:

	<i>Fixed Assets</i>	<i>Investments</i>	<i>Net current assets/ (liabilities)</i>	<i>Long term liabilities</i>	<i>Total</i>
	£	£	£	£	£
Hospital					
Unrestricted	1,621,382	3,454	821,152	-	2,445,988
Restricted	29,566,618	359,409	(455,186)	(1,460,820)	28,010,021
Endowment	-	726,589	2,662	-	729,251
	<u>31,188,000</u>	<u>1,089,452</u>	<u>368,628</u>	<u>(1,460,820)</u>	<u>31,185,260</u>
School					
Unrestricted	2,211,910	1,274,462	3,996,721	-	7,483,093
Restricted	3,683	4,977,321	391,964	-	5,372,968
	<u>2,215,593</u>	<u>6,251,783</u>	<u>4,388,685</u>	<u>-</u>	<u>12,856,061</u>
Library					
Unrestricted	115,000	26,330	191,771	-	333,101
Restricted	-	-	9,740	-	9,740
Endowment	-	2,610,761	(107,551)	-	2,503,210
	<u>115,000</u>	<u>2,637,091</u>	<u>93,960</u>	<u>-</u>	<u>2,846,051</u>
Total					
Unrestricted	3,948,292	1,304,246	5,009,644	-	10,262,182
Restricted	29,570,301	5,336,730	(53,482)	(1,460,820)	33,392,729
Endowment	-	3,337,350	(104,889)	-	3,232,461
	<u>33,518,593</u>	<u>9,978,326</u>	<u>4,851,273</u>	<u>(1,460,820)</u>	<u>46,887,372</u>

17. Endowment funds

	<i>Balance at 1 September 2022</i>	<i>Incoming Resources</i>	<i>Resources expended</i>	<i>Investment gains/(losses)</i>	<i>Transfers between funds</i>	<i>Balance at 31 August 2023</i>
	£	£	£	£	£	£
Hospital						
Investment Replacement Sinking Funds	583,668	-	-	-	-	583,668
EF Jacob Endowment Fund	140,308	-	-	5,275	-	145,583
	<u>723,976</u>			<u>5,275</u>		<u>729,251</u>
Library						
Grants from Heritage Lottery Fund	2,570,550	-	-	(67,340)	-	2,503,210
Total	<u>3,294,526</u>	<u>-</u>	<u>-</u>	<u>(62,065)</u>	<u>-</u>	<u>3,232,461</u>

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Hospital

Investment Replacement Sinking Funds

Under Schemes approved by the Charity Commissioners, Hospital investments worth £183,340 were sold between 1981 and 1992 in order to provide finance for major capital purposes, subject to the restoration of the original sums by means of annual investments through Sinking Funds. This was achieved during the year to 31st August 2014 and the Schemes have been discharged.

E F Jacob Endowment Fund

A fund for the general benefit of the Hospital. Any income generated is credited to unrestricted reserves.

Library

Endowment Fund

The Heritage Lottery Fund grants were given in order to provide substantially improved investment income and thereby to enable improved facilities in the Library. Accordingly, investment income and realised gains, together with expenditure therefrom, are included as part of General Fund movements in the Statement of Financial Activities.

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18. Restricted funds

	<i>Balance at 1 September 2022</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investments gains/(losses)</i>	<i>Balance at 31 August 2023</i>
	£	£	£	£	£	£
Hospital						
Capital Fund - Millgate Extension	895,852	-	(39,668)	-	-	856,184
Capital Fund - New Land	4,500,000	-	-	-	-	4,500,000
Capital Fund - New School Building	17,580,639	-	(585,832)	-	-	16,994,807
Capital Fund – Nicholls Conversion	579,421	-	(18,506)	-	-	560,915
Capital Fund – Concert Hall	6,852,378	-	(197,665)	-	-	6,654,713
Improvements Fund	22,569	-	-	-	-	22,569
New School Development Fund	(1,777,725)	12,243	(110,108)	266,506	-	(1,609,084)
Concert Hall Fund	(196,986)	-	-	-	-	(196,986)
Instrument Fund	193,308	20,763	(7,204)	-	(12,859)	194,008
Nicholls Fund	32,601	-	-	-	-	32,601
Miscellaneous Fund	294	-	-	-	-	294
	28,682,351	33,006	(958,983)	266,506	(12,859)	28,010,021
School						
Vernon Farley Fund	12,887	-	(300)	-	-	12,587
Hazel Smith Fund	14,240	-	(14,240)	-	-	-
Ida Carroll Fund	1,231	-	(2,000)	-	-	(769)
Hospital Prize Fund	81,675	-	(150)	-	-	81,525
Kolbert Music Prize Fund	2,018	-	(50)	-	-	1,968
Academic Prizes Fund	320	20	(15)	-	-	325
Music Prizes Fund	200	100	-	-	-	300
David Hartigan Memorial Piano Fund	2,588	-	-	-	-	2,588
Neil Vint Bursary Fund	33,270	-	(4,100)	-	-	29,170
Milne Fund	229,521	-	(13,120)	-	31,423	247,824
Bursary Fund	1,818,551	194,597	(223,135)	(47,548)	(119,713)	1,622,752
Bateson Family Bursary Fund	918,944	-	(183,569)	-	-	735,375
Leverhulme Trust Bursary Fund	1,420	79,335	(80,000)	-	-	755
Oglesby Bursary Fund	267	41,324	(31,728)	-	-	9,863
2022 matches Funding Bursary Fund	4,605	39,191	(30,000)	-	-	13,796
Tony and Tania Music Prize Fund	10,000	-	(5,000)	-	-	5,000
Hospitallers Camp Fund	14,063	-	(4,450)	-	-	9,613
Mellor Endowment Fund	5,345	-	-	-	-	5,345
Amy Watson Endowment Fund	24,551	-	-	-	-	24,551
John Shaw Bursary Fund	1,502	-	(1,502)	-	-	-
Stoller Bursary Fund	14,304	-	-	-	-	14,304
Ethel Kerry Bursary Fund	1,772,796	-	(88,777)	-	-	1,684,019
Hardship Fund	59,387	-	(3,165)	-	-	56,222
Co-op Fund	415	1,250	(1,250)	-	-	415
Miscellaneous Restricted Fund	59,107	54,039	(9,069)	-	-	104,077
David Gaskill Music Week Fund	-	50,000	(16,666)	(33,334)	-	-
Opera Vocal Course	-	7,500	-	-	-	7,500
David Gaskill - Balance Sheet	-	-	-	33,334	-	33,334
Friends of Chetham's Fund	17,528	1,162	(6)	-	-	18,684
Chets in London Fund	2,521	-	-	-	-	2,521
Stoller Hall Fund	37,867	10,917	(15,238)	-	-	33,546
50 th Anniversary Fund	52,156	5	(6,428)	-	-	45,733
Confucius Classroom Fund	80,976	-	22,609	-	-	103,585
Piano Summer School Fund	108,934	291,367	(216,050)	-	-	184,251
Capital Fund - Instruments	7,083	-	-	-	-	7,083
Grants and Other Income Fund	138,141	218,472	(81,487)	-	-	275,126
	5,528,413	989,279	(1,008,886)	(47,548)	(88,290)	5,372,968

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18. Restricted funds (continued)

Library	<i>Balance at 1 September 2022</i> £	<i>Incoming resources</i> £	<i>Resources expended</i> £	<i>Transfers Between funds</i> £	<i>Investments gains/(losses)</i> £	<i>Balance at 31 August 2023</i> £
J Paul Getty Fund	-	-	-	-	-	-
Miscellaneous Restricted Fund	1,710	-	-	-	-	1,710
Library Patrons Fund	-	238	-	(238)	-	-
Arts and Heritage Fund	2,470	-	-	-	-	2,470
Heritage Compass Fund	1,250	-	(540)	-	-	710
Conservation Project Fund	4,850	-	-	-	-	4,850
	<u>10,280</u>	<u>238</u>	<u>(540)</u>	<u>(238)</u>	<u>-</u>	<u>9,740</u>
Total	34,221,044	1,022,523	(1,968,409)	218,720	(101,149)	33,392,729

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

18. Restricted funds (continued)

Hospital

Building Funds

Capital Fund - Millgate Extension

A fund which represents the depreciated capital cost of the Millgate Extension.

Capital Fund – New Land

A fund which represents the capital value of the new land purchased in 2008 (note 11).

Capital Fund – New School Building

A fund which represents the depreciated capital value of the New School Building.

Capital Fund – Nicholls Conversion

A fund which represents the depreciated capital value of the Nicholls Conversion.

Capital Fund – Concert Hall

A fund which represents the depreciated capital value of the Concert Hall.

Improvements Fund

A fund established from the proceeds of donations from a major anonymous Trust, for use at the discretion of the Feoffees for major improvements.

New School Development Fund

An appeal fund for use in furthering the New School Development Project. This fund is in deficit at 31 August 2022 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

Concert Hall Fund

A fund established for the construction of the School's New Concert Hall. This fund is in deficit at 31 August 2022 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the School's Unrestricted Fund.

Other Funds

Instrument Fund

A fund established to give financial assistance to parents of students at the School wishing to purchase new instruments.

Nicholls Fund

A fund that can be used either to give hardship awards to parents in financial difficulties, or towards the maintenance of the Foundation's buildings.

Miscellaneous Restricted Fund

This fund comprises various miscellaneous and small funds, to be used for a variety of charitable purposes

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

Restricted funds (continued)

School

Vernon Farley Fund

A fund established in order to make annual prizes for piano-playing and sight-reading.

Hazel Smith Fund

A prize or Bursary awarded annually to a Lower School student who plays piano, woodwind or a string instrument and whose family is in financial need.

Ida Carroll Fund

Prizes awarded annually to double bass players.

Hospital Prize Fund, Kolbert Music Prize Fund, Academic Prizes Fund, Music Prizes Fund

Prizes awarded to students each Speech Day under the terms of a variety of trust funds established by various donors.

David Hartigan Memorial Piano Fund

A fund established in order to make annual awards to deserving piano students of Chetham's School.

Neil Vint Bursary Fund

A Bursary awarded annually to former students of Chetham's School aged between 18 and 25, to help develop their careers.

Milne Fund

This fund was established to help students in financial difficulty and to support the development of the School's facilities.

Bursary Fund

This fund was established to help students who are in need of financial assistance.

Bateson Family Bursary Fund

A fund established for the estate of the late Michael Bateson to provide Bursaries for students at the School who are in financial need.

Andrew Lloyd Webber Foundation Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Leverhulme Trust Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Oglesby Bursary Fund

A fund established by the Oglesby Charitable Trust, providing Bursary support to Chetham's students.

2022 Matched Funding Bursary Fund

A fund established to support Ukrainian students at the school.

Tony and Tania Music Prize Fund

A fund established to provide Bursary support to school students.

Hospitallers "Camp" Fund

A fund established in order to assist extra-mural activities.

Mellor Endowment and Amy Watson Endowment Funds

These funds are to provide benefits for the School.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

18. Restricted funds (continued)

John Shaw Bursary Fund

A fund to provide Bursary support to students from Lancashire or Yorkshire.

Stoller Bursary Fund

A fund established by the Stoller Charitable Trust to support students who live in Oldham.

Ethel Kerry Bursary Fund

A fund established from the estate of the late Ethel Kerry, to provide Bursaries for students who live in Lancashire, Yorkshire, Cumbria and Scotland.

Hardship Fund

A fund established to provide support to students at the School who are in financial need.

Co-op Fund

A fund established to help the School.

Miscellaneous Restricted Fund

This fund comprises miscellaneous small restricted funds for a variety of uses.

David Gaskill Fund

A fund established for 2024/25 and 2025/26 to support creative engagement projects (specifically online workshops, increasing participation and skills development).

Brendan and Nicola Doyle (Opera Project)

A fund established for 2 years to support Opera and Stagecraft courses for Chetham's students (2023/24 and 2024/25).

Friends of Chetham's Fund

A fund to support the advancement of education of students at Chetham's by funding projects and facilities as the School requires.

Chets in London Fund

A fund to support the School.

Stoller Hall Fund

A fund to support the costs of running the Stoller Hall.

50th Anniversary Fund

A fund established to support the work of the School in a variety of ways.

Capital Fund – Instruments

A fund representing the depreciated capital value of instruments purchased using the Instrument Fund. This fund is now fully expended.

Confucius Classroom Fund

A fund established for the costs of establishing the Confucius Classroom.

Piano Summer School Fund

A fund established from the surplus generated by the running of the annual Piano Summer School. The fund is to enable the Piano department to facilitate further Summer Schools, to support piano students and to purchase instruments.

Grants and Other Income Fund

This fund shows grants and other restricted income received for specific charitable purposes such as Creative Engagement events and conferences, and specific support for individual students.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

18. Restricted funds (continued)

Library

J Paul Getty Fund

This is a fund for the conservation of Library material. This fund is now fully expended.

Miscellaneous Restricted Fund

This is a fund established for miscellaneous restricted donations.

Library Patrons Fund

This fund is for donations made by Library Patrons and the income is transferred each year to the unrestricted General Fund.

Karl Marx Recording Project Fund

This is a fund established with a grant from the Lipman Miliband Trust for digitising and making facsimiles of the books used by Marx when he visited the Library.- This fund is now fully expended.

Arts and Heritage Fund

This is a fund established for an art installation in the Library.

Booth Charities Fund

This is a fund established for a project on the history of Salford. This fund is now fully expended.

Hills Archive Fund

This is a fund established to meet the expenses of cataloguing the Hills Archive Collection. This fund is now fully expended.

HLF Project Fund

This is a fund established to support the HLF application for the visitor attraction project. This fund is now fully expended.

Heritage Compass Fund

A fund established to provide training support for two development departments.

Conservation Project Fund

A fund established to support the conservation work of the library.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

19. **Unrestricted funds**

	<i>Balance at 1 September 2022</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investment gains/ (losses)</i>	<i>Balance at 31 August 2023</i>
	£	£	£	£	£	£
Hospital						
General Fund	2,631,384	630,268	(270,283)	(316,506)	32	2,674,895
Designated funds:						
Palatine Demolition Fund	(278,907)	-	-	50,000	-	(228,907)
	<u>2,352,477</u>	<u>630,268</u>	<u>(270,283)</u>	<u>(266,506)</u>	<u>32</u>	<u>2,445,988</u>
School						
General Fund	6,508,424	10,380,637	(11,103,522)	906,166	(70,999)	6,620,706
Designated funds:						
Chiller Unit Fund	30,000	-	-	-	-	30,000
Millgate Building Refurbishment Fund	307,130	-	-	(307,130)	-	-
Dining Room Refurbishment Fund	91,725	-	-	-	-	91,725
Chesters Bequest Fund	794,120	55,092	(31,157)	(563,488)	-	254,567
Organ Cash Settlement Fund	475,000	-	-	12,000	-	487,000
Music Department & Tour Fund	(1,221)	2,000	(1,684)	-	-	(905)
	<u>8,205,178</u>	<u>10,437,729</u>	<u>(11,136,363)</u>	<u>47,548</u>	<u>(70,999)</u>	<u>7,483,093</u>
Library						
General Fund	<u>390,437</u>	<u>212,523</u>	<u>(241,129)</u>	<u>238</u>	<u>(28,968)</u>	<u>333,101</u>
	<u>10,948,092</u>	<u>11,280,520</u>	<u>(11,647,775)</u>	<u>(218,720)</u>	<u>(99,935)</u>	<u>10,262,182</u>

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

19. Unrestricted funds (continued)

Hospital

Palatine Demolition Fund

A fund established for the costs of demolishing the Palatine Building. This fund is in deficit at 31 August 2023 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this Fund's deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

School

Chiller Unit Fund

A fund established to provide resources for replacing the Chiller Unit in the New School Building at the end of its useful life.

Millgate Building Refurbishment Fund

A fund established for the refurbishment of the boys' boarding accommodation and improvements to other areas in the Millgate Building.

Dining Room Refurbishment Fund

A fund established for the refurbishment of the School's dining room.

Chesters Bequest Fund

A fund established from a bequest to support developments at the school.

Organ Cash Settlement Fund

A fund established to hold the insurance cash settlement for the fire damaged Whiteley Hall Organ.

Music Department Tour Fund

A fund established to manage the costs of overseas Music Department tours.

20. Pensions arrangements

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £824,495 (2022: £781,225), and at the year-end £nil (2022 - £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

20. Pension arrangements (continued)

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation have valued the 'greater value' benefits for groups of relevant members.

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

In addition, a small number of employees are members of the Greater Manchester Pension Fund ("GMPF"). The GMPF is a multi-employer final salary defined benefit scheme and the assets of the School are pooled with similar institutions for actuarial valuation purposes. Accordingly, under FRS 102 the Scheme is accounted for as a defined contribution scheme.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2022 when the market value of the assets of the Scheme was £29,324 million, being 104% of members' accrued benefits.

The pension contributions made to the Scheme for the year ended 31 August 2023 were £4,714 (2022-£19,902). The employee contribution rate varied between 5.5% and 6.8% depending upon actual pay levels. The employer contribution rate was 25.1% to March 2022 and then 25.4%.

In addition to the above, the contributions to a money purchase scheme amounted to £112,415 (2022-£108,025).

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

21. Operating lease commitments

The School has minimum lease payments under non-cancellable operating leases as follows:

	<i>Equipment</i>	
	2023	2022
	£	£
Within one year	26,652	14,132
Between two and five years	103,496	13,846
After five years	<u>132,593</u>	-
	<u>262,741</u>	<u>27,978</u>

22. Financial Instruments

	2023	2022
	£000	£000
Financial assets measured at amortised cost (a)	7,411	9,211
Financial assets measured at fair value (b)	9,978	10,249
Financial liabilities measured at amortised cost (c)	(4,808)	(4,804)
	_____	_____
Net financial assets measured at amortised cost	23,205	14,654
	=====	=====

(a) Financial assets include cash, trade and fee debtors, staff loans, other debtors accrued income and amounts due from subsidiaries

(b) Financial assets held at fair value include assets held as investments

(c) Financial liabilities include deposits, fees in advance, trade creditors, and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2022: £nil).

23. Related party transactions

There are no related party transactions that need to be disclosed in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2023**

24. Statement of financial activities – comparative figures by fund

	<i>Notes</i>	<i>Hospital Funds</i>	<i>School Funds</i>	<i>Library Funds</i>	<i>2022</i>
		£	£	£	£
Income from:					
<i>Charitable activities:</i>					
School fees	2	-	10,067,230	-	10,067,230
Ancillary activities	6	554	700,911	30,470	731,935
<i>Other trading activities:</i>					
Activities for generating funds	3	267	489,324	748	490,339
<i>Investments:</i>					
Investment income	4	13,697	159,748	89,283	262,728
<i>Voluntary sources:</i>					
Bequests and donations	5	27,138	1,546,054	41,099	1,614,291
Grants received		-	96,289	-	96,289
Total incoming resources		41,656	13,059,556	161,600	13,262,812
Expenditure on:					
<i>Raising funds:</i>					
Fundraising		12,870	103,372	-	116,242
Publicity		-	163,519	-	163,519
Conference, facility hire and trading costs		547	408,548	-	409,095
Financing costs		119,808	2,803	-	122,611
Investment management costs		2,884	31,110	15,261	49,255
		136,109	709,352	15,261	860,722
<i>Charitable activities:</i>					
Teaching costs – academic		-	2,015,111	-	2,015,111
Teaching costs – music		20,000	3,993,322	-	4,013,322
Welfare		-	1,648,945	-	1,648,945
Premises		1,089,406	1,969,398	-	3,058,804
Scholarships and Bursaries		-	599,967	-	599,967
Grants, awards and prizes		5,000	10,403	-	15,403
Library running costs		-	-	202,179	202,179
Support and Governance costs		53,956	87,583	1,662	143,201
		1,168,362	10,324,729	203,841	11,696,932
Total resources expended	9	1,304,471	11,034,081	219,102	12,557,654
Net income/(expenditure)		(1,262,815)	2,025,475	(57,502)	705,158
Transfer between funds	10	727,000	(727,000)	-	-
Gains/(losses) on investment assets:					
Realised		(1,557)	(67,855)	(16,066)	(85,478)
Unrealised		(66,639)	(630,057)	(142,763)	(839,459)
Net movement in funds		(604,011)	600,563	(216,331)	(219,779)
Fund balances at 1 September 2021		32,362,815	13,133,028	3,187,598	48,683,441
Fund balances at 31 August 2022		31,758,804	13,733,591	2,971,267	48,463,662

CHETHAM'S HOSPITAL SCHOOL AND LIBRARY

England & Wales - Charity number 526702

Accounts

**THE HOSPITAL AND LIBRARY IN MANCHESTER
FOUNDED BY HUMPHREY CHETHAM ESQ
AND INCORPORATED BY KING CHARLES II**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2022

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
ANNUAL REPORT OF THE FEOFFEES
For the year ended 31 August 2022**

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ANNUAL REPORT OF THE FEOFFEES
For the year ended 31 August 2022**

The Feoffees and School Governing Body present their annual report for the year ended 31 August 2022 under the Charities Act 2011, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Act, the Charity Commission Scheme dated 27 May 1952 and amended Scheme dated 22 October 1969 and the Charities SORP 2015.

Reference and administrative details

The Feoffees who served during the year and up to the date of signing the accounts were as follows:

P.A. Lee, Esq.	(Chairman)
H. Ross, Esq.	(Vice Chairman)
M. Edge, Esq.	(Treasurer to March 2022)
Mrs. V. Torevell	(Treasurer from March 2022)
Professor H. Barker	
Dame A. Burslem	(Resigned June 2022)
The Rt. Hon. The Earl of Derby	
Mrs V. Goldstone	
The Very Reverend R. Govender	
Dr. D. Hill	
J. Langridge, Esq.	
N. MacInnes, Esq.	
Mrs. S. Marks	(Resigned June 2022)
Prof. L. Merrick	
T. Newns, Esq.	

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ANNUAL REPORT OF THE FEOFFEES
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School Governing Body

Under the terms of the Charity Commission Scheme, there is a School Governing Body managing the School of the Foundation, which, when complete, comprises nineteen members.

Those who served during the year and up to the date of signing the accounts were as follows:

M. Edge, Esq.	(Chair and Treasurer)
Ms. S. Barnes	
Mrs. C. Baxendale	
Prof. B. Brennan	(Appointed by the School Governing Body)
Councillor J. Davies	(Nominated by Manchester City Council)
Mrs. T. Dixon	(Resigned September 2021)
Mrs. E. Halstead	(Appointed September 2021)
K. Jaquiss, Esq.	
S. McKendrick, Esq.	(Nominated by Manchester City Council Resigned November 2022)
Prof. L. Merrick	(Appointed by the School Governing Body)
L. Pratt, Esq.	
H. Ross, Esq.	
Ms. K. Russell	
N. Shepherd, Esq.	
L. Stephens, Esq.	(Appointed September 2021)
Canon M. Wall	(Nominated by the Dean and Chapter of Manchester Cathedral)
S. Webb, Esq.	(Resigned September 2021)
Dr. S. Zhi	

Library Committee

Those who served on the Library Committee during the year and up to the date of signing the accounts were as follows:

Mrs. V. Goldstone	(Chair from April 2023)
Professor H. Barker	(Chair until April 2023)
N. Barker, Esq.	
Professor J. Bergin	
N. Brooks-Sykes, Esq.	
J. Hodgson, Esq.	
N. MacInnes, Esq.	
Dr. R. Oates	
Mrs. C. Paynton	
Professor M. Schmidt	

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Officers

Joint Principal	T. Redmond, Esq.	
Joint Principal	Ms. N. Smith	
The Bursar	Mrs. S.C. Newman	(Resigned February 2023)
Director of Finance	A. Ross, Esq.	(Appointed January 2023)
The Librarian	Dr. J. F. Wilde	
The Clerk to the Feoffees	J. Aldersley, Esq.	

Principal Office Address

Chetham's Hospital School and Library
Long Millgate
Manchester
M3 1SB

Advisers

Bankers

National Westminster Bank plc
182 Deansgate
Manchester
M3 3LY

Solicitors

Butcher & Barlow LLP
3 Royal Mews
Gadbrook Park
Northwich
Cheshire
CW9 7UD

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Auditors of the Charitable Foundation

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Investment Managers

Rathbone Brothers PLC
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

Insurance Brokers

Marsh Commercial
Kabel House
15 Quay Street
Manchester
M3 3HN

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ANNUAL REPORT OF THE FEOFFEES
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Structure, governance and management

Governing document and structure

The full name of this charitable foundation is "The Hospital and Library in Manchester founded by Humphrey Chetham, Esq. and Incorporated by King Charles II" (Registered Charity Number 526702).

The Foundation, including the School, is regulated by a Charity Commission Scheme dated 27 May 1952, and amended by a Scheme dated 22 October 1969.

Chetham's Hospital, Chetham's School of Music and Chetham's Library are separate charities but are registered under one Charity Number, following a Uniting Direction issued by the Charities Commission in 2004 for registration and accounting purposes.

The Trustees of the Hospital and Library charities, who are known as the Feoffees, are a Body Corporate, pursuant to Letters Patent of King Charles II, dated 10 November 1665.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's Hospital.

Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's School of Music.

Governing bodies

The Feoffees are the governing body of the Hospital and Library charities. The School Governing Body of Chetham's School of Music is the governing body of the School. The Library Committee acts as the management committee of the Library charity and approval for that Committee's recommendations is given by the Feoffees.

Recruitment and training

Chetham's Hospital

Feoffees are appointed under the terms of the Will of Humphrey Chetham. The Chairman, Vice Chairman and Treasurer are elected annually.

The term of office is 5 years and Feoffees may be re-elected.

New Feoffees are chosen from a wide variety of academic and business backgrounds to ensure that the essential level of knowledge and experience is maintained and they are inducted into the working of the Hospital on appointment. Continuing training for existing Feoffees is arranged on an on-going basis as necessary.

Chetham's School of Music

The appointment of members of the School Governing Body is confirmed by the Feoffees except where otherwise stated. The term of office is three years. All members may be re-elected.

New Governing Body members are chosen from a wide variety of academic, musical and business backgrounds and are inducted into the workings of the School by the Joint Principals. Safer recruitment procedures are followed for all School Governors including DBS checks. Continuing training for existing members is organised on an on-going basis as necessary. At each meeting of the Governing Body the opportunity is taken to update members on various aspects of School life and current educational issues. The School's Designated Safeguarding Lead attended the September 2021 meeting to answer questions on the School's Safeguarding Policy.

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Chetham's Library

New members of the Library Committee are selected by the Library Committee and their appointments are confirmed by the Feoffees. Members serve for a three year period with the opportunity for re-election at the end of that time if appropriate. New members are chosen from a wide variety of academic and business backgrounds and are inducted into the workings of the Library by Chetham's Librarian who also arranges for ongoing training for existing members as necessary.

Organisational management

The Feoffees are legally responsible for the overall management and control of Chetham's Hospital and of Chetham's Library. The Feoffees meet formally at least twice a year. The Investment Sub-Committee oversees the investment portfolio and works with the Investment Managers.

The day to day running of Chetham's Hospital is delegated to the Director of Finance for financial and buildings matters.

The day to day running of Chetham's Library is delegated to the Library Committee and to the Librarian.

The School Governing Body is legally responsible for the overall management and control of the School. The Governing Body meets formally at least three times a year. There are three sub-committees of the Governing Body, the Resources Committee, the Safeguarding Committee, and the International Opportunities Committee. In addition, a governor is on the School's Health and Safety Committee.

The day to day running of the School is delegated to the two Joint Principals.

The Remuneration Sub-Committee sets the remuneration packages for the Joint Principals and Director of Finance. The remuneration package of the Librarian is set by the Feoffees. Remuneration packages are informally benchmarked against comparable organisations' pay structures.

Principal risks and uncertainties

The Feoffees and the School Governing Body are responsible for the management of the risks faced by the Hospital, School and Library. Detailed considerations of risk are delegated to the Joint Principals, Librarian and Director of Finance and to the Resources Committee which identifies and assesses risks and establishes controls throughout the year.

The Feoffees deem the major risk faced by the Hospital to be the risk that fundraising achievements are insufficient to provide the necessary resources to properly maintain the buildings and resource the activities to which the organisation has committed. The Development Department is monitored on an on-going basis directly by the Feoffees and its reports are scrutinized closely at their regular meetings.

The School Governing Body maintains a comprehensive risk register. Key risks include the impact of a change in the Music and Dance Scheme which is the major source of ongoing fee income for the School, reputational damage, safeguarding and health and safety risks. All of these risks are mitigated by careful planning, thorough checks and reviews being in place and regular monitoring by senior staff and Governors.

The Feoffees deem the major risk to the Library is its financial sustainability. Whilst the Hospital charity is in a position to financially support the Library on an ongoing basis, the Library staff, Feoffees and Library Committee members are committed to sourcing alternative financial resources to provide a sustainable future for the Library.

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The key controls used by the Foundation include:

- formal agendas for the Committee meetings;
- detailed terms of reference for all Committees;
- comprehensive budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Foundation the Feoffees and School Governors are satisfied that the major risks have been adequately managed. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Objects, aims, objectives and activities

Charitable objects

The Feoffees are required, under the terms of the Charity Commission Scheme, to apply the annual income of the Hospital to the maintenance and improvement of the School, Library and Hospital premises, including provisions for extension and improvement of those premises and purchase of additional land and in the payment of grants and allowances and the award, inter alia, of scholarships, maintenance allowances and other financial assistance.

The object of the School is to give a liberal education with due regard to the theory and practice of music.

The object of the Library is to provide, under the Will of Humphrey Chetham, "A Library within the Town of Manchester, for the use of scholars, and others well affected, to resort unto".

Public benefit aims and intended impact

The Public Benefit aims of the Hospital are to provide the optimum resources to enable Chetham's Library and Chetham's School of Music to excel in their respective fields of expertise and to facilitate wide public access to the services offered by both entities. The Feoffees and School Governors have had regard to the Charity Commissions guidance on Public Benefit.

The Public Benefit aims of the School are as follows:

- To educate musically gifted children between the ages of 8 and 18 whatever their social, racial and cultural background and financial circumstances;
- To provide as broad an academic curriculum as is possible within a specialist school; and
- To develop the whole person, furthering the spiritual, moral, social and cultural development of each student.

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The Public Benefit aims of the Library are to maintain the provisions of the Humphrey Chetham Will, and to make improvements to the Library whenever possible. It aims to advance the education of the public by the provision of opportunities to study historical and contemporary literature, specialising in the history of the North West of England.

Objectives for the year

The overarching objective has been to ensure that the charities and the services provided to beneficiaries are maintained at the highest possible level.

The major objective for the Hospital this year has been to continue to fulfill its stated aims of supporting the Library and School.

The main objectives of the School were as follows:

- To ensure that the School's Safeguarding Policy and practices are exemplary and fulfill all regulatory and statutory requirements.
- To continue to achieve consistently high results in musical and academic fields.
- Working with the Feoffees to further the Site Development Project which has provided the New School Building, the new Stoller Hall and upgraded boarding accommodation.
- To continue to provide opportunities to the public via the School's extensive outreach programme, widening access to the School.
- To increase the amount of bursary funding for overseas and home students to enable more students to be supported financially. £599,967 (2021: £576,777) was provided in bursary support this year.

The major objective for the Library this year has been to continue to fulfill its stated aims of the provision of a Library. Fundraising has been prioritised to help to ensure the Library's activities are sustainable.

Strategies to achieve the year's objectives

The strategies used to achieve the Hospital's objective this year include continuing to raise the necessary funding to cover the funding gaps incurred during the on-going Site Development Project.

The School's strategies included:

- The School's Safeguarding Committee monitors safeguarding matters at each of its meetings. The Safeguarding Policy is updated and reviewed at least annually by the School and Governors.
- Continuing to employ and invest in the best possible staff in all departments in the School.
- Providing opportunities for Chetham's students and the public to participate in high quality events including masterclasses, recitals, orchestral concerts and numerous specialist teacher and student days throughout the year.
- Continuing work on the refurbishment of the boys' boarding accommodation in the Millgate Building. The first phase of the construction work was completed in Summer 2019 and the students moved into the new bedrooms in September 2019. Phase 2 is underway, having been significantly impacted by the COVID-19 pandemic, and is expected to be completed in early 2023. This part of the Site Development Project is expected to continue for a number of years.
- Identifying and working with potential providers of bursary funding.

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The strategies used by the Library to achieve this year's objectives included reviewing the securing of the financial viability of the Library by the submission of numerous funding applications to a variety of trusts and foundations, continuing and expanding on the strong links with other academic institutions and Manchester Cathedral and targeted expansion of the holding of relevant books and other materials. The Coronavirus pandemic impacted significantly on the Library as it had to close to public visitors in March 2020. It re-opened in Summer 2021 whilst maintaining an on-line service, although had to close again at Christmas 2021 due to increasing levels of infections, re-opening in Spring 2022.

Principal activities of the year

The principal activities of the Hospital were the provision of premises to house the School and Library and associated activities, together with the awarding of grants to students of the School.

The principal activity of the School was the provision of a musical and academic education to young people between the ages of 8 and 18. The School also provides an extensive outreach programme to encourage wider community access to the excellent teaching resources of the School.

The principal activity of the Library was the provision of a library and associated activities.

Foundation buildings

Under the Will of Humphrey Chetham who died in 1653, College House was purchased for the foundation of a hospital (school) and a library. The accounts of the Foundation do not incorporate any value of College House.

The value of land and buildings shown in the financial statements is the purchase price of the Millgate Building, and the construction costs of New College House, the Millgate extension, the New School Building, the conversion costs for the Nicholls Building re-development, the construction costs of the Stoller Hall and of the redevelopment of the boys' boarding accommodation in the Millgate Building, all net of depreciation where relevant, together with the purchase price of the parcel of land at Walkers Croft. The buildings are insured for £140 million on a rebuilding basis.

The Hospital is responsible for the external repair and maintenance of the Foundation buildings, and the costs are charged to its annual accounts as incurred. The School and Library pay for internal repairs and maintenance within their own respective accounts.

Grant making policy

The Feoffees make awards on the basis of an individual's financial position. Any particular conditions imposed by donors are taken into account when making awards.

Any grant from the Instrument Fund is given to parents in support of their requests for assistance in buying instruments for their children. The parents usually have to contribute to any purchase. This year, the value of awards made by the Hospital to the School's students was £5,000 (2021 - £2,500).

Around 80% of the students at Chetham's are eligible for means-tested support through the Music and Dance Aided Pupil Scheme, funded by the Department for Education (DfE). This Scheme ensures that families are only asked to contribute towards the fees of the School at a level that they can afford. For a number of reasons, usually because the Scheme is primarily for UK residents, a small number of students are not eligible for financial support through the DfE scheme. A significant part of the School's activities is the provision of bursaries to these students, to facilitate the widening of access to the School. Bursaries can be awarded from both unrestricted and restricted funds and awards are based on the School's assessment of financial need. Detailed means testing is carried out by the School to ensure that its funds are directed towards those who would otherwise not be able to afford to come to Chetham's. This year the School contributed £599,967 (2021 - £576,777) from Restricted Funds to support students financially. The amount contributed each year varies according to specific need in each particular year.

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Review of achievements and performance for the year

Review of activities

Chetham's Hospital

The major activity of the Hospital during the year continues to be fundraising to cover the funding gaps incurred during the on-going Site Development Project. This Project was divided into three phases: to construct the New School Building, including constructing a 482 seat concert hall, to refurbish the residential accommodation in the Millgate and Nicholls Buildings and to increase public access to the medieval estate by the opening of the Medieval Manchester Visitor Attraction. Fundraising for the Project has slowed in the last few years although over £43.7 million has been raised since the start of the project.

Plans have been made for the separation of the School site from the Visitor Attraction areas, and for significantly upgrading the Waterhouse Building, which in due course will become a major part of the visitor experience. The Feoffees have worked closely with a variety of partners and neighbours with the aim of enhancing the exciting and unique experience for tourists and other visitors. This part of the Site Development Project is subject to the securing of the necessary funding.

Safeguarding matters were also at the forefront of activities, supporting the School in ensuring that systems were effective.

Chetham's School of Music

At the start of the year there were 330 students on roll, compared to 328 the previous year. This number includes 12 Choristers, as the School acts as the Choir School for Manchester Cathedral. There were 179 girls and 151 boys, with 118 students in the 6th Form, 178 in Years 7 to 11 and 34 Juniors. Most (65%) students are boarders, with the remainder living within commuting distance of the School.

The School admits students solely on the basis of musical ability and applicants are rigorously auditioned for selection. For entry in September 2021 there were 143 applications and 123 auditions with 89 children successfully joining the School. In addition the School carries out many free advice auditions where children who may be considering applying to the School are given professional feedback on their playing and musical ability.

A total of 263 places at the School are funded each year by the Department for Education under the Government-funded Music and Dance Schools (MDS) Aided Pupils Scheme. This Scheme allows for means testing with fee remission for eligible families. The School also provides substantial bursary funding for exceptionally talented students who are not eligible for the MDS Scheme, and for other families who may be suffering financial hardship. The average award this year was £13,953 (2021 - £13,733), providing support to a total of 43 (2021 - 42) students. The number of students who are helped financially varies each year according to need. Chorister places at Chetham's are also significantly supported by the School as the fees for Choristers are discounted by over 60%. The School aims to help as many students as it can in this way as it believes that the musical education that it provides benefits the public as well as the individuals concerned.

Education is a public benefit in its own right. As well as providing an exemplary level of music education, the academic results of the School continue to be good. A level results were excellent with a 98.7% pass rate and 78% of the candidates receiving A* to B grades. Results at GCSE level were also pleasing with 96% at A to C grades. Education at the level provided by the School in Music and other subjects to such a high standard provides not only world class musicians of the future but rounded individuals who have the choice of where their future lives may lead.

Destinations of the Upper 6th Form leavers continue to be varied. Nearly 70% of the leavers were accepted to read Music at university, music college or conservatoire, and the most popular destinations were the Royal College of Music and the Royal Northern College of Music. Other (non-Music) destinations included King's College and Salford University for subjects such as Medicine and Finance.

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During the year Chetham's Outreach Department continued to function and increase its reach despite being in the midst of a global pandemic. Much of the activity was moved online, and, while the experience of live music can never be replaced, the Department were forced to explore new and creative ways of providing access to music digitally. The team's improved skills and range of activities is something to be carried forward in their programme, while returning, of course, to more live music-making.

The Outreach Department reports that this year has been one of recovery and rebuilding following the recent years of the pandemic. They readjusted their output back towards live experience, while embracing the knowledge of digital delivery developed during the lockdowns. The Department has continued to consist of the Outreach Programme Manager plus four part-time team members, although the team has suffered from significant capacity issues at times due to recruitment and staff illness.

The Outreach Department delivered 19 projects, offering 76 individual events (workshops, performances, creative sessions) and impacting just short of 5,000 people. The Department engaged with 48 schools and 10 other community or arts organisations and continued to work with regional Music Educations Hubs.

Particular highlights include a five-day residency at Didsbury High School with Chetham's Sixth Form Orchestra. Every student at DHS was able to take part in a workshop or open rehearsal with Chetham's students and tutors. In November 2021 over 50 students from the Furthering Talent programme came to Chetham's to take part in workshops. This programme works with students facing barriers – mostly economic and social – to their music learning. Students came from Bolton, Manchester and Bradford. Most were from years 4 to 6 but some were of secondary school age. Our schools and family concerts impacted over 1000 people, welcoming them to The Stoller Hall and introducing them to a live classical orchestra. In more instrument-specific projects, our percussion students performed in 'World of Percussion' both to a live audience and via a livestream to more school audiences. Our Violette and Serenata string orchestras performed in local schools to hundreds of children, presenting their instruments in an interactive and lively session. Finally, thanks to additional funding from Huawei UK, we were able to commence our 'Great Inventions of the Last 50 Years Project', working with a primary school from each of the 10 Greater Manchester boroughs. The schools were selected based on their high indicators of economic and social deprivation, working with students who would otherwise struggle to access live classical music and creative workshops.

Work to repair the fire damage in the Whiteley Hall, following the fire in June 2021, has progressed very slowly. The costs are covered by insurance but there have been delays with obtaining planning permission and appointing a suitable contractor. The work should be completed during the academic year 2022/2023.

The Site Development was impacted by the Coronavirus pandemic and work on the refurbishment was slowed considerably. The first phase was completed in Summer 2019, and phase two will be completed in early 2023.

In June 2017 the School was notified that it would be called to give evidence at the Independent Inquiry into Child Sexual Abuse. Representatives of the School attended the Inquiry in September 2019. The Inquiry's report was published in March 2022 and the School has reflected on its contents, re-affirming the predominant priority of all who work at the School being the safeguarding of students.

During the year Chetham's investments were adversely affected by the stock market decline, and at the year end investments totalled £10,248,974 (2021 - £11,223,214). Debtors were considerably increased at the year end as the final payment from the Estate of the late Mr A Chesters was received just after the year end.

Chetham's Library

Chetham's Library is widely recognised as the oldest surviving public library in the English speaking world, remaining in continuous use from its foundation in 1655 to the present day. It forms a resource that has few parallels, being a major research library, heritage complex and arts organisation. Its significance has been recognized by Arts Council England through designation of its collection as being of national and international importance.

The Library was grateful to receive significant grants from the Arts Council and from Manchester City Council to help support the Library's activities during the Coronavirus Pandemic.

Fundraising for the Library's work continues. The Patrons of Chetham's Library scheme raised £247 this year (2021: £394).

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Fundraising performance against objectives

During the year £1,614,291 (2021: £632,521) was donated or bequeathed to the Foundation. The Feoffees and School Governing Body have set general targets for the Development Department, both for unrestricted and restricted income and consider that the year's results are more than satisfactory in the circumstances.

Chetham's is registered with the Fundraising Regulator and is committed to delivering the Fundraising Promise, as outlined on the Fundraising Regulator's website, and the high standards set for fundraising, as outlined in the Regulator's Code of Fundraising.

Investment performance against objectives

The investment powers of the Foundation are subject to statutory provisions, in particular the Trustees Investments Act 2000.

The policy is to maintain income whilst preserving the real value of endowed investments and to maximise income on temporarily invested funds.

Rathbone Brothers PLC acting as Investment Managers have discretionary powers to manage the portfolio and their performance is monitored on a regular basis against agreed benchmarks by the Investment Sub-Committee. The Feoffees and School Governing Body consider that the year's results are satisfactory.

The Foundation's annualised total return on investment assets was a loss of £662,209 (2021: gain of £1,967,702).

Investment income in the Hospital increased during the year to £13,697 (2021 - £13,310) and realised losses were £1,557 (2021 - gains of £1,733).

Investment income in the School increased during the year to £159,748 (2021 - £133,754) and realised investment losses were £67,855 (2021 - gains of £75,198).

Investment income in the Library increased during the year to £89,283 (2021 - £79,713) and realised investment losses were £16,066 (2021 - gains of £46,098).

Financial Review

The Foundation recorded an overall surplus on unrestricted funds of £1,555,062 (2021- £814,429) and its total Unrestricted Funds now stand at £10,948,092 (2021 - £9,393,030).

The Hospital recorded a surplus on unrestricted funds for the year of £55,837 (2021 - £164,135) and its total Unrestricted Funds now stand at £2,352,477 (2021 - £2,296,640). This includes a deficit of £278,907 (2021 - £328,907) in Designated Funds.

The School recorded a surplus on unrestricted funds for the year of £1,566,694 (2021 - £512,101) and its total Unrestricted Funds now stand at £8,205,178 (2021 - £6,638,484). This includes £1,696,754 (2021 - £1,992,065) which is designated for a variety of specific purposes.

The Library recorded a deficit on unrestricted funds for the year of £67,469 (2021 - surplus of £138,193) and its total Unrestricted Funds now stand at £390,437 (2021 - £457,906). This includes £nil (2021 - £64,000) in Designated Funds.

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Going concern

Following the Covid-19 global pandemic the Feoffees, School Governing Body members and the Senior Leadership Team continue to closely monitor its impact on Chetham's. The School is operating normally and all students are able to attend in person. The Library has re-opened to visitors. The DfE has confirmed its support for the School and the Music and Dance Scheme funding has not been affected and continues to be paid. The income for the 2022/2023 year for the Stoller Hall has been bolstered by the receipt of an Arts Council grant and corporate sponsorship. The Feoffees and the School Governors do not consider that there is any going concern issue for Chetham's.

Reserves policy

Introduction

Notes 16 to 19 of the financial statements set out an analysis of the assets attributable to the various Funds together with a description of the major components of those Funds. These assets are sufficient to meet the financial obligations on a fund by fund basis.

The Hospital "which owns the buildings" is primarily dependent on rent from the School for its income. The Feoffees aim to increase the balance of free reserves each year, to bring the level up to an amount felt to be appropriate in the circumstances. At the present time, the Feoffees' target for free reserves for the Hospital is £300,000, equivalent to around a year's expenditure.

It is the policy of the School Governing Body to increase free reserves each year by 10% when there is no call on the reserves to cover unexpected costs. The Governing Body's aim is to bring the level of reserves to a substantially higher level than at present to safeguard against income deterioration or unexpected costs.

The Feoffees and Library Committee aim to ensure that the free reserves of the Library cover approximately one year's expenditure.

Review of policies

These policies will be reviewed every three years by the Treasurer and Director of Finance and brought to the attention of the Feoffees and the School and Library Committees as part of the review of all policies.

Level of Reserves

Unrestricted reserves of the Foundation held at 31 August 2022 were £10,948,092 (2021 - £9,393,030) of which £1,417,847 (2021 - £1,727,158) is designated for specific purposes.

The unrestricted reserves are substantially invested in the tangible fixed assets of the Foundation. In the year to 31 August 2022 the surplus on free reserves increased to £7,650,931 (2021 - £6,679,398).

Restricted reserves of the Foundation were £34,221,044 (2021: £35,828,477). Of this balance £30,415,372 (2021: £31,278,415) is represented by fixed assets.

Hospital

Free reserves of the Hospital are £678,844 (2021 - £546,681).

Restricted reserves are £28,682,351 (2021: £29,314,467). Capital project funds are in deficit at the year end by £1,974,711 (2021: £2,249,754) as expenditure has been incurred in advance of income being received for the projects.

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School

Free reserves of the School are £6,696,650 (2021 - £5,789,811). At present, the level of reserves is equivalent to around thirty-four weeks' expenditure. The Governors' aim to increase the level of free reserves to at least 9 months' expenditure, which at the current time would be £8 million.

Restricted reserves are £5,528,413 (2021: £6,494,544) and are held for a variety of purposes.

Library

Free reserves of the Library are £275,437 (2021 - £342,906). This is just over one year's operating costs and is deemed to be sufficient at present.

Restricted reserves are £10,280 (2021: £19,466) and are held for a variety of purposes.

Plans for future periods

The Feoffees and School Governing Body aim to support continuation and progression of the excellent work carried out by the staff of the School and Library.

In January 2023, prompted by the resignation of the Bursar, Sarah Newman, after nearly 20 years, the school appointed Andrew Ross to the position of Director of Finance. In addition, a new Operations Director, Simon Chaplin was appointed in April 2023 and Hannah Barker resigned as chair of the Library Committee to be replaced by Vanessa Goldstone.

The Site Development Plan will continue as funding allows. The most pressing aim of the Feoffees and School Governing Body is to continue to upgrade the boarding accommodation in the Millgate Building. This work started in the summer of 2018 and will continue for a number of years. The Feoffees also plan to launch the Medieval Manchester Visitor Attraction, featuring Chetham's Library and the medieval buildings as soon as funding is available.

The financial security of the Library has to be secured and this will be a major part of the Feoffees' work in the near future.

Disclosure of information to the auditors

So far as each person who was a Feoffee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Feoffees and the charity's auditors each Feoffee has taken all the steps that he or she is obliged to take as a Feoffee in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Feoffees' responsibilities in respect of the financial statements

Charity law requires the Feoffees to prepare financial statements for each year which give a true and fair view of the charity's financial activities during the year and the financial position at the end of the year. In preparing those financial statements, the Feoffees are required to:

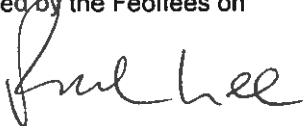
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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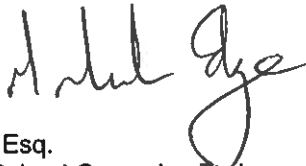
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Feoffees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity. 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.

Approved by the Feoffees on 13 June 2023 and signed on their behalf by:



P. Lee, Esq
Chair of Feoffees



M. Edge, Esq.
Chair of School Governing Body



Mrs. V. Torevell
Hon. Treasurer

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II
For the year ended 31 August 2022**

Opinion

We have audited the financial statements of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II and its subsidiaries ('the group') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 August 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Feoffees' 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 or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Feoffees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we have not identified material misstatements in the Feoffees' report.

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

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- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Foffees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Foffees

As explained more fully in the Foffees responsibilities statement set out on page 14, the Foffees 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 Foffees 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 Foffees 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 Foffees 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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation

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

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

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**

For the year ended 31 August 2022

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

Use of our report

This report is made solely to the charity's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date 21st June 2023

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
and incorporated by King Charles II**

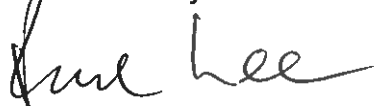
**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2022**

	<i>Notes</i>	<i>Hospital Funds</i>	<i>School Funds</i>	<i>Library Funds</i>	<i>2022</i>	<i>2021</i>
		£	£	£	£	£
Income from:						
Charitable activities:						
School fees	2	-	10,067,230	-	10,067,230	10,006,615
Ancillary activities	6	554	700,911	30,470	731,935	563,023
Other trading activities:						
Activities for generating funds	3	267	489,324	748	490,339	160,984
Investments:						
Investment income	4	13,697	159,748	89,283	262,728	226,777
Voluntary sources:						
Bequests and donations	5	27,138	1,546,054	41,099	1,614,291	632,521
Grants received		-	96,289	-	96,289	311,202
Total incoming resources		41,656	13,059,556	161,600	13,262,812	11,901,122
Expenditure on:						
Raising funds:						
Fundraising		12,870	103,372	-	116,242	92,656
Publicity		-	163,519	-	163,519	137,744
Conference, facility hire and trading costs		547	408,548	-	409,095	146,952
Financing costs		119,808	2,803	-	122,611	131,621
Investment management costs		2,884	31,110	15,261	49,255	62,453
		136,109	709,352	15,261	860,722	571,426
Charitable activities:						
Teaching costs – academic		-	2,015,111	-	2,015,111	2,076,471
Teaching costs – music		20,000	3,993,322	-	4,013,322	4,005,417
Welfare		-	1,648,945	-	1,648,945	1,473,716
Premises		1,089,406	1,969,398	-	3,058,804	3,074,287
Scholarships and bursaries		-	599,967	-	599,967	576,777
Grants, awards and prizes		5,000	10,403	-	15,403	19,539
Library running costs		-	-	202,179	202,179	199,152
Support and Governance costs		53,956	87,583	1,662	143,201	103,555
		1,168,362	10,324,729	203,841	11,696,932	11,528,914
Total resources expended	9	1,304,471	11,034,081	219,102	12,557,654	12,100,340
Net income/(expenditure)		(1,262,815)	2,025,475	(57,502)	705,158	(199,218)
Transfer between funds	10	727,000	(727,000)	-	-	-
Gains/(losses) on investment assets:						
Realised		(1,557)	(67,855)	(16,066)	(85,478)	123,029
Unrealised		(66,639)	(630,057)	(142,763)	(839,459)	1,617,896
Net movement in funds		(604,011)	600,563	(216,331)	(219,779)	1,541,707
Fund balances at 1 September 2021		32,362,815	13,133,028	3,187,598	48,683,441	47,141,734
Fund balances at 31 August 2022		31,758,804	13,733,591	2,971,267	48,463,662	48,683,441

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
BALANCE SHEET
For the year ended 31 August 2022**

	Note	2022 £	2021 £
Fixed assets			
Heritage assets	11	115,000	115,000
Tangible fixed assets	11	33,597,533	33,877,047
Investments	12	<u>10,248,974</u>	<u>11,223,214</u>
		43,961,507	45,215,261
Current assets			
Debtors - fees		450,235	380,076
- other debtors and prepayments	13	1,341,631	432,483
Cash at bank and in hand		<u>7,540,395</u>	<u>7,493,307</u>
		9,332,261	8,305,866
Creditors: amounts falling due within one year	14	<u>(3,202,837)</u>	<u>(3,053,663)</u>
Net current assets		<u>6,129,424</u>	<u>5,252,203</u>
Total assets less current liabilities		50,090,931	50,467,464
Creditors: amounts falling due after more than one year	15	<u>(1,627,269)</u>	<u>(1,784,023)</u>
Total net assets	16	<u>48,463,662</u>	<u>48,683,441</u>
Endowment funds			
Restricted funds	17	3,294,526	3,461,934
Unrestricted funds	18	34,221,044	35,828,477
	19	<u>10,948,092</u>	<u>9,393,030</u>
Total funds		<u>48,463,662</u>	<u>48,683,441</u>
Hospital funds		31,758,804	32,362,815
School funds		13,733,591	13,133,028
Library funds		<u>2,971,267</u>	<u>3,187,598</u>
Total funds	16	<u>48,463,662</u>	<u>48,683,441</u>

The financial statements were approved and authorised for issue by the Feoffees on **13 June 2023** and signed on their behalf by:



P. A. Lee, Esq.
Chair of Feoffees



M. Edge, Esq
Chair of School Governing Body



Mrs. V. Torevell
Hon. Treasurer

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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CASH FLOW STATEMENT
For the year ended 31 August 2022**

	<i>Cash flow statement notes</i>	2022 £	2021 £
<i>Net cash inflow/(outflow) from operations</i>			
<i>Net cash provided by/(used by) operating activities</i>	1	809,511	2,650,665
<i>Cash flows from investing activities</i>			
Investment income		262,728	226,777
Bank loan and interest payable		(122,611)	(131,621)
Payments to purchase buildings and other fixed assets		(804,553)	(97,787)
Payments to acquire investments, including cash awaiting investment		(2,132,036)	(1,919,071)
Receipts from sales of fixed asset investments		2,312,531	1,803,137
Increase/(decrease) in cash held by investment advisors		(131,192)	165,081
<i>Net cash provided by/(used in) investing activities</i>		<u>(615,133)</u>	<u>46,516</u>
<i>Cash flow from financing activities</i>			
Bank loan repayments		<u>(147,290)</u>	<u>(138,215)</u>
<i>Net cash used in financing activities</i>		<u>(147,290)</u>	<u>(138,215)</u>
<i>Change in cash and cash equivalents in the reporting period</i>			
<i>Cash and cash equivalent at the beginning of the period</i>		<u>7,493,307</u>	<u>4,934,341</u>
<i>Cash and cash equivalent at the end of the period</i>	2	<u>7,540,395</u>	<u>7,493,307</u>

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 August 2022**

1. Reconciliation of net expenditure to net cash flow from operating activities

	2022 £	2021 £
Net incoming/(outgoing) resources	705,158	(199,218)
Depreciation	1,084,067	1,095,617
Investment income	(262,728)	(226,777)
Bank and loan interest payable	122,611	131,621
Donated investments	-	(1,225,141)
(increase)/Decrease in debtors	(979,307)	1,171,563
Increase/(decrease) in creditors	139,710	1,903,000
Net cash inflow/(outflow) from operating activities	809,511	2,650,665

2. Analysis of cash and cash equivalent

	2022 £	2021 £
Cash at bank and in hand	6,009,555	5,963,122
Cash on deposit	1,530,840	1,530,185
	7,540,395	7,493,307

3. Reconciliation of net debt

	<i>At 1 September 2021 £</i>	<i>Cashflow £</i>	<i>At 31 August 2022 £</i>
Cash at bank and in hand	7,493,307	47,088	7,540,395
Bank loan due in less than one year	(143,840)	(9,464)	(153,304)
Bank loan due in greater than one year	(1,784,023)	156,754	(1,627,269)
	5,565,444	194,378	5,759,822

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

1. Statement of accounting policies

Basis of preparation of accounts

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

The Foundation has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The Foundation is a Public Benefit Entity registered as a charity in England and Wales. It is registered as a charity on the Charity Commission website (charity number: 526702).

No material uncertainties that may cast significant doubt about the ability of the Foundation to continue as a going concern have been identified by the Feoffees or School Governing Body.

The Foundation has a Fundraising Strategy in place to continue to raise the necessary funds for the Site Development Project with over £43.7 million having been raised to date. The continuation of the upgrading of the boarding accommodation in the Millgate Building is the next priority, as well as the opening of the medieval buildings as part of the Visitor Attraction Project.

A significant proportion of fee income for the School is receivable from the Department for Education (DfE) under the Music and Dance Aided Pupil Scheme (MDS). In the current year £7,288,080 was receivable (2021 - £7,242,170). The DfE have provided assurances to the School that they foresee the MDS Scheme being continued in its current form for the foreseeable future.

The trustees and the Senior Leadership Team closely monitored the progress of the Covid-19 global pandemic and its impact on Chetham's. The DfE has confirmed its support for the School and the Music and Dance Scheme funding is unaffected and continues to be paid. The Library's income for the current year should be significantly higher than last year's and its reserves are more than sufficient to cover any unforeseen reduction. The Feoffees and School Governors consider that Chetham's is able to continue as a going concern for the foreseeable future.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

1. Statement of accounting policies (continued)

Uniting direction

A Uniting Direction was issued by the Charities Commission on 25 June 2004. This links the Chetham's Hospital, School and Library charitable strands for the purposes of registration and accounting under the Charities Act 1993. The Charity Commission has agreed to the adapted format of the Statement of Financial Activities wherein funds are categorised by component charitable strand rather than by type.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of the Hospital. Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of the School. The results of both subsidiaries are included in the accounts of the relevant charity.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting bursaries granted by the School, but include contributions received from Restricted Funds towards fees.

Donations and bequests

Donations and bequests received for the general purposes of the Foundation are credited to unrestricted funds. Donations and bequests subject to specific wishes of the benefactors are credited to restricted funds, or to endowment funds where the amount is required to be held as permanent capital.

Donations and bequests are accounted for as and when entitlement arises, the amount can be reliably qualified and the economic benefit to the school is considered probable.

Investment and covenant income

Credit is taken for investment and covenant income, including related taxation, on an accruals basis. The income from COIF Accumulation units is automatically reinvested and this income is not disclosed as such in the accounts because there is a corresponding increase in the valuation of the original subscribed units.

Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer- term liabilities. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the proportions of individuals' time attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also external audit, any legal advice for the Feoffees and School and Library Committees, and all costs of complying with constitutional and statutory requirements, such as the costs of meetings of the Feoffees, the School Governing Body and the Library Committee and of preparing statutory accounts and satisfying public accountability.

Tangible fixed assets and depreciation

The Foundation's Collections and Management Plan, available from Chetham's Librarian upon request, details the Foundation's policy for the acquisition, preservation, management and disposal of its heritage assets.

College House and the Collections are deemed to have indeterminate lives and therefore the Feoffees do not consider it appropriate to charge depreciation.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

1. Statement of accounting policies (continued)

College House

The site of Chetham's, on a sandstone outcrop at the confluence of the Rivers Irwell and Irk, has been of strategic importance and occupied since Roman times. College House, in 1421, was the largest building in the medieval town of Manchester. The buildings have been used to house the School since 1653 and are Grade 1 listed.

The Feoffees consider that, owing to the incomparable nature of the buildings, conventional valuation approaches lack sufficient reliability and even if valuations could be obtained, the costs of doing so would be onerous compared with the additional benefits derived by the Foundation and users of the accounts. As a result, no value is reported for this asset in the Balance Sheet.

The Library's Collections

The Library's Collections were started in 1655. From illuminated manuscripts made for kings and queens to the minutiae of personal life – diaries, letters, account books – the Library has a wealth of special items and collections. Chetham's holds over forty medieval manuscripts, including the thirteenth century *Flores Historiarum* of Matthew Paris. The Collections are mainly concerned with the history of the North West of England and include the first ever census of Manchester compiled in 1773-74. There are well over 120,000 printed items, over half of which were published before 1850.

It is considered that obtaining valuations for the vast majority of the Collections would involve disproportionate cost due to the size and diversity of the items and so these assets are therefore not recognised in the Balance Sheet. Significant acquisitions from September 2009 onwards will be reported at cost, where the item is purchased, or if donated, at the current value if it is readily discernable, for example by using a probate value.

The Feoffees will very occasionally approve the disposal of items of the Collections, for example when an item is of doubtful provenance or is a duplicate of an item already in a Collection. Where items that are not recognised as fixed assets are disposed of, the proceeds are reported in the Statement of Financial Activities. Disposal proceeds are also disclosed separately in the notes to the accounts.

The Collections are deemed to have indefinite lives and therefore no depreciation is charged.

Preservation costs

Expenditure which, in the Feoffees' view, is required to preserve or clearly prevent further deterioration of College House or individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

Other assets

The cost of freehold buildings which are not classed as heritage assets is written off by annual installments over their expected useful lives as follows:

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

1. Statement of accounting policies (continued)

Freehold buildings: 40 - 60 years

The cost of the land acquired in 2008 is not written off but is kept in the accounts as a capital item matched by a restricted Capital Fund as its purchase was funded by a grant from the NWDA for that specific purpose.

Expenditure on instruments, furniture and equipment etc. costing less than £10,000 is written off as an expense in the year incurred.

Depreciation is provided on the cost of tangible fixed assets, to write them down in equal instalments to their estimated residual values based current market prices over their expected useful lives as follows:

Furniture, fittings and equipment:	5 years
Instruments:	3 years

Grants received towards capital expenditure are credited to the appropriate restricted fund upon entitlement thereto; any depreciation of the grant-funded proportion of such fixed assets expenditure is charged to the related restricted fund.

Investments

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Investment management fees are accounted for as incidental costs of the acquisition or disposal where transaction-based. Other management fees are disclosed separately as Resources Expended in the Statement of Financial Activities.

Investment in subsidiaries are valued at cost less provision for impairment.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

1. Statement of accounting policies (continued)

Pension schemes

Contributions are made to the multi-employer defined benefit Teachers' Pension Scheme at rates set by the Scheme Actuary and advised by the Scheme Administrator. Contributions are also made to the Greater Manchester Pension Fund, a multi-employer defined benefit pension scheme, for a small number of non-teaching staff, and also to a money purchase pension scheme for other non-teaching staff. In accordance with FRS 102 all schemes are accounted for as defined contribution schemes and contributions therefore are charged in the Statement of Financial Activities as they become payable.

Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities as they fall due.

Taxation

As a registered charity, the Foundation and its associated funds are not subject to taxation on its surpluses. However, provision is made for corporation tax on any trading profits generated by Chetham's Hall Limited and Chetham's Trading Limited after provision for Gift Aid payment.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Feoffees and School Governors as trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Feoffees and School Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022

2. School fees

	2022 £	2021 £
Gross fees receivable	10,067,230	10,006,615
Less: total bursaries, grants and allowances	(599,967)	(576,777)
	9,467,263	9,429,838
Scholarships and bursaries financed from restricted and endowment funds	599,967	576,777
	<u>10,067,230</u>	<u>10,006,615</u>

The total educational awards financed from restricted funds comprise:

	2022 £	2021 £
Scholarships and bursaries	599,967	576,777
Grants, awards and prizes	13,233	17,592
	<u>613,200</u>	<u>594,369</u>

3. Other trading activities

	2022 £	2021 £
Trading income, summer schools and facility hire	<u>490,339</u>	<u>160,984</u>

Trading income includes £267 (2021: £27,647) in relation to Chetham's Hall Limited and £479,065 (2021: £120,721) in relation to Chetham's Trading Limited.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

4. Investment income

	2022 £	2021 £
Income from UK listed investments (gross)	261,939	226,534
Interest on funds deposited on bank reserve accounts	789	243
	<u>262,728</u>	<u>226,777</u>

5. Bequests and donations

During the year significant bequests and donations were gratefully received from the following:

The Estate of the late Mr M Bateson, the Beaverbrooks Charitable Trust, the Estate of the late Mr H Butters, the estate of the late Mr A Chesters, Mr B Doyle, Mr D Gaskill, the Haworth Charitable Trust, Huawei, Hulme Trust Estates (Educational), Leigh Music Society, the Leverhulme Trust, LHR Charitable Foundation, the estate of the late Mr R Mcfarlane, the Oglesby Charitable Trust, the estate of the late Mr M Pearce, Mr H Ross, the Estate of the late Ms T Webster and the Zochonis Charitable Trust.

Donations and bequests were also received from many other sources and the Feoffees and School Governors wish to express their sincere gratitude to all donors.

6. Ancillary activities

	2022 £	2021 £
Charitable activities		
Concert income	15,454	2,411
Summer Music School	63,640	-
Piano Summer School	-	243,441
Sundry income	100,869	35,514
Insurance claims	551,972	281,657
	<u>731,935</u>	<u>563,023</u>

7. Expenditure

	2022 £	2021 £
Charitable expenditure includes:		
Depreciation of fixed assets	1,084,067	1,095,617
Auditors' remuneration: audit services	23,694	19,763
Operating lease costs	<u>27,071</u>	<u>25,909</u>

The above excludes rent of £627,000 (2021 - £627,000) paid by Chetham's School of Music to Chetham's Hospital which is eliminated by way of transfers between funds (note 10).

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

8. Employment costs

	2022	2021
	£	£
Wages and salaries	5,905,888	5,844,131
Social security costs	526,022	499,749
Pension contributions	909,152	916,761
	<u>7,341,062</u>	<u>7,260,641</u>

The average monthly number of employees in the year was 343 (2021 - 314) of which 181 (2021 – 175) were teaching staff.

The key management personnel comprise the two Joint Principals, the Director of Finance, and Chetham's Librarian.

The total employment benefits of the key management personnel were £460,974 (2021: £458,313). Total employment benefits include gross salaries, employer's National Insurance Contributions, employer's pension contributions, benefits in kind and Class 1A National Insurance Contributions on those benefits in kind.

Neither the Feoffees nor members of the other Foundation Committees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Charities or from any connected organisation during this year or the previous year.

The number of employees whose emoluments exceeded £60,000 was as follows:

	2022	2021
	No.	No.
£60,001 to £70,000	2	2
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
£90,001 to £100,000	2	3
£100,001 to £110,000	1	-

Contributions paid in the year for the provision of defined benefit schemes for higher paid employees were £74,993 (2021 - £73,804) and for money purchase pension schemes for higher paid employees were £19,300 (2021 - £19,300). There is 1 (2021 – 1) higher paid employee to whom retirement benefits are accruing under money purchase schemes and 4 (2021 – 4) higher paid employees in defined benefit schemes.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

9. Analysis of total resources expended

	<i>Staff costs</i> £	<i>Other costs</i> £	<i>Depreciation</i> £	<i>Total 2022</i> £	<i>Total 2021</i> £
Cost of generating funds					
Fundraising	97,731	18,511	-	116,242	92,656
Publicity	123,268	40,251	-	163,519	137,744
Conference, facility hire and trading costs	100,598	308,497	-	409,095	146,952
Financing costs	-	122,611	-	122,611	131,621
Investment management costs	-	49,255	-	49,255	62,453
	<u>321,597</u>	<u>539,125</u>	<u>-</u>	<u>860,722</u>	<u>571,426</u>
Charitable activities					
Teaching costs – academic	1,829,823	185,288	-	2,015,111	2,076,471
Teaching costs - music	3,529,352	483,970	-	4,013,322	4,005,417
Welfare	603,326	1,045,619	-	1,648,945	1,473,716
Premises	847,994	1,126,743	1,084,067	3,058,804	3,074,287
Scholarships & bursaries	-	599,967	-	599,967	576,777
Grants, awards & prizes	-	15,403	-	15,403	19,539
Library costs	157,007	45,172	-	202,179	199,152
	<u>6,967,502</u>	<u>3,502,162</u>	<u>1,084,067</u>	<u>11,553,731</u>	<u>11,425,359</u>
Governance costs	51,963	91,238	-	143,201	103,555
	<u>7,341,062</u>	<u>4,132,525</u>	<u>1,084,067</u>	<u>12,557,654</u>	<u>12,100,340</u>

Conference and facility hire includes £547 (2021: £11,634) in relation to Chetham's Hall Limited and £407,191 (2021: £134,059) in relation to Chetham's Trading Limited.

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9. Analysis of total resources expended (continued)

Total resources expended is £1,022,787 (2021 - £997,872) in respect of support costs detailed below, that have been allocated to the above expense headings.

Support Costs	<i>Hospital</i> £	<i>School</i> £	<i>Library</i> £	<i>Total</i> 2022 £	<i>Total</i> 2021 £
Management	-	128,104	141,722	269,826	278,377
Administration	-	244,939	12,675	257,614	258,151
Recruitment	-	24,998	-	24,998	21,453
Office costs	270	56,225	9,005	65,500	74,767
IT	-	103,566	-	103,566	69,222
Legal and professional	53,436	70,903	-	124,339	231,530
Insurance	106,369	67,620	2,955	176,944	64,372
	160,075	696,355	166,357	1,022,787	997,872

10. Transfers between funds

	<i>Unrestricted Funds</i>		<i>Restricted Funds</i> £	<i>Endowment Funds</i> £	<i>Total Funds</i> £
	<i>General</i> £	<i>Designated</i> £			
Hospital					
Rent from School	627,000	-	-	-	627,000
New School Development Fund	(267,717)	-	267,717	-	-
Contribution from School for the Site Development Project	-	-	100,000	-	100,000
Palatine Demolition Project	(50,000)	50,000	-	-	-
	309,283	50,000	367,717	-	727,000
School					
Rent paid to Hospital	(627,000)	-	-	-	(627,000)
Contribution to Hospital for the Site Development Project	(100,000)	-	-	-	(100,000)
Transfer for Millgate Project	590,190	(590,190)	-	-	-
Piano Purchases	130,000	(130,000)	-	-	-
	(6,810)	(720,190)	-	-	(727,000)
Library					
Transfer for Budget Support Fund	59,000	(59,000)	-	-	-
Transfer from Library Patrons Fund	247	-	(247)	-	-
	59,247	(59,000)	(247)	-	-
TOTAL	361,720	(729,190)	367,470	-	-

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11. Tangible fixed assets

	<i>Heritage Assets</i>	<i>Freehold Property</i>	<i>Furniture, Fittings, Plant & Equipment</i>	<i>Instruments</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 September 2021	115,000	44,014,368	779,439	228,440	45,137,247
Additions	-	564,360	99,993	140,200	804,553
At 31 August 2022	115,000	44,578,728	879,432	368,640	45,941,800
Depreciation:					
At 1 September 2021	-	10,476,319	485,708	183,173	11,145,200
Charge for the year	-	956,877	108,984	18,206	1,084,067
At 31 August 2022	-	11,433,196	594,692	201,379	12,229,267
Net book value:					
At 31 August 2022	115,000	33,145,532	284,740	167,261	33,712,533
At 1 September 2021	115,000	33,538,049	293,731	45,267	33,992,047

The cost of tangible fixed assets includes the cost of land at Walkers Croft, which was purchased in March 2008 with the support of a grant from the North West Development Agency (NWDA). This piece of land is secured by legal charges in favour of Nat West as security for the 2011 bank loan.

Information on Heritage Assets is given in Note 1 to the accounts.

Five year financial summary of Heritage Asset transactions:

	2022 £	2021 £	2020 £	2019 £	2018 £
Additions:	-	-	-	-	-
Donations	-	-	-	-	-
Total	-	-	-	-	-

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12. Investments

	<i>Restricted Funds £</i>	<i>Unrestricted Funds £</i>	<i>Endowment Funds £</i>	<i>Total £</i>
Balance at 1 September 2021	6,124,807	1,456,745	3,641,662	11,223,214
Additions	974,908	790,532	366,596	2,132,036
Disposals	(1,182,938)	(779,652)	(435,419)	(2,398,009)
Revaluation gains/(losses)	(537,683)	(135,348)	(166,428)	(839,459)
Change in amounts awaiting investment	136,718	(43,679)	38,153	131,192
Balance at 31 August 2022	5,515,812	1,288,598	3,444,564	10,248,974
Historical cost of listed investments	4,732,020	1,218,360	2,627,454	8,577,834
Listed on UK stock exchange	5,332,737	1,262,784	3,382,786	9,978,307
Cash holding	183,075	25,814	61,778	270,667
	5,515,812	1,288,598	3,444,564	10,248,974

All investments are held to provide an investment return.

13. Debtors (excluding fees)

	<i>2022 £</i>	<i>2021 £</i>
Other debtors	153,220	287,773
Prepayments	121,247	81,470
Accrued income	1,067,164	63,240
	1,341,631	432,483

No debtor balances were written off in either 2022 or 2021 for bad debts, but a £1,224 increase was made in the provision (2021: increase of £39,000).

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14. **Creditors:** amounts falling due within one year

	2022	2021
	£	£
Bank loans (note 15)	153,304	143,840
Other creditors and accruals	1,149,533	1,009,823
Fees received in advance from DfE	<u>1,900,000</u>	<u>1,900,000</u>
	<u>3,202,837</u>	<u>3,053,663</u>

15. **Creditors:** amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	<u>1,627,269</u>	<u>1,784,023</u>
	<u>1,627,269</u>	<u>1,784,023</u>

The total bank loans outstanding at 31 August 2022 amounted to £1,780,573 (2021 - £1,927,863). Of this amount £153,304 (2021 - £143,840) is repayable within one year and is therefore included in current liabilities.

A bank loan of £3,000,000 was taken out in May 2011 for a 20-year period to help to finance the construction of the New School Building. The loan interest is fixed at 6.4% for the life of the loan.

The loan is secured by first legal mortgages over the freehold land on the north side of Long Millgate, Manchester and over the freehold property of the Hospital and Library, together with the land on Walkers Croft where the New School Building is situated.

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16. Allocation of the charity's net assets

The net assets are held for the various funds as follows:

	<i>Fixed Assets</i>	<i>Investments</i>	<i>Net current assets/ (liabilities)</i>	<i>Long term liabilities</i>	<i>Total</i>
	£	£	£	£	£
Hospital					
Unrestricted	1,673,633	3,421	675,423	-	2,352,477
Restricted	30,408,289	374,409	(473,078)	(1,627,269)	28,682,351
Endowment	-	722,154	1,822	-	723,976
	<u>32,081,922</u>	<u>1,099,984</u>	<u>204,167</u>	<u>(1,627,269)</u>	<u>31,758,804</u>
School					
Unrestricted	1,508,528	1,258,367	5,438,283	-	8,205,178
Restricted	7,083	5,141,403	379,927	-	5,528,413
	<u>1,515,611</u>	<u>6,399,770</u>	<u>5,818,210</u>	<u>-</u>	<u>13,733,591</u>
Library					
Unrestricted	115,000	26,810	248,627	-	390,437
Restricted	-	-	10,280	-	10,280
Endowment	-	2,722,410	(151,860)	-	2,570,550
	<u>115,000</u>	<u>2,749,220</u>	<u>107,047</u>	<u>-</u>	<u>2,971,267</u>
Total					
Unrestricted	3,297,161	1,288,598	6,362,333	-	10,948,092
Restricted	30,415,372	5,515,812	(82,871)	(1,627,269)	34,221,044
Endowment	-	3,444,564	(150,038)	-	3,294,526
	<u>33,712,533</u>	<u>10,248,974</u>	<u>6,129,424</u>	<u>(1,627,269)</u>	<u>48,463,662</u>

17. Endowment funds

	<i>Balance at 1 September 2021</i>	<i>Incoming Resources</i>	<i>Resources expended</i>	<i>Investment gains/(losses)</i>	<i>Transfers between funds</i>	<i>Balance at 31 August 2022</i>
	£	£	£	£	£	£
Hospital						
Investment Replacement Sinking Funds	594,136	-	-	(10,468)	-	583,668
EF Jacob Endowment Fund	157,572	-	-	(17,264)	-	140,308
	<u>751,708</u>	<u>-</u>	<u>-</u>	<u>(27,732)</u>	<u>-</u>	<u>723,976</u>
Library						
Grants from Heritage Lottery Fund	2,710,226	-	-	(139,676)	-	2,570,550
Total	<u>3,461,934</u>	<u>-</u>	<u>-</u>	<u>(166,428)</u>	<u>-</u>	<u>3,294,526</u>

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Hospital

Investment Replacement Sinking Funds

Under Schemes approved by the Charity Commissioners, Hospital investments worth £183,340 were sold between 1981 and 1992 in order to provide finance for major capital purposes, subject to the restoration of the original sums by means of annual investments through Sinking Funds. This was achieved during the year to 31st August 2014 and the Schemes have been discharged.

E F Jacob Endowment Fund

A fund for the general benefit of the Hospital. Any income generated is credited to unrestricted reserves.

Library

Endowment Fund

The Heritage Lottery Fund grants were given in order to provide substantially improved investment income and thereby to enable improved facilities in the Library. Accordingly, investment income and realised gains, together with expenditure therefrom, are included as part of General Fund movements in the Statement of Financial Activities.

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18. Restricted funds

	<i>Balance at 1 September 2021</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investments gains/(losses)</i>	<i>Balance at 31 August 2022</i>
	£	£	£	£	£	£
Hospital						
Capital Fund - Millgate Extension	935,520		(39,668)			895,852
Capital Fund - New Land	4,500,000					4,500,000
Capital Fund - New School Building	18,193,265		(612,626)			17,580,639
Capital Fund – Nicholls Conversion	597,927		(18,506)			579,421
Capital Fund – Concert Hall	7,051,704		(199,326)			6,852,378
Improvements Fund	22,569					22,569
New School Development Fund	(2,044,743)	27,134	(119,808)	359,692		(1,777,725)
Concert Hall Fund	(205,011)			8,025		(196,986)
Instrument Fund	230,341	10,467	(7,097)		(40,403)	193,308
Nicholls Fund	32,601					32,601
Miscellaneous Fund	294					294
	29,314,467	37,601	(997,031)	367,717	(40,403)	28,682,351
School						
Vernon Farley Fund	14,668	-	(1,781)	-	-	12,887
Hazel Smith Fund	30,256	-	(16,016)	-	-	14,240
Ida Carroll Fund	3,231	-	(2,000)	-	-	1,231
Hospital Prize Fund	81,889	-	(214)	-	-	81,675
Kolbert Music Prize Fund	2,093	-	(75)	-	-	2,018
Academic Prizes Fund	320	20	(20)	-	-	320
Music Prizes Fund	200	100	(100)	-	-	200
David Hartigan Memorial Piano Fund	2,588	-		-	-	2,588
Neil Vint Bursary Fund	34,270	-	(1,000)	-	-	33,270
Milne Fund	273,580	-	(2,950)	-	(41,109)	229,521
Bursary Fund	2,401,299	165,558	(246,972)	100	(501,434)	1,818,551
Bateson Family Bursary Fund	1,064,322	24,904	(170,282)	-	-	918,944
Andrew Lloyd Webber Foundation Bursary Fund	100	-	-	(100)	-	-
Leverhulme Trust Bursary Fund	-	69,418	(67,998)	-	-	1,420
Oglesby Bursary Fund	-	33,357	(33,090)	-	-	267
2022 matches Funding Bursary Fund	-	4,605	-	-	-	4,605
Tony and Tania Music Prize Fund	-	10,000	-	-	-	10,000
Hospitallers Camp Fund	15,838	-	(1,775)	-	-	14,063
Mellor Endowment Fund	5,345	-	-	-	-	5,345
Amy Watson Endowment Fund	24,551	-	-	-	-	24,551
John Shaw Bursary Fund	3,638	-	(2,136)	-	-	1,502
Stoller Bursary Fund	14,304	-	-	-	-	14,304
Ethel Kerry Bursary Fund	1,850,942	-	(78,146)	-	-	1,772,796
Hardship Fund	62,136	-	(2,749)	-	-	59,387
Co-op Fund	1,665	-	(1,250)	-	-	415
Miscellaneous Restricted Fund	66,326	9,910	(6,929)	(10,200)	-	59,107
Friends of Chetham's Fund	16,416	1,112	-	-	-	17,528
Chets in London Fund	3,400	-	(879)	-	-	2,521
Stoller Hall Fund	29,182	8,685	-	-	-	37,867
50 th Anniversary Fund	78,482	5	(26,331)	-	-	52,156
Capital Fund - Instruments	-	-	(3,117)	10,200	-	7,083
Confucius Classroom Fund	86,878	-	(5,902)	-	-	80,976
Piano Summer School Fund	131,318	-	(22,384)	-	-	108,934
Grants and Other Income Fund	195,307	81,636	(138,802)	-	-	138,141
	6,494,544	409,310	(832,898)	-	(542,543)	5,528,413

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18. Restricted funds (continued)

Library	<i>Balance at 1 September 2021</i> £	<i>Incoming resources</i> £	<i>Resources expended</i> £	<i>Transfers Between funds</i> £	<i>Investments gains/(losses)</i> £	<i>Balance at 31 August 2022</i> £
J Paul Getty Fund	2,972	-	(2,972)	-	-	-
Miscellaneous Restricted Fund	1,710	-		-	-	1,710
Library Patrons Fund	-	247		(247)	-	-
Karl Marx Fund	800	-	(800)	-	-	-
Arts and Heritage Fund	2,470	-		-	-	2,470
Booth Charities Fund	600	-	(600)	-	-	-
Hills Archive Fund	4,763	-	(4,763)	-	-	-
HLF Project Fund	6,151	-	(6,151)	-	-	-
Heritage Compass Fund	-	3,000	(1,750)	-	-	1,250
Conservation Project Fund	-	5,000	(150)	-	-	4,850
	19,466	8,247	(17,186)	(247)	-	10,280
Total	35,828,477	455,158	(1,847,115)	367,470	(582,946)	34,221,044

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18. Restricted funds (continued)

Hospital

Building Funds

Capital Fund - Millgate Extension

A fund which represents the depreciated capital cost of the Millgate Extension.

Capital Fund – New Land

A fund which represents the capital value of the new land purchased in 2008 (note 11).

Capital Fund – New School Building

A fund which represents the depreciated capital value of the New School Building.

Capital Fund – Nicholls Conversion

A fund which represents the depreciated capital value of the Nicholls Conversion.

Capital Fund – Concert Hall

A fund which represents the depreciated capital value of the Concert Hall.

Improvements Fund

A fund established from the proceeds of donations from a major anonymous Trust, for use at the discretion of the Feoffees for major improvements.

New School Development Fund

An appeal fund for use in furthering the New School Development Project. This fund is in deficit at 31 August 2022 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

Concert Hall Fund

A fund established for the construction of the School's New Concert Hall. This fund is in deficit at 31 August 2022 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the School's Unrestricted Fund.

Other Funds

Instrument Fund

A fund established to give financial assistance to parents of students at the School wishing to purchase new instruments.

Nicholls Fund

A fund that can be used either to give hardship awards to parents in financial difficulties, or towards the maintenance of the Foundation's buildings.

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18. Restricted funds (continued)

Miscellaneous Restricted Fund

This fund comprises various miscellaneous and small funds, to be used for a variety of charitable purposes

School

Vernon Farley Fund

A fund established in order to make annual prizes for piano-playing and sight-reading.

Hazel Smith Fund

A prize or bursary awarded annually to a Lower School student who plays piano, woodwind or a string instrument and whose family is in financial need.

Ida Carroll Fund

Prizes awarded annually to double bass players.

Hospital Prize Fund, Kolbert Music Prize Fund, Academic Prizes Fund, Music Prizes Fund

Prizes awarded to students each Speech Day under the terms of a variety of trust funds established by various donors.

David Hartigan Memorial Piano Fund

A fund established in order to make annual awards to deserving piano students of Chetham's School.

Neil Vint Bursary Fund

A bursary awarded annually to former students of Chetham's School aged between 18 and 25, to help develop their careers.

Milne Fund

This fund was established to help students in financial difficulty and to support the development of the School's facilities.

Bursary Fund

This fund was established to help students who are in need of financial assistance.

Bateson Family Bursary Fund

A fund established for the estate of the late Michael Bateson to provide bursaries for students at the School who are in financial need.

Andrew Lloyd Webber Foundation Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Leverhulme Trust Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Oglesby Bursary Fund

A fund established by the Oglesby Charitable Trust, providing bursary support to Chetham's students.

2022 Matched Funding Bursary Fund

A fund established to support Ukrainian students at the school.

Tony and Tania Music Prize Fund

A fund established to provide bursary support to school students.

Hospitallers "Camp" Fund

A fund established in order to assist extra-mural activities.

Mellor Endowment and Amy Watson Endowment Funds

These funds are to provide benefits for the School.

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18. Restricted funds (continued)

John Shaw Bursary Fund

A fund to provide bursary support to students from Lancashire or Yorkshire.

Stoller Bursary Fund

A fund established by the Stoller Charitable Trust to support students who live in Oldham.

Ethel Kerry Bursary Fund

A fund established from the estate of the late Ethel Kerry, to provide bursaries for students who live in Lancashire, Yorkshire, Cumbria and Scotland.

Hardship Fund

A fund established to provide support to students at the School who are in financial need.

Co-op Fund

A fund established to help the School.

Miscellaneous Restricted Fund

This fund comprises miscellaneous small restricted funds for a variety of uses.

Friends of Chetham's Fund

A fund to support the advancement of education of students at Chetham's by funding projects and facilities as the School requires.

Chets in London Fund

A fund to support the School.

Stoller Hall Fund

A fund to support the costs of running the Stoller Hall.

50th Anniversary Fund

A fund established to support the work of the School in a variety of ways.

Capital Fund – Instruments

A fund representing the depreciated capital value of instruments purchased using the Instrument Fund. This fund is now fully expended.

Confucius Classroom Fund

A fund established for the costs of establishing the Confucius Classroom.

Piano Summer School Fund

A fund established from the surplus generated by the running of the annual Piano Summer School. The fund is to enable the Piano department to facilitate further Summer Schools, to support piano students and to purchase instruments.

Grants and Other Income Fund

This fund shows grants and other restricted income received for specific charitable purposes such as outreach events and conferences, and specific support for individual students.

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18. Restricted funds (continued)

Library

J Paul Getty Fund

This is a fund for the conservation of Library material. This fund is now fully expended.

Miscellaneous Restricted Fund

This is a fund established for miscellaneous restricted donations.

Library Patrons Fund

This fund is for donations made by Library Patrons and the income is transferred each year to the unrestricted General Fund.

Karl Marx Recording Project Fund

This is a fund established with a grant from the Lipman Miliband Trust for digitising and making facsimiles of the books used by Marx when he visited the Library.- This fund is now fully expended.

Arts and Heritage Fund

This is a fund established for an art installation in the Library.

Booth Charities Fund

This is a fund established for a project on the history of Salford. This fund is now fully expended.

Hills Archive Fund

This is a fund established to meet the expenses of cataloguing the Hills Archive Collection. This fund is now fully expended.

HLF Project Fund

This is a fund established to support the HLF application for the visitor attraction project. This fund is now fully expended.

Heritage Compass Fund

A fund established to provide training support for two development departments.

Conservation Project Fund

A fund established to support the conservation work of the library.

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19. Unrestricted funds

	<i>Balance at 1 September 2021</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investment gains/ (losses)</i>	<i>Balance at 31 August 2022</i>
	£	£	£	£	£	£
Hospital						
General Fund	2,625,547	4,055	(307,440)	309,283	(61)	2,631,384
Designated funds:						
Palatine Demolition Fund	(328,907)	-	-	50,000	-	(278,907)
	<u>2,296,640</u>	<u>4,055</u>	<u>(307,440)</u>	<u>359,283</u>	<u>(61)</u>	<u>2,352,477</u>
School						
General Fund	4,646,419	12,137,746	(10,113,562)	(6,810)	(155,369)	6,508,424
Designated funds:						
Chiller Unit Fund	30,000	-	-	-	-	30,000
Millgate Building Refurbishment Fund	897,320	-	-	(590,190)	-	307,130
Dining Room Refurbishment Fund	100,000	-	(8,275)	-	-	91,725
Chesters Bequest Fund	964,745	37,500	(78,125)	(130,000)	-	794,120
Organ Cash Settlement Fund	-	475,000	-	-	-	475,000
Music Department & Tour Fund	-	-	(1,221)	-	-	(1,221)
	<u>6,638,484</u>	<u>12,650,246</u>	<u>(10,201,183)</u>	<u>(727,000)</u>	<u>(155,369)</u>	<u>8,205,178</u>
Library						
General Fund	393,906	153,353	(196,916)	59,247	(19,153)	390,437
Designated funds:						
Lighting Fund	5,000	-	(5,000)	-	-	-
Budget Support Fund	59,000	-	-	(59,000)	-	-
	<u>457,906</u>	<u>153,353</u>	<u>(201,916)</u>	<u>247</u>	<u>(19,153)</u>	<u>390,437</u>
	<u>9,393,030</u>	<u>12,807,654</u>	<u>(10,710,539)</u>	<u>(367,470)</u>	<u>(174,583)</u>	<u>10,948,092</u>

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2022**

19. Unrestricted funds (continued)

Hospital

Palatine Demolition Fund

A fund established for the costs of demolishing the Palatine Building. This fund is in deficit at 31 August 2022 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this Fund's deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

School

Chiller Unit Fund

A fund established to provide resources for replacing the Chiller Unit in the New School Building at the end of its useful life.

Millgate Building Refurbishment Fund

A fund established for the refurbishment of the boys' boarding accommodation and improvements to other areas in the Millgate Building.

Dining Room Refurbishment Fund

A fund established for the refurbishment of the School's dining room.

Chesters Bequest Fund

A fund established from a bequest to support developments at the school.

Organ Cash Settlement Fund

A fund established to hold the insurance cash settlement for the fire damaged Whiteley Hall Organ.

Music Department Tour Fund

A fund established to manage the costs of overseas Music Department tours.

Library

Lighting Fund

A fund established for upgrading the lighting in the Library. This fund is now fully expended.

Budget Support Fund

A fund to underwrite the Library's 2021/22 budget. This fund is now fully expended.

20. Pensions arrangements

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £781,225 (2021: £787,742).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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20 Pension arrangements (continued)

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June 2021 on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In 2016 cost control valuations have since been completed in January 2022, and the results indicated that there were no changes to benefits or member conditions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

Greater Manchester Pension Fund

A small number of employees are members of the Greater Manchester Pension Fund ("GMPF"). The GMPF is a multi-employer final salary defined benefit scheme and the assets of the School are pooled with similar institutions for actuarial valuation purposes. Accordingly, under FRS 102 the Scheme is accounted for as a defined contribution scheme.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2019 when the market value of the assets of the Scheme was £23,844 million, being 102% of members' accrued benefits.

The pension contributions made to the Scheme for the year ended 31 August 2021 were £19,902 (2021-£17,011). The employee contribution rate varied between 5.5% and 6.8% depending upon actual pay levels. The employer contribution rate was 25.1% to March 2022 and then 25.4%.

In addition to the GMPF and TPS, there were contributions to a money purchase scheme during the year of £108,025 (2021- £111,888).

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21. Operating lease commitments

The School has minimum lease payments under non-cancellable operating leases as follows:

	<i>Equipment</i>	
	2022	2021
	£	£
Within one year	14,132	23,045
Between two and five years	<u>13,846</u>	<u>4,902</u>
	<u>27,978</u>	<u>27,947</u>

22. Financial Instruments

	2022	2021
	£000	£000
Financial assets measured at amortised cost (a)	9,211	8,224
Financial assets measured at fair value (b)	10,249	11,223
Financial liabilities measured at amortised cost (c)	(4,804)	(4,832)
	—————	—————
Net financial assets measured at amortised cost	14,656	14,615
	—————	—————

(a) Financial assets include cash, trade and fee debtors, staff loans, other debtors accrued income and amounts due from subsidiaries

(b) Financial assets held at fair value include assets held as investments

(c) Financial liabilities include deposits, fees in advance, trade creditors, and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2021: £nil).

23. Related party transactions

There are no related party transactions that need to be disclosed in the financial statements.

24. Contingent asset

Within the wholly owned subsidiary of Chetham's School of Music, Chetham's Trading Limited (Trading), there exists potentially reclaimable VAT that has not yet been filed as part of an existing VAT claim with HMRC, with a total value that could be material to Trading. As some of the VAT may relate to exempt or partially exempt income, it is not currently possible to accurately measure the value of any future claim, pending specialist VAT advice, so the Directors of Trading do not believe that it is appropriate to include this as an asset at the year end.

Accordingly, the Feoffees have not recognised in these accounts, and do not expect the potential value of the VAT to be significant to Chetham's overall.

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25. Statement of financial activities – comparative figures by fund

	<i>Notes</i>	<i>Hospital Funds</i>	<i>School Funds</i>	<i>Library Funds</i>	<i>2021</i>
		£	£	£	£
Income from:					
Charitable activities:					
School fees	2	-	10,006,615	-	10,006,615
Ancillary activities	6	530	553,390	9,103	563,023
Other trading activities:					
Activities for generating funds	3	27,647	133,337	-	160,984
Investments:					
Investment income	4	13,310	133,754	79,713	226,777
Voluntary sources:					
Bequests and donations	5	28,375	483,179	120,967	632,521
Grants received		-	219,685	91,517	311,202
Total incoming resources		69,862	11,529,960	301,300	11,901,122
Expenditure on:					
Raising funds:					
Fundraising		12,463	80,193	-	92,656
Publicity		-	137,744	-	137,744
Conference, facility hire and trading costs		11,634	135,318	-	146,952
Financing costs		128,802	2,819	-	131,621
Investment management costs		3,166	43,100	16,187	62,453
		156,065	399,174	16,187	571,426
Charitable activities:					
Teaching costs – academic		-	2,076,471	-	2,076,471
Teaching costs – music		-	4,005,417	-	4,005,417
Welfare		-	1,473,716	-	1,473,716
Premises		1,070,457	2,003,830	-	3,074,287
Scholarships and bursaries		-	576,777	-	576,777
Grants, awards and prizes		2,500	17,039	-	19,539
Library running costs		-	-	199,152	199,152
Support and Governance costs		15,948	86,118	1,489	103,555
		1,088,905	10,239,368	200,641	11,528,914
Total resources expended	9	1,244,970	10,638,542	216,828	12,100,340
Net income/(expenditure)		(1,175,108)	891,418	84,472	(199,218)
Transfer between funds	10	727,000	(727,000)	-	-
Gains/(losses) on investment assets:					
Realised		1,733	75,198	46,098	123,029
Unrealised		187,152	1,064,097	366,647	1,617,896
Net movement in funds		(259,223)	1,303,713	497,217	1,541,707
Fund balances at 1 September 2020		32,622,038	11,829,315	2,690,381	47,141,734
Fund balances at 31 August 2021		32,362,815	13,133,028	3,187,598	48,683,441



CHETHAM'S HOSPITAL SCHOOL AND LIBRARY

England & Wales - Charity number 526702

Accounts

**THE HOSPITAL AND LIBRARY IN MANCHESTER
FOUNDED BY HUMPHREY CHETHAM ESQ
AND INCORPORATED BY KING CHARLES II**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2021

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
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ANNUAL REPORT OF THE FEOFFEES
For the year ended 31 August 2021**

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For the year ended 31 August 2021**

The Feoffees and School Governing Body present their annual report for the year ended 31 August 2021 under the Charities Act 2011, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Act, the Charity Commission Scheme dated 27 May 1952 and amended Scheme dated 22 October 1969 and the Charities SORP 2015.

Reference and administrative details

The Feoffees who served during the year and up to the date of signing the accounts were as follows:

P.A. Lee, Esq.	(Chairman)
H. Ross, Esq.	(Vice Chairman from October 2020)
M. Edge, Esq.	(Treasurer to March 2022)
Mrs. V. Torevell	(Appointed February 2021 Treasurer from March 2022)
Professor H. Barker	
Dame A. Burslem	
The Rt. Hon. The Earl of Derby	
Mrs V. Goldstone	(Appointed February 2021)
The Very Reverend R. Govender	
Dr. D. Hill	
J. Langridge, Esq.	(Appointed February 2021)
N. MacInnes, Esq.	(Appointed June 2021)
Mrs. S. Marks	
Prof. L. Merrick	(Appointed February 2021)
T. Newns, Esq.	(Appointed February 2021)

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School Governing Body

Under the terms of the Charity Commission Scheme, there is a School Governing Body managing the School of the Foundation, which, when complete, comprises nineteen members.

Those who served during the year and up to the date of signing the accounts were as follows:

M. Edge, Esq.	(Chair and Treasurer)
Ms. S. Barnes	
Mrs. C. Baxendale	
Prof. B. Brennan	(Appointed by the School Governing Body)
Councillor J. Davies	(Nominated by Manchester City Council)
Mrs. T. Dixon	(Resigned September 2021)
Mrs. E. Halstead	(Appointed September 2021)
K. Jaquiss, Esq.	
S. McKendrick, Esq.	(Nominated by Manchester City Council)
Prof. L. Merrick	(Appointed by the School Governing Body)
L. Pratt, Esq.	(Appointed May 2021)
H. Ross, Esq.	
Ms. K. Russell	
N. Shepherd, Esq.	
L. Stephens, Esq.	(Appointed September 2021)
Canon M. Wall	(Nominated by the Dean and Chapter of Manchester Cathedral)
S. Webb, Esq.	(Resigned September 2021)
Dr. S. Zhi	

Library Committee

Those who served on the Library Committee during the year and up to the date of signing the accounts were as follows:

Professor H. Barker	(Chair)
N. Barker, Esq.	
Professor J. Bergin	
N. Brooks-Sykes, Esq.	
Mrs. V. Goldstone	
J. Hodgson, Esq.	
N. MacInnes, Esq.	
Dr. R. Oates	
Mrs. C. Paynton	
Professor M. Schmidt	

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Officers

Joint Principal	T. Redmond, Esq.
Joint Principal	Ms. N. Smith
The Bursar	Mrs. S.C. Newman
The Librarian	Dr. J. F. Wilde
The Clerk to the Feoffees	J. Aldersley, Esq.

Principal Office Address

Chetham's Hospital School and Library
Long Millgate
Manchester
M3 1SB

Advisers

Bankers

National Westminster Bank plc
182 Deansgate
Manchester
M3 3LY

Solicitors

Butcher & Barlow LLP
3 Royal Mews
Gadbrook Park
Northwich
Cheshire
CW9 7UD

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Auditors of the Charitable Foundation

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Investment advisers

Rathbone Brothers PLC
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

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Insurance brokers

Marsh Commercial
Kabel House
15 Quay Street
Manchester
M3 3HN

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Structure, governance and management

Governing document and structure

The full name of this charitable foundation is "The Hospital and Library in Manchester founded by Humphrey Chetham, Esq. and Incorporated by King Charles II" (Registered Charity Number 526702).

The Foundation, including the School, is regulated by a Charity Commission Scheme dated 27 May 1952, and amended by a Scheme dated 22 October 1969.

Chetham's Hospital, Chetham's School of Music and Chetham's Library are separate charities but are registered under one Charity Number, following a Uniting Direction issued by the Charities Commission in 2004 for registration and accounting purposes.

The Trustees of the Hospital and Library charities, who are known as the Feoffees, are a Body Corporate, pursuant to Letters Patent of King Charles II, dated 10 November 1665.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's Hospital.

Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's School of Music.

Governing bodies

The Feoffees are the governing body of the Hospital and Library charities. The School Governing Body of Chetham's School of Music is the governing body of the School. The Library Committee acts as the management committee of the Library charity and approval for that Committee's recommendations is given by the Feoffees.

Recruitment and training

Chetham's Hospital

Feoffees are appointed under the terms of the Will of Humphrey Chetham. The Chairman, Vice Chairman and Treasurer are elected annually.

The term of office is 5 years and Feoffees may be re-elected.

New Feoffees are chosen from a wide variety of academic and business backgrounds to ensure that the essential level of knowledge and experience is maintained and they are inducted into the working of the Hospital on appointment. Continuing training for existing Feoffees is arranged on an on-going basis as necessary.

Chetham's School of Music

The appointment of members of the School Governing Body is confirmed by the Feoffees except where otherwise stated. The term of office is three years. All members may be re-elected.

New Governing Body members are chosen from a wide variety of academic, musical and business backgrounds and are inducted into the workings of the School by the Joint Principals. Safer recruitment procedures are followed for all School Governors including DBS checks. Continuing training for existing members is organised on an on-going basis as necessary. At each meeting of the Governing Body the opportunity is taken to update members on various aspects of School life and current educational issues. The School's Designated Safeguarding Lead attended the September 2020 meeting to answer questions on the School's Safeguarding Policy.

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Chetham's Library

New members of the Library Committee are selected by the Library Committee and their appointments are confirmed by the Feoffees. Members serve for a three year period with the opportunity for re-election at the end of that time if appropriate. New members are chosen from a wide variety of academic and business backgrounds and are inducted into the workings of the Library by Chetham's Librarian who also arranges for ongoing training for existing members as necessary.

Organisational management

The Feoffees are legally responsible for the overall management and control of Chetham's Hospital and of Chetham's Library. The Feoffees meet formally at least twice a year. The Investment Sub-Committee oversees the investment portfolio and works with the Investment Managers.

The day to day running of Chetham's Hospital is delegated to the Bursar for financial and buildings matters.

The day to day running of Chetham's Library is delegated to the Library Committee and to the Librarian.

The School Governing Body is legally responsible for the overall management and control of the School. The Governing Body meets formally at least three times a year. There are three sub-committees of the Governing Body, the Resources Committee, the Safeguarding Committee, and the International Opportunities Committee. In addition, a governor is on the School's Health and Safety Committee.

The day to day running of the School is delegated to the two Joint Principals.

The Remuneration Sub-Committee sets the remuneration packages for the Joint Principals and Bursar. The remuneration package of the Librarian is set by the Feoffees. Remuneration packages are informally benchmarked against comparable organisations' pay structures.

Principal risks and uncertainties

The Feoffees and the School Governing Body are responsible for the management of the risks faced by the Hospital, School and Library. Detailed considerations of risk are delegated to the Joint Principals, Librarian and Bursar and to the Resources Committee which identifies and assesses risks and establishes controls throughout the year.

The Feoffees deem the major risk faced by the Hospital to be the risk that fundraising achievements are insufficient to provide the necessary resources to properly maintain the buildings and resource the activities to which the organisation has committed. The Development Department is monitored on an on-going basis directly by the Feoffees and its reports are scrutinized closely at their regular meetings.

The School Governing Body maintains a comprehensive risk register. Key risks include the impact of a change in the Music and Dance Scheme which is the major source of ongoing fee income for the School, reputational damage, safeguarding and health and safety risks. All of these risks are mitigated by careful planning, thorough checks and reviews being in place and regular monitoring by senior staff and Governors.

The Feoffees deem the major risk to the Library is its financial sustainability. Whilst the Hospital charity is in a position to financially support the Library on an ongoing basis, the Library staff, Feoffees and Library Committee members are committed to sourcing alternative financial resources to provide a sustainable future for the Library.

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The key controls used by the Foundation include:

- formal agendas for the Committee meetings;
- detailed terms of reference for all Committees;
- comprehensive budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Foundation the Feoffees and School Governors are satisfied that the major risks have been adequately managed. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Objects, aims, objectives and activities

Charitable objects

The Feoffees are required, under the terms of the Charity Commission Scheme, to apply the annual income of the Hospital to the maintenance and improvement of the School, Library and Hospital premises, including provisions for extension and improvement of those premises and purchase of additional land and in the payment of grants and allowances and the award, inter alia, of scholarships, maintenance allowances and other financial assistance.

The object of the School is to give a liberal education with due regard to the theory and practice of music.

The object of the Library is to provide, under the Will of Humphrey Chetham, "A Library within the Town of Manchester, for the use of scholars, and others well affected, to resort unto".

Public benefit aims and intended impact

The Public Benefit aims of the Hospital are to provide the optimum resources to enable Chetham's Library and Chetham's School of Music to excel in their respective fields of expertise and to facilitate wide public access to the services offered by both entities. The Feoffees and School Governors have had regard to the Charity Commissions guidance on Public Benefit.

The Public Benefit aims of the School are as follows:

- To educate musically gifted children between the ages of 8 and 18 whatever their social, racial and cultural background and financial circumstances;
- To provide as broad an academic curriculum as is possible within a specialist school; and
- To develop the whole person, furthering the spiritual, moral, social and cultural development of each student.

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The Public Benefit aims of the Library are to maintain the provisions of the Humphrey Chetham Will, and to make improvements to the Library whenever possible. It aims to advance the education of the public by the provision of opportunities to study historical and contemporary literature, specialising in the history of the North West of England.

Objectives for the year

All three charities have been impacted to a greater or lesser extent during the year by the Coronavirus pandemic and so the overarching objective has been to ensure that the charities and the services provided to beneficiaries are maintained at the highest possible level.

The major objective for the Hospital this year has been to continue to fulfill its stated aims of supporting the Library and School.

The main objectives of the School were as follows:

- To manage the School effectively during the Coronavirus pandemic, limiting its impact upon the students' education as far as possible.
- To ensure that the School's Safeguarding Policy and practices are exemplary and fulfill all regulatory and statutory requirements.
- To continue to achieve consistently high results in musical and academic fields.
- Working with the Feoffees to further the Site Development Project which has provided the New School Building, the new Stoller Hall and upgraded boarding accommodation.
- To continue to provide opportunities to the public via the School's extensive outreach programme, widening access to the School.
- To increase the amount of bursary funding for overseas and home students to enable more students to be supported financially. £576,777 (2020: £353,479) was provided in bursary support this year.

The major objective for the Library this year has been to continue to fulfill its stated aims of the provision of a Library. Fundraising has been prioritised to help to ensure the Library's activities are sustainable.

Strategies to achieve the year's objectives

The strategies used to achieve the Hospital's objective this year include: continuing to raise the necessary funding to cover the funding gaps incurred during the on-going Site Development Project.

The School's strategies included:

- The School's Safeguarding Committee monitors safeguarding matters at each of its meetings. The Safeguarding Policy is updated and reviewed at least annually by the School and Governors.
- Continuing to employ and invest in the best possible staff in all departments in the School.
- Providing opportunities for Chetham's students and the public to participate in high quality events including masterclasses, recitals, orchestral concerts and numerous specialist teacher and student days throughout the year, albeit that this was somewhat restricted due to the COVID-19 pandemic.
- Continuing work on the refurbishment of the boys' boarding accommodation in the Millgate Building. The first phase of the construction work was completed in Summer 2019 and the students moved into the new bedrooms in September 2019. Phase 2 is underway, having been significantly impacted by the COVID-19 pandemic. This part of the Site Development Project is expected to continue for a number of years.
- Identifying and working with potential providers of bursary funding.

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The strategies used by the Library to achieve this year's objectives included reviewing the securing of the financial viability of the Library by the submission of numerous funding applications to a variety of trusts and foundations, continuing and expanding on the strong links with other academic institutions and Manchester Cathedral and targeted expansion of the holding of relevant books and other materials. The Coronavirus pandemic impacted significantly on the Library as it had to close to public visitors in March 2020. It re-opened in Summer 2021 whilst maintaining an on-line service, although had to close again at Christmas 2021 due to increasing levels of infections.

Principal activities of the year

The principal activities of the Hospital were the provision of premises to house the School and Library and associated activities, together with the awarding of grants to the Library and to students of the School.

The principal activity of the School was the provision of a musical and academic education to young people between the ages of 8 and 18. The School also provides an extensive outreach programme to encourage wider community access to the excellent teaching resources of the School.

The principal activity of the Library was the provision of a library and associated activities.

Foundation buildings

Under the Will of Humphrey Chetham who died in 1653, College House was purchased for the foundation of a hospital (school) and a library. The accounts of the Foundation do not incorporate any value of College House.

The value of land and buildings shown in the financial statements is the purchase price of the Millgate Building, and the construction costs of New College House, the Millgate extension, the New School Building, the conversion costs for the Nicholls Building re-development, the construction costs of the Stoller Hall and of the redevelopment of the boys' boarding accommodation in the Millgate Building, all net of depreciation where relevant, together with the purchase price of the parcel of land at Walkers Croft. The buildings are insured for £127 million on a rebuilding basis.

The Hospital is responsible for the external repair and maintenance of the Foundation buildings, and the costs are charged to its annual accounts as incurred. The School and Library pay for internal repairs and maintenance within their own respective accounts.

Grant making policy

The Feoffees make awards on the basis of an individual's financial position. Any particular conditions imposed by donors are taken into account when making awards.

Whilst most of the awards from the Hospital are small and given as bursaries, any grant from the Instrument Fund is given to parents in support of their requests for assistance in buying instruments for their children. The parents usually have to contribute to any purchase. This year, the value of awards made by the Hospital to the School's students was £2,500 (2020 - £1,600). A grant of £nil (2020 - £22,000) was made to Chetham's Library during the year.

Around 80% of the students at Chetham's are eligible for means-tested support through the Music and Dance Aided Pupil Scheme, funded by the Department for Education (DfE). This Scheme ensures that families are only asked to contribute towards the fees of the School at a level that they can afford. For a number of reasons, usually because the Scheme is primarily for UK residents, a small number of students are not eligible for financial support through the DfE scheme. A significant part of the School's activities is the provision of bursaries to these students, to facilitate the widening of access to the School. Bursaries are normally awarded from both unrestricted and restricted funds and awards are based on the School's assessment of financial need. Detailed means testing is carried out by the School to ensure that its funds are directed towards those who would otherwise not be able to afford to come to Chetham's. This year the School contributed £nil (2020 - £111,807) from Unrestricted Funds and £576,777 (2020- £241,672) from Restricted Funds to support students financially. The amount contributed each year varies according to specific need in each particular year.

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HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
ANNUAL REPORT OF THE FEOFFEEES
For the year ended 31 August 2021**

Review of achievements and performance for the year

Review of activities

Chetham's Hospital

The major activity of the Hospital during this year has been to fundraise to cover the funding gaps incurred during the on-going Site Development Project. This Project was divided into three phases: to construct the New School Building, including constructing a 482 seat concert hall, to refurbish the residential accommodation in the Millgate and Nicholls Buildings and to increase public access to the medieval estate by the opening of the Medieval Manchester Visitor Attraction. Fundraising for the Project has slowed somewhat although over £43 million has been raised.

Plans have been made for the separation of the School site from the Visitor Attraction areas, and for significantly upgrading the Waterhouse Building, which in due course will become a major part of the visitor experience. The Feoffees have worked closely with a variety of partners and neighbours with the aim of enhancing the exciting and unique experience for tourists and other visitors. This part of the Site Development Project is subject to the securing of the necessary funding.

Safeguarding matters were also at the forefront of activities, supporting the School in ensuring that systems were effective.

The Feoffees consider that the activities of the School and Library and of itself further the Hospital's charitable purposes for the public benefit as the Hospital contributes to enhancing those activities.

Chetham's School of Music

At the start of the year there were 328 students on roll, compared to 323 the previous year. This number includes 12 Choristers, as the School acts as the Choir School for Manchester Cathedral. There were 174 girls and 154 boys, with 132 students in the 6th Form, 163 in Years 7 to 11 and 33 Juniors. Most (67%) students are boarders, with the remainder living within commuting distance of the School.

The School admits students solely on the basis of musical ability and applicants are rigorously auditioned for selection. For entry in September 2020 there were 129 applications and 101 auditions with 73 children successfully joining the School. In addition the School carries out many free advice auditions where children who may be considering applying to the School are given professional feedback on their playing and musical ability.

A total of 263 places at the School are funded each year by the Department for Education under the Government-funded Music and Dance Schools (MDS) Aided Pupils Scheme. This Scheme allows for means testing with fee remission for eligible families. The School also provides substantial bursary funding for exceptionally talented students who are not eligible for the MDS Scheme, and for other families who may be suffering financial hardship. The average award this year was £13,733 (2020 - £10,099), providing support to a total of 42 (2020 – 35) students. The number of students who are helped financially varies each year according to need. Chorister places at Chetham's are also significantly supported by the School as the fees for Choristers are discounted by over 60%. The School aims to help as many students as it can in this way as it believes that the musical education that it provides benefits the public as well as the individuals concerned.

Education is a public benefit in its own right. As well as providing an exemplary level of music education, the academic results of the School continue to be very satisfactory. Despite the Coronavirus pandemic, A level results were excellent with a 100% pass rate and 87% of the candidates receiving A* to B grades. Results at GCSE level were also pleasing with 99% at A to C grades. Education at the level provided by the School in Music and other subjects to such a high standard provides not only world class musicians of the future but rounded individuals who have the choice of where their future lives may lead.

Destinations of the Upper 6th Form leavers continue to be varied. Over 70% of the leavers were accepted to read Music at university, music college or conservatoire, and the most popular destinations were the Royal College of Music and the Royal Academy of Music. Other (non-Music) destinations included Imperial College and Durham University for subjects such as Mathematics and English.

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During the year Chetham's Outreach Department continued to function and increase its reach despite being in the midst of a global pandemic. Much of the activity was moved online, and, while the experience of live music can never be replaced, the Department were forced to explore new and creative ways of providing access to music digitally. The team's improved skills and range of activities is something to be carried forward in their programme, while returning, of course, to more live music-making.

The Department engaged with over 10,000 individual school students and members of community groups and multiple engagements with some of those resulting in over 19,000 engagements overall. They engaged with over 60 schools and 10 community groups, many on multiple occasions. Community groups included Belong Moris Feinmann, various care homes and Salford Age UK and Together Dementia Support Group.

Some highlights of the projects and activities included online creative, interactive music workshops for Key Stage 2 students (attended by thousands of students live on Zoom!), livestreams to care homes and several presented livestream performances for schools and a filmed relaxed concert with accompanying resources for audiences with PMLD and MLD. We also produced a large-scale Christmas film of Christmas music for schools and the public which featured a mega samba and students from schools around Greater Manchester.

Overnight on 24th June 2021 a fire broke out in the Whiteley Hall, in the Millgate Building. Thankfully there were no casualties but a significant amount of damage was caused. The School was fully insured and the cost of the repairs to the building and contents will be covered. The School thoroughly reviewed its fire risk assessment, took advice from the Fire Service and insurers and is taking the opportunity to provide enhanced facilities in the Hall alongside the repair work being carried out.

The Site Development was impacted by the Coronavirus pandemic and work on the refurbishment was slowed considerably. The first phase was completed in Summer 2019, and phase two should be completed in 2022.

In June 2017 the School was notified that it would be called to give evidence at the Independent Inquiry into Child Sexual Abuse. Representatives of the School attended the Inquiry in September 2019. The Inquiry's report was published in March 2022 and the School has reflected on its contents, re-affirming the predominant priority of all who work at the School being the safeguarding of students.

During the year the School received investments valued at over £1.2 million from a previously notified bequest, and share values rose considerably during the year. At the year end investments totalled £11,223,214 (2020 - £8,306,295). Cash at bank and in hand and creditors were impacted at the year end as the Music and Dance Scheme made their normal grant payment in advance in August.

Chetham's Library

Chetham's Library is widely recognised as the oldest surviving public library in the English speaking world, remaining in continuous use from its foundation in 1655 to the present day. It forms a resource that has few parallels, being a major research library, heritage complex and arts organisation. Its significance has been recognized by Arts Council England through Designation of its collection as being of national and international importance.

The Library was grateful to receive significant grants from the Arts Council and from Manchester City Council to help support the Library's activities during the Coronavirus Pandemic.

Fundraising for the Library's work continues. The Patrons of Chetham's Library scheme raised £394 this year (2020: £1,456).

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Fundraising performance against objectives

During the year £632,521 (2020: £1,676,952) was donated or bequeathed to the Foundation. The Feoffees and School Governing Body have set general targets for the Development Department, both for unrestricted and restricted income and consider that the year's results are satisfactory in the circumstances.

Chetham's is registered with the Fundraising Regulator and is committed to delivering the Fundraising Promise, as outlined on the Fundraising Regulator's website, and the high standards set for fundraising, as outlined in the Regulator's Code of Fundraising.

Investment performance against objectives

The investment powers of the Foundation are subject to statutory provisions, in particular the Trustees Investments Act 2000.

The policy is to maintain income whilst preserving the real value of endowed investments and to maximise income on temporarily invested funds.

Rathbone Brothers PLC acting as Investment Managers with effect from September 2019 have discretionary powers to manage the portfolio and their performance is monitored on a regular basis against agreed benchmarks by the Investment Sub-Committee. The Feoffees and School Governing Body consider that the year's results are satisfactory.

The Foundation's annualized total return on investment assets was £1,967,702 (2020: £319,177).

Investment income in the Hospital decreased during the year to £13,310 (2020 - £15,836) and realised gains were £1,733 (2020 - losses of £34,062).

Investment income in the School increased during the year to £133,754 (2020 - £82,953) and realised investment gains were £75,198 (2020 - losses of £23,383).

Investment income in the Library decreased during the year to £79,713 (2020 - £83,477) and realised investment gains were £46,098 (2020 - losses of £208,134).

Financial Review

The Foundation recorded an overall surplus on unrestricted funds of £814,429 (2020- £1,522,023) and its total Unrestricted Funds now stand at £9,393,030 (2020 - £8,578,601).

The Hospital recorded a surplus on unrestricted funds for the year of £164,135 (2020 - £107,733) and its total Unrestricted Funds now stand at £2,296,640 (2020 - £2,132,505). This includes a deficit of £328,907 (2020 - £378,907) in Designated Funds.

The School recorded a surplus on unrestricted funds for the year of £512,101 (2020 - £1,631,580) and its total Unrestricted Funds now stand at £6,638,484 (2020 - £6,126,383). This includes £1,992,065 (2020 - £2,048,327) which is designated for a variety of specific purposes.

The Library recorded a surplus on unrestricted funds for the year of £138,193 (2020 - deficit of £217,290) and its total Unrestricted Funds now stand at £457,906 (2020 - £319,713). This includes £64,000 (2020 - £nil) in Designated Funds.

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Going concern

The Feoffees, School Governing Body members and the Senior Leadership Team continue to closely monitor the progress of the Covid-19 global pandemic and its impact on Chetham's. The School is operating within Government guidelines and all students are able to attend in person. The Library has re-opened to visitors, on a restricted basis to start with. The DfE has confirmed its support for the School and the Music and Dance Scheme funding has not been affected and continues to be paid. The income for the 2021/2022 year for the Stoller Hall has been bolstered by the receipt of an Arts Council grant and corporate sponsorship. The Feoffees and the School Governors do not consider that there is any going concern issue for Chetham's.

Reserves policy

Introduction

Notes 16 to 19 of the financial statements set out an analysis of the assets attributable to the various Funds together with a description of the major components of those Funds. These assets are sufficient to meet the financial obligations on a fund by fund basis.

The Hospital "which owns the buildings" is primarily dependent on rent from the School for its income. The Feoffees aim to increase the balance of free reserves each year, to bring the level up to an amount felt to be appropriate in the circumstances. At the present time, the Feoffees' target for free reserves for the Hospital is £300,000, equivalent to around a year's expenditure.

It is the policy of the School Governing Body to increase free reserves each year by 10% when there is no call on the reserves to cover unexpected costs. The Governing Body's aim is to bring the level of reserves to a substantially higher level than at present to safeguard against income deterioration or unexpected costs.

The Feoffees and Library Committee aim to ensure that the free reserves of the Library cover approximately one year's expenditure.

Review of policies

These policies will be reviewed every three years by the Treasurer and Bursar and brought to the attention of the Feoffees and the School and Library Committees as part of the review of all policies.

Level of Reserves

Unrestricted reserves of the Foundation held at 31 August 2021 were £9,393,030 (2020 - £8,578,601) of which £1,727,158 (2020 - £1,669,420) is designated for specific purposes.

The unrestricted reserves are substantially invested in the tangible fixed assets of the Foundation. In the year to 31 August 2021 the surplus on free reserves increased to £6,679,398 (2020 - £5,756,701).

Restricted reserves of the Foundation were £35,828,477 (2020: £35,587,455). Of this balance £31,278,415 (2020: £32,167,977) is represented by fixed assets.

Hospital

Free reserves of the Hospital are £546,681 (2020 - £279,902).

Restricted reserves are £29,314,467 (2020: £29,861,940). 2 (2020: 3) capital project funds are in deficit at the year end by £2,249,754 (2020: £2,517,044) as expenditure has been incurred in advance of income being received for the projects.

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School

Free reserves of the School are £5,789,811 (2020 - £5,272,086). At present, the level of reserves is equivalent to around twenty-nine weeks' expenditure. The Governors' aim to increase the level of free reserves to at least 9 months' expenditure, which at the current time would be £8 million.

Restricted reserves are £6,494,544 (2020: £5,702,932) and are held for a variety of purposes.

Library

Free reserves of the Library are £342,906 (2020 - £204,713). This is just over one year's operating costs and is deemed to be sufficient at present.

Restricted reserves are £19,466 (2020: £22,583) and are held for a variety of purposes.

Plans for future periods

The Feoffees and School Governing Body aim to support continuation and progression of the excellent work carried out by the staff of the School and Library.

In September 2020, following the resignation of the Principal, Alun Jones, the School appointed Nicola Smith, former Vice Principal, and Tom Redmond, former Director of Music, to the positions of Joint Principals of the School.

The Site Development Plan will continue as funding allows. The most pressing aim of the Feoffees and School Governing Body is to continue to upgrade the boarding accommodation in the Millgate Building. This work started in the summer of 2018 and will continue for a number of years. The Feoffees also plan to launch the Medieval Manchester Visitor Attraction, featuring Chetham's Library and the medieval buildings as soon as funding is available.

The financial security of the Library has to be secured and this will be a major part of the Feoffees' work in the near future.

Disclosure of information to the auditors

So far as each person who was a Feoffee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Feoffees and the charity's auditors each Feoffee has taken all the steps that he or she is obliged to take as a Feoffee in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Feoffees' responsibilities in respect of the financial statements

Charity law requires the Feoffees to prepare financial statements for each year which give a true and fair view of the charity's financial activities during the year and the financial position at the end of the year. In preparing those financial statements, the Feoffees are required to:

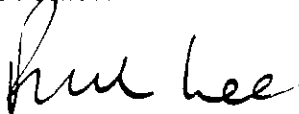
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Feoffees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity. 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.

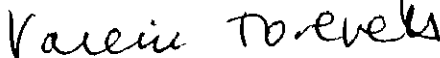
Approved by the Feoffees on 7th June 2022 and signed on their behalf by:



P. Lee, Esq
Chair of Feoffees



M. Edge, Esq.
Chair of School Governing Body



Mrs. V. Torevell
Hon. Treasurer

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**
For the year ended 31 August 2021

Opinion

We have audited the financial statements of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II and its subsidiaries ('the group') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 August 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Felloes' 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 or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Felloes are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we have not identified material misstatements in the Felloes' report.

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

Independent Auditor's Report to the Members of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II

For the year ended 31 August 2021

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Foeffees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Foeffees

As explained more fully in the Foeffees responsibilities statement set out on page 14, the Foeffees 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 Foeffees 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 Foeffees 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 Foeffees 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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation

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

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

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

Use of our report

This report is made solely to the charity's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date *22nd June 2022*

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
and incorporated by King Charles II**


**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2021**

	Notes	Hospital Funds £	School Funds £	Library Funds £	2021 £	2020 £
Income from:						
Charitable activities:						
School fees	2	-	10,006,615	-	10,006,615	9,589,696
Ancillary activities	6	530	553,390	9,103	563,023	139,495
Other trading activities:						
Activities for generating funds	3	27,647	133,337	-	160,984	291,132
Investments:						
Investment income	4	13,310	133,754	79,713	226,777	182,266
Voluntary sources:						
Bequests and donations	5	28,375	483,179	120,967	632,521	1,676,952
Grants received		-	219,685	91,517	311,202	481,769
Total incoming resources		69,862	11,529,960	301,300	11,901,122	12,361,310
Expenditure on:						
Raising funds:						
Fundraising		12,463	80,193	-	92,656	124,467
Publicity		-	137,744	-	137,744	110,034
Conference, facility hire and trading costs		11,634	135,318	-	146,952	262,137
Financing costs		128,802	2,819	-	131,621	146,200
Investment management costs		3,166	43,100	16,187	62,453	24,526
		156,065	399,174	16,187	571,426	667,364
Charitable activities:						
Teaching costs – academic		-	2,076,471	-	2,076,471	2,121,423
Teaching costs – music		-	4,005,417	-	4,005,417	3,765,814
Welfare		-	1,473,716	-	1,473,716	1,180,736
Premises		1,070,457	2,003,830	-	3,074,287	2,995,825
Scholarships and bursaries		-	576,777	-	576,777	241,672
Grants, awards and prizes		2,500	17,039	-	19,539	14,411
Library running costs		-	-	199,152	199,152	200,825
Support and Governance costs		15,948	86,118	1,489	103,555	97,407
		1,088,905	10,239,368	200,641	11,528,914	10,618,113
Total resources expended	9	1,244,970	10,638,542	216,828	12,100,340	11,285,477
Net income/(expenditure)		(1,175,108)	891,418	84,472	(199,218)	1,075,833
Transfer between funds	10	727,000	(727,000)	-	-	-
Gains/(losses) on investment assets:						
Realised		1,733	75,198	46,098	123,029	(265,579)
Unrealised		187,152	1,064,097	366,647	1,617,896	402,490
Net movement in funds		(259,223)	1,303,713	497,217	1,541,707	1,212,744
Fund balances at 1 September 2020		32,622,038	11,829,315	2,690,381	47,141,734	45,928,990
Fund balances at 31 August 2021		32,362,815	13,133,028	3,187,598	48,683,441	47,141,734

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
BALANCE SHEET
For the year ended 31 August 2021**

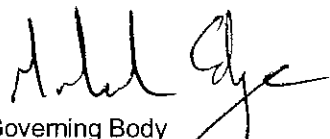
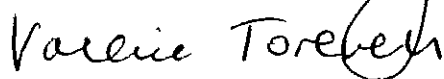
	<i>Note</i>	2021 £	2020 £
Fixed assets			
Heritage assets	11	115,000	115,000
Tangible fixed assets	11	33,877,047	34,874,877
Investments	12	<u>11,223,214</u>	<u>8,306,295</u>
		45,215,261	43,296,172
Current assets			
Debtors - fees		380,076	464,693
- other debtors and prepayments	13	432,483	1,519,429
Cash at bank and in hand		<u>7,493,307</u>	<u>4,934,341</u>
		8,305,866	6,918,463
Creditors: amounts falling due within one year	14	<u>(3,053,663)</u>	<u>(1,141,782)</u>
Net current assets		<u>5,252,203</u>	<u>5,776,681</u>
Total assets less current liabilities		50,467,464	49,072,853
Creditors: amounts falling due after more than one year	15	<u>(1,784,023)</u>	<u>(1,931,119)</u>
Total net assets	16	<u>48,683,441</u>	<u>47,141,734</u>
Endowment funds			
Restricted funds	17	3,461,934	2,975,678
Unrestricted funds	18	35,828,477	35,587,455
	19	<u>9,393,030</u>	<u>8,578,601</u>
Total funds		<u>48,683,441</u>	<u>47,141,734</u>
Hospital funds		32,362,815	32,622,038
School funds		13,133,028	11,829,315
Library funds		<u>3,187,598</u>	<u>2,690,381</u>
Total funds	16	<u>48,683,441</u>	<u>47,141,734</u>

The financial statements were approved and authorised for issue by the Feoffees on 7th June 2022 and signed on their behalf by:



P. A. Lee, Esq.
Chair of Feoffees

M. Edge, Esq
Chair of School Governing Body

Mrs. V. Torevell
Hon. Treasurer

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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CASH FLOW STATEMENT
For the year ended 31 August 2021**

	<i>Cash flow statement notes</i>	2021 £	2020 £
Net cash inflow/(outflow) from operations			
<i>Net cash provided by/(used by) operating activities</i>	1	2,650,665	(1,259,275)
Cash flows from investing activities			
Investment income		226,777	186,266
Bank loan and interest payable		(131,621)	(146,200)
Payments to purchase buildings and other fixed assets		(97,787)	(175,654)
Payments to acquire investments, including cash awaiting investment		(1,919,071)	(6,438,310)
Receipts from sales of fixed asset investments		1,803,137	2,758,640
Increase in cash held by investment advisors		165,081	(302,044)
Net cash provided by/(used in) investing activities		<u>46,516</u>	<u>(4,117,302)</u>
Cash flow from financing activities			
Bank loan repayments		<u>(138,215)</u>	<u>(129,323)</u>
Net cash used in financing activities		<u>(138,215)</u>	<u>(129,323)</u>
Change in cash and cash equivalents in the reporting period			
<i>Cash and cash equivalent at the beginning of the period</i>		4,934,341	10,440,241
<i>Cash and cash equivalent at the end of the period</i>	2	<u>7,493,307</u>	<u>4,934,341</u>

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NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 August 2021**

1. Reconciliation of net expenditure to net cash flow from operating activities

	2021	2020
	£	£
Net (outgoing)/incoming resources	(199,218)	1,075,833
Depreciation	1,095,617	1,077,424
Investment income	(226,777)	(186,266)
Bank and loan interest payable	131,621	146,200
Donated investments	(1,225,141)	-
Decrease/(increase) in debtors	1,171,563	(1,216,813)
Increase/(decrease) in creditors	1,903,000	(2,155,653)
Net cash inflow/(outflow) from operating activities	2,650,665	(1,259,275)

2. Analysis of cash and cash equivalent

	2021	2020
	£	£
Cash at bank and in hand	5,963,122	3,404,361
Cash on deposit	1,530,185	1,529,980
	7,493,307	4,934,341

3. Reconciliation of net debt

	At 1 September 2020	Cashflow	At 31 August 2021
	£	£	£
Cash at bank and in hand	4,934,341	2,558,966	7,493,307
Bank loan due in less than one year	(134,959)	(8,881)	(143,840)
Bank loan due in greater than one year	(1,931,119)	147,096	(1,784,023)
	2,868,263	2,697,181	5,565,444

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

1. Statement of accounting policies

Basis of preparation of accounts

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

The Foundation has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The Foundation is a Public Benefit Entity registered as a charity in England and Wales. It is registered as a charity on the Charity Commission website (charity number: 526702).

No material uncertainties that may cast significant doubt about the ability of the Foundation to continue as a going concern have been identified by the Feoffees or School Governing Body.

The Foundation has a Fundraising Strategy in place to continue to raise the necessary funds for the Site Development Project with over £43 million having been raised to date. The upgrading of the boarding accommodation in the Millgate Building is the next priority, as well as the opening of the medieval buildings as part of the Visitor Attraction Project.

A significant proportion of fee income for the School is receivable from the Department for Education (DfE) under the Music and Dance Aided Pupil Scheme (MDS). In the current year £7,242,170 was receivable (2020 - £7,209,269). The DfE have provided assurances to the School that they foresee the MDS Scheme being continued in its current form for the foreseeable future.

The trustees and the Senior Leadership Team are closely monitoring the progress of the Covid-19 global pandemic and its impact on Chetham's. The DfE has confirmed its support for the School and the Music and Dance Scheme funding is unaffected and continues to be paid. The Library's income for the current year will be less than originally forecast but its reserves are more than sufficient to cover this reduction. The Feoffees and School Governors consider that Chetham's is able to continue as a going concern for the foreseeable future.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

1. Statement of accounting policies (continued)

Uniting direction

A Uniting Direction was issued by the Charities Commission on 25 June 2004. This links the Chetham's Hospital, School and Library charitable strands for the purposes of registration and accounting under the Charities Act 1993. The Charity Commission has agreed to the adapted format of the Statement of Financial Activities wherein funds are categorised by component charitable strand rather than by type.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of the Hospital. Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of the School. The results of both subsidiaries are included in the accounts of the relevant charity.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting bursaries granted by the School, but include contributions received from Restricted Funds towards fees.

Donations and bequests

Donations and bequests received for the general purposes of the Foundation are credited to unrestricted funds. Donations and bequests subject to specific wishes of the benefactors are credited to restricted funds, or to endowment funds where the amount is required to be held as permanent capital.

Donations and bequests are accounted for as and when entitlement arises, the amount can be reliably qualified and the economic benefit to the school is considered probable.

Investment and covenant income

Credit is taken for investment and covenant income, including related taxation, on an accruals basis. The income from COIF Accumulation units is automatically reinvested and this income is not disclosed as such in the accounts because there is a corresponding increase in the valuation of the original subscribed units.

Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer- term liabilities. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the proportions of individuals' time attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also external audit, any legal advice for the Feoffees and School and Library Committees, and all costs of complying with constitutional and statutory requirements, such as the costs of meetings of the Feoffees, the School Governing Body and the Library Committee and of preparing statutory accounts and satisfying public accountability.

Tangible fixed assets and depreciation

The Foundation's Collections and Management Plan, available from Chetham's Librarian upon request, details the Foundation's policy for the acquisition, preservation, management and disposal of its heritage assets.

College House and the Collections are deemed to have indeterminate lives and therefore the Feoffees do not consider it appropriate to charge depreciation.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

1. Statement of accounting policies (continued)

College House

The site of Chetham's, on a sandstone outcrop at the confluence of the Rivers Irwell and Irk, has been of strategic importance and occupied since Roman times. College House, in 1421, was the largest building in the medieval town of Manchester. The buildings have been used to house the School since 1653 and are Grade 1 listed.

The Feoffees consider that, owing to the incomparable nature of the buildings, conventional valuation approaches lack sufficient reliability and even if valuations could be obtained, the costs of doing so would be onerous compared with the additional benefits derived by the Foundation and users of the accounts. As a result, no value is reported for this asset in the Balance Sheet.

The Library's Collections

The Library's Collections were started in 1655. From illuminated manuscripts made for kings and queens to the minutiae of personal life – diaries, letters, account books – the Library has a wealth of special items and collections. Chetham's holds over forty medieval manuscripts, including the thirteenth century *Flores Historiarum* of Matthew Paris. The Collections are mainly concerned with the history of the North West of England and include the first ever census of Manchester compiled in 1773-74. There are well over 120,000 printed items, over half of which were published before 1850.

It is considered that obtaining valuations for the vast majority of the Collections would involve disproportionate cost due to the size and diversity of the items and so these assets are therefore not recognised in the Balance Sheet. Significant acquisitions from September 2009 onwards will be reported at cost, where the item is purchased, or if donated, at the current value if it is readily discernable, for example by using a probate value.

The Feoffees will very occasionally approve the disposal of items of the Collections, for example when an item is of doubtful provenance or is a duplicate of an item already in a Collection. Where items that are not recognised as fixed assets are disposed of, the proceeds are reported in the Statement of Financial Activities. Disposal proceeds are also disclosed separately in the notes to the accounts.

The Collections are deemed to have indefinite lives and therefore no depreciation is charged.

Preservation costs

Expenditure which, in the Feoffees' view, is required to preserve or clearly prevent further deterioration of College House or individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

Other assets

The cost of freehold buildings which are not classed as heritage assets is written off by annual installments over their expected useful lives as follows:

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

1. Statement of accounting policies (continued)

Freehold buildings: 40 - 60 years

The cost of the land acquired in 2008 is not written off but is kept in the accounts as a capital item matched by a restricted Capital Fund as its purchase was funded by a grant from the NWDA for that specific purpose.

Expenditure on instruments, furniture and equipment etc. costing less than £10,000 is written off as an expense in the year incurred.

Depreciation is provided on the cost of tangible fixed assets, to write them down in equal instalments to their estimated residual values based current market prices over their expected useful lives as follows:

Furniture, fittings and equipment:	5 years
Instruments:	3 years

Grants received towards capital expenditure are credited to the appropriate restricted fund upon entitlement thereto; any depreciation of the grant-funded proportion of such fixed assets expenditure is charged to the related restricted fund.

Investments

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Investment management fees are accounted for as incidental costs of the acquisition or disposal where transaction-based. Other management fees are disclosed separately as Resources Expended in the Statement of Financial Activities.

Investment in subsidiaries are valued at cost less provision for impairment.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

1. Statement of accounting policies (continued)

Pension schemes

Contributions are made to the multi-employer defined benefit Teachers' Pension Scheme at rates set by the Scheme Actuary and advised by the Scheme Administrator. Contributions are also made to the Greater Manchester Pension Fund, a multi-employer defined benefit pension scheme, for a small number of non-teaching staff, and also to a money purchase pension scheme for other non-teaching staff. In accordance with FRS 102 all schemes are accounted for as defined contribution schemes and contributions therefore are charged in the Statement of Financial Activities as they become payable.

Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities as they fall due.

Taxation

As a registered charity, the Foundation and its associated funds are not subject to taxation on its surpluses. However, provision is made for corporation tax on any trading profits generated by Chetham's Hall Limited and Chetham's Trading Limited after provision for Gift Aid payment.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Feoffees and School Governors as trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Feoffees and School Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

2. School fees

	2021 £	2020 £
Gross fees receivable	10,006,615	9,701,503
Less: total bursaries, grants and allowances	(576,777)	(353,479)
	<u>9,429,838</u>	<u>9,348,024</u>
Scholarships and bursaries financed from restricted and endowment funds	576,777	241,672
	<u>10,006,615</u>	<u>9,589,696</u>

The total educational awards financed from restricted funds comprise:

	2021 £	2020 £
Scholarships and bursaries	576,777	241,672
Grants, awards and prizes	17,592	12,485
	<u>594,369</u>	<u>254,157</u>

3. Other trading activities

	2021 £	2020 £
Trading income, summer schools and facility hire	<u>160,984</u>	<u>291,132</u>

Trading income includes £27,647 (2020: £43,275) in relation to Chetham's Hall Limited and £120,721 (2020: £216,445) in relation to Chetham's Trading Limited.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

4. Investment income

	2021 £	2020 £
Income from UK listed investments (gross)	226,534	161,478
Interest on funds deposited on bank reserve accounts	243	20,788
	<u>226,777</u>	<u>182,266</u>

5. Bequests and donations

During the year significant bequests and donations were gratefully received from the following:

The Andrew Lloyd Webber Foundation, Dame Alexandra Burslem, the Estate of the Late Mr and Mrs Butters, the Chinese Government, the Albert and Eugenie Frost Music Trust, the Haworth Charitable Trust, Hulme Trust Estates (Educational), Mr D Gaskill, the Leverhulme Trust, the Oglesby Charitable Trust, Mr H Ross, the Estate of the late Mr W Smith, the Stoller Charitable Trust, and the Zochonis Charitable Trust.

Donations were also received from many other sources and the Feoffees and School Governors wish to express their sincere gratitude to all donors.

6. Ancillary activities

	2021 £	2020 £
Charitable activities		
Concert income	2,411	11,464
Piano Summer School	243,441	93,207
Sundry income	35,514	34,824
Insurance claims	281,657	-
	<u>563,023</u>	<u>139,495</u>

7. Expenditure

	2021 £	2020 £
Charitable expenditure includes:		
Depreciation of fixed assets	1,095,617	1,077,424
Auditors' remuneration: audit services	19,763	19,609
Operating lease costs	<u>25,909</u>	<u>29,968</u>

The above excludes rent of £627,000 (2020 - £627,000) paid by Chetham's School of Music to Chetham's Hospital which is eliminated by way of transfers between funds (note 10).

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

8. Employment costs

	2021	2020
	£	£
Wages and salaries	5,844,131	5,667,740
Social security costs	499,749	474,144
Pension contributions	916,761	892,288
	<u>7,260,641</u>	<u>7,034,172</u>

The average monthly number of employees in the year was 314 (2020 - 345) of which 175 (2020 – 180) were teaching staff.

The key management personnel comprise the two Joint Principals, the Bursar, and Chetham’s Librarian.

The total employment benefits of the key management personnel were £458,313 (2020: £468,258). Total employment benefits include gross salaries, employer’s National Insurance Contributions, employer’s pension contributions, benefits in kind and Class 1A National Insurance Contributions on those benefits in kind.

Neither the Feoffees nor members of the other Foundation Committees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Charities or from any connected organisation during this year or the previous year.

During the year the School paid £nil (2020 - £3,450) to no (2020 – one) employee under confidential settlement agreements.

The number of employees whose emoluments exceeded £60,000 was as follows:

	2021	2020
	No.	No.
£60,001 to £70,000	2	1
£70,001 to £80,000	-	1
£80,001 to £90,000	-	-
£90,001 to £100,000	3	1
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	1

Contributions paid in the year for the provision of defined benefit schemes for higher paid employees were £73,804 (2020 - £64,273) and for money purchase pension schemes for higher paid employees were £19,300 (2020 - £16,255). There is 1 (2020 – 1) higher paid employee to whom retirement benefits are accruing under money purchase schemes and 4 (2020 – 3) higher paid employees in defined benefit schemes.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

9. Analysis of total resources expended

	<i>Staff costs</i> £	<i>Other costs</i> £	<i>Depreciation</i> £	<i>Total 2021</i> £	<i>Total 2020</i> £
Cost of generating funds					
Fundraising	74,793	17,863	-	92,656	124,467
Publicity	119,589	18,155	-	137,744	110,034
Conference, facility hire and trading costs	44,153	102,799	-	146,952	262,137
Financing costs	-	131,621	-	131,621	146,200
Investment management costs	-	62,453	-	62,453	24,526
	<u>238,535</u>	<u>332,891</u>	<u>-</u>	<u>571,426</u>	<u>667,364</u>
Charitable activities					
Teaching costs – academic	1,866,998	209,473	-	2,076,471	2,121,423
Teaching costs - music	3,450,819	554,598	-	4,005,417	3,765,814
Welfare	570,727	902,989	-	1,473,716	1,180,736
Premises	930,880	1,047,790	1,095,617	3,074,287	2,995,825
Scholarships & bursaries	-	576,777	-	576,777	241,672
Grants, awards & prizes	-	19,539	-	19,539	14,411
Library costs	151,659	47,493	-	199,152	200,825
	<u>6,971,083</u>	<u>3,358,659</u>	<u>1,095,617</u>	<u>11,425,359</u>	<u>10,520,706</u>
Governance costs	51,023	52,532	-	103,555	97,407
	<u>7,260,641</u>	<u>3,744,082</u>	<u>1,095,617</u>	<u>12,100,340</u>	<u>11,285,477</u>

Conference and facility hire includes £11,634 (2020: £43,220) in relation to Chetham's Hall Limited and £134,059 (2020: £215,850) in relation to Chetham's Trading Limited.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

9. Analysis of total resources expended (continued)

Total resources expended is £997,872 (2020 - £889,921) in respect of support costs detailed below, that have been allocated to the above expense headings.

Support Costs	<i>Hospital</i> £	<i>School</i> £	<i>Library</i> £	<i>Total</i> 2021 £	<i>Total</i> 2020 £
Management	-	126,718	151,659	278,377	254,063
Administration	-	239,039	19,112	258,151	240,253
Recruitment	-	21,453	-	21,453	18,695
Office costs	-	56,427	18,340	74,767	67,083
IT	-	69,222	-	69,222	68,401
Legal and professional	-	231,530	-	231,530	183,297
Insurance	-	64,372	-	64,372	58,129
	-	808,761	189,111	997,872	889,921

10. Transfers between funds

	<i>Unrestricted Funds</i>		<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds</i>
	<i>General</i> £	<i>Designated</i> £	£	£	£
Hospital					
Rent from School	627,000	-	-	-	627,000
New School Development Fund	(267,717)	-	267,717	-	-
Contribution from School for the Site Development Project	-	-	100,000	-	100,000
Palatine Demolition Project	(50,000)	50,000	-	-	-
	309,283	50,000	367,717	-	727,000
School					
Rent paid to Hospital	(627,000)	-	-	-	(627,000)
Contribution to Hospital for the Site Development Project	(100,000)	-	-	-	(100,000)
Transfer for Dining Room Refurbishment	(50,000)	50,000	-	-	-
Transfer for Chiller Unit	(6,000)	6,000	-	-	-
Transfer for Millgate Project	22,595	(22,595)	-	-	-
Transfer for IT upgrade	19,320	(19,320)	-	-	-
	(741,085)	14,085	-	-	(727,000)
Library					
Transfer for Budget Support Fund	(59,000)	59,000	-	-	-
Transfer for Lighting Fund	(5,000)	5,000	-	-	-
Transfer from Library Patrons Fund	394	-	(394)	-	-
	(63,606)	64,000	(394)	-	-
TOTAL	(495,408)	128,085	367,323	-	-

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

11. Tangible fixed assets

	<i>Heritage Assets</i>	<i>Freehold Property</i>	<i>Furniture, Fittings, Plant & Equipment</i>	<i>Instruments</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 September 2020	115,000	43,998,868	742,419	183,173	45,039,460
Additions	-	15,500	37,020	45,267	97,787
At 31 August 2021	115,000	44,014,368	779,439	228,440	45,137,247
Depreciation:					
At 1 September 2020	-	9,517,982	353,636	177,965	10,049,583
Charge for the year	-	958,337	132,072	5,208	1,095,617
At 31 August 2021	-	10,476,319	485,708	183,173	11,145,200
Net book value:					
At 31 August 2021	115,000	33,538,049	293,731	45,267	33,992,047
At 1 September 2020	115,000	34,480,886	388,783	5,208	34,989,877

The cost of tangible fixed assets includes the cost of land at Walkers Croft, which was purchased in March 2008 with the support of a grant from the North West Development Agency (NWDA). This piece of land is secured by legal charges in favour of Nat West as security for the 2011 bank loan and secondly the NWDA pursuant to a Funding Agreement entered into at that time.

Information on Heritage Assets is given in Note 1 to the accounts.

There has been one significant acquisition but no disposals of heritage assets for which valuations are available during the last five years.

Five year financial summary of Heritage Asset transactions:

	2021 £	2020 £	2019 £	2018 £	2017 £
Additions:					
Donations	-	-	-	-	85,000
Total	-	-	-	-	85,000

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

12. Investments

	<i>Restricted Funds £</i>	<i>Unrestricted Funds £</i>	<i>Endowment Funds £</i>	<i>Total £</i>
Balance at 1 September 2020	5,117,199	63,516	3,125,580	8,306,295
Additions	833,718	1,715,620	594,874	3,144,212
Disposals	(618,852)	(503,957)	(557,299)	(1,680,108)
Revaluation gains	1,016,519	114,255	487,122	1,617,896
Change in amounts awaiting investment	(223,777)	67,311	(8,615)	(165,081)
Balance at 31 August 2021	<u>6,124,807</u>	<u>1,456,745</u>	<u>3,641,662</u>	<u>11,223,214</u>
Historical cost of listed investments	<u>4,653,970</u>	<u>584,825</u>	<u>2,628,636</u>	<u>7,867,431</u>
Listed on UK stock exchange	6,078,450	1,387,252	3,618,037	11,083,739
Cash holding	46,357	69,493	23,625	139,475
	<u>6,124,807</u>	<u>1,456,745</u>	<u>3,641,662</u>	<u>11,223,214</u>

All investments are held to provide an investment return.

13. Debtors (excluding fees)

	<i>2021 £</i>	<i>2020 £</i>
Other debtors	287,773	179,211
Prepayments	81,470	72,558
Accrued income	63,240	1,267,660
	<u>432,483</u>	<u>1,519,429</u>

£nil (2020: £3,662) was written off in the year for bad debts and a further £39,000 increase was made in the provision (2020: increase of £35,257).

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14. **Creditors:** amounts falling due within one year

	2021	2020
	£	£
Bank loans (note 15)	143,840	134,959
Other creditors and accruals	1,009,823	1,006,823
Fees received in advance from DfE	<u>1,900,000</u>	-
	<u>3,053,663</u>	<u>1,141,782</u>

15. **Creditors:** amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	<u>1,784,023</u>	<u>1,931,119</u>
	<u>1,784,023</u>	<u>1,931,119</u>

The total bank loans outstanding at 31 August 2021 amounted to £1,927,863 (2020 - £2,066,078). Of this amount £143,840 (2020 - £134,959) is repayable within one year and is therefore included in current liabilities.

A bank loan of £3,000,000 was taken out in May 2011 for a 20 year period to help to finance the construction of the New School Building. The loan interest is fixed at 6.4% for the life of the loan.

The loan is secured by first legal mortgages over the freehold land on the north side of Long Millgate, Manchester and over the freehold property of the Hospital and Library, together with the land on Walkers Croft where the New School Building is situated.

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16. Allocation of the charity's net assets

The net assets are held for the various funds as follows:

	<i>Fixed Assets</i>	<i>Investments</i>	<i>Net current assets/ (liabilities)</i>	<i>Long term liabilities</i>	<i>Total</i>
	£	£	£	£	£
Hospital					
Unrestricted	1,749,959	3,482	543,199	-	2,296,640
Restricted	31,278,415	416,662	(596,587)	(1,784,023)	29,314,467
Endowment	-	750,688	1,020	-	751,708
	<u>33,028,374</u>	<u>1,170,832</u>	<u>(52,368)</u>	<u>(1,784,023)</u>	<u>32,362,815</u>
School					
Unrestricted	848,673	1,423,110	4,366,701	-	6,638,484
Restricted	-	5,708,145	786,399	-	6,494,544
	<u>848,673</u>	<u>7,131,255</u>	<u>5,153,100</u>	<u>-</u>	<u>13,133,028</u>
Library					
Unrestricted	115,000	30,153	312,753	-	457,906
Restricted	-	-	19,466	-	19,466
Endowment	-	2,890,974	(180,748)	-	2,710,226
	<u>115,000</u>	<u>2,921,127</u>	<u>151,471</u>	<u>-</u>	<u>3,187,598</u>
Total					
Unrestricted	2,713,632	1,456,745	5,222,653	-	9,393,030
Restricted	31,278,415	6,124,807	209,278	(1,784,023)	35,828,477
Endowment	-	3,641,662	(179,728)	-	3,461,934
	<u>33,992,047</u>	<u>11,223,214</u>	<u>5,252,203</u>	<u>(1,784,023)</u>	<u>48,683,441</u>

17. Endowment funds

	<i>Balance at 1 September 2020</i>	<i>Incoming Resources</i>	<i>Resources expended</i>	<i>Investment gains/(losses)</i>	<i>Transfers between funds</i>	<i>Balance at 31 August 2021</i>
	£	£	£	£	£	£
Hospital						
Investment Replacement Sinking Funds	491,490	-	-	102,646	-	594,136
EF Jacob Endowment Fund	136,103	-	-	21,469	-	157,572
	<u>627,593</u>	<u>-</u>	<u>-</u>	<u>124,115</u>	<u>-</u>	<u>751,708</u>
Library						
Grants from Heritage Lottery Fund	2,348,085	-	-	362,141	-	2,710,226
Total	<u>2,975,678</u>	<u>-</u>	<u>-</u>	<u>486,256</u>	<u>-</u>	<u>3,461,934</u>

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Hospital

Investment Replacement Sinking Funds

Under Schemes approved by the Charity Commissioners, Hospital investments worth £183,340 were sold between 1981 and 1992 in order to provide finance for major capital purposes, subject to the restoration of the original sums by means of annual investments through Sinking Funds. This was achieved during the year to 31st August 2014 and the Schemes have been discharged.

E F Jacob Endowment Fund

A fund for the general benefit of the Hospital. Any income generated is credited to unrestricted reserves.

Library

Endowment Fund

The Heritage Lottery Fund grants were given in order to provide substantially improved investment income and thereby to enable improved facilities in the Library. Accordingly, investment income and realised gains, together with expenditure therefrom, are included as part of General Fund movements in the Statement of Financial Activities.

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18. Restricted funds

	<i>Balance at 1 September 2020</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investments gains/(losses)</i>	<i>Balance at 31 August 2021</i>
	£	£	£	£	£	£
Hospital						
Capital Fund - Millgate Extension	975,188	-	(39,668)	-	-	935,520
Capital Fund - New Land	4,500,000	-	-	-	-	4,500,000
Capital Fund - New School Building	18,819,287	-	(626,022)	-	-	18,193,265
Capital Fund -- Nicholls Conversion	616,433	-	(18,506)	-	-	597,927
Capital Fund -- Concert Hall	7,251,862	-	(200,158)	-	-	7,051,704
Improvements Fund	22,569	-	-	-	-	22,569
New School Development Fund	(2,246,790)	28,375	(128,802)	302,474	-	(2,044,743)
Nicholls Building Conversion Fund	(30,487)	-	-	30,487	-	-
Concert Hall Fund	(239,767)	-	-	34,756	-	(205,011)
Instrument Fund	160,875	10,574	(5,152)	-	64,044	230,341
Nicholls Fund	32,476	-	-	-	125	32,601
Miscellaneous Fund	294	-	-	-	-	294
	<u>29,861,940</u>	<u>38,949</u>	<u>(1,018,308)</u>	<u>367,717</u>	<u>64,169</u>	<u>29,314,467</u>
School						
Vernon Farley Fund	14,968	-	(300)	-	-	14,668
Hazel Smith Fund	61,356	-	(31,100)	-	-	30,256
Ida Carroll Fund	5,231	-	(2,000)	-	-	3,231
Hospital Prize Fund	82,269	-	(380)	-	-	81,889
Kolbert Music Prize Fund	2,202	(12)	(50)	-	(47)	2,093
Academic Prizes Fund	320	20	(20)	-	-	320
Music Prizes Fund	100	100	-	-	-	200
Competition Fund	232	-	(232)	-	-	-
David Hartigan Memorial Piano Fund	3,538	-	(950)	-	-	2,588
Neil Vint Bursary Fund	34,870	400	(1,000)	-	-	34,270
Milne Fund	224,195	-	(5,741)	-	55,126	273,580
Bursary Fund	1,545,432	193,831	(247,233)	(9,755)	919,024	2,401,299
Bateson Family Bursary Fund	1,136,353	-	(72,031)	-	-	1,064,322
Andrew Lloyd Webber Foundation Bursary Fund	100	30,000	(30,000)	-	-	100
Leverhulme Trust Bursary Fund	34,744	69,418	(103,917)	(245)	-	-
Oglesby Bursary Fund	-	33,324	(33,324)	-	-	-
Hospitallers Camp Fund	15,838	-	-	-	-	15,838
Mellor Endowment Fund	5,345	-	-	-	-	5,345
Amy Watson Endowment Fund	24,551	-	-	-	-	24,551
John Shaw Bursary Fund	50,000	-	(46,362)	-	-	3,638
Stoller Bursary Fund	3,304	11,000	-	-	-	14,304
Ethel Kerry Bursary Fund	1,891,599	1,225	(41,882)	-	-	1,850,942
Hardship Fund	2,283	56,667	(6,814)	10,000	-	62,136
Co-op Fund	1,665	-	-	-	-	1,665
Miscellaneous Restricted Fund	68,212	11,339	(13,839)	614	-	66,326
Instrument Fund	65	-	(65)	-	-	-
Friends of Chetham's Fund	18,076	1,513	(3,173)	-	-	16,416
Chets in London Fund	3,400	-	-	-	-	3,400
Stoller Hall Fund	16,851	12,331	-	-	-	29,182
50 th Anniversary Fund	102,182	53	(23,753)	-	-	78,482
Capital Fund - Instruments	5,208	-	(5,208)	-	-	-
Confucius Classroom Fund	22,276	64,602	-	-	-	86,878
Piano Summer School Fund	118,531	243,441	(230,654)	-	-	131,318
Grants and Other Income Fund	207,636	105,933	(117,648)	(614)	-	195,307
	<u>5,702,932</u>	<u>835,185</u>	<u>(1,017,676)</u>	<u>-</u>	<u>974,103</u>	<u>6,494,544</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Restricted funds (continued)

Library	<i>Balance at 1 September 2020</i> £	<i>Incoming resources</i> £	<i>Resources expended</i> £	<i>Transfers Between funds</i> £	<i>Investments gains/(losses)</i> £	<i>Balance at 31 August 2021</i> £
J Paul Getty Fund	6,089	-	(3,117)	-	-	2,972
Miscellaneous Restricted Fund	1,710	394	-	(394)	-	1,710
Library Patrons Fund	-	-	-	-	-	-
Karl Marx Fund	800	-	-	-	-	800
Arts and Heritage Fund	2,470	-	-	-	-	2,470
Booth Charities Fund	600	-	-	-	-	600
Hills Archive Fund	4,763	-	-	-	-	4,763
HLF Project Fund	6,151	-	-	-	-	6,151
	<u>22,583</u>	<u>394</u>	<u>(3,117)</u>	<u>(394)</u>	<u>-</u>	<u>19,466</u>
Total	<u>35,587,455</u>	<u>874,528</u>	<u>(2,039,101)</u>	<u>367,323</u>	<u>1,038,272</u>	<u>35,828,477</u>

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18. Restricted funds (continued)

Hospital

Building Funds

Capital Fund - Millgate Extension

A fund which represents the depreciated capital cost of the Millgate Extension.

Capital Fund – New Land

A fund which represents the capital value of the new land purchased in 2008 (note 11).

Capital Fund – New School Building

A fund which represents the depreciated capital value of the New School Building.

Capital Fund – Nicholls Conversion

A fund which represents the depreciated capital value of the Nicholls Conversion.

Capital Fund – Concert Hall

A fund which represents the depreciated capital value of the Concert Hall.

Improvements Fund

A fund established from the proceeds of donations from a major anonymous Trust, for use at the discretion of the Feoffees for major improvements.

New School Development Fund

An appeal fund for use in furthering the New School Development Project. This fund is in deficit at 31 August 2021 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

Nicholls Building Conversion Fund

A fund established for the redevelopment of the Nicholls Building into residential accommodation for the Victoria House students. This fund is now fully expended.

Concert Hall Fund

A fund established for the construction of the School's New Concert Hall. This fund is in deficit at 31 August 2021 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the School's Unrestricted Fund.

Other Funds

Instrument Fund

A fund established to give financial assistance to parents of students at the School wishing to purchase new instruments.

Nicholls Fund

A fund that can be used either to give hardship awards to parents in financial difficulties, or towards the maintenance of the Foundation's buildings.

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18. Restricted funds (continued)

Miscellaneous Restricted Fund

This fund comprises various miscellaneous and small funds, to be used for a variety of charitable purposes

School

Vernon Farley Fund

A fund established in order to make annual prizes for piano-playing and sight-reading.

Hazel Smith Fund

A prize or bursary awarded annually to a Lower School student who plays piano, woodwind or a string instrument and whose family is in financial need.

Ida Carroll Fund

Prizes awarded annually to double bass players.

Hospital Prize Fund, Kolbert Music Prize Fund, Academic Prizes Fund, Music Prizes Fund and Competition Fund

Prizes awarded to students each Speech Day under the terms of a variety of trust funds established by various donors. The Competition Fund is now fully expended.

David Hartigan Memorial Piano Fund

A fund established in order to make annual awards to deserving piano students of Chetham's School.

Neil Vint Bursary Fund

A bursary awarded annually to former students of Chetham's School aged between 18 and 25, to help develop their careers.

Milne Fund

This fund was established to help students in financial difficulty and to support the development of the School's facilities.

Bursary Fund

This fund was established to help students who are in need of financial assistance.

Bateson Family Bursary Fund

A fund established for the estate of the late Michael Bateson to provide bursaries for students at the School who are in financial need.

Andrew Lloyd Webber Foundation Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Leverhulme Trust Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Oglesby Bursary Fund

A fund established by the Oglesby Charitable Trust, providing bursary support to Chetham's students.

Hospitallers "Camp" Fund

A fund established in order to assist extra-mural activities.

Mellor Endowment and Amy Watson Endowment Funds

These funds are to provide benefits for the School.

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18. Restricted funds (continued)

John Shaw Bursary Fund

A fund to provide bursary support to students from Lancashire or Yorkshire.

Stoller Bursary Fund

A fund established by the Stoller Charitable Trust to support students who live in Oldham.

Ethel Kerry Bursary Fund

A fund established from the estate of the late Ethel Kerry, to provide bursaries for students who live in Lancashire, Yorkshire, Cumbria and Scotland.

Hardship Fund

A fund established to provide support to students at the School who are in financial need.

Co-op Fund

A fund established to help the School.

Miscellaneous Restricted Fund

This fund comprises miscellaneous small restricted funds for a variety of uses.

Instrument Fund

A fund established from a bequest to purchase instruments for the School.

Friends of Chetham's Fund

A fund to support the advancement of education of students at Chetham's by funding projects and facilities as the School requires.

Chets in London Fund

A fund to support the School.

Stoller Hall Fund

A fund to support the costs of running the Stoller Hall.

50th Anniversary Fund

A fund established to support the work of the School in a variety of ways.

Capital Fund – Instruments

A fund representing the depreciated capital value of instruments purchased using the Instrument Fund. This fund is now fully expended.

Confucius Classroom Fund

A fund established for the costs of establishing the Confucius Classroom.

Piano Summer School Fund

A fund established from the surplus generated by the running of the annual Piano Summer School. The fund is to enable the Piano department to facilitate further Summer Schools, to support piano students and to purchase instruments.

Grants and Other Income Fund

This fund shows grants and other restricted income received for specific charitable purposes such as outreach events and conferences, and specific support for individual students.

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18. **Restricted funds (continued)**

Library

J Paul Getty Fund

This is a fund for the conservation of Library material.

Miscellaneous Restricted Fund

This is a fund established for miscellaneous restricted donations.

Library Patrons Fund

This fund is for donations made by Library Patrons and the income is transferred each year to the unrestricted General Fund.

Karl Marx Recording Project Fund

This is a fund established with a grant from the Lipman Miliband Trust for digitising and making facsimiles of the books used by Marx when he visited the Library.

Arts and Heritage Fund

This is a fund established for an art installation in the Library.

Booth Charities Fund

This is a fund established for a project on the history of Salford.

Hills Archive Fund

This is a fund established to meet the expenses of cataloguing the Hills Archive Collection.

HLF Project Fund

This is a fund established to support the HLF application for the visitor attraction project.

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19. Unrestricted funds

	<i>Balance at 1 September 2020</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investment gains/ (losses)</i>	<i>Balance at 31 August 2021</i>
	£	£	£	£	£	£
Hospital						
General Fund	2,511,412	30,913	(226,662)	309,283	601	2,625,547
Designated funds:						
Palatine Demolition Fund	(378,907)	-	-	50,000	-	(328,907)
	<u>2,132,505</u>	<u>30,913</u>	<u>(226,662)</u>	<u>359,283</u>	<u>601</u>	<u>2,296,640</u>
School						
General Fund	4,078,056	10,694,775	(9,550,519)	(741,085)	165,192	4,646,419
Designated funds:						
Chiller Unit Fund	24,000	-	-	6,000	-	30,000
Millgate Building Refurbishment Fund	919,915	-	-	(22,595)	-	897,320
Dining Room Refurbishment Fund	50,000	-	-	50,000	-	100,000
Chesters Bequest Fund	1,054,412	-	(70,347)	(19,320)	-	964,745
	<u>6,126,383</u>	<u>10,694,775</u>	<u>(9,620,866)</u>	<u>(727,000)</u>	<u>165,192</u>	<u>6,638,484</u>
Library						
General Fund	319,713	300,906	(213,711)	(63,606)	50,604	393,906
Designated funds:						
Lighting Fund	-	-	-	5,000	-	5,000
Budget Support Fund	-	-	-	59,000	-	59,000
	<u>319,713</u>	<u>300,906</u>	<u>(213,711)</u>	<u>394</u>	<u>50,604</u>	<u>457,906</u>
	<u>8,578,601</u>	<u>11,026,594</u>	<u>(10,061,239)</u>	<u>(367,323)</u>	<u>216,397</u>	<u>9,393,030</u>

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19. Unrestricted funds (continued)

Hospital

Palatine Demolition Fund

A fund established for the costs of demolishing the Palatine Building. This fund is in deficit at 31 August 2021 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this Fund's deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

School

Chiller Unit Fund

A fund established to provide resources for replacing the Chiller Unit in the New School Building at the end of its useful life.

Millgate Building Refurbishment Fund

A fund established for the refurbishment of the boys' boarding accommodation and improvements to other areas in the Millgate Building.

Dining Room Refurbishment Fund

A fund established for the refurbishment of the School's dining room.

Chesters Bequest Fund

A fund established from a bequest to support developments at the school.

Library

Lighting Fund

A fund established for upgrading the lighting in the Library.

Budget Support Fund

A fund to underwrite the Library's 2021/22 budget.

20. Pensions arrangements

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £787,742 (2020: £770,512).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

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20 Pension arrangements (continued)

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June 2021 on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

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

In addition, a small number of employees are members of the Greater Manchester Pension Fund ("GMPF"). The GMPF is a multi-employer final salary defined benefit scheme and the assets of the School are pooled with similar institutions for actuarial valuation purposes. Accordingly, under FRS 102 the Scheme is accounted for as a defined contribution scheme.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2019 when the market value of the assets of the Scheme was £23,844 million, being 102% of members' accrued benefits.

The pension contributions made to the Scheme for the year ended 31 August 2021 were £17,011 (2020-£15,253). The employee contribution rate varied between 5.5% and 6.8% depending upon actual pay levels. The employer contribution rate was 24.7% to March 2021 and then 25.1%.

In addition to the above, the contributions to a money purchase scheme amounted to £111,888 (2020-£106,523).

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21. Operating lease commitments

The School has minimum lease payments under non-cancellable operating leases as follows:

	<i>Equipment</i>	
	<i>2021</i>	<i>2020</i>
	£	£
Within one year	23,045	26,482
Between two and five years	4,902	27,947
After five years	-	-
	<u>27,947</u>	<u>54,429</u>

22. Financial Instruments

	2021	2020
	£000	£000
Financial assets measured at amortised cost (a)	8,224	6,841
Financial assets measured at fair value (b)	11,223	8,306
Financial liabilities measured at amortised cost (c)	(4,832)	(3,066)
	<u> </u>	<u> </u>
Net financial assets measured at amortised cost	14,615	12,081
	<u> </u>	<u> </u>

(a) Financial assets include cash, trade and fee debtors, staff loans, other debtors accrued income and amounts due from subsidiaries

(b) Financial assets held at fair value include assets held as investments

(c) Financial liabilities include deposits, fees in advance, trade creditors, and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2020: £nil).

23. Related party transactions

There are no related party transactions that need to be disclosed in the financial statements.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

24. Statement of financial activities – comparative figures by fund

	<i>Notes</i>	<i>Hospital Funds</i>	<i>School Funds</i>	<i>Library Funds</i>	<i>2020</i>
		£	£	£	£
Income from:					
Charitable activities:					
School fees	2	-	9,589,696	-	9,589,696
Ancillary trading	6	632	132,347	6,516	139,495
Other trading activities:					
Activities for generating funds	3	43,275	229,532	18,325	291,132
Investments:					
Investment income	4	15,836	82,953	83,477	182,266
Voluntary sources:					
Bequests and donations	5	30,431	1,618,054	28,467	1,676,952
Grants received		-	438,781	42,988	481,769
Total Incoming resources		90,174	12,091,363	179,773	12,361,310
Expenditure on:					
Raising funds:					
Fundraising		34,952	89,515	-	124,467
Publicity		-	110,034	-	110,034
Conference, facility hire and trading costs		43,220	216,033	2,884	262,137
Financing costs		142,996	3,204	-	146,200
Investment management costs		490	12,917	11,119	24,526
		221,658	431,703	14,003	667,364
Charitable activities:					
Teaching costs – academic		-	2,121,423	-	2,121,423
Teaching costs – music		-	3,765,814	-	3,765,814
Welfare		-	1,180,736	-	1,180,736
Premises		1,074,834	1,920,991	-	2,995,825
Scholarships and bursaries		-	241,672	-	241,672
Grants, awards and prizes		1,600	12,811	-	14,411
Library running costs		-	-	200,825	200,825
Support and Governance costs		10,533	85,320	1,554	97,407
		1,086,967	9,328,767	202,379	10,618,113
Total resources expended	9	1,308,625	9,760,470	216,382	11,285,477
Net income/(expenditure)		(1,218,451)	2,330,893	(36,609)	1,075,833
Transfer between funds	10	705,000	(727,000)	22,000	-
Gains/(losses) on investment assets:					
Realised		(34,062)	(23,383)	(208,134)	(265,579)
Unrealised		44,709	235,221	122,560	402,490
Net movement in funds		(502,804)	1,815,731	(100,183)	1,212,744
Fund balances at 1 September 2019		33,124,842	10,013,584	2,790,564	45,928,990
Fund balances at 31 August 2020		32,622,038	11,829,315	2,690,381	47,141,734

CHETHAM'S HOSPITAL SCHOOL AND LIBRARY

England & Wales - Charity number 526702

Accounts

**THE HOSPITAL AND LIBRARY IN MANCHESTER
FOUNDED BY HUMPHREY CHETHAM ESQ
AND INCORPORATED BY KING CHARLES II**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2020

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
ANNUAL REPORT OF THE FEOFFEES
For the year ended 31 August 2020**

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For the year ended 31 August 2020**

The Feoffees and School Governing Body present their annual report for the year ended 31 August 2020 under the Charities Act 2011, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Act, the Charity Commission Scheme dated 27 May 1952 and amended Scheme dated 22 October 1969 and the Charities SORP 2015.

Reference and administrative details

The Feoffees who served during the year and up to the date of signing the accounts were as follows:

P.A. Lee, Esq.	(Chairman)
M. Edge, Esq.	(Treasurer)
H. Ross, Esq.	(Vice Chairman from October 2020)
A. Torevell, Esq.	(Vice Chairman – Deceased May 2020)
Professor H. Barker	
Dame A. Burslem	
The Rt. Hon. The Earl of Derby	
Mrs V. Goldstone	(Appointed February 2021)
The Very Reverend R. Govender	
Dr. D. Hill	
J. Langridge, Esq.	(Appointed February 2021)
Prof. L. Merrick	(Appointed February 2021)
T. Newns, Esq.	(Appointed February 2021)
M. Oglesby, Esq.	(Deceased December 2019)
Mrs. V. Torevell	(Appointed February 2021)
Mrs. S. Marks	

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School Governing Body

Under the terms of the Charity Commission Scheme, there is a School Governing Body managing the School of the Foundation, which, when complete, comprises nineteen members.

Those who served during the year and up to the date of signing the accounts were as follows:

M. Edge, Esq.	(Chair and Treasurer)
Ms. S. Barnes	
Mrs. C. Baxendale	
Prof. B. Brennan	(Appointed by the School Governing Body)
Councillor J. Davies	(Nominated by Manchester City Council)
Mrs. T. Dixon	
K. Jaquiss, Esq.	
S. McKendrick, Esq.	(Nominated by Manchester City Council. Appointed September 2019)
Prof. L. Merrick	(Appointed by the School Governing Body)
Mrs. P. Newman	(Resigned October 2019)
L. Pratt, Esq.	(Appointed May 2021)
H. Ross, Esq.	
Ms. K. Russell	(Appointed May 2020)
N. Shepherd, Esq.	
Canon M. Wall	(Nominated by the Dean and Chapter of Manchester Cathedral)
S. Webb, Esq.	
Dr. S. Zhi	

Library Committee

Those who served on the Library Committee during the year and up to the date of signing the accounts were as follows:

Professor H. Barker	(Chair)
N. Barker, Esq.	
Professor J. Bergin	
Dr. A. Biswell	(Resigned December 2019)
N. Brooks-Sykes, Esq.	
Mrs. V. Goldstone	(Appointed December 2019)
J. Hodgson, Esq.	(Appointed December 2019)
N. MacInnes, Esq.	(Appointed September 2019)
Dr. R. Oates	(Appointed September 2019)
Mrs. C. Paynton	
Professor M. Schmidt	

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Officers

The Principal	A. Jones, Esq.
The Bursar	Mrs. S.C. Newman
The Librarian	Dr. J. F. Wilde
The Clerk to the Feoffees	J. Aldersley, Esq.

Principal Office Address

Chetham's Hospital School and Library
Long Millgate
Manchester
M3 1SB

Advisers

Bankers

National Westminster Bank plc
182 Deansgate
Manchester
M3 3LY

Solicitors

Butcher & Barlow LLP
3 Royal Mews
Gadbrook Park
Northwich
Cheshire
CW9 7UD

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Auditors of the Charitable Foundation

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Investment advisers

Rathbone Brothers PLC
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

Architects

Worthington Ashworth Jackson Walker
Carrwood House
109 Shaw Heath
Stockport
Cheshire
SK2 6QH

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Insurance brokers

Marsh Commercial (formerly Jelf Insurance Brokers Limited)
Kabel House
15 Quay Street
Manchester
M3 3HN

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Structure, governance and management

Governing document and structure

The full name of this charitable foundation is "The Hospital and Library in Manchester founded by Humphrey Chetham, Esq. and Incorporated by King Charles II" (Registered Charity Number 526702).

The Foundation, including the School, is regulated by a Charity Commission Scheme dated 27 May 1952, and amended by a Scheme dated 22 October 1969.

Chetham's Hospital, Chetham's School of Music and Chetham's Library are separate charities but are registered under one Charity Number, following a Uniting Direction issued by the Charities Commission in 2004 for registration and accounting purposes.

The Trustees of the Hospital and Library charities, who are known as the Feoffees, are a Body Corporate, pursuant to Letters Patent of King Charles II, dated 10 November 1665.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's Hospital.

Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's School of Music.

Governing bodies

The Feoffees are the governing body of the Hospital and Library charities. The School Governing Body of Chetham's School of Music is the governing body of the School. The Library Committee acts as the management committee of the Library charity and approval for that Committee's recommendations is given by the Feoffees.

Recruitment and training

Chetham's Hospital

Feoffees are appointed under the terms of the Will of Humphrey Chetham. The Chairman, Vice Chairman and Treasurer are elected annually.

The term of office is 5 years and Feoffees may be re-elected.

New Feoffees are chosen from a wide variety of academic and business backgrounds to ensure that the essential level of knowledge and experience is maintained and they are inducted into the working of the Hospital on appointment. Continuing training for existing Feoffees is arranged on an on-going basis as necessary.

Chetham's School of Music

The appointment of members of the School Governing Body is confirmed by the Feoffees except where otherwise stated. The term of office is three years. All members may be re-elected.

New Governing Body members are chosen from a wide variety of academic, musical and business backgrounds and are inducted into the workings of the School by the Principal. Safer recruitment procedures are followed for all School Governors including DBS checks. Continuing training for existing members is organised on an on-going basis as necessary. At each meeting of the Governing Body the opportunity is taken to update members on various aspects of School life and current educational issues. Training this year included an update from the Stoller Hall General Manager on the operation of The Stoller Hall during the year and the School's Designated Safeguarding Lead attended the September 2019 meeting to answer questions on the School's Safeguarding Policy.

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Chetham's Library

New members of the Library Committee are selected by the Library Committee and their appointments are confirmed by the Feoffees. Members serve for a three year period with the opportunity for re-election at the end of that time if appropriate. New members are chosen from a wide variety of academic and business backgrounds and are inducted into the workings of the Library by Chetham's Librarian who also arranges for ongoing training for existing members as necessary.

Organisational management

The Feoffees are legally responsible for the overall management and control of Chetham's Hospital and of Chetham's Library. The Feoffees meet formally at least twice a year. The Executive Sub-Committee is charged with making recommendations to the Feoffees on strategic matters including reviewing the structure of the Foundation and other important matters. This Sub-Committee consists of Feoffees and senior management of the School and Library. The Investment Sub-Committee oversees the investment portfolio and works with the Investment Managers.

The day to day running of Chetham's Hospital is delegated to the Bursar for financial and buildings matters.

The day to day running of Chetham's Library is delegated to the Library Committee and to the Librarian.

The School Governing Body is legally responsible for the overall management and control of the School. The Governing Body meets formally at least three times a year. There are three sub-committees of the Governing Body, the Resources Committee, the Safeguarding Committee, and the International Opportunities Committee. In addition, a governor is on the School's Health and Safety Committee.

The day to day running of the School is delegated to the Principal.

The Remuneration Sub-Committee sets the remuneration packages for the Principal, Director of Music and Bursar. The remuneration package of the Librarian is set by the Feoffees. Remuneration packages are informally benchmarked against comparable organisations' pay structures.

Principal risks and uncertainties

The Feoffees and the School Governing Body are responsible for the management of the risks faced by the Hospital, School and Library. Detailed considerations of risk are delegated to the Principal, Librarian and Bursar and to the Resources Committee which identifies and assesses risks and establishes controls throughout the year.

The Feoffees deem the major risk faced by the Hospital to be the risk that fundraising achievements are insufficient to provide the necessary resources to properly maintain the buildings and resource the activities to which the organisation has committed. The Development Department is monitored on an on-going basis directly by the Feoffees and its reports are scrutinized closely at their regular meetings.

The School Governing Body maintains a comprehensive risk register. Key risks include the impact of a change in the Music and Dance Scheme which is the major source of ongoing fee income for the School, reputational damage, safeguarding and health and safety risks. All of these risks are mitigated by careful planning, thorough checks and reviews being in place and regular monitoring by senior staff and Governors.

The Feoffees deem the major risk to the Library is its financial sustainability. Whilst the Hospital charity is in a position to financially support the Library on an ongoing basis, the Library staff, Feoffees and Library Committee members are committed to sourcing alternative financial resources to provide a sustainable future for the Library.

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The key controls used by the Foundation include:

- formal agendas for the Committee meetings;
- detailed terms of reference for all Committees;
- comprehensive budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Foundation the Feoffees and School Governors are satisfied that the major risks have been adequately managed. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Objects, aims, objectives and activities

Charitable objects

The Feoffees are required, under the terms of the Charity Commission Scheme, to apply the annual income of the Hospital to the maintenance and improvement of the School, Library and Hospital premises, including provisions for extension and improvement of those premises and purchase of additional land and in the payment of grants and allowances and the award, inter alia, of scholarships, maintenance allowances and other financial assistance.

The object of the School is to give a liberal education with due regard to the theory and practice of music.

The object of the Library is to provide, under the Will of Humphrey Chetham, "A Library within the Town of Manchester, for the use of scholars, and others well affected, to resort unto".

Public benefit aims and intended impact

The Public Benefit aims of the Hospital are to provide the optimum resources to enable Chetham's Library and Chetham's School of Music to excel in their respective fields of expertise and to facilitate wide public access to the services offered by both entities. The Feoffees and School Governors have had regard to the Charity Commissions guidance on Public Benefit.

The Public Benefit aims of the School are as follows:

- To educate musically gifted children between the ages of 8 and 18 whatever their social, racial and cultural background and financial circumstances;
- To provide as broad an academic curriculum as is possible within a specialist school; and
- To develop the whole person, furthering the spiritual, moral, social and cultural development of each student.

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The Public Benefit aims of the Library are to maintain the provisions of the Humphrey Chetham Will, and to make improvements to the Library whenever possible. It aims to advance the education of the public by the provision of opportunities to study historical and contemporary literature, specialising in the history of the North West of England.

Objectives for the year

All three charities have been impacted to a greater or lesser extent during the year by the Coronavirus pandemic and so the overarching objective has been to ensure that the charities and the services provided to beneficiaries are maintained at the highest possible level.

The major objective for the Hospital this year has been to continue to fulfill its stated aims of supporting the Library and School.

The main objectives of the School were as follows:

- To manage the School effectively during the Coronavirus pandemic, limiting its impact upon the students' education as far as possible.
- To ensure that the School's Safeguarding Policy and practices are exemplary and fulfill all regulatory and statutory requirements.
- To continue to achieve consistently high results in musical and academic fields.
- Working with the Feoffees, to further the Site Development Project which has provided the New School Building and the new Stoller Hall, a 482 seat concert hall.
- To continue to provide opportunities to the public via the School's extensive outreach programme, widening access to the School.
- To increase the amount of bursary funding for overseas and home students to enable more students to be supported financially. £353,479 (2019: £188,786) was provided in bursary support this year.

The major objective for the Library this year has been to continue to fulfill its stated aims of the provision of a Library. Fundraising has been prioritised to help to ensure the Library's activities are sustainable.

Strategies to achieve the year's objectives

The strategies used to achieve the Hospital's objective this year include: continuing to raise the necessary funding to cover the funding gaps incurred during the on-going Site Development Project.

The School's strategies included:

- The School's Safeguarding Committee monitors safeguarding matters at each of its meetings. The Safeguarding Policy is updated and reviewed at least annually by the School and Governors.
- Continuing to employ and invest in the best possible staff in all departments in the School.
- Providing opportunities for Chetham's students and the public to participate in high quality events including masterclasses, recitals, orchestral concerts and numerous specialist teacher and student days throughout the year.
- Continuing work on the refurbishment of the boys' boarding accommodation in the Millgate Building. The first phase of the construction work was completed in Summer 2019 and the students moved into the new bedrooms in September 2019. This phase of the Site Development Project is expected to continue for a number of years.
- Identifying and working with potential providers of bursary funding.

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The strategies used by the Library to achieve this year's objectives included reviewing the securing of the financial viability of the Library by the submission of numerous funding applications to a variety of trusts and foundations, continuing and expanding on the strong links with other academic institutions and Manchester Cathedral and targeted expansion of the holding of relevant books and other materials. The Coronavirus pandemic impacted significantly on the Library as it had to close to public visitors in March 2020. It plans to re-open in Summer 2021, and in the meantime is offering an on-line service.

Principal activities of the year

The principal activities of the Hospital were the provision of premises to house the School and Library and associated activities, together with the awarding of grants to the Library and to students of the School.

The principal activity of the School was the provision of a musical and academic education to young people between the ages of 8 and 18. The School also provides an extensive outreach programme to encourage wider community access to the excellent teaching resources of the School.

The principal activity of the Library was the provision of a library and associated activities.

Foundation buildings

Under the Will of Humphrey Chetham who died in 1653, College House was purchased for the foundation of a hospital (school) and a library. The accounts of the Foundation do not incorporate any value of College House.

The value of land and buildings shown in the financial statements is the purchase price of the Millgate Building, and the construction costs of New College House, the Millgate extension, the New School Building, the conversion costs for the Nicholls Building re-development, the construction costs of the Stoller Hall and of the redevelopment of the boys' boarding accommodation in the Millgate Building, all net of depreciation where relevant, together with the purchase price of the parcel of land at Walkers Croft. The buildings are insured for £107 million on a rebuilding basis.

The Hospital is responsible for the external repair and maintenance of the Foundation buildings, and the costs are charged to its annual accounts as incurred. The School and Library pay for internal repairs and maintenance within their own respective accounts.

Grant making policy

The Feoffees make awards on the basis of an individual's financial position. Any particular conditions imposed by donors are taken into account when making awards.

Whilst most of the awards from the Hospital are small and given as bursaries, any grant from the Instrument Fund is given to parents in support of their requests for assistance in buying instruments for their children. The parents usually have to contribute to any purchase. This year, the value of awards made by the Hospital to the School's students was £1,600 (2019 - £2,400). A grant of £22,000 (2019 - £94,000) was made to Chetham's Library during the year.

Around 90% of the students at Chetham's are eligible for means-tested support through the Music and Dance Aided Pupil Scheme, funded by the Department for Education (DfE). This Scheme ensures that families are only asked to contribute towards the fees of the School at a level that they can afford. For a number of reasons, usually because the Scheme is primarily for UK residents, a small number of students are not eligible for financial support through the DfE scheme. A significant part of the School's activities is the provision of bursaries to these students, to facilitate the widening of access to the School. Bursaries are awarded from both unrestricted and restricted funds and awards are based on the School's assessment of financial need. Detailed means testing is carried out by the School to ensure that its funds are directed towards those who would otherwise not be able to afford to come to Chetham's. This year the School contributed £111,807 (2019 - £nil) from Unrestricted Funds and £241,672 (2019- £188,786) from Restricted Funds to support students financially. The amount contributed each year varies according to specific need in each particular year.

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Review of achievements and performance for the year

Review of activities

Chetham's Hospital

The major activity of the Hospital during this year has been to fundraise to cover the funding gaps incurred during the on-going Site Development Project. This Project was divided into three phases: to construct the New School Building, including constructing a 482 seat concert hall, to refurbish the residential accommodation in the Millgate and Nicholls Buildings and to increase public access to the medieval estate by the opening of the Medieval Manchester Visitor Attraction. Fundraising for the Project has slowed somewhat although over £43 million has been raised.

Plans have been made for the separation of the School site from the Visitor Attraction areas, and for significantly upgrading the Waterhouse Building, which in due course will become a major part of the visitor experience. The Feoffees have worked closely with a variety of partners and neighbours with the aim of enhancing the exciting and unique experience for tourists and other visitors. This part of the Site Development Project is subject to the securing of the necessary funding.

Safeguarding matters were also at the forefront of activities, supporting the School in ensuring that systems were effective.

The Feoffees consider that the activities of the School and Library and of itself further the Hospital's charitable purposes for the public benefit as the Hospital contributes to enhancing those activities.

Chetham's School of Music

At the start of the year there were 323 students on roll, compared to 305 the previous year. This number includes 15 Choristers, as the School acts as the Choir School for Manchester Cathedral. There were 180 girls and 143 boys, with 143 students in the 6th Form, 145 in Years 7 to 11 and 35 Juniors. Most (67%) students are boarders, with the remainder living within commuting distance of the School.

The School admits students solely on the basis of musical ability and applicants are rigorously auditioned for selection. For entry in September 2019 there were 161 applications and 149 auditions with 85 children successfully joining the School. In addition the School carries out many free advice auditions where children who may be considering applying to the School are given professional feedback on their playing and musical ability.

A total of 263 places at the School are funded each year by the Department for Education under the Government-funded Music and Dance Schools (MDS) Aided Pupils Scheme. This Scheme allows for means testing with fee remission for eligible families. The School also provides substantial bursary funding for exceptionally talented students who are not eligible for the MDS Scheme, and for other families who may be suffering financial hardship. The average award this year was £10,099 (2019 - £10,929), providing support to a total of 35 (2019 – 17) students. The number of students who are helped financially varies each year according to need. Chorister places at Chetham's are also significantly supported by the School as the fees for Choristers are discounted by over 60%. The School aims to help as many students as it can in this way as it believes that the musical education that it provides benefits the public as well as the individuals concerned.

Education is a public benefit in its own right. As well as providing an exemplary level of music education, the academic results of the School continue to be very satisfactory. Despite the Coronavirus pandemic closing the School for most students for a considerable period, A level results were excellent with a 100% pass rate and 82% of the candidates receiving A* to B grades. Results at GCSE level were also pleasing with 97% at A to C grades. Education at the level provided by the School in Music and other subjects to such a high standard provides not only world class musicians of the future but rounded individuals who have the choice of where their future lives may lead.

Destinations of the Upper 6th Form leavers continue to be varied. 47 (77%) of the leavers were accepted to read Music at university, music college or conservatoire, and the most popular destinations were the Royal College of Music and the Royal Northern College of Music. Other (non-Music) destinations included Cambridge and Edinburgh Universities for subjects such as Medicine and Chinese.

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This year the Outreach Department delivered 17 projects, including 30 separate workshops, concerts or activity sessions. We worked with over 30 schools (some several times), 11 community groups and arts organisations, 11 music services and 3 Music Education Hubs. Our programme impacted over 5,700 people (including workshops participants, audience, and viewings of digital resources). Projects and activities pre-COVID lockdown included schools and family concerts, an associate students' programme, a community arts festival, support for regional ensembles, Flute day, a Double Bass event and many other activities.

One particular highlight was taking the entire Chetham's Symphony Orchestra to ESSA Academy in Bolton and playing for all their students, the students from King's Leadership Academy and ESSA Primary School, over 800 people in total. The students enjoyed music from the orchestra under the baton of Franz-Anton Krager and presented by Tom Redmond. Some of the instrumentalists from the Academies also took part in a workshop alongside Chetham's students, led again by Tom Redmond.

Another very pleasing development was the involvement of the Chetham's students in the ensemble for our schools and family concerts. They played alongside the professional musicians and assisted with presenting the concerts in the Stoller Hall with a view to the delivering a concert in a local primary school themselves. Unfortunately, the performance in the School could not go ahead due to lockdown, but the experience was nonetheless very positive for audience and students alike. Additionally, the audience for the family concert was significantly more than for family concerts the previous year.

When the pandemic crisis hit we took a fresh view of our activities and resources and focused on creating musical resources which could be easily used at home or with groups of keyworkers' children in schools. We were very aware that all live music teaching and performing came to a standstill, so wanted to play our part in ensuring that music-making could still go ahead, albeit in a different way. We used our website to house and promote simple singing activities, our students made demos introducing their instruments, which we backed up with the resources and further links, Take 10 – a guided listening resource and tongue twisters. We produced 'Sounds and Scenes of Hope' featuring improvised music from Chetham's students and art works by students in local primary schools. We also used our website to curate a page of music learning resources from many other organisations to provide a 'one stop shop' for good quality music learning activities during the pandemic.

The Site Development was impacted by the Coronavirus pandemic and work on the refurbishment was slowed considerably. The first phase was completed in Summer 2019, and phase two should be completed in 2021.

In June 2017 the School was notified that it would be called to give evidence at the Independent Inquiry in Child Sexual Abuse; the School's solicitors are providing assistance in this matter. Representatives of the School attended the Inquiry in September 2019. The Inquiry's report is expected in Autumn 2021.

During the year the School invested £4 million of its cash holdings into its long term investment portfolio. At the year end Investments totalled £8,306,295 (2019 - £4,187,670) and cash at bank and in hand totalled £4,934,341 (2019 - £10,440,241). In addition, creditors are lower at the year end than they were at 2019 as the Music and Dance Scheme delayed making their normal grant payment in advance from August to early September.

Chetham's Library

Chetham's Library is widely recognised as the oldest surviving public library in the English speaking world, remaining in continuous use from its foundation in 1655 to the present day. It forms a resource that has few parallels, being a major research library, heritage complex and arts organisation. Its significance has been recognized by Arts Council England through Designation of its collection as being of national and international importance.

The Library was grateful to receive a grant from DCMS/Wolfson to provide blinds in the Library and an Arts Council grant to help support the Library's activities during the Coronavirus Pandemic.

Fundraising for the Library's work continues. The Patrons of Chetham's Library scheme raised £1,456 this year (2019: £2,574).

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II
ANNUAL REPORT OF THE FEOFFEEES
For the year ended 31 August 2020**

Fundraising performance against objectives

During the year £1,676,952 (2019: £546,150) was donated or bequeathed to the Foundation. The Feoffees and School Governing Body have set general targets for the Development Department, both for unrestricted and restricted income and consider that the year's results are more than satisfactory.

Chetham's is registered with the Fundraising Regulator and is committed to delivering the Fundraising Promise, as outlined on the Fundraising Regulator's website, and the high standards set for fundraising, as outlined in the Regulator's Code of Fundraising.

Investment performance against objectives

The investment powers of the Foundation are subject to statutory provisions, in particular the Trustees Investments Act 2000.

The policy is to maintain income whilst preserving the real value of endowed investments and to maximise income on temporarily invested funds.

Rathbone Brothers PLC acting as Investment Managers with effect from September 2019 have discretionary powers to manage the portfolio and their performance is monitored on a regular basis against agreed benchmarks by the Investment Sub-Committee. The Feoffees and School Governing Body consider that the year's results are satisfactory.

The Foundation's annualized total return on investment assets was £319,177 (2019: £130,676).

Investment income in the Hospital decreased during the year to £15,836 (2019 - £19,428) and realised losses were £34,062 (2019 – gains of £50,251).

Investment income in the School increased during the year to £82,953 (2019 - £54,577) and realised investment losses were £23,383 (2019 – gains of £37,345).

Investment income in the Library decreased during the year to £83,477 (2019 - £98,900) and realised investment losses were £208,134 (2019 – gains of £173,902).

Financial Review

The Foundation recorded an overall surplus on unrestricted funds of £1,522,023 (2019 – £153,823) and its total Unrestricted Funds now stand at £8,578,601 (2019 - £7,056,578).

The Hospital recorded a surplus on unrestricted funds for the year of £107,733 (2019 – deficit of £40,433) and its total Unrestricted Funds now stand at £2,132,505 (2019 - £2,024,772). This includes a deficit of £378,907 (2019 – £428,907) in Designated Funds.

The School recorded a surplus on unrestricted funds for the year of £1,631,580 (2019 – deficit of £24,121) and its total Unrestricted Funds now stand at £6,126,383 (2019 - £4,494,803). This includes £2,048,327 (2019 - £1,017,290) which is designated for a variety of specific purposes.

The Library recorded a deficit on unrestricted funds for the year of £217,290 (2019 – surplus of £218,377) which includes investment losses of £207,944 (2019 – gains of £171,140) and its total Unrestricted Funds now stand at £319,713 (2019 - £537,003). This includes a deficit of £nil (2019 - £278) in Designated Funds.

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Going concern

The trustees and the Senior Leadership Team continue to closely monitor the progress of the Covid-19 global pandemic and its impact on Chetham's. The School was closed to most students in January 2021 following the announcement of the third national lockdown. The Library remains closed to all visitors. A significant proportion of the School's workforce worked from home during the Spring 2021 term, providing on-line music and academic education and pastoral support for students. The DfE has confirmed its support for the School and the Music and Dance Scheme funding is unaffected and continues to be paid. Parents of boarding students will be given fee reductions for the Spring term 2021, the reductions being based on savings that the School has been able to make. The income for the current year for the Library and the Stoller Hall has been bolstered by the receipt of Arts Council England grants. Neither the Feoffees nor the School Governors consider there is any going concern issue for Chetham's.

Reserves policy

Introduction

Notes 16 to 19 of the financial statements set out an analysis of the assets attributable to the various Funds together with a description of the major components of those Funds. These assets are sufficient to meet the financial obligations on a fund by fund basis.

The Hospital "which owns the buildings" is primarily dependent on rent from the School for its income. The Feoffees aim to increase the balance of free reserves each year, to bring the level up to an amount felt to be appropriate in the circumstances. At the present time, the Feoffees' target for free reserves for the Hospital is £300,000, equivalent to around a year's expenditure.

It is the policy of the School Governing Body to increase free reserves each year by 10% when there is no call on the reserves to cover unexpected costs. The Governing Body's aim is to bring the level of reserves to a substantially higher level than at present to safeguard against income deterioration or unexpected costs.

The Feoffees and Library Committee aim to ensure that the free reserves of the Library cover approximately one year's expenditure.

Review of policies

These policies will be reviewed every three years by the Treasurer and Bursar and brought to the attention of the Feoffees and the School and Library Committees as part of the review of all policies.

Level of Reserves

Unrestricted reserves of the Foundation held at 31 August 2020 were £8,578,601 (2019 - £7,056,578) of which £1,669,420 (2019 - £588,105) is designated for specific purposes.

The unrestricted reserves are substantially invested in the tangible fixed assets of the Foundation. In the year to 31 August 2020 the surplus on free reserves increased to £5,756,701 (2019 - £4,236,749).

Restricted reserves of the Foundation were £35,587,455 (2019: £36,039,077). Of this balance £32,167,977 (2019: £33,071,818) is represented by fixed assets.

Hospital

Free reserves of the Hospital are £279,902 (2019 - £69,525).

Restricted reserves are £29,861,940 (2019: £30,492,400). 3 (2019: 3) capital project funds are in deficit at the year end by £2,517,044 (2019: £2,770,197) as expenditure has been incurred in advance of income being received for the projects.

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
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For the year ended 31 August 2020**

School

Free reserves of the School are £5,272,086 (2019 - £3,745,221). At present, the level of reserves is equivalent to around twenty-eight weeks' expenditure. The Governors' aim to increase the level of free reserves to 9 months' expenditure, which at the current time would be £7.3 million.

Restricted reserves are £5,702,932 (2019: £5,518,781) and are held for a variety of purposes.

Library

Free reserves of the Library are £204,713 (2019 - £422,003). This is just under one year's operating costs and is deemed to be sufficient at present.

Restricted reserves are £22,583 (2019: £27,896) and are held for a variety of purposes.

Plans for future periods

The Feoffees and School Governing Body aim to support continuation and progression of the excellent work carried out by the staff of the School and Library.

In September 2020, following the resignation of the Principal, Alun Jones, the school appointed Nicola Smith, former Vice Principal and Tom Redmond, former Director of Music, to the positions of Joint Principals of the School.

The Site Development Plan will continue as funding allows. The most pressing aim of the Feoffees and School Governing Body is to continue to upgrade the boarding accommodation in the Millgate Building. This work started in the summer of 2018 and will continue for a number of years. The Feoffees also plan to launch the Medieval Manchester Visitor Attraction, featuring Chetham's Library and the medieval buildings as soon as funding is available.

The financial security of the Library has to be secured and this will be a major part of the Feoffees' work in the near future.

Disclosure of information to the auditors

So far as each person who was a Feoffee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Feoffees and the charity's auditors each Feoffee has taken all the steps that he or she is obliged to take as a Feoffee in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Feoffees' responsibilities in respect of the financial statements

Charity law requires the Feoffees to prepare financial statements for each year which give a true and fair view of the charity's financial activities during the year and the financial position at the end of the year. In preparing those financial statements, the Feoffees are required to:

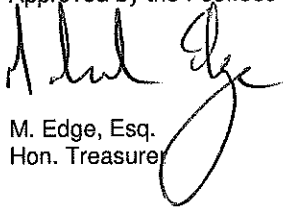
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and


**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY
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- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Feoffees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity. 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.

Approved by the Feoffees on *23rd June* 2021 and signed on their behalf by:


M. Edge, Esq.
Hon. Treasurer


Mrs. S. C. Newman
Bursar

Independent Auditor's Report to the Members of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II

For the year ended 31 August 2020

Opinion

We have audited the financial statements of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 August 2020 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**
For the year ended 31 August 2020

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 financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Feoffees

As explained more fully in the feoffees' responsibilities statement set out on page 14, the feoffees 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 feoffees 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 feoffees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the feoffees 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 151 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.

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.

**Independent Auditor's Report to the Members of The Hospital and Library in
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**

For the year ended 31 August 2020

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.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

25th June

2021

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq
and incorporated by King Charles II**

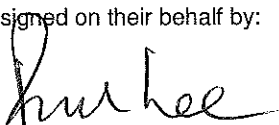
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2020


	<i>Notes</i>	<i>Hospital Funds</i>	<i>School Funds</i>	<i>Library Funds</i>	<i>2020</i>	<i>2019</i>
		£	£	£	£	£
Income from:						
Charitable activities:						
School fees	2	-	9,589,696	-	9,589,696	8,982,332
Ancillary trading	6	632	132,347	6,516	139,495	414,842
Other trading activities:						
Activities for generating funds	3	43,275	229,532	18,325	291,132	562,820
Investments:						
Investment income	4	15,836	82,953	83,477	182,266	172,905
Voluntary sources:						
Bequests and donations	5	30,431	1,618,054	28,467	1,676,952	546,150
Grants received		-	438,781	42,988	481,769	-
Total incoming resources		90,174	12,091,363	179,773	12,361,310	10,679,049
Expenditure on:						
Raising funds:						
Fundraising		34,952	89,515	-	124,467	195,062
Publicity		-	110,034	-	110,034	109,037
Conference, facility hire and trading costs		43,220	216,033	2,884	262,137	433,247
Financing costs		142,996	3,204	-	146,200	154,387
Investment management costs		490	12,917	11,119	24,526	7,545
		221,658	431,703	14,003	667,364	899,278
Charitable activities:						
Teaching costs – academic		-	2,121,423	-	2,121,423	2,014,186
Teaching costs – music		-	3,765,814	-	3,765,814	3,906,897
Welfare		-	1,180,736	-	1,180,736	1,324,475
Premises		1,074,834	1,920,991	-	2,995,825	3,041,726
Scholarships and bursaries		-	241,672	-	241,672	188,786
Grants, awards and prizes		1,600	12,811	-	14,411	11,234
Library running costs		-	-	200,825	200,825	222,864
Support and Governance costs		10,533	85,320	1,554	97,407	96,463
		1,086,967	9,328,767	202,379	10,618,113	10,806,631
Total resources expended	9	1,308,625	9,760,470	216,382	11,285,477	11,705,909
Net income/(expenditure)		(1,218,451)	2,330,893	(36,609)	1,075,833	(1,026,860)
Transfer between funds	10	705,000	(727,000)	22,000	-	-
Gains/(losses) on investment assets:						
Realised		(34,062)	(23,383)	(208,134)	(265,579)	261,498
Unrealised		44,709	235,221	122,560	402,490	(303,727)
Net movement in funds		(502,804)	1,815,731	(100,183)	1,212,744	(1,069,089)
Fund balances at 1 September 2019		33,124,842	10,013,584	2,790,564	45,928,990	46,998,079
Fund balances at 31 August 2020		32,622,038	11,829,315	2,690,381	47,141,734	45,928,990

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
BALANCE SHEET
For the year ended 31 August 2020**

	<i>Note</i>	<i>2020</i> £	<i>2019</i> £
Fixed assets			
Heritage assets	11	115,000	115,000
Tangible fixed assets	11	34,874,877	35,776,647
Investments	12	<u>8,306,295</u>	<u>4,187,670</u>
		43,296,172	40,079,317
Current assets			
Debtors - fees		464,693	428,105
- other debtors and prepayments	13	1,519,429	339,204
Cash at bank and in hand		<u>4,934,341</u>	<u>10,440,241</u>
		6,918,463	11,207,550
Creditors: amounts falling due within one year	14	<u>(1,141,782)</u>	<u>(3,289,125)</u>
Net current assets		<u>5,776,681</u>	<u>7,918,425</u>
Total assets less current liabilities		49,072,853	47,997,742
Creditors: amounts falling due after more than one year	15	<u>(1,931,119)</u>	<u>(2,068,752)</u>
Total net assets	16	<u>47,141,734</u>	<u>45,928,990</u>
Endowment funds			
Restricted funds	17	2,975,678	2,833,335
Unrestricted funds	18	35,587,455	36,039,077
	19	<u>8,578,601</u>	<u>7,056,578</u>
Total funds		<u>47,141,734</u>	<u>45,928,990</u>
Hospital funds			
Hospital funds		32,622,038	33,124,842
School funds		11,829,315	10,013,584
Library funds		<u>2,690,381</u>	<u>2,790,564</u>
Total funds	16	<u>47,141,734</u>	<u>45,928,990</u>

The financial statements were approved and authorised for issue by the Feoffees on 23rd June 2021 and signed on their behalf by:


P. A. Lee, Esq.
Chairman


M Edge, Esq.
Hon. Treasurer

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
CASH FLOW STATEMENT
For the year ended 31 August 2020**

	<i>Cash flow statement notes</i>	<i>2020 £</i>	<i>2019 £</i>
Net cash (outflow)/inflow from operations			
<i>Net cash (used by)/provided by operating activities</i>	1	(1,259,275)	1,112,014
Cash flows from investing activities			
Investment income		186,266	172,905
Bank loan and interest payable		(146,200)	(154,387)
Payments to purchase buildings and other fixed assets		(175,654)	(725,640)
Payments to acquire investments, including cash awaiting investment		(6,438,310)	(2,836,487)
Receipts from sales of fixed asset investments		2,758,640	2,876,196
Increase in cash held by investment advisors		(302,044)	(38,083)
Net cash used in investing activities		<u>(4,117,302)</u>	<u>(705,496)</u>
Cash flow from financing activities			
Bank loan repayments		<u>(129,323)</u>	<u>(122,095)</u>
Net cash used in financing activities		<u>(129,323)</u>	<u>(122,095)</u>
Change in cash and cash equivalents in the reporting period			
<i>Cash and cash equivalent at the beginning of the period</i>		10,440,241	10,155,818
<i>Cash and cash equivalent at the end of the period</i>	2	<u>4,934,341</u>	<u>10,440,241</u>

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 August 2020**

1. Reconciliation of net expenditure to net cash flow from operating activities

	2020	2019
	£	£
Net incoming/(outgoing) resources	1,075,833	(1,026,860)
Depreciation	1,077,424	1,042,835
Investment income	(186,266)	(172,905)
Bank and loan interest payable	146,200	154,387
(Increase)/Decrease in debtors	(1,216,813)	987,862
(Decrease)/Increase in creditors	(2,155,653)	126,695
Net cash (outflow)/inflow from operating activities	(1,259,275)	1,112,014

2. Analysis of cash and cash equivalent

	2020	2019
	£	£
Cash at bank and in hand	3,404,361	3,915,770
Cash on deposit	1,529,980	6,524,471
	4,934,341	10,440,241

3. Reconciliation of net debt

	At 1 September 2019	Cashflow	At 31 August 2020
	£	£	£
Cash at bank and in hand	10,440,241	(5,505,900)	4,934,341
Bank loan due in less than one year	(126,649)	(8,310)	(134,959)
Bank loan due in greater than one year	(2,068,752)	137,633	(1,931,119)
	8,244,840	(5,376,577)	2,868,263

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2020**

1. Statement of accounting policies

Basis of preparation of accounts

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

The Foundation has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The Foundation is a Public Benefit Entity registered as a charity in England and Wales. It is registered as a charity on the Charity Commission website (charity number: 526702).

No material uncertainties that may cast significant doubt about the ability of the Foundation to continue as a going concern have been identified by the Feoffees or School Governing Body.

The Foundation has a Fundraising Strategy in place to continue to raise the necessary funds for the Site Development Project with over £43 million having been raised to date. The upgrading of the boarding accommodation in the Millgate Building is the next priority, as well as the opening of the medieval buildings as part of the Visitor Attraction Project.

A significant proportion of fee income for the School is receivable from the Department for Education (DfE) under the Music and Dance Aided Pupil Scheme (MDS). In the current year £7,209,269 was receivable (2019 - £6,621,019). The DfE have provided assurances to the School that they foresee the MDS Scheme being continued in its current form for the foreseeable future.

The trustees and the Senior Leadership Team are closely monitoring the progress of the Covid-19 global pandemic and its impact on Chetham's. The School's students were sent home at the end of March 2020 as the Government closed all schools. The Library closed to all visitors at the same time. The School's workforce immediately started working from home, providing on-line music and academic education and pastoral support for all students. The DfE has confirmed its support for the School and the Music and Dance Scheme funding is unaffected and continues to be paid. Parents of students were given fee reductions for the Summer term 2020, the reductions being based on savings that the School has been able to make. The Library's income for the current year will be less than originally forecast but its reserves are more than sufficient to cover this reduction. The Feoffees and school governors consider that Chetham's is able to continue as a going concern for the foreseeable future.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq
and incorporated by King Charles II
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2020**

1. **Statement of accounting policies (continued)**

Uniting direction

A Uniting Direction was issued by the Charities Commission on 25 June 2004. This links the Chetham's Hospital, School and Library charitable strands for the purposes of registration and accounting under the Charities Act 1993. The Charity Commission has agreed to the adapted format of the Statement of Financial Activities wherein funds are categorised by component charitable strand rather than by type.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of the Hospital. Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of the School. The results of both subsidiaries are included in the accounts of the relevant charity.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting bursaries granted by the School, but include contributions received from Restricted Funds towards fees.

Donations and bequests

Donations and bequests received for the general purposes of the Foundation are credited to unrestricted funds. Donations and bequests subject to specific wishes of the benefactors are credited to restricted funds, or to endowment funds where the amount is required to be held as permanent capital.

Donations and bequests are accounted for as and when entitlement arises, the amount can be reliably qualified and the economic benefit to the school is considered probable.

Investment and covenant income

Credit is taken for investment and covenant income, including related taxation, on an accruals basis. The income from COIF Accumulation units is automatically reinvested and this income is not disclosed as such in the accounts because there is a corresponding increase in the valuation of the original subscribed units.

Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer- term liabilities. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the proportions of individuals' time attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also external audit, any legal advice for the Feoffees and School and Library Committees, and all costs of complying with constitutional and statutory requirements, such as the costs of meetings of the Feoffees, the School Governing Body and the Library Committee and of preparing statutory accounts and satisfying public accountability.

Tangible fixed assets and depreciation

The Foundation's Collections and Management Plan, available from Chetham's Librarian upon request, details the Foundation's policy for the acquisition, preservation, management and disposal of its heritage assets.

College House and the Collections are deemed to have indeterminate lives and therefore the Feoffees do not consider it appropriate to charge depreciation.

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For the year ended 31 August 2020**

1. **Statement of accounting policies (continued)**

College House

The site of Chetham's, on a sandstone outcrop at the confluence of the Rivers Irwell and Irk, has been of strategic importance and occupied since Roman times. College House, in 1421, was the largest building in the medieval town of Manchester. The buildings have been used to house the School since 1653 and are Grade 1 listed.

The Feoffees consider that, owing to the incomparable nature of the buildings, conventional valuation approaches lack sufficient reliability and even if valuations could be obtained, the costs of doing so would be onerous compared with the additional benefits derived by the Foundation and users of the accounts. As a result, no value is reported for this asset in the Balance Sheet.

The Library's Collections

The Library's Collections were started in 1655. From illuminated manuscripts made for kings and queens to the minutiae of personal life – diaries, letters, account books – the Library has a wealth of special items and collections. Chetham's holds over forty medieval manuscripts, including the thirteenth century *Flores Historiarum* of Matthew Paris. The Collections are mainly concerned with the history of the North West of England and include the first ever census of Manchester compiled in 1773-74. There are well over 120,000 printed items, over half of which were published before 1850.

It is considered that obtaining valuations for the vast majority of the Collections would involve disproportionate cost due to the size and diversity of the items and so these assets are therefore not recognised in the Balance Sheet. Significant acquisitions from September 2009 onwards will be reported at cost, where the item is purchased, or if donated, at the current value if it is readily discernable, for example by using a probate value.

The Feoffees will very occasionally approve the disposal of items of the Collections, for example when an item is of doubtful provenance or is a duplicate of an item already in a Collection. Where items that are not recognised as fixed assets are disposed of, the proceeds are reported in the Statement of Financial Activities. Disposal proceeds are also disclosed separately in the notes to the accounts.

The Collections are deemed to have indefinite lives and therefore no depreciation is charged.

Preservation costs

Expenditure which, in the Feoffees' view, is required to preserve or clearly prevent further deterioration of College House or individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

Other assets

The cost of freehold buildings which are not classed as heritage assets is written off by annual instalments over their expected useful lives as follows:

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1. Statement of accounting policies (continued)

Freehold buildings: 40 - 60 years

The cost of the land acquired in 2008 is not written off but is kept in the accounts as a capital item matched by a restricted Capital Fund as its purchase was funded by a grant from the NWDA for that specific purpose.

Expenditure on instruments, furniture and equipment etc. costing less than £10,000 is written off as an expense in the year incurred.

Depreciation is provided on the cost of tangible fixed assets, to write them down in equal instalments to their estimated residual values based current market prices over their expected useful lives as follows:

Furniture, fittings and equipment:	5 years
Instruments:	3 years

Grants received towards capital expenditure are credited to the appropriate restricted fund upon entitlement thereto; any depreciation of the grant-funded proportion of such fixed assets expenditure is charged to the related restricted fund.

Investments

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Investment management fees are accounted for as incidental costs of the acquisition or disposal where transaction-based. Other management fees are disclosed separately as Resources Expended in the Statement of Financial Activities.

Investment in subsidiaries are valued at cost less provision for impairment.

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For the year ended 31 August 2020**

1. Statement of accounting policies (continued)

Pension schemes

Contributions are made to the multi-employer defined benefit Teachers' Pension Scheme at rates set by the Scheme Actuary and advised by the Scheme Administrator. Contributions are also made to the Greater Manchester Pension Fund, a multi-employer defined benefit pension scheme, for a small number of non-teaching staff, and also to a money purchase pension scheme for other non-teaching staff. In accordance with FRS 102 all schemes are accounted for as defined contribution schemes and contributions therefore are charged in the Statement of Financial Activities as they become payable.

Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities as they fall due.

Taxation

As a registered charity, the Foundation and its associated funds are not subject to taxation on its surpluses. However, provision is made for corporation tax on any trading profits generated by Chetham's Hall Limited and Chetham's Trading Limited after provision for Gift Aid payment.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Feoffees and School Governors as trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Feoffees and School Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

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For the year ended 31 August 2020

2. Fees receivable

	<i>2020</i>	<i>2019</i>
	£	£
Gross fees receivable	9,701,503	8,982,332
Less: total bursaries, grants and allowances	(353,479)	(188,786)
	9,348,024	8,793,546
Scholarships and bursaries financed from restricted and endowment funds	241,672	188,786
	<u>9,589,696</u>	<u>8,982,332</u>

The total educational awards financed from restricted funds comprise:

	<i>2020</i>	<i>2019</i>
	£	£
Scholarships and bursaries	241,672	188,786
Grants, awards and prizes	12,485	10,489
	<u>254,157</u>	<u>199,275</u>

3. Other trading activities

	<i>2020</i>	<i>2019</i>
	£	£
Trading income, summer schools and facility hire	<u>291,132</u>	<u>562,820</u>

Trading income includes £43,275 (2019: £87,003) in relation to Chetham's Hall Limited and £216,445 (2019: £347,244) in relation to Chetham's Trading Limited.

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For the year ended 31 August 2020**

4. Investment income

	<i>2020</i>	<i>2019</i>
	£	£
Income from UK listed investments (gross)	161,478	134,715
Interest on funds deposited on bank reserve accounts	20,788	38,190
	<u>182,266</u>	<u>172,905</u>

5. Bequests and donations

During the year significant bequests and donations were gratefully received from the following:

The Andrew Lloyd Webber Foundation, the Beaverbrooks Charitable Trust, the estate of the late Mr A Chesters, Ms E Garside, Mr D Gaskill, the Haworth Charitable Trust, the Leverhulme Charitable Trust, the Michael Bishop Foundation, the Stoller Charitable Trust and the Zochonis Charitable Trust.

Donations were also received from many other sources and the Feoffees and School Governors wish to express their sincere gratitude to all donors.

6. Other income

	<i>2020</i>	<i>2019</i>
	£	£
Charitable activities		
Concert income	11,464	21,677
Piano Summer School	93,207	348,602
Sundry income	34,824	44,563
	<u>139,495</u>	<u>414,842</u>

7. Expenditure

	<i>2020</i>	<i>2019</i>
	£	£
Charitable expenditure includes:		
Depreciation of fixed assets	1,077,424	1,042,835
Auditors' remuneration: audit services	19,609	18,448
Operating lease costs	<u>29,968</u>	<u>28,838</u>

The above excludes rent of £627,000 (2019 - £627,000) paid by Chetham's School of Music to Chetham's Hospital which is eliminated by way of transfers between funds (note 10).

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8. Employment costs

	<i>2020</i>	<i>2019</i>
	£	£
Wages and salaries	5,667,740	5,643,691
Social security costs	474,144	472,219
Pension contributions	892,288	619,843
	<u>7,034,172</u>	<u>6,735,753</u>

The average monthly number of employees in the year was 345 (2019 - 354) of which 180 (2019 – 187) were teaching staff.

The key management personnel comprise the Principal, the Bursar, the Director of Music and Chetham's Librarian.

The total employment benefits of the key management personnel were £468,258 (2019: £480,030). Total employment benefits include gross salaries, employer's National Insurance Contributions, employer's pension contributions, benefits in kind and Class 1A National Insurance Contributions on those benefits in kind.

Neither the Feoffees nor members of the other Foundation Committees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Charities or from any connected organisation during this year or the previous year.

During the year the School paid £3,450 (2019 - £500) to one (2019 – one) employee and the Library paid £nil (2019 - £12,743) to no (2019 – one) employees under confidential settlement agreements.

The number of employees whose emoluments exceeded £60,000 was as follows:

	<i>2020</i>	<i>2019</i>
	No.	No.
£60,001 to £70,000	1	1
£70,001 to £80,000	1	-
£80,001 to £90,000	-	-
£90,001 to £100,000	1	1
£100,001 to £110,000	-	1
£110,001 to £120,000	-	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-

Contributions paid in the year for the provision of money purchase pension schemes for higher paid employees were £16,255 (2019 - £13,293). There is 1 (2019 – 1) higher paid employee to whom retirement benefits are accruing under money purchase schemes and 3 (2019 – 3) higher paid employees in defined benefit schemes.

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9. Analysis of total resources expended

	<i>Staff costs</i> £	<i>Other costs</i> £	<i>Depreciation</i> £	<i>Total 2020</i> £	<i>Total 2019</i> £
<i>Cost of generating funds</i>					
Fundraising	84,621	39,846	-	124,467	195,062
Publicity	96,660	13,374	-	110,034	109,037
Conference, facility hire and trading costs	103,476	158,661	-	262,137	432,689
Financing costs	-	146,200	-	146,200	154,945
Investment management costs	-	24,526	-	24,526	7,545
	<u>284,757</u>	<u>382,607</u>	<u>-</u>	<u>667,364</u>	<u>899,278</u>
<i>Charitable activities</i>					
Teaching costs – academic	1,926,123	195,300	-	2,121,423	2,014,186
Teaching costs - music	3,275,717	470,610	19,487	3,765,814	3,906,897
Welfare	494,080	686,656	-	1,180,736	1,324,475
Premises	870,483	1,067,405	1,057,937	2,995,825	3,041,726
Scholarships & bursaries	-	241,672	-	241,672	188,786
Grants, awards & prizes	-	14,411	-	14,411	11,234
Library costs	131,561	69,264	-	200,825	222,864
	<u>6,697,964</u>	<u>2,745,318</u>	<u>1,077,424</u>	<u>10,520,706</u>	<u>10,710,168</u>
Governance costs	51,451	45,956	-	97,407	96,463
	<u>7,034,172</u>	<u>3,173,881</u>	<u>1,077,424</u>	<u>11,285,477</u>	<u>11,705,909</u>

Conference and facility hire includes £43,220 (2019: £86,657) in relation to Chetham's Hall Limited and £215,850 (2019: £285,642) in relation to Chetham's Trading Limited.

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9. Analysis of total resources expended (continued)

Total resources expended is £889,921 (2019 - £874,810) in respect of support costs detailed below, that have been allocated to the above expense headings.

Support Costs	Hospital	School	Library	Total 2020	Total 2019
	£	£	£	£	£
Management	-	122,502	131,561	254,063	271,412
Administration	-	228,571	11,682	240,253	259,208
Recruitment	-	18,695	-	18,695	25,143
Office costs	694	52,076	14,313	67,083	66,914
IT	-	68,401	-	68,401	69,160
Legal and professional	-	183,297	-	183,297	119,540
Insurance	-	58,129	-	58,129	63,433
	694	731,671	157,556	889,921	874,810

10. Transfers between funds

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds
	General	Designated			
	£	£	£	£	£
Hospital					
Rent from School	627,000	-	-	-	627,000
Contribution to Chetham's Library	(22,000)	-	-	-	(22,000)
New School Development Fund	(267,717)	-	267,717	-	-
Contribution from School for the Site Development Project	-	-	100,000	-	100,000
Palatine Demolition Project	(50,000)	50,000	-	-	-
	287,283	50,000	367,717	-	705,000
School					
Rent paid to Hospital	(627,000)	-	-	-	(627,000)
Contribution from School for the Site Development Project	(100,000)	-	-	-	(100,000)
Transfer for Camerata Project	-	-	(9,500)	-	(9,500)
Transfer from 50 th Anniversary Fund	-	-	9,500	-	9,500
Transfer for Dining Room Refurbishment	(50,000)	50,000	-	-	-
Chesters Bequest	(1,225,141)	1,225,141	-	-	-
Transfer for Chiller Unit	(6,000)	6,000	-	-	-
Transfer for Millgate Project	80,085	(80,085)	-	-	-
Transfer of Tours Costs	-	-	-	-	-
Transfer for IT upgrade	170,729	(170,729)	-	-	-
Confucius classroom costs	-	1,430	(1,430)	-	-
	(1,757,327)	1,031,757	(1,430)	-	(727,000)

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10. Transfers between funds (continued)

<i>Library</i>	<i>Unrestricted Funds</i>		<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds</i>
	<i>General</i>	<i>Designated</i>			
	£	£	£	£	£
Contribution from Hospital	22,000	-	-	-	22,000
Transfer from Library Patrons Fund	1,456	-	(1,456)	-	-
	23,456	-	(1,456)	-	22,000
TOTAL	(1,446,588)	1,081,757	364,831	-	-

11. Tangible fixed assets

	<i>Heritage Assets</i>	<i>Freehold Property</i>	<i>Furniture, Fittings, Plant & Equipment</i>	<i>Instruments</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 September 2019	115,000	43,952,115	613,518	183,173	44,863,806
Additions	-	46,753	128,901	-	175,654
At 31 August 2020	115,000	43,998,868	742,419	183,173	45,039,460
Depreciation:					
At 1 September 2019	-	8,561,105	252,576	158,478	8,972,159
Charge for the year	-	956,877	101,060	19,487	1,077,424
At 31 August 2020	-	9,517,982	353,636	177,965	10,049,583
Net book value:					
At 31 August 2020	115,000	34,480,886	388,783	5,208	34,989,877
At 1 September 2019	115,000	35,391,010	360,942	24,695	35,891,647

The cost of tangible fixed assets includes the cost of land at Walkers Croft, which was purchased in March 2008 with the support of a grant from the North West Development Agency (NWDA). This piece of land is secured by legal charges in favour of Nat West as security for the 2011 bank loan and secondly the NWDA pursuant to a Funding Agreement entered into at that time.

Information on Heritage Assets is given in Note 1 to the accounts.

There has been one significant acquisition but no disposals of heritage assets for which valuations are available during the last five years.

Five year financial summary of Heritage Asset transactions:

	2020	2019	2018	2017	2016
	£	£	£	£	£
Additions:					
Donations	-	-	-	85,000	-
Total	-	-	-	85,000	-

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12. Investments

	<i>Restricted Funds £</i>	<i>Unrestricted Funds £</i>	<i>Endowment Funds £</i>	<i>Total £</i>
Balance at 1 September 2019	950,806	39,620	3,197,244	4,187,670
Additions	4,210,178	62,824	2,165,308	6,438,310
Disposals	(566,824)	(41,511)	(2,415,884)	(3,024,219)
Revaluation gains	253,039	469	148,982	402,490
Change in amounts awaiting investment	270,000	2,114	29,930	302,044
Balance at 31 August 2020	<u>5,117,199</u>	<u>63,516</u>	<u>3,125,580</u>	<u>8,306,295</u>
Historical cost of listed investments	<u>4,446,964</u>	<u>59,890</u>	<u>2,522,226</u>	<u>7,029,080</u>
Listed on UK stock exchange	4,847,065	61,333	3,093,341	8,001,739
Cash holding	270,134	2,183	32,239	304,556
	<u>5,117,199</u>	<u>63,516</u>	<u>3,125,580</u>	<u>8,306,295</u>

All investments are held to provide an investment return.

13. Debtors (excluding fees)

	<i>2020 £</i>	<i>2019 £</i>
Other debtors	179,211	179,265
Prepayments	72,558	90,073
Accrued income	<u>1,267,660</u>	<u>69,866</u>
	<u>1,519,429</u>	<u>339,204</u>

£3,662 (2019: £11) was written off in the year for bad debts and a further £35,257 increase was made in the provision (2019: increase of £17,778).

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14. **Creditors:** amounts falling due within one year

	2020	2019
	£	£
Bank loans (note 15)	134,959	126,649
Other creditors and accruals	1,006,823	1,262,476
Fees received in advance from DfE	<u>-</u>	<u>1,900,000</u>
	<u>1,141,782</u>	<u>3,289,125</u>

15. **Creditors:** amounts falling due after more than one year

	2020	2019
	£	£
Bank loans	<u>1,931,119</u>	<u>2,068,752</u>
	<u>1,931,119</u>	<u>2,068,752</u>

The total bank loans outstanding at 31 August 2020 amounted to £2,066,078 (2019 - £2,195,401). Of this amount £134,959 (2019 - £126,649) is repayable within one year and is therefore included in current liabilities.

A bank loan of £3,000,000 was taken out in May 2011 for a 20 year period to help to finance the construction of the New School Building. The loan interest is fixed at 6.4% for the life of the loan.

The loan is secured by first legal mortgages over the freehold land on the north side of Long Millgate, Manchester and over the freehold property of the Hospital and Library, together with the land on Walkers Croft where the New School Building is situated.

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16. **Allocation of the charity's net assets**

The net assets are held for the various funds as follows:

	<i>Fixed Assets</i>	<i>Investments</i>	<i>Net current assets/ (liabilities)</i>	<i>Long term liabilities</i>	<i>Total</i>
	£	£	£	£	£
Hospital					
Unrestricted	1,852,603	2,881	277,021	-	2,132,505
Restricted	32,162,769	354,695	(724,405)	(1,931,119)	29,861,940
Endowment	-	627,371	222	-	627,593
	<u>34,015,372</u>	<u>984,947</u>	<u>(447,162)</u>	<u>(1,931,119)</u>	<u>32,622,038</u>
School					
Unrestricted	854,297	34,754	5,237,332	-	6,126,383
Restricted	5,208	4,762,504	935,220	-	5,702,932
	<u>859,505</u>	<u>4,797,258</u>	<u>6,172,552</u>	<u>-</u>	<u>11,829,315</u>
Library					
Unrestricted	115,000	25,881	178,832	-	319,713
Restricted	-	-	22,583	-	22,583
Endowment	-	2,498,209	(150,124)	-	2,348,085
	<u>115,000</u>	<u>2,524,090</u>	<u>51,291</u>	<u>-</u>	<u>2,690,381</u>
Total					
Unrestricted	2,821,900	63,516	5,693,185	-	8,578,601
Restricted	32,167,977	5,117,199	233,398	(1,931,119)	35,587,455
Endowment	-	3,125,580	(149,902)	-	2,975,678
	<u>34,989,877</u>	<u>8,306,295</u>	<u>5,776,681</u>	<u>(1,931,119)</u>	<u>47,141,734</u>

17. **Endowment funds**

	<i>Balance at 1 September 2019</i>	<i>Incoming Resources</i>	<i>Resources expended</i>	<i>Investment gains/(losses)</i>	<i>Transfers between funds</i>	<i>Balance at 31 August 2020</i>
	£	£	£	£	£	£
Hospital						
Investment Replacement Sinking Funds	464,800	-	-	26,690	-	491,490
EF Jacob Endowment Fund	142,870	-	-	(6,767)	-	136,103
	<u>607,670</u>	<u>-</u>	<u>-</u>	<u>19,923</u>	<u>-</u>	<u>627,593</u>
Library						
Grants from Heritage Lottery Fund	2,225,665	-	-	122,420	-	2,348,085
Total	<u>2,833,335</u>	<u>-</u>	<u>-</u>	<u>142,343</u>	<u>-</u>	<u>2,975,678</u>

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Hospital

Investment Replacement Sinking Funds

Under Schemes approved by the Charity Commissioners, Hospital investments worth £183,340 were sold between 1981 and 1992 in order to provide finance for major capital purposes, subject to the restoration of the original sums by means of annual investments through Sinking Funds. This was achieved during the year to 31st August 2014 and the Schemes have been discharged.

E F Jacob Endowment Fund

A fund for the general benefit of the Hospital. Any income generated is credited to unrestricted reserves.

Library

Endowment Fund

The Heritage Lottery Fund grants were given in order to provide substantially improved investment income and thereby to enable improved facilities in the Library. Accordingly, investment income and realised gains, together with expenditure therefrom, are included as part of General Fund movements in the Statement of Financial Activities.

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18. Restricted funds

	<i>Balance at 1 September 2019</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investments gains/(losses)</i>	<i>Balance at 31 August 2020</i>
	£	£	£	£	£	£
Hospital						
Capital Fund - Millgate Extension	1,014,856	-	(39,668)	-	-	975,188
Capital Fund - New Land	4,500,000	-	-	-	-	4,500,000
Capital Fund - New School Building	19,445,309	-	(626,022)	-	-	18,819,287
Capital Fund – Nicholls Conversion	634,939	-	(18,506)	-	-	616,433
Capital Fund – Concert Hall	7,452,020	-	(200,158)	-	-	7,251,862
Improvements Fund	21,474	719	-	-	376	22,569
New School Development Fund	(2,433,276)	28,431	(142,996)	301,051	-	(2,246,790)
Nicholls Building Conversion Fund	(63,821)	1	-	33,333	-	(30,487)
Concert Hall Fund	(273,100)	-	-	33,333	-	(239,767)
Instrument Fund	161,089	8,973	(1,600)	-	(7,587)	160,875
Nicholls Fund	32,616	2,082	-	-	(2,222)	32,476
Miscellaneous Fund	294	-	-	-	-	294
	30,492,400	40,206	(1,028,950)	367,717	(9,433)	29,861,940
School						
Vernon Farley Fund	14,968	-	-	-	-	14,968
Hazel Smith Fund	98,356	-	(37,000)	-	-	61,356
Ida Carroll Fund	6,631	-	(1,400)	-	-	5,231
Hospital Prize Fund	82,294	-	(25)	-	-	82,269
Kolbert Music Prize Fund	2,334	25	-	-	(157)	2,202
Academic Prizes Fund	300	20	-	-	-	320
Music Prizes Fund	-	100	-	-	-	100
Competition Fund	232	-	-	-	-	232
David Hartigan Memorial Piano Fund	3,523	-	-	-	15	3,538
Neil Vint Bursary Fund	35,470	400	(1,000)	-	-	34,870
Milne Fund	173,377	-	-	-	50,818	224,195
Bursary Fund	1,374,942	83,531	(76,032)	-	162,990	1,545,431
Bateson Family Bursary Fund	1,163,353	-	(27,000)	-	-	1,136,353
Andrew Lloyd Webber Foundation Bursary Fund	100	30,000	(30,000)	-	-	100
Leverhulme Trust Bursary Fund	(50)	69,418	(34,624)	-	-	34,744
Hospitallers Camp Fund	15,838	-	-	-	-	15,838
Mellor Endowment Fund	5,279	-	-	-	66	5,345
Amy Watson Endowment Fund	24,381	-	-	-	170	24,551
John Shaw Bursary Fund	50,000	-	-	-	-	50,000
Stoller Bursary Fund	2,927	20,370	(19,993)	-	-	3,304
Ethel Kerry Bursary Fund	1,902,921	-	(11,322)	-	-	1,891,599
Hardship Fund	11,583	-	(9,300)	-	-	2,283
Co-op Fund	1,665	-	-	-	-	1,665
Miscellaneous Restricted Fund	67,993	469	(250)	-	-	68,212
Instrument Fund	512	-	(447)	-	-	65
Friends of Chetham's Fund	33,815	3,859	(19,598)	-	-	18,076
Chets in London Fund	4,445	-	(1,045)	-	-	3,400
Stoller Hall Fund	5,659	11,492	(300)	-	-	16,851
50 th Anniversary Fund	46,652	94,594	(29,564)	(9,500)	-	102,182
Capital Fund - Instruments	24,696	-	(19,488)	-	-	5,208
Confucius Classroom Fund	-	23,707	-	(1,430)	-	22,277
Piano Summer School Fund	150,754	93,207	(125,430)	-	-	118,531
Grants and Other Income Fund	213,831	106,543	(122,238)	9,500	-	207,636
	5,518,781	537,735	(566,056)	(1,430)	213,902	5,702,932

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18. Restricted funds (continued)

Library	<i>Balance at 1 September 2019</i> £	<i>Incoming resources</i> £	<i>Resources expended</i> £	<i>Transfers Between funds</i> £	<i>Investments gains/(losses)</i> £	<i>Balance at 31 August 2020</i> £
J Paul Getty Fund	6,089	-	-	-	-	6,089
Miscellaneous Restricted Fund	1,710	-	-	-	-	1,710
Library Patrons Fund	-	1,456	-	(1,456)	-	-
Karl Marx Fund	800	-	-	-	-	800
Arts and Heritage Fund	2,470	-	-	-	-	2,470
Booth Charities Fund	(1,310)	4,060	(2,150)	-	-	600
Hills Archive Fund	4,763	-	-	-	-	4,763
HLF Project Fund	13,374	-	(7,223)	-	-	6,151
DCMS/ Wolfson Fund	-	20,230	(20,230)	-	-	-
	<u>27,896</u>	<u>25,746</u>	<u>(29,603)</u>	<u>(1,456)</u>	<u>-</u>	<u>22,583</u>
Total	36,039,077	603,687	(1,614,109)	354,331	204,469	35,587,455

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18. **Restricted funds (continued)**

Hospital

Building Funds

Capital Fund - Millgate Extension

A fund which represents the depreciated capital cost of the Millgate Extension.

Capital Fund – New Land

A fund which represents the capital value of the new land purchased in 2008 (note 11).

Capital Fund – New School Building

A fund which represents the depreciated capital value of the New School Building.

Capital Fund – Nicholls Conversion

A fund which represents the depreciated capital value of the Nicholls Conversion.

Capital Fund – Concert Hall

A fund which represents the depreciated capital value of the Concert Hall.

Improvements Fund

A fund established from the proceeds of donations from a major anonymous Trust, for use at the discretion of the Feoffees for major improvements.

New School Development Fund

An appeal fund for use in furthering the New School Development Project. This fund is in deficit at 31 August 2020 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

Nicholls Building Conversion Fund

A fund established for the redevelopment of the Nicholls Building into residential accommodation for the Victoria House students. This fund is in deficit at 31 August 2020 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit in the next two years with the receipt of relevant donations and by annual transfers from the School's Unrestricted Fund.

Concert Hall Fund

A fund established for the construction of the School's New Concert Hall. This fund is in deficit at 31 August 2020 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the School's Unrestricted Fund.

Other Funds

Instrument Fund

A fund established to give financial assistance to parents of students at the School wishing to purchase new instruments.

Nicholls Fund

A fund that can be used either to give hardship awards to parents in financial difficulties, or towards the maintenance of the Foundation's buildings.

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18. Restricted funds (continued)

Miscellaneous Restricted Fund

This fund comprises various miscellaneous and small funds, to be used for a variety of charitable purposes

School

Vernon Farley Fund

A fund established in order to make annual prizes for piano-playing and sight-reading.

Hazel Smith Fund

A prize or bursary awarded annually to a Lower School student who plays piano, woodwind or a string instrument and whose family is in financial need.

Ida Carroll Fund

Prizes awarded annually to double bass players.

Hospital Prize Fund, Kolbert Music Prize Fund, Academic Prizes Fund, Music Prizes Fund and Competition Fund

Prizes awarded to students each Speech Day under the terms of a variety of trust funds established by various donors.

David Hartigan Memorial Piano Fund

A fund established in order to make annual awards to deserving piano students of Chetham's School.

Neil Vint Bursary Fund

A bursary awarded annually to former students of Chetham's School aged between 18 and 25, to help develop their careers.

Milne Fund

This fund was established to help students in financial difficulty and to support the development of the School's facilities.

Bursary Fund

This fund was established to help students who are in need of financial assistance.

Bateson Family Bursary Fund

A fund established for the estate of the late Michael Bateson to provide bursaries for students at the School who are in financial need.

Andrew Lloyd Webber Foundation Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Leverhulme Trust Bursary Fund

A fund established to support students at Chetham's who require financial assistance.

Hospitallers "Camp" Fund

A fund established in order to assist extra-mural activities.

Mellor Endowment and Amy Watson Endowment Funds

These funds are to provide benefits for the School.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2020**

18. **Restricted funds (continued)**

John Shaw Bursary Fund

A fund to provide bursary support to students from Lancashire or Yorkshire.

Stoller Bursary Fund

A fund established by the Stoller Charitable Trust to support students who live in Oldham.

Ethel Kerry Bursary Fund

A fund established from the estate of the late Ethel Kerry, to provide bursaries for students who live in Lancashire, Yorkshire, Cumbria and Scotland.

Hardship Fund

A fund established to provide support to students at the School who are in financial need.

Co-op Fund

A fund established to help the School.

Miscellaneous Restricted Fund

This fund comprises miscellaneous small restricted funds for a variety of uses.

Instrument Fund

A fund established from a bequest to purchase instruments for the School.

Friends of Chetham's Fund

A fund to support the advancement of education of students at Chetham's by funding projects and facilities as the School requires.

Chets in London Fund

A fund to support the School.

Stoller Hall Fund

A fund to support the costs of running the Stoller Hall.

50th Anniversary Fund

A fund established to support the work of the School in a variety of ways.

Capital Fund – Instruments

A fund representing the depreciated capital value of instruments purchased using the Instrument Fund.

Confucius Classroom Fund

A fund established for the costs of establishing the Confucius Classroom.

Piano Summer School Fund

A fund established from the surplus generated by the running of the annual Piano Summer School. The fund is to enable the Piano department to facilitate further Summer Schools, to support piano students and to purchase instruments.

Grants and Other Income Fund

This fund shows grants and other restricted income received for specific charitable purposes such as outreach events and conferences, and specific support for individual students.

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For the year ended 31 August 2020**

18. **Restricted funds (continued)**

Library

J Paul Getty Fund

This is a fund for the conservation of Library material.

Miscellaneous Restricted Fund

This is a fund established for miscellaneous restricted donations.

Library Patrons Fund

This fund is for donations made by Library Patrons and the income is transferred each year to the unrestricted General Fund.

Karl Marx Recording Project Fund

This is a fund established with a grant from the Lipman Milliband Trust for digitising and making facsimiles of the books used by Marx when he visited the Library.

Arts and Heritage Fund

This is a fund established for an art installation in the Library.

Booth Charities Fund

This is a fund established for a project on the history of Salford.

Hills Archive Fund

This is a fund established to meet the expenses of cataloguing the Hills Archive Collection.

HLF Project Fund

This is a fund established to support the HLF application for the visitor attraction project.

DCMS/ Wolfson Fund

This is a fund established to install blinds in the Library. This fund has been fully expended during the year.

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19. **Unrestricted funds**

	<i>Balance at 1 September 2019</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investment gains/ (losses)</i>	<i>Balance at 31 August 2020</i>
	£	£	£	£	£	£
Hospital						
General Fund	2,453,679	49,968	(279,675)	287,283	157	2,511,412
Designated funds:						
Palatine Demolition Fund	(428,907)	-	-	50,000	-	(378,907)
	<u>2,024,772</u>	<u>49,968</u>	<u>(279,675)</u>	<u>337,283</u>	<u>157</u>	<u>2,132,505</u>
School						
General Fund	3,477,513	11,553,628	(9,193,694)	(1,757,327)	(2,064)	4,078,056
Designated funds:						
Chiller Unit Fund	18,000	-	-	6,000	-	24,000
Millgate Building Refurbishment Fund	1,000,000	-	-	(80,085)	-	919,915
Confucius Classroom Fund	(710)	-	(720)	1,430	-	-
Dining Room Refurbishment Fund	-	-	-	50,000	-	50,000
Chester Bequest Fund	-	-	-	1,054,412	-	1,054,412
	<u>4,494,803</u>	<u>11,553,628</u>	<u>(9,194,414)</u>	<u>(725,570)</u>	<u>(2,064)</u>	<u>6,126,383</u>
Library						
General Fund	537,281	153,749	(186,779)	23,456	(207,994)	319,713
Designated funds:						
Library Guides Fund	(278)	278	-	-	-	-
	<u>537,003</u>	<u>154,027</u>	<u>(186,779)</u>	<u>23,456</u>	<u>(207,994)</u>	<u>319,713</u>
	<u>7,056,578</u>	<u>11,757,623</u>	<u>(9,660,868)</u>	<u>(364,831)</u>	<u>(209,901)</u>	<u>8,578,601</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. Unrestricted funds (continued)

Hospital

Palatine Demolition Fund

A fund established for the costs of demolishing the Palatine Building. This fund is in deficit at 31 August 2020 as expenditure has been incurred in advance of expected income being received. The Fcoffees intend to clear this Fund's deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

School

Chiller Unit Fund

A fund established to provide resources for replacing the Chiller Unit in the New School Building at the end of its useful life.

Millgate Building Refurbishment Fund

A fund established for the refurbishment of the boys' boarding accommodation and improvements to other areas in the Millgate Building.

Confucius Classroom Fund

A fund established for the creation of a new Confucius Classroom. The fund balance has been transferred to a Restricted Fund.

Library

Library Guides Fund

A fund to account for the purchase and sale of Library Guide books. This fund is fully expended.

20. Pensions arrangements

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £770,512 (2019: £511,297).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pension Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

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20. Pensions arrangements (continued)

On 27 June 2019 the Supreme Court denied the Government permission to appeal the Court of Appeal's judgement and transitional provision introduced to the reformed pension scheme in 2015 gave rise to unlawful age discrimination. The Government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discrimination will be remedied. A consultation was launched by the Government on 16 July 2020, and closed to responses on 11 October 2020. As a result of the consultation, the government announced on 4 February 2021 it intends to proceed with a deferred choice underpin, under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022, at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sergeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rate of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

In addition, a small number of employees are member of the Greater Manchester Pension Fund ("GMPF"). The GMPF is a multi-employer final salary defined benefit scheme and the assets of the School are pooled with similar institutions for actuarial valuation purposes. Accordingly, under FRS 102 the Scheme is account for as a defined contribution scheme.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2019 when the market value of the assets of the Scheme was £23,844 million, being 102% of members' accrued benefits.

The pension contributions made to the Scheme for the year ended 31 August 2020 were £15,253 (2019-£11,174). The employee contribution rate varied between 5.5% and 6.8% depending upon actual pay levels. The employer contribution rate was 24.4% from September 2019 to March 2020 and then 24.7%.

In addition to the above, the contributions to a money purchase scheme amounted to £106,523 (2019-£97,372).

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21. Operating lease commitments

The School has minimum lease payments under non-cancellable operating leases as follows:

	<i>Equipment</i>	
	<i>2020</i>	<i>2019</i>
	£	£
Within one year	26,482	24,223
Between two and five years	27,947	44,118
After five years	—	—
	<u>54,429</u>	<u>68,341</u>

22. Financial Instruments

	2020	2019
	£000	£000
Financial assets measured at amortised cost (a)	6,841	11,117
Financial assets measured at fair value (b)	8,306	4,188
Financial liabilities measured at amortised cost (c)	(3,066)	(5,294)
	<u>—</u>	<u>—</u>
Net financial assets measured at amortised cost	<u>12,081</u>	<u>10,011</u>

- (a) Financial assets include cash, trade and fee debtors, staff loans, other debtors accrued income and amounts due from subsidiaries
- (b) Financial assets held at fair value include assets held as investments
- (c) Financial liabilities include deposits, fees in advance, trade creditors, and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2019: £nil).

23. Related party transactions

There are no related party transactions that need to be disclosed in the financial statements.

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24. Statement of financial activities – comparative figures by fund

	Notes	Hospital Funds £	School Funds £	Library Funds £	2019 £
Income from:					
Charitable activities:					
School fees	2	-	8,982,332	-	8,982,332
Ancillary trading	6	347	401,735	12,760	414,842
Other trading activities:					
Activities for generating funds	3	87,003	460,703	15,114	562,820
Investments:					
Investment income	4	19,428	54,577	98,900	172,905
Voluntary sources:					
Bequests and donations	5	28,236	475,845	42,069	546,150
Grants received		-	-	-	-
Total incoming resources		135,014	10,375,192	168,843	10,679,049
Expenditure on:					
Raising funds:					
Fundraising		84,690	110,372	-	195,062
Publicity		-	109,037	-	109,037
Conference and facility hire costs		86,657	346,032	558	433,247
Financing costs		150,088	4,299	-	154,387
Investment management costs		1,022	951	5,572	7,545
		322,457	570,691	6,130	899,278
Charitable activities:					
Teaching costs – academic		-	2,014,186	-	2,014,186
Teaching costs – music		-	3,906,897	-	3,906,897
Welfare		-	1,324,475	-	1,324,475
Premises		1,128,997	1,912,729	-	3,041,726
Scholarships and bursaries		-	188,786	-	188,786
Grants, awards and prizes		2,400	8,834	-	11,234
Library running costs		-	-	222,864	222,864
Support and Governance costs		12,579	82,528	1,356	96,463
		1,143,976	9,438,435	224,220	10,806,631
Total resources expended	9	1,466,433	10,009,126	230,350	11,705,909
Net (expenditure)/income		(1,331,419)	366,066	(61,507)	(1,026,860)
Transfer between funds	10	583,000	(627,000)	44,000	-
Gains/(losses) on investment assets:					
Realised		50,251	37,345	173,902	261,498
Unrealised		(20,953)	(38,046)	(244,728)	(303,727)
Net movement in funds		(719,121)	(261,635)	(88,333)	(1,069,089)
Fund balances at 1 September 2018		33,843,963	10,275,219	2,878,897	46,998,079
Fund balances at 31 August 2019		33,124,842	10,013,584	2,790,564	45,928,990