

The Manchester Grammar School Foundation

REPORT AND ACCOUNTS

For the year ended

31 July 2022

Registered Charity number: 529909

The Manchester Grammar School Foundation

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The Manchester Grammar School Foundation

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 2022. 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*

J Barot

M C Bolton* (Chair)

Professor D A Cardwell (Deputy Chair)

J M Kingsley

B H Leigh* (Treasurer)

J C Luca

Professor J R W Prag

R T Race **

M J Robinson*

J T Young*

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

19 Market Street

Manchester

M1 1WR

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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TRUSTEE'S REPORT

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 Jaideep Barot who was appointed on 21 September 2022. The terms of office of Mr Allan Beardsworth, Mrs Clare Bolton, Professor Jonathan Prag and Mr Robert Race ended on 31 July 2022 and they were re-elected on 21 September 2022. In addition, Professor Tom Hinchliffe resigned as a Governor on 31 July 2022. The Governors would like to take this opportunity to thank him for his valued service to the School.

Following the sad news reported in last year's annual accounts of the death of former Chair of the Governing Body, Mr Maurice Watkins CBE on 16 August 2021, Professor David Cardwell, who had been Deputy Chair, initially took over as Acting Chair of the Governing Body with the appointment confirmed on 21 September 2021. Subsequently Mrs Clare Bolton, previously Treasurer, has been appointed as Chair of the Governing Body, with Professor David Cardwell reverting to Deputy Chair. In addition Mr Brandon Leigh has taken over as Treasurer. These appointments were made on 24 March 2022.

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.

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).

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TRUSTEE'S REPORT

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.

In 2013 Manchester Grammar School (MGS) co-founded the New Islington Free School (NIFS), a state primary school in the centre of Manchester, and retained a close working relationship thereafter (as detailed in note 19) though NIFS has always remained a separate organisation from MGS. NIFS has thrived over the last 10 years and was graded as outstanding by OFSTED at its last inspection. The NIFS Governing Body took the decision that to ensure its continuing success the school needed to be part of a larger trust. With this in mind and after much consultation, NIFS took the decision to join the Co-Op Academies Trust. In part as a result of the process that took place MGS has built an excellent working relationship with the Co-Op Academies Trust and we plan to work closely with them on an ongoing basis with a specific focus on high achieving disadvantaged pupils across the whole Trust. The transfer by NIFS of its trade, assets and liabilities to the Co-Op Academies Trust took place on 30 June 2022. Manchester Grammar School's Head of Junior School, Mrs Eleanor Losse, was appointed to the Co-op Academy New Islington Governing Council on 4 July 2022.

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.

The key risks identified in the Risk Committee's "Significant Risk Summary" are as follows:

- loss of tax treatments associated with being a charity
- long term recession or other financial shock
- significant changes to the cost associated with the Teachers' Pension Scheme
- significant change in the deficit of The Manchester Grammar School Pension Scheme (a non-teaching staff pension scheme now closed to new entrants and future accrual, as detailed below and in note 18)
- cybercrime and cyberfraud

The effects of a recession and/or the loss of charitable tax treatments are at the forefront of our risk management view, but even with these uncertainties current indications are that pupil recruitment is strong, in large part due to a very positive perception of the School. Various scenarios have been studied to ensure that the School is prepared and would be able to manage the impact of these events.

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 £2.984m at the September 2020 actuarial valuation

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TRUSTEE'S REPORT

Principal risks and uncertainties (continued)

and repayments are being made over a period of 5 years and 8 months from 1 September 2022. Further details are set out in note 18.

The School is very aware of the risks associated with cybercrime and cyberfraud and has put in place suitable defence strategies including having taken out an insurance policy relating to this area during the year.

The Governors are aware of the Charity Governance Code and are using the Charity Commission diagnostic tool to review the School's performance in this area and to make any required adjustments. Five of the co-opted governors have served for more than nine years but their contributions and experience continue to be valued.

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.

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

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TRUSTEE'S REPORT

Strategies to achieve these aims (continued)

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.

- 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 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. The School is planning a new Sixth Form Centre, cricket pavilion and dining room as the next substantial addition to our facilities.

Principal activities

The principal activity is the provision of education for boys in the Manchester area. In September 2021 there were 1,662 boys in the School (2020: 1,635).

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 with school fees where families' circumstances change significantly.

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.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance and public benefit

The return to real examinations were very much welcomed by staff and pupils. This year the GCSE and ICCSE results were as strong as would be expected, with 73% of grades at A* or 9/8 level and 88% of grades at the A*/A or 9/8/7 level. At A level, 43% of the grades were at the A* or equivalent level and 90% 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 2022, 227 boys benefitted from fee assistance including 32 new starters, 26 in receipt of temporary hardship assistance and 172 of which received 100% fee 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

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TRUSTEE'S REPORT

Operational performance and public benefit (continued)

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.
- 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. This was an area where the Covid-19 pandemic placed significant restrictions on what could be achieved, so we are delighted to be back to the level of engagement that existed prior to the pandemic, including:

Junior School Outreach concert

The Head of Junior School Music works with Year 4 pupils from Co-op Academy New Islington, St James Primary School and The Manchester Grammar School's own Year 4 pupils, Senior School Choir and The Thursday Singers, to create a spectacular concert performed in the Memorial Hall, inviting parents from all the schools involved.

Teaching English to adult learners

Teaching English as a second language to adults through a partnership established with St Chrysostom's Church. Pupils are trained with basic TEFL (Teaching English as a Foreign Language) skills and work one-to-one teaching adult learners who seek to improve their English.

Mandarin teaching project

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.

All Saint's Primary School

All Saints Primary School is a school that works with children who live in a socio-economically deprived area in Gorton. Last year we ran a specialist project helping Year 2 pupils with their Maths.

The Manchester Grammar School Foundation

TRUSTEE'S REPORT

Operational performance and public benefit (continued)

Co-op Academy New Islington and Co-op Academies Trust

The School continues to work closely with the Co-op Academy New Islington, formerly New Islington Free School (NIFS). In part as a result of the process that took place when NIFS joined the Co-op Academies Trust (as detailed on page 4 and in note 19) MGS has built an excellent working relationship with the Co-Op Academies Trust and we plan to work closely with them on an ongoing basis with a specific focus on high achieving disadvantaged pupils across the whole Trust. Manchester Grammar School's Head of Junior School, Mrs Eleanor Losse, was appointed to the Co-op Academy New Islington Governing Council on 4 July 2022.

Dementia Trust

Pupils visit the Dementia Trust in Longsight each Wednesday afternoon to support residents; varied afternoons include singing and dancing, making crafts, listening to stories and drinking tea.

Birchfields Park

Our relationship with Birchfields Park, a local public park, continues to grow with our pupils helping to litter pick at lunchtime and so developing our links with the local community.

Christmas collection - St Paul's Salford Project

The School has a Salford Project Christmas Gift Appeal to collect and donate Christmas presents to families in the St Paul's area.

Charity fund-raising

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.

Teacher training

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.

Sustainability

The School is very aware of its responsibility to the local community and the environment and is seeking to improve its performance and become more sustainable. Various types of work are already underway, for example, the gradual move to more energy efficient LED light fittings and there have been various adjustments to the heating system to create smaller, more individually controllable heating zones. The school is considering the feasibility of the installation of some solar panels on the sports hall roof. Pupils are encouraged to bring in water bottles to avoid the use of single use plastic bottles. The school has good systems in place for the recycling of cardboard, paper, glass, electrical and metal waste. Food waste is sent to an anaerobic digestion plant to create biogas. Staff are regularly reminded to switch off lights and computer equipment when rooms are not in use. The next stage of the ESOS process will take place during 2022/23.

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 2022 are:

Portfolio return for year (after costs)	Benchmark return (nil cost)	Portfolio return since 1997 (after costs)	Benchmark return since 1997 (nil cost)
-8.86%	1.41%	331.39%	321.67%

The investment performance for the year reflects worldwide economic trends.

The Manchester Grammar School Foundation

TRUSTEE'S REPORT

Operational performance and public benefit (continued)

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 £32 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.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

A summary of the year's financial activities is set out on page 15 in the attached accounts. The net income for the year before investment gains and the actuarial loss on The Manchester Grammar School Pension Scheme, a defined benefit pension scheme, was £1,268,441 (2021: £648,467 net income).

The principal funding sources of the School continue to be fee income and donations received which support the key objectives. The increase in fee income on the previous year resulted from both an increase in pupil numbers and a 3% uplift in fees.

The net increase in total funds was £337,168 (2021: £3,075,322), giving total school funds of £20,332,036 (2021: £19,994,868). Continuing careful control of operating costs contributed to net income on unrestricted funds of £1,302,661 (2021: £701,325) and an increase in unrestricted funds of £1,005,661 (2021: £1,831,325) after fund transfers and actuarial losses, giving total unrestricted funds of £14,471,371 (2021: £13,465,710). Restricted funds decreased by £668,493 (2021: increased by £1,243,997) due to the impact of recent world events on investment values, giving total restricted funds of £5,860,665 (2021: £6,529,158).

Unrestricted funds as shown in the financial statements includes a liability of £362,738 (2021: £298,738) in relation to The Manchester Grammar School Pension Scheme. These figures reflect an actuarial loss in the current year as opposed to an actuarial gain in the prior year. Further details are given in note 18.

The School has net current assets at 31 July 2022 of £774,676 (2021: assets £51,136). 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 2022 which has contributed to the increased cash balance and increased fees in advance creditor at year end.

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 £14.5m of unrestricted funds at 31 July 2022. School funds of £14.7m are invested in the School estate, meaning there was a deficit of free reserves amounting to £0.2m at 31 July 2022 (2021: deficit of £1.3m). 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 of £0.4m (2021: £0.3m). Excluding this balance, unrestricted funds would be £14.8m (2021: £13.8m). 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

The Manchester Grammar School Foundation

TRUSTEE'S REPORT

FINANCIAL REVIEW AND RESULTS FOR THE YEAR (continued)

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. 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 have been 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. A major focus of our continuing professional development for staff has been on sharing best practice to ensure that the technology enhances teaching and learning.

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 plans, 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 a 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

TRUSTEE'S 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.

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:

M C Bolton
Chair 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 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We 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 2022

		Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	Note	£	£	£	£
INCOME					
Donations and legacies					
Donations	1	-	2,402,383	2,402,383	2,296,292
Charitable activities					
School fees	2a	21,672,032	-	21,672,032	20,110,957
Catering income		904,264	-	904,264	608,456
Other charitable income	3	568,825	72,692	641,517	483,965
		<u>23,145,121</u>	<u>2,475,075</u>	<u>25,620,196</u>	<u>23,499,670</u>
Investments					
Investment income	4	3,992	87,435	91,427	75,690
Other					
Other income	5	21,964	-	21,964	309,637
TOTAL INCOME		<u>23,171,077</u>	<u>2,562,510</u>	<u>25,733,587</u>	<u>23,884,997</u>
EXPENDITURE					
Raising funds					
Fundraising		293,792	12,763	306,555	320,045
Investment management		-	29,568	29,568	29,299
		<u>293,792</u>	<u>42,331</u>	<u>336,123</u>	<u>349,344</u>
Charitable activities					
Teaching staff costs		12,090,273	66,779	12,157,052	12,035,765
Teaching support staff costs		1,342,715	-	1,342,715	1,251,276
Other teaching costs		2,092,619	14,159	2,106,778	1,728,285
Catering expenditure		1,127,971	4,423	1,132,394	852,631
Other welfare costs		132,257	-	132,257	122,479
Premises costs		2,578,647	2,200	2,580,847	2,415,206
Grants, awards and prizes	2c	63,115	2,439,603	2,502,718	2,375,538
Support costs		1,991,670	27,235	2,018,905	1,986,524
Management and administration		155,357	-	155,357	119,482
		<u>21,574,624</u>	<u>2,554,399</u>	<u>24,129,023</u>	<u>22,887,186</u>
TOTAL EXPENDITURE	7	<u>21,868,416</u>	<u>2,596,730</u>	<u>24,465,146</u>	<u>23,236,530</u>
Net income/(loss) before investment gains		1,302,661	(34,220)	1,268,441	648,467
Net (losses)/gains on investments	9	-	(634,273)	(634,273)	1,296,855
NET INCOME/(LOSS)		<u>1,302,661</u>	<u>(668,493)</u>	<u>634,168</u>	<u>1,945,322</u>
(Loss)/gain on defined benefit pension scheme	18	(297,000)	-	(297,000)	1,130,000
Transfers between funds	14	-	-	-	-
NET MOVEMENT IN FUNDS		<u>1,005,661</u>	<u>(668,493)</u>	<u>337,168</u>	<u>3,075,322</u>
RECONCILIATION OF FUNDS:					
FUND BALANCES BROUGHT FORWARD		<u>13,465,710</u>	<u>6,529,158</u>	<u>19,994,868</u>	<u>16,919,546</u>
FUND BALANCES CARRIED FORWARD		<u>14,471,371</u>	<u>5,860,665</u>	<u>20,332,036</u>	<u>19,994,868</u>

The accounting policies and notes on pages 18 to 37 form part of these accounts.

The Manchester Grammar School Foundation

BALANCE SHEET

As at 31 July 2022

		2022	2021
	Note	£	£
FIXED ASSETS			
Tangible assets	8	14,724,536	14,784,830
Investments	9	5,603,857	6,267,698
		<u>20,328,393</u>	<u>21,052,528</u>
CURRENT ASSETS			
Debtors	10	630,990	564,722
Cash at bank and in hand		9,476,143	7,487,289
		<u>10,107,133</u>	<u>8,052,011</u>
CREDITORS: Amounts falling due within one year	11	(9,332,457)	(8,000,875)
NET CURRENT ASSETS		<u>774,676</u>	<u>51,136</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,103,069	21,103,664
CREDITORS: Amounts falling due after more than one year	12	(408,295)	(810,058)
TOTAL NET ASSETS EXCLUDING PENSION PROVISION		<u>20,694,774</u>	<u>20,293,606</u>
Pension provision	18	(362,738)	(298,738)
TOTAL NET ASSETS		<u>20,332,036</u>	<u>19,994,868</u>
FUNDS			
Restricted funds		5,860,665	6,529,158
Unrestricted funds:			
General unrestricted funds		14,834,109	13,764,448
Pension reserve		(362,738)	(298,738)
Total unrestricted funds		<u>14,471,371</u>	<u>13,465,710</u>
TOTAL FUNDS OF THE SCHOOL	15	<u>20,332,036</u>	<u>19,994,868</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:

B H Leigh Treasurer

G M Batchelor Bursar

The accounting policies and notes on pages 18 to 37 form part of these accounts.

The Manchester Grammar School Foundation

CASH FLOW STATEMENT

For the year ended 31 July 2022

	Note	£	2022 £	£	2021 £
CASH FLOWS FROM OPERATING ACTIVITIES	16		2,753,673		1,456,554
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income		87,435		74,101	
Interest received		3,992		1,589	
Purchase of investments		(850,928)		(2,118,798)	
Decrease/(increase) in cash held within investments		91,052		(62,026)	
Proceeds from sale of investments		789,444		2,210,122	
Purchase of tangible fixed assets		(610,994)		(242,643)	
NET CASH USED IN INVESTING ACTIVITIES			(489,999)		(137,655)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(28,692)		(33,664)	
Repayments of borrowing		(246,128)		(171,956)	
NET CASH USED IN FINANCING ACTIVITIES			(274,820)		(205,620)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR			1,988,854		1,113,279
CASH AND CASH EQUIVALENTS AT 1 AUGUST			7,487,289		6,374,010
CASH AND CASH EQUIVALENTS AT 31 JULY			9,476,143		7,487,289
REPRESENTED BY:					
Cash at bank and in hand			9,476,143		7,487,289

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. The School has net current assets at 31 July 2022 of £774,676 (2020: assets £51,136). 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 £6,962,537 (2021: £6,064,042) which relates to fees in advance which will be released to income during the next financial year.

The School has prepared cash flow forecasts for two years ending 31 July 2024, covering a period of 20 months from approval of its financial statements which support the going concern basis of preparation.

Having considered 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. In the previous year Coronavirus Job Retention Scheme (CJRS) grant income was 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 was recognised as income in the period in which it became receivable within Other Income – Grants receivable (see note 5). There was no such income in the current year.

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.

The Manchester Grammar School Foundation

ACCOUNTING POLICIES

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. 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.

The Manchester Grammar School Foundation

ACCOUNTING POLICIES

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.
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 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 Manchester Grammar School Foundation

ACCOUNTING POLICIES

RETIREMENT BENEFITS (continued)

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 £14,724,536 (2021 : £14,784,830) with depreciation of £662,715 (2021: £677,406) 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 2022

1 DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Donations to Bursary Fund from M.G.S. Trust	-	2,231,000	2,231,000	2,135,000
Other donations to Bursary Fund	-	146,171	146,171	132,437
Other donations and legacies	-	25,212	25,212	28,855
Total donations	-	2,402,383	2,402,383	2,296,292

All donations in the year ended 31 July 2021 were credited to restricted funds.

2 SCHOOL FEES

	2022 £	2021 £
2a) Gross fees	22,278,044	21,178,933
Less: fee discounts	(379,786)	(345,742)
Less: bursaries, scholarships and awards (see note 2b)	(2,633,199)	(3,030,165)
	19,265,059	17,803,026
Plus: bursaries, scholarships and awards paid for by restricted funds	2,406,973	2,307,931
	21,672,032	20,110,957
2b) Bursaries, scholarships and awards comprise:		
Restricted funds – fee assistance	2,406,973	2,307,931
Unrestricted funds – fee assistance	226,226	722,234
	2,633,199	3,030,165
2c) Grants, awards and prizes expenditure		
Restricted funds – fee assistance	2,406,973	2,307,931
Restricted funds – other awards and prizes	32,630	23,983
	2,439,603	2,331,914
Unrestricted funds - other awards	63,115	43,624
	2,502,718	2,375,538

The total fee assistance awards provided assistance to 227 (2021: 279) individuals. School fee income is credited to unrestricted funds.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

3 OTHER CHARITABLE INCOME

	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Grants receivable	-	71,805	71,805	80,418
Shuttle bus income	441,174	-	441,174	310,847
Other income	127,651	887	128,538	92,700
	<u>568,825</u>	<u>72,692</u>	<u>641,517</u>	<u>483,965</u>

Grants receivable were credited to restricted funds, with shuttle bus income and charitable income credited to unrestricted funds in the year ended 31 July 2021.

4 INVESTMENT INCOME

	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Listed investments	-	58,172	58,172	43,083
Other unlisted securities	-	27,229	27,229	30,506
Interest on other bank accounts	3,992	2,034	6,026	2,101
	<u>3,992</u>	<u>87,435</u>	<u>91,427</u>	<u>75,690</u>

Investment income, with the exception of interest on other bank accounts of £1,589, was credited to restricted funds in the year ended 31 July 2021.

5 OTHER INCOME

	Unrestricted £	Restricted £	2022 £	2021 £
Grants receivable	-	-	-	301,462
Lettings	21,964	-	21,964	8,175
	<u>21,964</u>	<u>-</u>	<u>21,964</u>	<u>309,637</u>

All other income in the year ended 2021 was credited to unrestricted funds.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

6	EXPENDITURE	2022	2021
		£	£
	Charitable expenditure includes:		
	Depreciation	662,715	677,406
	Loss on disposal of fixed assets	8,573	-
	Impairment	-	17,818
	Bank interest payable	28,692	33,664
	Operating lease payments	425,231	278,094
	Net interest on pension liability	3,000	22,000
	Governance costs includes:		
	Auditor's remuneration (excluding VAT) - statutory audit	23,925	21,750
	Auditor's remuneration – other assurance services	1,100	978
	Staff costs:		
	Wages and salaries	12,228,072	11,994,521
	Social security costs	1,403,499	1,333,437
	Pension costs	2,427,947	2,407,990
	Redundancy costs	11,474	74,067
		16,070,992	15,810,015
	The average number of employees during the year was:	2022	2021
		No.	No.
	Teaching staff	179	181
	Other	142	146
		321	327
	The number of employees whose emoluments exceeded £60,000 were:	2022	2021
		No.	No.
	£60,001 to £70,000	24	21
	£70,001 to £80,000	3	6
	£80,001 to £90,000	5	1
	£90,001 to £100,000	-	1
	£100,000 to £110,000	1	-
	£220,001 to £230,000	-	1
	£250,000 to £260,000	1	-

Included in the above higher paid employees were 33 (2021: 29) accruing benefits under defined benefit schemes.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

7 ANALYSIS OF EXPENDITURE

	Staff costs	Other	Depreciation	Total 2022	Total 2021
	£	£	£	£	£
Charitable expenditure					
Teaching staff costs	12,157,052	-	-	12,157,052	12,035,765
Teaching support staff costs	1,342,715	-	-	1,342,715	1,251,276
Other teaching costs	-	1,881,880	224,898	2,106,778	1,728,285
Catering expenditure	491,183	632,515	8,696	1,132,394	852,631
Other welfare costs	115,552	16,705	-	132,257	122,479
Premises costs	655,847	1,520,562	404,438	2,580,847	2,415,206
Grants, awards and prizes	-	2,502,718	-	2,502,718	2,375,538
Support costs	1,057,020	937,202	24,683	2,018,905	1,986,524
Management and administration of the School	-	155,357	-	155,357	119,482
	<u>15,819,369</u>	<u>7,646,939</u>	<u>662,715</u>	<u>24,129,023</u>	<u>22,887,186</u>
Costs of generating funds					
Fundraising	251,623	54,932	-	306,555	320,045
Investment management	-	29,568	-	29,568	29,299
	<u>16,070,992</u>	<u>7,731,439</u>	<u>662,715</u>	<u>24,465,146</u>	<u>23,236,530</u>

Support costs comprise general office costs, insurance, loan interest, pension finance costs, staff related costs and governance costs. Governance costs amount to £30,030 (2021: £27,274). Management and administration costs comprise legal and professional fees, bank charges and school inspection costs.

Of the total charitable expenditure of £24,129,023 (2021: £22,887,186), £21,574,624 (2021: £20,438,984) was unrestricted and £2,554,399 (2021: £2,448,202) was restricted.

Of the total cost of generating funds of £336,123 (2021: £349,344), £293,792 (2021: £293,877) was unrestricted and £42,331 (2021: £55,467) was restricted.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

8 TANGIBLE FIXED ASSETS

	Capital work in progress £	Freehold land & buildings £	Equipment £	Total £
Cost				
At 1 August 2021	108,079	19,969,707	2,239,184	22,316,970
Additions	307,606	214,343	89,045	610,994
Transfers	(108,079)	85,798	22,281	-
Disposals	-	-	(478,117)	(478,117)
At 31 July 2022	307,606	20,269,848	1,872,393	22,449,847
Depreciation				
At 1 August 2021	-	5,944,397	1,587,743	7,532,140
Charge for the year	-	401,720	260,995	662,715
Disposals	-	-	(469,544)	(469,544)
At 31 July 2022	-	6,346,117	1,379,194	7,725,311
Net book value				
At 31 July 2022	307,606	13,923,731	493,199	14,724,536
At 31 July 2021	108,079	14,025,310	651,441	14,784,830

The School's buildings currently have an insured value of £90,544,301 (2021: £76,419,196). Legal title of the School's land and buildings is held by the Corporate Trustee, The Manchester Grammar School Foundation Trustee Limited. Given the risks and rewards of ownership reside with the School, post-1970 School buildings and subsequent additions or capital improvements are capitalised within these financial statements.

9 INVESTMENTS

	Listed investments £	Unit trusts £	Government stock £	Cash £	Total £
Market value					
At 1 August 2021	2,426,403	3,748,168	-	93,127	6,267,698
Additions	157,813	693,115	-	-	850,928
Disposals	(499,699)	(289,745)	-	(91,052)	(880,496)
Net investment losses	(308,840)	(325,433)	-	-	(634,273)
At 31 July 2022	1,775,677	3,826,105	-	2,075	5,603,857
Historical cost					
At 31 July 2022	1,369,497	3,486,244	-	2,075	4,857,816
At 31 July 2021	1,586,898	3,066,967	-	93,127	4,746,992

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

9 INVESTMENTS (continued)

All listed investments relate to direct investment in listed securities.

	2022 £	2021 £
Investment assets in the UK	3,326,257	3,868,347
Investment assets outside the UK	2,277,600	2,399,351
	<u>5,603,857</u>	<u>6,267,698</u>

10 DEBTORS

	2022 £	2021 £
Trade debtors	118,171	106,036
Prepayments and accrued income	488,041	438,884
Other debtors	24,778	19,802
	<u>630,990</u>	<u>564,722</u>

Trade debtors are stated after a bad debt provision of £174,404 (2021: £193,031). The provision for bad and doubtful debts decreased during the year resulting in a credit to charitable activities of £18,627 (2021: £81 debit).

11 CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Bank loans (see note 12)	339,817	180,132
Trade creditors	468,903	452,354
Other taxation and social security	363,546	326,448
Other creditors	602,303	439,278
Accruals and deferred income	565,791	510,843
Fees in advance	6,962,537	6,064,042
Refundable deposits	29,560	27,778
	<u>9,332,457</u>	<u>8,000,875</u>

Fees in advance are payments that have been received for school fees for the 2022/2023 academic year.

Deferred income relates to donations, shuttle bus and other income 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 2022

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

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

	2022	2021
	£	£
Balance brought forward at 1 August	6,236,532	5,628,864
Amounts released during the year	(6,236,532)	(5,608,864)
Amounts deferred during the year	7,112,165	6,216,532
Balance carried forward at 31 July	<u>7,112,165</u>	<u>6,236,532</u>

12 CREDITORS: Amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	186,445	592,258
Refundable deposits	221,850	217,800
	<u>408,295</u>	<u>810,058</u>

Maturity of bank loans

Bank loan amounts payable within:

1 year	339,817	180,132
1 to 2 years	186,445	187,390
2 to 5 years	-	404,868
	<u>526,262</u>	<u>772,390</u>

Bank loans comprise a single loan of £526,262 repayable in monthly instalments with a final payment due August 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:

	2022	2021
	£	£
Amounts due within one year	29,560	27,778
1 to 2 years	26,550	23,250
2 to 5 years	83,250	80,400
More than 5 years	112,050	114,150
	<u>251,410</u>	<u>245,578</u>

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

13 FINANCIAL INSTRUMENTS

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

	2022 £	2021 £
Financial assets:		
Debt instruments measured at amortised cost	154,346	136,299
Equity instruments measured at fair value through profit or loss	5,601,782	6,174,571
	<u>5,756,128</u>	<u>6,310,870</u>
	2022 £	2021 £
Financial liabilities measured at amortised cost	2,265,041	2,247,953
	<u>2,265,041</u>	<u>2,247,953</u>

14 FUNDS

	Balance 1 August 2021 £	Incoming resources £	Resources expended £	Transfer between funds £	Other gains/ (losses) £	Balance 31 July 2022 £
Restricted	6,529,158	2,562,510	(2,596,730)	-	(634,273)	5,860,665
Pension reserve	(298,738)	-	(106,000)	339,000	(297,000)	(362,738)
General unrestricted	13,764,448	23,171,077	(21,762,416)	(339,000)	-	14,834,109
Total funds	<u>19,994,868</u>	<u>25,733,587</u>	<u>(24,465,146)</u>	<u>-</u>	<u>(931,273)</u>	<u>20,332,036</u>

Unrestricted funds are retained as necessary to cover working capital.

Transfers between the general unrestricted fund and the pension reserve relate to defined benefit pension movements.

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

14 FUNDS (*continued*)

Restricted funds		Balance	Incoming	Resources	Transfers	Investment	Balance
		1 August	resources	expended	between	losses	31 July
		2021	£	£	funds	£	2022
		£			£		£
1)	Bursary Fund	4,830,548	2,444,349	(2,429,607)	-	(485,542)	4,359,748
2)	Leaving Exhibition Fund	577,284	7,340	(8,579)	-	(54,143)	521,902
3)	Scholarship Fund	93,265	1,269	(4,260)	-	(9,453)	80,821
4)	Prize Fund	222,253	4,525	(13,098)	-	(20,985)	192,695
5)	Educational Travel Fund	309,704	5,436	(10,218)	-	(29,977)	274,945
6)	Sports and Games Fund	96,791	1,122	(381)	-	(8,186)	89,346
7)	Library Fund	201,531	2,308	(3,785)	-	(16,833)	183,221
8)	Other funds	197,782	96,161	(126,802)	-	(9,154)	157,987
		<u>6,529,158</u>	<u>2,562,510</u>	<u>(2,596,730)</u>	<u>-</u>	<u>(634,273)</u>	<u>5,860,665</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 £68,805 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 2022

14 FUNDS (*continued*)

Prior year 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	-	-
Total funds	16,919,546	23,884,997	(23,236,530)	-	2,426,855	19,994,868

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
	5,285,161	2,450,811	(2,503,669)	-	1,296,855	6,529,158

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

As at 31 July 2022:	Tangible fixed assets £	Investments £	Net current assets/(liabilities) £	Long term liabilities and provisions £	Total £
Restricted funds	-	5,603,857	256,808	-	5,860,665
Unrestricted funds	14,724,536	-	517,868	(771,033)	14,471,371
	<u>14,724,536</u>	<u>5,603,857</u>	<u>774,676</u>	<u>(771,033)</u>	<u>20,332,036</u>
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>

16 CASH FLOW STATEMENT

Reconciliation of net income to net cash flow from operating activities

	2022	2021
	£	£
Net income	634,168	1,945,322
Depreciation	662,715	677,406
Losses on disposal of fixed assets	8,573	-
Impairment	-	17,818
Interest receivable	(3,992)	(1,589)
Losses/(gains) on investments	634,273	(1,296,855)
Interest payable	28,692	33,664
Investment income	(87,435)	(74,101)
Increase in debtors	(66,268)	(29,414)
Increase in fees in advance	898,495	523,594
Increase/(decrease) in other creditors	277,452	(105,292)
Defined benefit pension scheme costs less contributions payable	(236,000)	(255,999)
Defined benefit pension scheme finance cost	3,000	22,000
Net cash provided by operating activities	<u>2,753,673</u>	<u>1,456,554</u>

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

17 ANALYSIS OF CHANGES IN NET FUNDS

	1 August 2021 £	Cash flows £	Non-cash flows £	31 July 2022 £
Cash at bank and in hand	7,487,289	1,988,854	-	9,476,143
Borrowings excluding overdrafts	(772,390)	246,128	-	(526,262)
	<u>6,714,899</u>	<u>2,234,982</u>	<u>-</u>	<u>8,949,881</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 £2,032,651 (2021: £2,027,392) and at the year-end £247,269 (2021: £240,124) 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 Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

18 PENSION SCHEMES (continued)

The next valuation result is due to be implemented from 1 April 2024.

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 £384,868 (2021: £370,674). Included within other creditors is a balance of £46,576 relating to the FRP scheme (2021: £44,145).

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.

A full actuarial valuation was carried out at 30 September 2020 and updated to 31 July 2022 by a qualified actuary, independent of the scheme's sponsoring employer.

The most recent actuarial valuation showed a deficit of £2,984,000. The employer has agreed with the Trustees that it will aim to eliminate the deficit over a period of 5 years 8 months from 1 September 2022 by the payment of annual contributions of £281,386 per annum (payable monthly) increasing at 3% per annum. In addition contributions of £82,000 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:

	2022	2021
	%	%
Discount rate	3.6	1.7
Inflation (RPI)	3.3	3.3
Inflation (CPI)	2.7	2.6
Salary growth	2.7	2.6

The pension valuation as at 31 July 2022 reflects the current levels of inflation being experienced, with the effect of this being shown as a current experience item included in actuarial gains/losses in the statement of financial income. This does not impact on the rate of CPI disclosed within the actuarial assumptions as that is the long-term rate of CPI which would be expected to return to more normalised levels in the longer term. The mortality assumptions adopted imply the following life expectancies:

	At 31 July 2022 Life expectancy at age 65 (years)	At 31 July 2021 Life expectancy at age 65 (years)
Male retiring in 2022	20.3	20.2
Female retiring in 2022	22.6	22.5
Male retiring in 2042	21.5	21.4
Female retiring in 2042	23.7	23.6

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

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:

	2022	2021
	£000	£000
Expenses	103	74
Net interest cost	3	22
	<u>106</u>	<u>96</u>

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

	2022	2021
	£000	£000
(Loss)/Gain on plan assets (excluding amounts included in net interest costs)	(3,360)	969
Experience (losses) arising on the plan liabilities	(667)	(306)
Gain as a result of effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	3,730	467
Total (loss)/gain recognised in other comprehensive income	<u>(297)</u>	<u>1,130</u>

Changes in pension value of the defined benefit obligation:

	2022	2021
	£000	£000
Defined benefit obligation at start of period	14,716	14,843
Interest expense	248	207
Actuarial gain	(3,063)	(161)
Benefits paid	(291)	(173)
Defined benefit obligation at end of period	<u>11,610</u>	<u>14,716</u>

Changes in the fair value of plan assets:

	2022	2021
	£000	£000
Fair value of plan assets at start of period	14,417	13,181
Interest income	245	185
Actuarial (loss)/gain	(3,360)	969
Contributions by the School	339	329
Benefits paid	(291)	(173)
Expenses	(103)	(74)
Fair value of plan assets at end of period	<u>11,247</u>	<u>14,417</u>
Deficit in plan	<u>363</u>	<u>299</u>

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

18 PENSION SCHEMES (continued)

The actual return on the plan assets over the period ended 31 July 2022 was a loss of £3,115k (2021: gain of £1,154k).

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

	2022	2021
	£000	£000
Equity-type assets	1,607	3,258
Bonds	4,546	5,938
Property	431	316
Other	4,663	4,905
Total assets	<u>11,247</u>	<u>14,417</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 £2,231,000 in respect of the year ended 31 July 2022 (2021: £2,135,000) from M.G.S. Trust. No amounts were owed to or from M.G.S. Trust at the year end (2021: £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 had a close involvement with New Islington Free School (NIFS) until 30 June 2022 when NIFS transferred its trade, assets and liabilities to a multi academy trust, ceased trading as NIFS but continued as part of Co-op Academies Trust. Until that date a number of senior staff and Governors were on the Governing Body of New Islington Free School with Manchester Grammar School providing educational support and advice to New Islington Free School but having had no significant financial involvement. Manchester Grammar School's Head of Junior School, Mrs Eleanor Losse was subsequently appointed to the Co-op Academy New Islington Governing Council on 4 July 2022. During the year no expenses relating to New Islington Free School were incurred (2021: £505).

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 £1,098,799 (2021: £1,058,474).

The Manchester Grammar School Foundation

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2022

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 1 (2021: 0) Governor received re-imbursement of travelling expenses totalling £431 (2021: £nil).

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.

21 CAPITAL COMMITMENTS

As at 31 July 2022, the School had capital commitments totalling £526,666 (2021: £273,739).

22 OPERATING LEASE COMMITMENTS

As at 31 July 2022, the School had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2022	2021
	£	£
Within 1 year	357,343	367,530
Within 1 to 2 years	98,879	351,189
Within 2 to 5 years	42,921	115,007
Over 5 years	-	8,332
	<u>499,143</u>	<u>842,058</u>

23 AGENCY ARRANGEMENTS

The School acts as agent in respect of school trips. In the year ended 31 July 2022 the School received £623,281 and paid £510,174 in respect of school trips (2021: school received £57,318 and paid £35,407). An amount of £252,729 (2021: £131,478) is included in other creditors, and £18,394 (2021: £10,250) is 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 2022 the School received £210,485 and paid out £106,167 in respect of the Swire programme (2021: school received £396,661 and paid out £409,286). £66,779 was recognised as the School's own income in respect of Swire, included in grants receivable in the Statement of Financial Activities (2021: £80,418). An amount of £48,455 is included in other creditors in respect of Swire income that has yet to be distributed to recipient schools at the year-end (2021: £10,916).