

The Manchester Grammar School Foundation

REPORT AND ACCOUNTS

For the year ended

31 July 2021

Registered Charity number: 529909

The Manchester Grammar School Foundation

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TRUSTEE'S REPORT

The Governors of The Manchester Grammar School ("the School"), present their annual report together with the audited financial statements of the School for the year ended 31 July 2021. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the School's Trust Deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (as amended) (the Charities SORP, FRS102).

The Governors of the School and other administrative information are listed below:

GOVERNORS

Co-opted

A W Beardsworth*

M C Bolton*

Professor D A Cardwell (Chairman)

Professor T A Hinchliffe*

J M Kingsley

B H Leigh*

J C Luca

Professor J R W Prag

R T Race **

M J Robinson*

J T Young (Deputy Chairman)*

Representative

Dr D Barker (University of Manchester)

Ex-Officio

The Dean of Manchester

The President of Corpus Christi College, Oxford

The Lord Mayor of Manchester

* Member of the Finance and General Purposes Committee

** Attends the Finance and General Purposes Committee, as appropriate, to advise on the School's investments

CORPORATE TRUSTEE

The Manchester Grammar School Foundation Trustee Limited

ADDRESS

The Manchester Grammar School

Old Hall Lane

Manchester

M13 0XT

HIGH MASTER

Dr M A Boulton

BURSAR AND CLERK TO GOVERNORS

G M Batchelor

The School's professional advisors are as follows:

AUDITOR

RSM UK Audit LLP

3 Hardman Street

Manchester

M3 3HF

SOLICITORS

DWF LLP

1 Scott Place

2 Hardman Street

Manchester

M3 3AA

BANKERS

NatWest Bank Plc

Spinningfields Square

182 Deansgate

Manchester

M3 3LY

Farrer and Co LLP

66 Lincoln's Inn Fields

London

WC2A 3LH

INVESTMENT ADVISER

Castlefield Investment Partners LLP

9th Floor

111 Piccadilly

Manchester

M1 2HY

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REFERENCE AND ADMINISTRATIVE INFORMATION

The School is an unincorporated charitable trust, registered charity number 529909. Its official name is The Manchester Grammar School Foundation. The Manchester Grammar School Foundation Trustee Limited (the 'Trustee'), company number 09156289, is the sole corporate trustee for the School.

All current Governors are listed on page 2 and served throughout the year other than Mr Brandon Leigh who was appointed on 24 September 2020. The terms of office of Professor David Cardwell and Mr Michael Robinson ended on 31 July 2021 and they were re-elected on 21 September 2021.

It was with deep sadness that the School announced the death of the Chairman of Governors, Mr Maurice Watkins CBE on 16 August 2021. Mr Watkins was an Old Mancunian. He chaired the first Bursary Appeal in 1998 and joined the Governing Body in 1999 and became Chairman in 2008. He had attended the School as a Foundation Scholar and was determined to ensure that boys from disadvantaged backgrounds could continue to attend the School after the end of the Assisted Places Scheme in the late 1990s. Maurice's work with the School saw a period of extraordinary charitable giving which continues to this day. The M.G.S. Trust fund now stands at over £30 million and over 700 pupils have received a means tested bursary, almost all covering the full cost of their education. Maurice cared passionately about the success of the School, its pupils and staff and we owe him a great debt.

Professor David Cardwell, who had been the Deputy Chairman has taken over as Chairman of the Governing Body for the present time. His appointment was confirmed on 21 September 2021.

All Governors are also directors of the Trustee, and serve as directors of the Trustee at the same time as they are Governors of the School. Governors, as referred to throughout this report, serve as representatives of the Trustee in their capacity as directors of that body. The School has purchased insurance to protect Governors and Officers from claims arising from any negligent act, error or omission in good faith occurring whilst on School business. The insurance provides cover up to £10,000,000 on any one claim, and in the aggregate in any one year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The School is governed by a Trust Deed dated 19 June 2000 which consolidates a number of previous Trust Deeds and has been amended by deeds dated 6 September 2001, 23 June 2004 and 31 July 2014.

Governing Body

The board of Governors currently comprises 11 co-opted Governors, 1 representative Governor and 3 ex-officio Governors. The co-opted and representative Governors are appointed for three year terms.

Recruitment and training of Governors

The board of Governors is a self-appointing body. When a vacancy arises for a co-opted Governor, the Nominations Committee will consider suggestions and invite a suitable candidate to join. The Representative Governor is appointed by The University of Manchester.

New Governors are invited to the School to meet the High Master, Bursar and senior staff. An information pack is provided, which includes details of the School and the Governing Body and relevant advice from the Charity Commission. All Governors are given the opportunity to attend relevant training courses.

Organisational management

The Governors, as representatives of the Trustee, are responsible for the overall management and control of the School and meet at least four times a year. The work of implementing most of their policies is carried out by the Finance and General Purposes Committee which meets before the November, March and June meetings of the full Governing Body. Other principal committees are the Health and Safety Committee and the Estates Committee which meet on at least a termly basis, and the Nominations Committee and the Remuneration Committee.

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The day to day running of the School is delegated to the High Master and to the Bursar, supported by other members of the Senior Leadership Team - the Deputy High Master, the Head of the Junior School, the Deputy Head (Pastoral), the Deputy Head (Academic), the Deputy Head (Teaching and Learning) and the Surmaster (who has responsibility for Co-curricular).

Remuneration policy for key management personnel

The Governors consider that the key management personnel of the School are the High Master and the Senior Leadership Team. The Remuneration Committee consisting of the Chairman, Deputy Chairman and Treasurer meets annually to review the pay of the High Master. The High Master has responsibility for determining the pay levels of the Senior Leadership Team and reports on his decisions to the Remuneration Committee.

Relationships

In 1966 M.G.S. Trust was established as a separate charity from The Manchester Grammar School Foundation, to manage funds from various donors for the benefit of the School, its pupils and former pupils. Further details are given in note 19.

The Manchester Grammar School Foundation Trustee Limited is the sole corporate trustee of the School and its controlling party.

The School continues to have a close involvement with New Islington Free School. The School was founded by The Manchester Grammar School in collaboration with Manchester City Council. A number of the School's senior staff and Governors are on the Governing Body of the School. The School provides educational support and advice to New Islington Free School but has no significant financial involvement.

Principal risks and uncertainties

The Governors, as representatives of the Trustee, are responsible for the management of the risks faced by the School. The School's risk management strategy includes an annual review of the risks faced by the School, together with the establishment of systems and procedures to mitigate those risks. The Governing Body looks in detail at the principal risks the School faces by reviewing a risk management report produced by the Senior Leadership Team. The report is a working document which sets out all the identified risks to which the School is exposed and is updated regularly as and when new risks are identified or existing risks change. Areas with high retained risk are monitored either by individual Governors such as the Safeguarding Governor, or by committees with Governor representation such as the Finance and General Purposes Committee and Health and Safety Committee. Whilst a detailed review of risk is carried out annually, the management of risk is a feature of every Governing Body meeting with a particular focus on material changes to the School's identified risk profile.

Covid -19 has continued to have an impact on the School this year with a further school closure period between January and March. The move back to online learning during this period was seamless, following the investment in Microsoft Surfaces for staff and pupils. A strong focus on the delivery of high quality online provision along with careful financial management during the year have ensured the School's finances have remained healthy and the School's educational reputation has remained strong. Teaching and non-teaching staff worked extremely hard to ensure the success of the on-line provision and particular mention should go to the computer services team whose work was exemplary.

There are likely to be ongoing Covid related challenges throughout the next year but the School feels it is in a strong position to deal with them. The risk of pandemic had been identified in the School's risk management report before the onset of Covid-19 and the measures taken to reduce the impact of a pandemic proved to be sufficient at the time.

The School has again accessed the HMRC Coronavirus Job Retention Scheme (CJRS) especially during the closure period, for staff whose roles were not required during online education. This included a number of non-teaching staff whose jobs might otherwise have been at risk.

There were savings in some areas as a result of a change in the operation of the School through the lockdown periods in particular. This has allowed funds to be set aside to provide hardship funding to assist with fees for families affected by the pandemic.

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The combination of providing an effective online learning environment from day one and the hardship assistance which ensured that no pupil had to leave the School, ensured that pupil numbers were in no way affected by the lockdown. In fact the number of enquiries from parents wanting to join the School meant that, over the period, numbers actually increased and we started the new academic year with very strong numbers. Recruitment remains strong with very good projections of pupil numbers for the near future.

The pension schemes, and associated costs, for all staff are kept under review by the Governors. The Manchester Grammar School Pension Scheme is a defined benefit scheme for non-teaching staff that closed to new entrants and future accrual on 30 September 2016. The scheme had a deficit of £2.539m at the September 2017 valuation and repayments are being made over a 7 year period. The September 2020 valuation is underway and that valuation will determine the level of deficit payments due from the School going forwards. There may have been an increase in the deficit due to the impact of Covid-19 on the scheme's investments and this could result in an increase in the deficit payments required. Further details are set out in note 18. There are ongoing discussions with the pensions team at The Pensions Trust about the 2020 valuation and covenant review.

Uncertainties over Brexit and the effects of a recession are still very much part of our risk management view, but even with these uncertainties all indications are that pupil recruitment will remain strong. This is in large part due to a very positive perception of the School and its handling of the lockdown period.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable objects

The School was founded in 1515 by Hugh Oldham, Bishop of Exeter, for the purpose of educating all boys who qualified by nature of their ability, regardless of family circumstances. Maintaining this tradition is central to the culture of the School.

Aims

The School's principal aim is to offer a first class education to any boy in the North of England, who qualifies by nature of his ability, regardless of family circumstances.

In order to define the aims and objectives of the School more fully, the Governors and High Master have agreed that the School should aim to:

- educate the brightest boys in the North of England regardless of their social, cultural, religious and financial background.
- foster in its pupils a life-long love of learning, teaching them to think for themselves and developing in them the courage to use the understanding they gain from this.
- have lessons taught by academic specialists with a passion for their subject, with teaching going well beyond the narrow confines of examination syllabuses, in order that pupils are offered the best preparation for leading universities, both in this country and abroad.
- know every boy and create an environment in which every boy feels valued as an individual, and is challenged to fulfil his potential, whatever his talents and attributes.
- produce well rounded boys who have a true sense of service to their communities. Alongside this, the School itself seeks to promote co-operation with the wider community and in particular to build partnerships with local schools.
- maintain a vibrant and diverse programme of co-curricular activities which plays a key role in the School, enabling all boys to explore and develop new interests, challenge themselves and take responsibility, develop teamwork and leadership skills, make friends and have fun.

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Strategies to achieve these aims

- A major fundraising appeal launched in 1998 for the School's foundation bursary fund, held by M.G.S. Trust, aims to replace various previous Government funded schemes. The income generated from this fund is used on a means-tested basis to support boys from lower-income families who would not otherwise be able to accept a place at the School. As further funds are donated, it is hoped to increase the number of boys that can be helped. Funds are also available to assist the parents of boys already at the School who are in need of temporary financial assistance, for example in cases of redundancy or bereavement. The Development Office launched a second, major bursary appeal in 2011 to celebrate the 500th anniversary of the School in 2015. By mid-2016, the £10 million target for the Next 500 Appeal was reached.
- In October 2020 the School formally launched its third major bursary appeal since 1998. All donations to the Bursary Now Appeal will be given to M.G.S. Trust, enabling them to provide bursary funding for immediate use by the School. It is hoped that M.G.S. Trust will not have to use devalued assets to fund bursaries in the next few years as this would have a lasting effect on the values of their bursary funds. The early response to the appeal from the MGS community has been very encouraging.
- During the pandemic the School took the decision to issue pupils and staff with Microsoft Surface computers. The benefits of this move will have a much wider impact than just managing a route through online learning, and now that we are back in school we are seeing the benefits of being at the cutting edge of education technology. The completion of the initial roll-out took place during the second half of the 2020 Michaelmas term.
- The School places the recruitment of talented and inspirational staff and their subsequent development as one of its most important tasks. In doing the latter there is a strong emphasis on the sharing of best practice throughout the School.
- The pastoral care and the safeguarding of pupils at the School is given the highest priority possible by the School and its staff; if anything this has been more important during and in the aftermath of periods of lockdown. Pastoral care is overseen by a key group of staff with specific responsibilities for pupil welfare and led by the Pastoral Deputy Head who also acts as the School's safeguarding lead, but all staff are involved.
- The School sees itself as part of a wider community. Its links with other local schools, both state and independent, and its links with a variety of other charities, play a vital part in the life of MGS. The lockdown has limited some of the rich programme but it is still seen as one of the core aspects of the education we offer.
- The School seeks to have first-class facilities to ensure that it can deliver a rich, broad education which will prepare pupils for life beyond MGS. This has remained the case even through the pandemic when music lessons moved online and a physical education programme was followed by every boy. Once school returned we implemented a full sporting programme, which included after school and Saturday morning games.

Principal activities

The principal activity is the provision of education for boys in the Manchester area. In September 2020 there were 1,635 boys in the School (2019: 1,585).

Grant making policies

Fee assistance is awarded on a means-tested basis, subject to availability of funds. The School also makes awards from various restricted funds, covering, for example, prizes and assistance with school trips. A hardship fund helps where families' circumstances change and this had been extended during this year to ensure that families whose income has been affected by Covid-19 would not be forced to remove their sons from the School.

Volunteers

Within the School, members of the parents' society organise a number of events which benefit the whole School community and serve as volunteers at sports and other events. The fundraising activities of the parents' society provide gifts of equipment for the School which are greatly appreciated. A number of volunteers assist in other areas of the School, for example, by helping within the archive library and by assisting with religious assemblies.

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REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance and public benefit

The process of gathering evidence for the awarding of teacher assessed grades in place of GCSE and A-level examinations proved to be very onerous for teaching staff but it did mean that broadly pupils were not disadvantaged. The GCSE and ICCSE results were as strong as would be expected, with 90.0% of grades at A* or 9/8 level and 96.6% of grades at the A*/A or 9/8/7 level. At A level, 79.3% of the grades were at the A* or equivalent level and 98.9% were A*- B or equivalent.

Principal funding sources for the School's activities comprise fee income, bank loans and generous contributions from M.G.S. Trust and other donors towards fee assistance and other activities.

The School is a Public Benefit Entity. In accordance with the objectives for the year and with due regard to the published Charity Commission guidance on the operation of the public benefit requirement of the Charities Act 2011, the Governors, as representatives of the corporate trustee, have undertaken appropriate activities in furtherance of those aims for the public benefit.

The principal public benefit provided by the School is means-tested fee assistance. In the year ended 31 July 2021, in addition to the School's usual means-tested fee assistance, additional fee assistance was provided to boys whose family finances were heavily impacted by Covid-19. Overall 279 boys benefitted from fee assistance in the year. Of those, 214 boys received the usual means-tested fee assistance including 33 new starters, 14 in receipt of temporary hardship assistance and 179 of which received 100% fee assistance. The Covid-19 related fee assistance was provided for an additional 65 boys, of which 11 received 100% assistance.

In setting the School's objectives the Governors have given careful consideration to the Charity Commission's guidance on public benefit. The School was founded in 1515 by Hugh Oldham, Bishop of Exeter, for the purpose of educating all boys who qualified by nature of their ability, regardless of family circumstances. The provision of an outstanding education and making this accessible to all through the provision of a significant bursary programme remains the key means of achieving this objective.

At our last inspection, carried out in May 2019 the key findings were as follows:

The quality of pupils' academic and other achievements is excellent.

- The progress made by pupils is exceptional, even when considered in the light of their high ability on entry. Pupils consistently achieve results in public examinations that are far above national averages.
- Pupils naturally collaborate, respecting all abilities. This inclusive attitude supports pupils with SEND in making progress at least in line with other pupils, aided by the strategy of the School's leadership.
- Pupils enjoy intellectual challenge and are articulate, drawing on a rich depth of vocabulary: they listen critically and write fluently.
- Pupils throughout the School are mathematically agile and many have developed a strong creativity in computing, art and the performing arts.

The quality of pupils' personal development is excellent.

- Pupils are aware of their own and others' strengths and limitations, and their attitude to each other is sensitive and well-judged.
- Pupils respond positively to the School's promotion of choice and the strong guidance they receive in making good decisions. Their initiatives and actions are frequently a force for good in the School and surrounding community.

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Operational performance and public benefit (continued)

- Pupils develop rapidly, intellectually and socially, in the context of ethnic, social and religious diversity supported by a well-funded bursary scheme which reflects the founder's objective to provide a high-quality education to pupils of all backgrounds and financial positions.
- Pupils develop exceptional resilience through the wide variety of sport, trips and activities provided and the School has introduced initiatives to encourage all pupils to participate more widely.

The School was also judged to be fully compliant against all of the regulatory standards.

The School is very committed to providing public benefit in a much broader sense, through links and partnerships with the local community. Some of the normal work in this area has been affected by the restrictions placed on the School by the pandemic response, but we see this as a key part of the education at MGS so where links can continue they are doing and, where not, we are fully committed to restoring them as soon as is practicable. Obvious examples that fall into this category are support work in local primary schools and senior citizen's clubs.

The School is actively involved in the training of teachers working closely with both Manchester University and Manchester Metropolitan University providing adapted student teacher placements and offering mentoring support. The annual charity fund-raising activities conducted within the School raise significant sums of money for distribution to a range of local, regional, national and international charitable causes.

The School was the lead partner in the foundation of New Islington Free School. At its last inspection the School was graded outstanding. A number of senior staff and Governors are on the Governing Body of the School.

Working with the support of John Swire and Son Ltd ("Swire"), the School continues to lead an initiative to introduce Mandarin teaching to state schools with high pupil premium numbers across Manchester and it has developed a thriving Mandarin PGCE course with Manchester Metropolitan University.

Fundraising performance

The main focus of fundraising continues to be the bursary funds which are held by M.G.S. Trust. The funds are currently valued at £30 million and it is the School's aim to increase this to over £100 million in the coming decades through on-going fundraising and prudent financial management by the Trustees.

In addition to donations to M.G.S. Trust, a number of donations have been made directly to the School for various purposes for which the Governors are very grateful.

Investment performance

A benchmark, against which investment performance is measured, is set after discussions with the Finance and General Purposes Committee and the School's investment advisers. Actual and benchmark returns for the year ended 31 July 2021 are:

Portfolio return for year (after costs)	Benchmark return (nil cost)	Portfolio return since 1997 (after costs)	Benchmark return since 1997 (nil cost)
26.43%	20.39%	373.53%	305.06%

The investment performance for the year has improved as the economy begins to recover from the effects of the pandemic.

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TRUSTEE'S REPORT

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

A summary of the year's financial activities is set out on page 16 in the attached accounts. The net income for the year before investment gains and the actuarial gain on The Manchester Grammar School Pension Scheme, a defined benefit pension scheme, was £648,467 (2020: £1,163,217 net income).

The principal funding sources of the School continue to be fee income and donations received which support the key objectives.

The net increase in total funds was £3,075,322 (2020: £390,127), giving total school funds of £19,994,868 (2020: £16,919,546). Continuing careful control of operating costs contributed to net income on unrestricted funds of £701,325 (2020: £1,087,553) and an increase in unrestricted funds of £1,831,325 (2020: £774,714) after fund transfers and actuarial gains, giving total unrestricted funds of £13,465,710 (2020: £11,634,385). Restricted funds increased by £1,243,997 (2020: decrease £384,587) due to the recovery from the economic impact of Covid-19 on investment values, giving total restricted funds of £6,529,158 (2020: £5,285,161).

Unrestricted funds as shown in the financial statements includes a liability of £298,738 (2020: £1,662,738) in relation to The Manchester Grammar School Pension Scheme. Further details are given in note 18.

The School has net current assets at 31 July 2021 of £51,136 (2020: liabilities £667,675). Day to day working capital requirements are met by use of an overdraft facility when required, by an early payment discount scheme and by careful management of cash and it is anticipated that there will be no significant changes to pupil numbers or to the take up of the early payment discount scheme. The Governors do not consider there to be any material uncertainty about the School's ability to continue as a going concern, as set out in the accounting policies. A significant number of parents took advantage of the early payment discount scheme in June 2021. An amount equivalent to grant income received under the HMRC CJR scheme of £301k (2020 £451k) was allocated to a designated fund, used mainly for additional costs of providing fee support to families affected by Covid-19 and to cover some of the other costs incurred directly as a result of the pandemic. The designated fund has been fully spent by 31 July 2021. Further details are given in note 14.

Reserves policy

The Governors continue to monitor the level of reserves in line with the School's strategic plan on a termly basis and in conjunction with the risks faced by the School. The Governors are satisfied with the position and consider the reserves are adequate given the careful use of the School's bank facilities and the use of fees paid in advance.

There were £13.5m of unrestricted funds at 31 July 2021. School funds of £14.8m are invested in the School estate, meaning there was a deficit of free reserves amounting to £1.3m at 31 July 2021 (2020: deficit of £3.6m). The need for day to day working capital is met by careful management of the bank balance with a £500,000 overdraft facility being available if required and the use of fees paid in advance (see note 11), in the absence of free reserves. The School funds major projects using operating surpluses and bank borrowing. The Development Office focuses mainly on fundraising for school bursaries and would assist with certain specific projects as required. The School has accounted for a provision for The Manchester Grammar School Pension Scheme pension deficit funding of £0.3m (2020: £1.7m). Excluding this balance, unrestricted funds would be £13.8m (2020: £13.3m). Current capital commitments are given in note 21.

The School recognises the importance of reserves in its financial stability and ensures that there are adequate reserves. The aim therefore continues to be to build up reserves out of annual operating surpluses and investment returns to a level which is considered adequate to meet the future needs of the School and allow further capital expenditure, repairs and refurbishment to equip the School with up-to-date facilities needed to maintain the standard of educational and academic services currently provided.

Investment policy

Investment powers are governed by the 2000 Trust Deed which states that Governors must review the School's investments periodically and consider the suitability of the investments and the need for diversification. A new investment policy was agreed by the Governors in March 2018 and is reviewed annually.

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Investment policy (continued)

The management of the School's portfolio is handled by a professional investment manager who reports to the Governors three times a year. There are no restrictions on the School's power to invest.

FUTURE PLANS

Educational Technology

Following the roll-out of Microsoft Surface computers to teachers and pupils the School is working to develop best practice for use of these devices both in and out of the classroom. Classrooms are being equipped with large format screens which can mirror pupil or staff screens in lessons. We are working closely with Microsoft on the application of OneNote in educational settings, which builds on our use of Microsoft Teams to enrich the learning environment.

Curriculum Review

In light of the end of the Pre-U and the establishment of updated GCSEs in many subjects, the School will be undergoing a curriculum review over the coming year. The School's policy is to choose the most demanding syllabuses available to stretch and challenge pupils.

Pastoral review

The School continues to see safeguarding as one of its most important obligations and ensures that it fully complies with all requirements. The School places a high priority on the training of staff in this area and uses both our own staff and highly regarded and experienced specialists to deliver this.

The School's curriculum for Relationship, Sex and Health Education has been completely revised and updated to reflect the fact that children and young people are growing up in an increasingly complex world and living their lives seamlessly on and offline.

Estates

The School plan, in the near future, to add an additional playground for Junior School pupils and to complete the final stage of drainage for the extensive playing fields. Plans for the new Sixth Form Centre and cricket pavilion are progressing. The School will continue to update and refurbish existing facilities.

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TRUSTEE'S REPORT

ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP (FRS102);
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provision of the Trust Deed. It is 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.

The Trustee is responsible for the maintenance and integrity of the School and financial information included on the School's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Governors (as representatives of the Trustee) who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Governors has confirmed that he/she has taken all the steps that he/she ought to have taken as a Governor in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by the Board of Governors on

and signed on its behalf by:

Professor D A Cardwell
Chairman of Governors and
Director of the Trustee

Independent Auditor's Report to the Trustee of The Manchester Grammar School Foundation

Opinion

We have audited the financial statements of The Manchester Grammar School Foundation (the 'charity') for the year ended 31 July 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustee's Report other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the Trustee's Report. Our opinion on the financial statements does not cover the other information and, 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 course of 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.

Independent Auditor's Report to the Trustee of The Manchester Grammar School Foundation

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's Report; or
- sufficient accounting records have not been kept; 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 the Trustee

As explained more fully in the Statement of Trustee's responsibilities set out on page 11 the Trustee is 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 Trustee determines 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 Trustee is 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 Trustee either intends 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks, that the charity operates in and how the charity is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

Independent Auditor's Report to the Trustee of The Manchester Grammar School Foundation

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities Act 2011 and the charity's governing document.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustee's Report and disclosures, whilst remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are The Education (Independent School Standards) Regulations 2014, Keeping Children Safe in Education under section 175 of the Education Act 2002, and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

This report is made solely to the charity's Trustee as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Trustee 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Date

RSM UK Audit LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

The Manchester Grammar School Foundation

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 July 2021

		Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
	Note	£	£	£	£
INCOME					
Donations and legacies					
Donations	1	-	2,296,292	2,296,292	2,336,583
Charitable activities					
School fees	2a	20,110,957	-	20,110,957	19,789,129
Catering income		608,456	-	608,456	551,062
Other charitable income	3	403,547	80,418	483,965	464,566
		<u>21,122,960</u>	<u>2,376,710</u>	<u>23,499,670</u>	<u>23,141,340</u>
Investments					
Investment income	4	1,589	74,101	75,690	119,961
Other					
Other income	5	309,637	-	309,637	478,442
TOTAL INCOME		<u>21,434,186</u>	<u>2,450,811</u>	<u>23,884,997</u>	<u>23,739,743</u>
EXPENDITURE					
Raising funds					
Fundraising		293,877	26,168	320,045	284,471
Investment management		-	29,299	29,299	24,861
		<u>293,877</u>	<u>55,467</u>	<u>349,344</u>	<u>309,332</u>
Charitable activities					
Teaching staff costs		11,955,347	80,418	12,035,765	11,533,579
Teaching support staff costs		1,251,276	-	1,251,276	1,202,842
Other teaching costs		1,718,809	9,476	1,728,285	1,487,536
Catering expenditure		852,631	-	852,631	925,001
Other welfare costs		122,479	-	122,479	128,564
Premises costs		2,415,206	-	2,415,206	2,385,113
Grants, awards and prizes	2c	43,624	2,331,914	2,375,538	2,345,093
Support costs		1,960,130	26,394	1,986,524	2,142,346
Management and administration		119,482	-	119,482	117,120
		<u>20,438,984</u>	<u>2,448,202</u>	<u>22,887,186</u>	<u>22,267,194</u>
TOTAL EXPENDITURE	7	<u>20,732,861</u>	<u>2,503,669</u>	<u>23,236,530</u>	<u>22,576,526</u>
Net income/(loss) before investment gains		701,325	(52,858)	648,467	1,163,217
Net gains/(losses) on investments	9	-	1,296,855	1,296,855	(450,090)
NET INCOME		<u>701,325</u>	<u>1,243,997</u>	<u>1,945,322</u>	<u>713,127</u>
Gain/(loss) on defined benefit pension scheme	18	1,130,000	-	1,130,000	(323,000)
Transfers between funds	14	-	-	-	-
NET MOVEMENT IN FUNDS		<u>1,831,325</u>	<u>1,243,997</u>	<u>3,075,322</u>	<u>390,127</u>
RECONCILIATION OF FUNDS:					
FUND BALANCES BROUGHT FORWARD		<u>11,634,385</u>	<u>5,285,161</u>	<u>16,919,546</u>	<u>16,529,419</u>
FUND BALANCES CARRIED FORWARD		<u>13,465,710</u>	<u>6,529,158</u>	<u>19,994,868</u>	<u>16,919,546</u>

The accounting policies and notes on pages 19 to 38 form part of these accounts.

The Manchester Grammar School Foundation

BALANCE SHEET

As at 31 July 2021

		2021	2020
	Note	£	£
FIXED ASSETS			
Tangible assets	8	14,784,830	15,237,411
Investments	9	6,267,698	5,000,141
		<u>21,052,528</u>	<u>20,237,552</u>
CURRENT ASSETS			
Debtors	10	564,722	535,308
Cash at bank and in hand		7,487,289	6,374,010
		<u>8,052,011</u>	<u>6,909,318</u>
CREDITORS: Amounts falling due within one year	11	(8,000,875)	(7,576,993)
NET CURRENT ASSETS/(LIABILITIES)		<u>51,136</u>	<u>(667,675)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,103,664	19,569,877
CREDITORS: Amounts falling due after more than one year	12	(810,058)	(987,593)
TOTAL NET ASSETS EXCLUDING PENSION PROVISION		<u>20,293,606</u>	<u>18,582,284</u>
Pension provision	18	(298,738)	(1,662,738)
TOTAL NET ASSETS		<u>19,994,868</u>	<u>16,919,546</u>
FUNDS			
Restricted funds		6,529,158	5,285,161
Unrestricted funds:			
General unrestricted funds		13,764,448	13,001,055
Designated funds		-	296,068
Pension reserve		(298,738)	(1,662,738)
Total unrestricted funds		<u>13,465,710</u>	<u>11,634,385</u>
TOTAL FUNDS OF THE SCHOOL	15	<u>19,994,868</u>	<u>16,919,546</u>

The accounts were approved and authorised for issue by the Board of Governors, on behalf of the Trustee, on _____ and signed on its behalf by:

M C Bolton Treasurer

G M Batchelor Bursar

The accounting policies and notes on pages 19 to 38 form part of these accounts.

The Manchester Grammar School Foundation

CASH FLOW STATEMENT

For the year ended 31 July 2021

	Not	£	2021 £	£	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES	16		1,456,554		2,206,651
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income		74,101		113,314	
Interest received		1,589		6,647	
Purchase of investments		(2,118,798)		(719,036)	
(Increase)/decrease in cash held within investments		(62,026)		47,637	
Proceeds from sale of investments		2,210,122		696,260	
Purchase of tangible fixed assets		(242,643)		(684,977)	
NET CASH USED IN INVESTING ACTIVITIES			(137,655)		(540,155)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(33,664)		(44,085)	
Repayments of borrowing		(171,956)		(284,475)	
NET CASH USED IN FINANCING ACTIVITIES			(205,620)		(328,560)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR			1,113,279		1,337,936
CASH AND CASH EQUIVALENTS AT 1 AUGUST			6,374,010		5,036,074
CASH AND CASH EQUIVALENTS AT 31 JULY			7,487,289		6,374,010
REPRESENTED BY:					
Cash at bank and in hand			7,487,289		6,374,010

The Manchester Grammar School Foundation

ACCOUNTING POLICIES

LEGAL STATUS AND CHARITY INFORMATION

The School is an unincorporated charitable trust (charity no. 529909), registered in England and meets the definition of a public benefit entity under FRS102. The School's address is The Manchester Grammar School, Old Hall Lane, Manchester, M13 0XT. The object of the School is to educate all boys who qualify by nature of their ability, regardless of family circumstances. The principal activity of the School is to educate boys aged 7 to 18.

BASIS OF ACCOUNTING

The financial statements ("accounts") are prepared under the Charities Act 2011 on the historical cost convention as modified by the adoption of fair value for investment assets and in accordance with applicable accounting standards. The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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 Charities SORP (FRS 102)) and the Charities Act 2011.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Charities SORP rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has been withdrawn.

GOING CONCERN

The Governors do not consider there to be any material uncertainties about the School's ability to continue as a going concern. Although the School has modest net current assets at 31 July 2021 of £51,136 (2020: liabilities £667,675), day to day working capital requirements are met by use of an overdraft facility when required, by an early payment discount scheme and by careful management of cash and it is anticipated that there will be no significant changes to pupil numbers or to the take up of the early payment discount scheme. Included within current assets is an amount of £6,064,042 (2020: £5,540,448) which relates to fees in advance which will be released to income during the next financial year. As noted within page 10 of the Trustee's report, the School has sourced Microsoft Surface portable computers for all pupils and teachers and is well placed to support online learning in the event of any future periods of school closure.

The School has prepared cash flow forecasts for two years ending 31 July 2023, covering a period of 20 months from approval of its financial statements which support the going concern basis of preparation.

Having considered the challenges posed by the pandemic, together with the cash flow forecasts prepared, the Trustee considers there to be no uncertainties about the School's ability to continue as a going concern and have prepared the financial statements on this basis.

INCOME

Income from school fees and similar income are accounted for in the period in which the tuition or other services is provided. Fees received in respect of tuition to be given after the year end are included in creditors as fees received in advance. Fees receivable are stated after deducting allowances and scholarships granted by the School, but include contributions received from restricted funds for scholarships, bursaries and other grants.

Donations received for the general purposes of the School are credited to unrestricted funds and are recognised where there is entitlement, amount can be measured with sufficient reliability and the economic benefit to the School is probable. Donations subject to specific wishes of the donors are credited to the relevant restricted funds.

Other income, including investment income, is accounted for on an accruals basis. Coronavirus Job Retention Scheme (CJRS) grant income is receivable as compensation for staff costs incurred and for the purpose of giving immediate financial support to the organisation with no future related costs. It is recognised as income in the period in which it becomes receivable within Other Income – Grants receivable (see note 5).

The Manchester Grammar School Foundation

ACCOUNTING POLICIES

EXPENDITURE

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure is summarised under functional headings on a direct costs basis. Costs of raising funds are those costs incurred in attracting voluntary income and those incurred in investment management. Charitable activities include expenditure associated with the objects of the School and both the direct costs and support costs relating to this activity. Grants awarded are expensed as soon as they become legal or operational commitments. Governance costs include those incurred in the governance of the School and its assets and are primarily associated with constitutional and statutory requirements.

TAXATION

The School is a registered charity and as such is entitled to certain tax exemptions on its income and gains from investments to the extent that these are applied to its charitable objects.

VALUE ADDED TAX

The School is exempted from levying VAT on the services it provides to pupils. For this reason the School is generally unable to recover input VAT it suffers on goods and services purchased, which is included in the cost of these goods and services.

TANGIBLE FIXED ASSETS

Assets acquired since 1970 are measured at their cost or value at the time of acquisition, net of depreciation and any impairment losses. No value is included in the accounts in respect of previously acquired land and buildings which form the largest part of the present School premises. However, the net book value of the pre 1970 land and buildings if depreciated would not be material.

Profits and losses on the disposal of properties are recognised in the Statement of Financial Activities in the year of disposal.

Where land and buildings are acquired with the aid of specific grants they are capitalised as above. Related grants for the restricted purposes of providing such fixed assets, are accounted for immediately as restricted funds.

All purchases of computer and other equipment costing in excess of £5,000 are capitalised.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

DEPRECIATION

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	2%
Equipment	20%

Capital work in progress is carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the School estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in net income/expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in net income/expenditure or, for revalued assets, as a revaluation gain.

The Manchester Grammar School Foundation

ACCOUNTING POLICIES

IMPAIRMENT OF FIXED ASSETS (continued)

On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

INVESTMENTS

Investments are stated in the balance sheet at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are shown in the Statement of Financial Activities and are allocated to the appropriate fund according to the allocation of the underlying asset. Investment management costs are accounted for as incidental costs of the acquisition or disposal where transaction based, while investment income management costs are charged as expenditure out of the relevant income funds.

FUND ACCOUNTING

The School has the following types of funds for which it is responsible and which require separate disclosure.

Unrestricted funds	Funds which are expendable at the discretion of the Governors in furtherance of the objects of the School. In addition to expenditure on tuition, such funds may be held in order to finance capital investment and working capital.
Designated funds	Unrestricted funds which have been set aside by the Governors for particular purposes. Details of the aim and use of designated funds are set out in note 14.
Restricted funds	Donations or legacies received which are earmarked by the donor for specific purposes within the overall aims of the School. Amounts spent on capital projects out of restricted funds are shown as transfers to unrestricted funds in the Statement of Financial Activities (see note 14).

AGENCY ARRANGEMENTS

The School collects monies and makes payments in respect of trips. As these funds do not represent income for the School, they are not accounted for in the Statement of Financial Activities.

The School acts as agent in the administering of Swire grants on behalf of other schools. The School only recognises their own share of Swire grant income, with income received and paid out in respect of other schools being excluded from the Statement of Financial Activities, as the School does not have a beneficial interest in the individual transactions. Where funds have not been fully disbursed to other schools in the year, then an amount will be included in creditors.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

TERMINATION BENEFITS

Termination benefits are recognised immediately as an expense when there is a clear decision or commitment to terminate the employment or provide such termination benefits.

RETIREMENT BENEFITS

Retirement benefits for the School's teaching staff are provided by the Teachers' Pensions Scheme ("TPS"), a multi-employer defined benefit scheme, and, for non-teaching staff, The Pensions Trust Flexible Retirement Plan (FRP), a defined contribution scheme. The Manchester Grammar School Pension Scheme ("MGSPS") is a defined benefit scheme for non-teaching staff that closed to new entrants and future accrual on 30 September 2016.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of financial activities being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments.

The Manchester Grammar School Foundation

ACCOUNTING POLICIES

RETIREMENT BENEFITS (continued)

The FRP is a defined contribution scheme. For defined contribution schemes the amount charged to the statement of financial activities is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments.

The MGSPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to the statement of financial activities are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within support costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the statement of financial activities after Total Expenditure.

FINANCIAL INSTRUMENTS

The School has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. The School only has financial assets and liabilities of a kind that qualify as basic financial instruments.

Trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

Bank loans are initially recognised at their transaction value and subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Investments are initially measured at transaction price and subsequently measured at fair value through net income or expenditure.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The School makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

- Pension liability

A number of assumptions were made in relation to determining the present value of the deficit in relation to the MGSPS. The assumptions used include the discount rate and rate of salary increases. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability.

- Useful life of fixed assets

In making decisions regarding the depreciation of tangible fixed assets, management must estimate the useful life of said assets to the School. A change in estimate would result in a change in the depreciation charged to the statement of total comprehensive income in each year. The carrying value of tangible fixed assets is £14,784,830 (2020 : £15,237,411) with depreciation of £677,406 (2020: £638,762) being charged during the year.

Critical accounting judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Categorisation of leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the School as lessee.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

1 DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Donations to Bursary Fund from M.G.S. Trust	-	2,135,000	2,135,000	2,130,831
Other donations to Bursary Fund	-	132,437	132,437	149,454
Other donations and legacies	-	28,855	28,855	56,298
Total donations	-	2,296,292	2,296,292	2,336,583

All donations in the year ended 31 July 2020 were credited to restricted funds.

2 SCHOOL FEES

	2021 £	2020 £
2a) Gross fees	21,178,933	20,501,476
Less: fee discounts	(345,742)	(346,584)
Less: bursaries, scholarships and awards (see note 2b)	(3,030,165)	(2,662,727)
	17,803,026	17,492,165
Plus: bursaries, scholarships and awards paid for by restricted funds	2,307,931	2,296,964
	20,110,957	19,789,129
2b) Bursaries, scholarships, prizes and awards comprise:		
Restricted funds – fee assistance	2,307,931	2,296,964
Unrestricted funds – fee assistance	722,234	365,763
	3,030,165	2,662,727
2c) Grants, awards and prizes		
Restricted funds – fee assistance	2,307,931	2,296,964
Restricted funds – other awards	23,983	7,614
	2,331,914	2,304,578
Unrestricted funds - other awards	43,624	40,515
	2,375,538	2,345,093

The total fee assistance awards provided assistance to 279 (2020: 261) individuals. School fee income is credited to unrestricted funds. This figure includes families in receipt of short term Covid related hardship assistance.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

3 OTHER CHARITABLE INCOME

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Grants receivable	-	80,418	80,418	78,839
Shuttle bus income	310,847	-	310,847	288,107
Other income	92,700	-	92,700	97,620
	<u>403,547</u>	<u>80,418</u>	<u>483,965</u>	<u>464,566</u>

Grants receivable and £5,133 of other charitable income were credited to restricted funds, with shuttle bus income and £92,487 of other charitable income credited to unrestricted funds in the year ended 31 July 2020.

4 INVESTMENT INCOME

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Listed investments	-	43,083	43,083	52,158
Other unlisted securities	-	30,506	30,506	56,882
Interest on other bank accounts	1,589	512	2,101	10,921
	<u>1,589</u>	<u>74,101</u>	<u>75,690</u>	<u>119,961</u>

Investment income, with the exception of interest on other bank accounts of £6,647, was credited to restricted funds in the year ended 31 July 2020.

5 OTHER INCOME

	Unrestricted £	Restricted £	2021 £	2020 £
Grants receivable	301,462	-	301,462	450,642
Lettings	8,175	-	8,175	27,800
	<u>309,637</u>	<u>-</u>	<u>309,637</u>	<u>478,442</u>

All other income in the year ended 2020 was credited to unrestricted funds.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

6 EXPENDITURE

	2021	2020
	£	£
Charitable expenditure includes:		
Depreciation	677,406	638,762
Impairment	17,818	-
Bank interest payable	33,664	44,085
Operating lease payments	278,094	40,790
Net interest on pension liability	22,000	31,000
Governance costs includes:		
Auditor's remuneration (excluding VAT) - statutory audit	21,750	20,585
Auditor's remuneration – other assurance services	978	1,140
Staff costs:		
Wages and salaries	11,994,521	11,749,433
Social security costs	1,333,437	1,308,021
Pension costs	2,407,990	2,447,754
Redundancy costs	74,067	1,703
	<u>15,810,015</u>	<u>15,506,911</u>
The average number of employees during the year was:		
	2021 No.	2020 No.
Teaching staff	181	182
Other	146	155
	<u>327</u>	<u>337</u>
The number of employees whose emoluments exceeded £60,000 were:	2021 No.	2020 No.
£60,001 to £70,000	21	16
£70,001 to £80,000	6	5
£80,001 to £90,000	1	2
£90,001 to £100,000	1	1
£220,001 to £230,000	1	1

Included in the above higher paid employees were 29 (2020: 23) accruing benefits under defined benefit schemes.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

7 ANALYSIS OF EXPENDITURE

	Staff costs	Other	Depreciation	Total 2021	Total 2020
	£	£	£	£	£
Charitable expenditure					
Teaching staff costs	12,035,765	-	-	12,035,765	11,533,579
Teaching support staff costs	1,251,276	-	-	1,251,276	1,202,842
Other teaching costs	-	1,485,252	243,033	1,728,285	1,487,536
Catering expenditure	459,794	383,735	9,102	852,631	925,001
Other welfare costs	111,830	10,649	-	122,479	128,564
Premises costs	611,496	1,401,570	402,140	2,415,206	2,385,113
Grants, awards and prizes	-	2,375,538	-	2,375,538	2,345,093
Support costs	1,063,975	899,418	23,131	1,986,524	2,142,346
Management and administration of the School	-	119,482	-	119,482	117,120
	<u>15,534,136</u>	<u>6,675,644</u>	<u>677,406</u>	<u>22,887,186</u>	<u>22,267,194</u>
Costs of generating funds					
Fundraising	275,879	44,166	-	320,045	284,471
Investment management	-	29,299	-	29,299	24,861
	<u>15,810,015</u>	<u>6,749,109</u>	<u>677,406</u>	<u>23,236,530</u>	<u>22,576,526</u>

Support costs comprise general office costs, insurance, loan interest, pension finance costs, staff related costs and governance costs. Governance costs amount to £27,274 (2020: £27,087). Management and administration costs comprise legal and professional fees, bank charges and school inspection costs.

Of the total charitable expenditure of £22,887,186 (2020: £22,267,194), £20,438,984 (2020: £19,835,688) was unrestricted and £2,448,202 (2020: £2,431,506) was restricted.

Of the total cost of generating funds of £349,344 (2020: £309,332), £293,877 (2020: £282,633) was unrestricted and £55,467 (2020: £26,699) was restricted.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

8 TANGIBLE FIXED ASSETS

	Capital work in progress £	Freehold land & buildings £	Equipment £	Total £
Cost				
At 1 August 2020	323,525	19,892,021	2,003,600	22,219,146
Additions	108,079	43,647	90,917	242,643
Transfers	(323,525)	34,039	289,486	-
Disposals	-	-	(144,819)	(144,819)
At 31 July 2021	108,079	19,969,707	2,239,184	22,316,970
Depreciation				
At 1 August 2020	-	5,529,378	1,452,357	6,981,735
Charge for the year	-	397,201	280,205	677,406
Impairment	-	17,818	-	17,818
Disposals	-	-	(144,819)	(144,819)
At 31 July 2021	-	5,944,397	1,587,743	7,532,140
Net book value				
At 31 July 2021	108,079	14,025,310	651,441	14,784,830
At 31 July 2020	323,525	14,362,643	551,243	15,237,411

The School's buildings currently have an insured value of £76,419,196 (2020: £73,834,973). The impairment charge in the year relates to the write down of a property to the agreed sales price, expected to complete post year end, with the impairment charge resulting in a debit of £17,818 to charitable activities (premises costs).

9 INVESTMENTS

	Listed investments £	Unit trusts £	Government stock £	Cash £	Total £
Market value					
At 1 August 2020	1,530,550	3,386,380	52,110	31,101	5,000,141
Additions	432,223	1,686,575	-	62,026	2,180,824
Disposals	(190,774)	(1,971,062)	(48,286)	-	(2,210,122)
Net investment gains/(losses)	654,404	646,275	(3,824)	-	1,296,855
At 31 July 2021	2,426,403	3,748,168	-	93,127	6,267,698
Historical cost					
At 31 July 2021	1,586,898	3,066,967	-	93,127	4,746,992
At 31 July 2020	1,223,298	3,018,517	72,233	31,101	4,345,149

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

9 INVESTMENTS (continued)

All listed investments relate to direct investment in listed securities.

	2021 £	2020 £
Investment assets in the UK	3,868,347	3,088,312
Investment assets outside the UK	2,399,351	1,911,829
	<u>6,267,698</u>	<u>5,000,141</u>

10 DEBTORS

	2021 £	2020 £
Trade debtors	106,036	64,356
Prepayments and accrued income	438,884	395,141
Other debtors	19,802	75,811
	<u>564,722</u>	<u>535,308</u>

Trade debtors are stated after a bad debt provision of £193,031 (2020: £192,950). The provision for bad and doubtful debts increased during the year resulting in a debit to charitable activities of £81 (2020: £18,535 debit).

11 CREDITORS: Amounts falling due within one year

	2021 £	2020 £
Bank loans (see note 12)	180,132	173,203
Trade creditors	452,354	546,033
Other taxation and social security	326,448	323,655
Other creditors	439,278	539,049
Accruals and deferred income	510,843	431,825
Fees in advance	6,064,042	5,540,448
Refundable deposits	27,778	22,780
	<u>8,000,875</u>	<u>7,576,993</u>

Fees in advance are payments that have been received for school fees for the 2021/2022 academic year.

Deferred income relates to donations and grants which have been received in respect of future financial years.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

11 CREDITORS: Amounts falling due within one year (continued)

Summary of movements in fees in advance and deferred income during the year:

	2021	2020
	£	£
Balance brought forward at 1 August	5,628,864	5,280,235
Amounts released during the year	(5,608,864)	(5,210,235)
Amounts deferred during the year	6,216,532	5,558,864
Balance carried forward at 31 July	<u>6,236,532</u>	<u>5,628,864</u>

12 CREDITORS: Amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	592,258	771,143
Refundable deposits	217,800	216,450
	<u>810,058</u>	<u>987,593</u>

Maturity of bank loans

Bank loan amounts payable within:

1 year	180,132	173,203
1 to 2 years	187,390	180,182
2 to 5 years	404,868	590,961
	<u>772,390</u>	<u>944,346</u>

Bank loans comprise a single loan of £772,390 repayable in monthly instalments with a final payment due in 2023 at an interest rate of 3.87% over Bank of England base rate.

Refundable deposits

Parents not in receipt of fee assistance pay a deposit when a pupil joins the School. These are classified as short term or long term liabilities based on the expectation pupils remain in the School for the duration of their education. Assuming the pupils remain in the School, the deposits are expected to be refundable as follows:

	2021	2020
	£	£
Amounts due within one year	27,778	22,780
1 to 2 years	23,250	23,550
2 to 5 years	80,400	77,550
More than 5 years	114,150	115,350
	<u>245,578</u>	<u>239,230</u>

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

13 FINANCIAL INSTRUMENTS

The carrying amount of the School's financial instruments at 31 July were:

	2021 £	2020 £
Financial assets:		
Debt instruments measured at amortised cost	136,299	140,665
Equity instruments measured at fair value through profit or loss	6,174,571	4,969,040
	<u>6,310,870</u>	<u>5,109,705</u>
	2021 £	2020 £
Financial liabilities measured at amortised cost	2,247,953	2,612,067
	<u></u>	<u></u>

14 FUNDS

	Balance 1 August 2020	Incoming resources	Resources expended	Transfer between funds	Other gains/ (losses)	Balance 31 July 2021
	£	£	£	£	£	£
Restricted	5,285,161	2,450,811	(2,503,669)	-	1,296,855	6,529,158
Pension reserve	(1,662,738)	-	(96,000)	330,000	1,130,000	(298,738)
General unrestricted	13,001,055	21,938,895	(20,544,040)	(631,462)	-	13,764,448
Designated	296,068	(504,709)	(92,821)	301,462	-	-
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total funds	16,919,546	23,884,997	(23,236,530)	-	2,426,855	19,994,868
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

Unrestricted funds are retained as necessary to cover working capital.

The Designated Fund is an unrestricted fund, created in the previous year in response to the Covid-19 pandemic. Fee assistance awarded in the year to support families affected by Covid, beyond the School's usual bursary provision, is shown as negative incoming resources, since fee income is shown net of any fee assistance provided from unrestricted funds. The balance of the fund has been allocated to cover some of the costs incurred this year directly as a result of the pandemic. Examples include the hire of two large marquees to facilitate year group "bubbles" in accordance with Public Health England Covid regulations at the time. The designated fund has been fully spent by 31 July 2021.

Transfers between funds:

In addition to the transfer relating to defined benefit pension movements, an amount equivalent to grant income received in the year under HMRC's Coronavirus Job Retention Scheme was transferred from general unrestricted funds into the designated fund.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

14 FUNDS (*continued*)

Restricted funds

		Balance 1 August 2020 £	Incoming resources £	Resources expended £	Transfers between funds £	Investment gains £	Balance 31 July 2021 £
1)	Bursary fund	3,844,937	2,324,217	(2,331,360)	-	992,754	4,830,548
2)	Leaving exhibition fund	478,565	5,835	(9,543)	-	102,427	577,284
3)	Scholarship fund	75,118	1,096	(2,278)	-	19,329	93,265
4)	Prize fund	188,017	3,067	(11,736)	-	42,905	222,253
5)	Educational travel fund	247,523	3,484	(2,595)	-	61,292	309,704
6)	Sports and games fund	79,483	949	(378)	-	16,737	96,791
7)	Library fund	168,928	1,962	(3,777)	-	34,418	201,531
8)	Other funds	202,590	110,201	(142,002)	-	26,993	197,782
		<u>5,285,161</u>	<u>2,450,811</u>	<u>(2,503,669)</u>	<u>-</u>	<u>1,296,855</u>	<u>6,529,158</u>

Restricted funds are used as follows

- 1) The Bursary Fund is used on a means tested basis to provide fee assistance for pupils from lower income families who would not otherwise be able to attend the School.
- 2) The Leaving Exhibition Fund is used to advance the education of former pupils by the award of exhibitions tenable at any training college for teachers, university or other institution of further (including professional and technical) education. The Governors may also grant financial assistance or materials to enable former pupils on leaving school, university or other establishment to prepare for, or assist their entry into a profession, trade or calling.
- 3) The Scholarship Fund is used to advance the education of pupils attending the School by the award of scholarships or other suitable awards to pupils selected on the grounds of merit.
- 4) The Prize Fund is used to advance the education of pupils attending the School by the award of prizes or other suitable rewards or marks of distinction.
- 5) The Educational Travel Fund is used to advance the education of pupils attending the School by the award of grants to enable them in furtherance of their education to travel in this country or abroad.
- 6) The Sports and Games Fund is to advance the education of pupils attending the School by the provision of items, services and facilities for sports and games.
- 7) The Library Fund is used for the provision of items, services and facilities for the School library.
- 8) Other funds comprise various separate funds all for the benefit of the School or pupils. Incoming resources and resources expended from these funds includes a grant of £80,418 to be used for the teaching of Chinese, as part of the Swire project.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

14 FUNDS (*continued*)

Prior year funds:

	Balance 1 August 2019	Incoming resources	Resources expended	Transfer between funds	Other gains/ (losses)	Balance 31 July 2020
	£	£	£	£	£	£
Restricted	5,669,748	2,533,869	(2,458,205)	(10,161)	(450,090)	5,285,161
Pension reserve	(1,494,000)	-	(167,000)	321,262	(323,000)	(1,662,738)
General unrestricted	12,353,671	21,205,874	(19,951,321)	(607,169)	-	13,001,055
Designated	-	-	-	296,068	-	296,068
Total funds	<u>16,529,419</u>	<u>23,739,743</u>	<u>(22,576,526)</u>	<u>-</u>	<u>(773,090)</u>	<u>16,919,546</u>

Restricted funds:

	Balance 1 August 2019	Incoming resources	Resources expended	Transfers between funds	Investment gains	Balance 31 July 2020
	£	£	£	£	£	£
1) Bursary fund	4,138,136	2,367,354	(2,316,004)	-	(344,549)	3,844,937
2) Leaving exhibition fund	514,017	8,811	(8,714)	-	(35,549)	478,565
3) Scholarship fund	82,023	1,626	(1,823)	-	(6,708)	75,118
4) Prize fund	200,681	4,653	(2,426)	-	(14,891)	188,017
5) Educational travel fund	259,663	9,699	(567)	-	(21,272)	247,523
6) Sports and games fund	82,342	3,270	(321)	-	(5,808)	79,483
7) Library fund	181,552	2,981	(3,660)	-	(11,945)	168,928
8) Other funds	211,334	135,475	(124,690)	(10,161)	(9,368)	202,590
	<u>5,669,748</u>	<u>2,533,869</u>	<u>(2,458,205)</u>	<u>(10,161)</u>	<u>(450,090)</u>	<u>5,285,161</u>

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

As at 31 July 2021:	Tangible fixed assets £	Investments £	Net current assets/(liabilities) £	Long term liabilities and provisions £	Total £
Restricted funds	-	6,267,698	261,460	-	6,529,158
Unrestricted funds	14,784,830	-	(210,324)	(1,108,796)	13,465,710
	<u>14,784,830</u>	<u>6,267,698</u>	<u>51,136</u>	<u>(1,108,796)</u>	<u>19,994,868</u>
As at 31 July 2020:	Tangible fixed assets £	Investments £	Net current assets/(liabilities) £	Long term liabilities and provisions £	Total £
Restricted funds	-	5,000,141	285,020	-	5,285,161
Unrestricted funds	15,237,411	-	(952,695)	(2,650,331)	11,634,385
	<u>15,237,411</u>	<u>5,000,141</u>	<u>(667,675)</u>	<u>(2,650,331)</u>	<u>16,919,546</u>

16 CASH FLOW STATEMENT

Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income	1,945,322	713,127
Depreciation	677,406	638,762
Impairment	17,818	-
Interest receivable	(1,589)	(6,647)
(Gains)/losses on investments	(1,296,855)	450,090
Interest payable	33,664	44,085
Investment income	(74,101)	(113,314)
Increase in debtors	(29,414)	(15,357)
Increase in fees in advance	523,594	486,733
(Decrease)/increase in other creditors	(105,292)	163,434
Defined benefit pension scheme costs less contributions payable	(255,999)	(185,262)
Defined benefit pension scheme finance cost	22,000	31,000
Net cash provided by operating activities	<u>1,456,554</u>	<u>2,206,651</u>

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

17 ANALYSIS OF CHANGES IN NET FUNDS

	1 August 2020 £	Cash flows £	Non-cash flows £	31 July 2021 £
Cash at bank and in hand	6,374,010	1,113,279	-	7,487,289
Borrowings excluding overdrafts	(944,346)	171,956	-	(772,390)
Obligations under finance leases	-	-	-	-
	<u>5,429,664</u>	<u>1,285,235</u>	<u>-</u>	<u>6,714,899</u>

18 PENSION SCHEMES

The School's teaching staff are entitled to join the Teachers' Pension Scheme ("TPS") and the non-teaching staff, The Pensions Trust Flexible Retirement Plan ("FRP"). The TPS is a multi-employer defined benefit scheme and the FRP is a defined contribution scheme. The latest actuarial valuation of the TPS related to the period ended 31 March 2016. A third scheme, The Manchester Grammar School Pension Scheme ("MGSPS"), is a defined benefit scheme for non-teaching staff that closed to new entrants and future accrual on 30 September 2016.

TEACHERS' PENSION SCHEME

The School participates in the TPS for its teaching staff. The employer's pension costs paid to the TPS in the period amounted to £2,027,392 (2020: £1,848,988) and at the year-end £240,124 (2020: £233,371) was included in other creditors in respect of contributions to this scheme.

The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer make contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the Superannuation Contributions Adjusted for Past Experience (SCAPE) rate, set by HM Treasury, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%. The next valuation result is due to be implemented from 1 April 2023.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

18 PENSION SCHEMES (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme's website. Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School has set out above the information available on the scheme.

THE PENSIONS TRUST FLEXIBLE RETIREMENT PLAN

The FRP is a defined contribution scheme run by The Pensions Trust. Total contributions charged to the Statement of Financial Activities were £370,674 (2020: £375,839). Included within other creditors is a balance of £44,145 relating to the FRP scheme (2020: £47,153).

THE MANCHESTER GRAMMAR SCHOOL PENSION SCHEME

The MGSPS is a defined benefit scheme. It is closed to new entrants and to future accrual. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities.

An actuarial valuation is underway as at 30 September 2020 and the preliminary results of this have been updated to 31 July 2021 by a qualified actuary, independent of the scheme's sponsoring employer.

The most recent actuarial valuation as at 30 September 2017 showed a deficit of £2,539,000. The employer has agreed with the Trustees that it will aim to eliminate the deficit over a period of 7 years 10 months from 1 September 2018 by the payment of annual contributions of £250,000 per annum (payable monthly) increasing at 3% per annum. In addition contributions of £65,000 per annum are payable towards scheme expenses (including the Pension Protection Fund Levy).

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligations include:

	2021	2020
	%	%
Discount rate	1.7	1.4
Inflation (RPI)	3.3	2.8
Inflation (CPI)	2.6	2.0
Salary growth	2.6	2.0

The mortality assumptions adopted imply the following life expectancies:

	At 31 July 2021 Life expectancy at age 65 (years)	At 31 July 2020 Life expectancy at age 65 (years)
Male retiring in 2021	20.2	21.5
Female retiring in 2021	22.5	23.7
Male retiring in 2041	21.4	22.8
Female retiring in 2041	23.6	24.8

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

18 PENSION SCHEMES (continued)

Amounts recognised in profit and loss (in the Statement of Financial Activities) in respect of the defined benefit scheme are as follows:

	2021 £000	2020 £000
Expenses	74	136
Net interest cost	22	31
	<u>96</u>	<u>167</u>

Amounts recognised in other comprehensive income (in the Statement of Financial Activities) in respect of the defined benefit scheme are as follows:

	2021 £000	2020 £000
Gain on plan assets (excluding amounts included in net interest costs)	969	1,242
Experience (losses)/gains arising on the plan liabilities	(306)	29
Gain/(loss) as a result of effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	467	(1,594)
Total gain/(loss) recognised in other comprehensive income	<u>1,130</u>	<u>(323)</u>

Changes in pension value of the defined benefit obligation:

	2021 £000	2020 £000
Defined benefit obligation at start of period	14,843	13,240
Interest expense	207	289
Actuarial (gain)/loss	(161)	1,565
Benefits paid	(173)	(251)
Defined benefit obligation at end of period	<u>14,716</u>	<u>14,843</u>

Changes in the fair value of plan assets:

	2021 £000	2020 £000
Fair value of plan assets at start of period	13,181	11,746
Interest income	185	258
Actuarial gains	969	1,242
Contributions by the School	329	322
Benefits paid	(173)	(251)
Expenses	(74)	(136)
Fair value of plan assets at end of period	<u>14,417</u>	<u>13,181</u>
Deficit in plan	<u>299</u>	<u>1,663</u>

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

18 PENSION SCHEMES (continued)

The actual return on the plan assets over the period ended 31 July 2021 was £1,154k (2020: £1,500k).

The analysis of the scheme assets at the reporting date were as follows:

	2021	2020
	£000	£000
Equity-type assets	3,258	3,007
Bonds	5,938	5,995
Property	316	424
Other	4,905	3,755
Total assets	<u>14,417</u>	<u>13,181</u>

19 RELATED PARTIES

M.G.S. Trust

M.G.S. Trust, registered charity number 526564, was established as a charity separate from The Manchester Grammar School Foundation, to manage funds provided by various donors for the benefit of the School, its pupils and former pupils. As disclosed in note 1, the School received bursary funding of £2,135,000 in respect of the year ended 31 July 2021 (2020: £2,130,831) from M.G.S. Trust. No amounts were owed to or from M.G.S. Trust at the year end (2020: £nil).

The Manchester Grammar School Foundation Trustee Limited

The Manchester Grammar School Foundation Trustee Limited ('the Trustee') is the trustee of the School and its controlling party. There were no transactions with the Trustee in the year.

New Islington Free School

The School has a close involvement with New Islington Free School. A number of senior staff and Governors are on the Governing Body of the School. The School provides educational support and advice to New Islington Free School but has no significant financial involvement. During the year expenses relating to New Islington Free School were incurred of £505 (2020: £nil).

Key management personnel

The Governors consider that the key management personnel of the School are the High Master and the Senior Leadership Team. The total employment benefits including employer pension contributions and employer national insurance contributions of the key management personnel were £1,058,474 (2020: £939,068).

20 TRANSACTIONS WITH GOVERNORS

None of the Governors had children attending the School during the year concerned or in the previous year.

During the year no Governors received re-imbursement of travelling expenses (2020: 1 governor was reimbursed £124).

The ultimate controlling parties of the School are the Governors, in their capacity as directors of the Trustee.

None of the Governors received any remuneration from the School.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

21 CAPITAL COMMITMENTS

As at 31 July 2021, the School had capital commitments totalling £273,739 (2020: £60,234).

22 OPERATING LEASE COMMITMENTS

As at 31 July 2021, the School had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2021	2020
	£	£
Within 1 year	367,530	40,790
Within 1 to 2 years	351,189	40,120
Within 2 to 5 years	115,007	47,517
Over 5 years	8,332	19,473
	<hr/>	<hr/>
	842,058	147,900
	<hr/>	<hr/>

Commitments under new leases for Microsoft Surface computers to complete the roll-out of provision to pupils and teachers to enhance teaching and learning are reflected in the 2021 figures above.

23 AGENCY ARRANGEMENTS

The School acts as agent in respect of school trips. In the year ended 31 July 2021 the School received £57,318 and paid £35,407 in respect of school trips (2020: school received £205,333 and paid £292,452). An amount of £131,478 (2020: £135,516) is included in other creditors, and £10,250 (2020: £36,199) included in other debtors, in respect of trip income that has yet to be fully disbursed at the year end.

The School also acts as agent in administering the Swire programme for Chinese teaching for other local schools. In the year ended 31 July 2021 the School received £396,661 and paid out £409,286 in respect of the Swire programme (2020: school received £425,760 and paid out £256,322). £80,418 was recognised as the School's own income in respect of Swire, included in grants receivable in the Statement of Financial Activities (2020: £78,839). An amount of £10,916 is included in other creditors in respect of Swire income that has yet to be distributed to recipient schools at the year-end (2020: £103,959).