

# The Manchester Grammar School Foundation

## REPORT AND ACCOUNTS

For the year ended

31 July 2023

Registered Charity number: 529909

# The Manchester Grammar School Foundation

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# The Manchester Grammar School Foundation

## TRUSTEE'S REPORT

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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 2023. 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 effective 1 January 2019 (the Charities SORP, FRS102).

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

### GOVERNORS

#### Co-opted

J Barot  
A W Beardsworth\*  
M P H M Bokkerink  
M C Bolton\* (Chair)  
H Campbell  
Professor D A Cardwell (Deputy Chair)  
K Hinduja  
J M Kingsley  
B H Leigh\* (Treasurer)  
J C Luca  
A H Malik  
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  
Ninth Floor, Landmark  
St Peter's Square  
1 Oxford Street  
Manchester  
M1 4PB

### SOLICITORS

DWF LLP  
1 Scott Place  
2 Hardman Street  
Manchester  
M3 3AA

Farrer and Co LLP  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

### INVESTMENT ADVISERS

Castlefield Investment Partners LLP  
9th Floor, 111 Piccadilly  
Manchester  
M1 2HY

### BANKERS

NatWest Bank Plc  
19 Market Street  
Manchester  
M1 1WR

CCLA  
1 Angel Lane  
London  
EC4R 3AB

# The Manchester Grammar School Foundation

## TRUSTEE'S REPORT

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### REFERENCE AND ADMINISTRATIVE INFORMATION

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

All current Governors are listed on page 2 and served throughout the year other than Mr Jaideep Barot (appointed 21 September 2022), Mr Marcus Bokkerink (appointed 1 January 2023), Mr Hugh Campbell (appointed 23 November 2022), Mr Kunal Hinduja (appointed 23 November 2022) and Mr Akeel Malik (appointed 23 November 2022). The terms of office of Ms Joy Kingsley, Mr Brandon Leigh, Mrs Jane Luca and Mr John Young ended on 31 July 2023 and they were re-elected on 21 September 2023.

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 15 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. The Committee also meets termly to discuss risk. 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), Deputy Head ( Safeguarding), the Deputy Head (Academic), the Deputy Head (Teaching and Learning) and the Surmaster (who has responsibility for Co-curricular).

#### Remuneration policy for key management personnel

The Governors consider that the key management personnel of the School are the High Master and the Senior Leadership Team. The Remuneration Committee consisting of the Chair, 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.

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### 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.

### 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 Finance and General Purposes Committee specifically reviews risk at the initial meeting each term.

The key risks identified by the Governors are as follows:

- loss of tax treatments associated with being a charity
- long term recession
- 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 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.

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.

# The Manchester Grammar School Foundation

## TRUSTEE'S REPORT

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### 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.

#### Purpose

The Manchester Grammar School was founded in 1515 'to educate the poor boys of Manchester in Godliness and good learning'. Today the School interprets this in the following ways:

- We offer an education that enables our pupils to lead rich and fulfilled lives beyond their time at the School, but also instils in them the importance of making a positive impact on their community and society more widely.
- We want to ensure that access to the School is not governed solely by the ability to pay fees and we provide a significant number of places to those from the most disadvantaged backgrounds, including looked after children.

#### Ambition

- We aim to be at the forefront of educational practice, to ensure that we maintain our position as one of the country's leading academic schools.
- We want to grow our bursary provision with the aim that we achieve needs blind admission at some point in our future.

#### Priorities

- Develop and deliver a rich and broad curriculum that prepares pupils for their future lives.
- Build a caring community of pupils and staff who value each other and celebrate difference.
- Ensure that bursary provision is given due prominence in terms of its growth and application.
- Be a lead proponent of the use of technology in education through the development and sharing of best practice.

#### Values

- **Scholarship.** Learn to think for yourself, learn to think creatively and develop a life-long love of learning and in keeping with the School's motto, 'Sapere Aude', develop the courage to use the understanding you gain from your education.
- **Individuality.** Feel valued as an individual, and value the individuality of others.
- **Kindness.** Develop an awareness of the needs of others and treat every member of our community with respect.
- **Resilience.** Learn to cope when things don't go well and learn to bounce back after setbacks.
- **Service.** Develop a true sense of service to your community and wider society.

#### Strategies to achieve the above

- 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 500<sup>th</sup> anniversary of the School in 2015. By mid-2016, the £10 million target for the Next 500 Appeal was reached.

# The Manchester Grammar School Foundation

## TRUSTEE'S REPORT

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### Strategies to achieve the above (continued)

- In October 2020 the School formally launched its third major bursary appeal since 1998. All donations to the Bursary Now Appeal will be given to M.G.S. Trust, enabling them to provide bursary funding for immediate use by the School. It is hoped that M.G.S. Trust will not have to use devalued assets to fund bursaries in the next few years as this would have a lasting effect on the values of their bursary funds. The 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. 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, sports 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 2022 there were 1,654 boys in the School (2021: 1,662).

### 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

This year the GCSE and ICCSE results were as strong as would be expected, with 67% of grades at A\* or 9/8 level and 86% of grades at the A\*/A or 9/8/7 level. At A level, 38% of the grades were at the A\* or equivalent level and 86% were A\*- B or equivalent. This was the first year reflecting full return to pre-covid grading standards by exam boards.

Principal funding sources for the School's activities comprise fee income 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 2023, 218 boys benefitted from fee assistance including 31 new starters, 18 in receipt of temporary hardship assistance and 167 of which received 100% fee assistance.

# The Manchester Grammar School Foundation

## TRUSTEE'S REPORT

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### **Operational performance and public benefit (continued)**

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

The School is fully committed to providing public benefit in a much broader sense, through links and partnerships with the local community, including the following examples:

- Mandarin teaching project. The School is now in the seventh year of partnership with the Swire Chinese Language Foundation. Working with the support of John Swire and Son Ltd ("Swire"), our aim is to secure a major expansion of the teaching and learning of Chinese throughout state schools in Manchester and beyond.
- Blackden Trust. The School continues to support The Blackden Trust, an inspirational cultural hub which provides art events and tours for adults alongside special interest days and site-specific, focused educational courses for schools.
- Partnership with The Bursary Foundation. The School has partnered with the charity "The Bursary Foundation" since 2018, working closely with state primary schools in Manchester and Salford to identify pupils with strong academic potential from low-income backgrounds, providing tutoring and mentoring to help prepare them and their families before sitting entrance examinations for Manchester Grammar School and other independent schools.
- 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. Through a partnership with St Chrysostom's Church pupils are trained with basic TEFL (Teaching English as a Foreign Language) skills and work one-to-one teaching young learners who seek to improve their English.
- All Saint's Primary School. This is a school that works with children who live in a socio-economically deprived area in Gorton. During the year we provided French curriculum support for Year 3 and Year 5.
- Together Dementia Support. Pupils visit this charity in Longsight each week to support residents. Varied afternoons include singing and dancing, making crafts, listening to stories and drinking tea.
- Charitable fund-raising. 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. In particular this year, pupils chose to support Macmillan Cancer Support, UNICEF to address the humanitarian crisis faced by those displaced by wars, and continued to support Shiners School in Kenya.
- Volunteering. This is a staple of the School's Sixth Form Enrichment programme, involving 128 student volunteers and 19 members of staff. Activities include supporting the French, Maths, Science and Literacy curriculum in state primary schools across Manchester, supporting the English as an Additional Language literacy programme at Manchester Academy in Moss Side, supporting pupils at Piper Hill Special School as well as working with Manchester City Council in offering language and literacy support to children in the Afghan Resettlement Scheme Project.
- Volunteers continued to work with Canon and Mrs Wyatt to support Salford Community projects linked to St Paul's Church, Salford, throughout the year. In the Christmas holiday, over 40 student and staff volunteers helped to sort and deliver hundreds of gifts donated by the MGS community to homes across Salford, as well as to children supported by Salford Council.
- Middle School students continued to volunteer with the nursery class at St. Mary's RC Primary School in Levenshulme with support for language development. The Friends of Birchfields Park appreciate the Middle School volunteers picking litter each week in the park. Chess and Chat is a new addition to the Middle School volunteering program; during weekly visits to St Peter's RC High School in Manchester pupils have enjoyed the chess challenge as well as the friendships that have developed.
- 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.



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### Operational performance and public benefit (continued)

At our last full 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.

An additional unannounced regulatory inspection was carried out in May 2023, which focused on the School's compliance with the Education Independent School Standards Regulations 2014 (ISSRs). The School met all the requirements of this inspection.

### 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. The school has completed the installation of solar panels on the roof of the sports hall and will consider further solar projects in the future once their effectiveness has been reviewed. There has been some additional cavity wall insulation in some buildings to reduce heat loss. The School is in the process of designing the new Sixth Form Centre and a significant part of this process is the design of the energy and heating systems that will be used. Various other types of work continue, for example, the move to energy efficient LED light fittings and adjustments to the heating system to create smaller, more individually controllable heating zones. Pupils are encouraged to bring in water bottles to minimise single use plastics. 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 2023/24.

### 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 2023 are:

Portfolio return for year (after costs)	Benchmark return (nil cost)	Portfolio return since 1997 (after costs)	Benchmark return since 1997 (nil cost)
-0.26%	2.50%	350.44%	333.72%

The Governors consider the investment performance for the year to be satisfactory, in view of the prevailing market conditions.

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## TRUSTEE'S REPORT

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### 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 £30 million and it is the School's aim to increase this to over £100 million in the coming decades through on-going fundraising and prudent financial management by the Trustees.

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

### FINANCIAL REVIEW AND RESULTS FOR THE YEAR

A summary of the year's financial activities is set out on page 16 in the attached accounts. The net income for the year before investment gains and the actuarial loss on The Manchester Grammar School Pension Scheme, a defined benefit pension scheme, was £3,474,469 (2022: £1,268,441 net income).

The principal funding sources of the School continue to be fee income, donations and legacies received which support the key objectives. The increase in fee income on the previous year resulted from a 4.5% uplift in fees. Income arising from donations and legacies in the year is unusually high due to two particularly notable contributions as follows, for which the School is extremely grateful. Unrestricted funds includes income of £1,332,000 arising from a single legacy, of which £150,000 was received during the year and £1,182,000 has been accrued at year end. The value of that accrued income is based on an estimate of the value of assets held by the estate of the benefactor, yet to be sold, with the funds arising then due to be released to the School. The benefactor did not place any restriction on the use of these legacy funds, and the Governors have designated those funds towards the cost of building the proposed new Sixth Form Centre, sports pavilion and dining room. That legacy income is therefore included in designated funds as part of overall unrestricted funds. In addition, restricted funds includes income of £1,022,336 arising from a single donation towards the cost of building the proposed new Sixth Form Centre, sports pavilion and dining room. Further detail relating to funds is given in note 14. The largest element of the School's expenditure continues to be staff costs.

The net increase in total funds was £2,791,579 (2022: £337,168), giving total school funds of £23,123,615 (2022: £20,332,036). Continuing careful control of operating costs together with the significant legacy received in the year referred to above contributed to net income on unrestricted funds of £2,396,860 (2022: £1,302,661) and an increase in unrestricted funds of £1,854,052 (2022: £1,005,661) after fund transfers and actuarial losses, giving total unrestricted funds of £16,325,423 (2022: £14,471,371). Restricted funds increased by £937,527 primarily due to receipt of a substantial donation in the year which has yet to be spent in accordance with the terms for which it was provided (2022: decrease by £668,493), giving total restricted funds of £6,798,192 (2022: £5,860,665).

Additions to fixed assets in the year were £1,183,749 which includes £235,442 in the capital work in progress category, incurred on professional fees in the planning stages of the proposed new Sixth Form Centre which to date has been funded from general unrestricted funds.

Unrestricted funds as shown in the financial statements includes a liability of £666,738 (2022: £362,738) in relation to The Manchester Grammar School Pension Scheme. These figures reflect an actuarial loss in the current year and prior year. Further details are given in note 18.

The School has net current assets at 31 July 2023 of £3,341,316 (2022: assets £774,676). 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 2023 which has contributed to the increased cash balance and increased fees in advance creditor at year end. The substantial cash donation received in the year, which is yet to be spent in line with donor instructions, has also contributed to increased cash balance at year end. Debtors have increased in the year as a result of significant legacy income accrued but not yet received by year end. The bank loan creditor has reduced to nil as a result of voluntary early repayment of the loan in full.

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### **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 £16.3m of unrestricted funds at 31 July 2023. School funds of £15.2m are invested in the School estate, meaning there were free reserves amounting to £1.1m at 31 July 2023 (2022: deficit of £0.2m). Unrestricted funds includes £1.3m, of which £1.2m is accrued income not yet received by year end, all of which has been designated towards the cost of building the proposed new Sixth Form Centre, sports pavilion and dining room. 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 £0.7m (2022: £0.4m). Excluding this balance, unrestricted funds would be £17.0m (2022: £14.8m). Current capital commitments are given in note 21.

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

### **Investment policy**

Investment powers are governed by the 2000 Trust Deed which states that Governors must review the School's investments periodically and consider the suitability of the investments and the need for diversification. A new investment policy was agreed by the Governors in March 2018 and is reviewed annually. The management of the School's portfolio is handled by a professional investment manager who reports to the Governors three times a year. Following a review during the year there has been a change of investment manager after year end. 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 and Academic Review**

In light of the end of the Pre-U and changes to many GCSE syllabuses, the School is in the process of a full curriculum review. This will involve departmental reviews of exam boards and their examinations and a strategic review of what the School offers. The review will include discussions of the subjects we offer, how we want children to learn and how we prepare them for the future in the best way. It will also consider what makes an MGS education rich and special and how the curriculum is enhanced by the co-curriculum activities. There will also be a review of the Junior School curriculum with a view to ensuring that it remains engaging, challenging, inspiring and encourages pupils to ask questions about the world around them.

The School has developed a new academic tracking system that is integrated with ISAMS (our management information system). The tracking data will help us further improve how we measure and illustrate academic progress so that we can even more effectively support all our pupils through bespoke academic intervention.

The system will be reviewed throughout 2023/24 with a view to further development in the 2024/25 academic year.

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### **FUTURE PLANS (continued)**

#### **Safeguarding**

A new filtering and monitoring system is being introduced in line with Keeping Children Safe in Education 2023 (the statutory guidance for schools). This new system will be evaluated throughout the year and there will be a formal review at the end of the year.

#### **Staff development**

The School is developing a new system of Individual Staff Review to increase the responsiveness of CPD provision. There will also be a new whole school approach to support the continuing development of Teaching and Learning across the School. This will take the form of a programme of collaborative lesson observations, learning walks and discussions to enable Heads of Departments to evaluate and inform their Departmental Development Plans.

#### **Estates**

The project to build a new Sixth Form Centre and sports pavilion on the site of the existing pavilion is now well underway. A steering group is meeting regularly to manage this project. Fundraising plans for the project are managed by the Director of Development.

### **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.

# The Manchester Grammar School Foundation

## TRUSTEE'S REPORT

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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

Approved by the Board of Governors on

and signed on its behalf by:

**M C Bolton**  
**Chair of Governors and**  
**Director of the Trustee**

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

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## **Opinion**

We have audited the financial statements of The Manchester Grammar School Foundation (the 'charity') for the year ended 31 July 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## **Basis for opinion**

We 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

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## **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 has 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

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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 and fraud in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to management override of internal controls 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. Audit procedures performed in relation to the risk of fraud in revenue recognition included agreeing a sample of legacy assets donated to external information to gain comfort over the valuation provided by management.

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  
Ninth Floor, Landmark  
St Peter's Square  
1 Oxford Street  
Manchester  
M1 4PB

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 2023

		Unrestricted funds	Restricted funds	Total 2023	Total 2022
	Note	£	£	£	£
<b>INCOME</b>					
<b>Donations and legacies</b>					
Donations and legacies	1	1,332,000	3,574,348	4,906,348	2,402,383
<b>Charitable activities</b>					
School fees	2a	22,552,407	-	22,552,407	21,672,032
Catering income		990,144	-	990,144	904,264
Other charitable income	3	602,940	69,864	672,804	641,517
		<u>25,477,491</u>	<u>3,644,212</u>	<u>29,121,703</u>	<u>25,620,196</u>
<b>Investments</b>					
Investment income	4	59,195	114,811	174,006	91,427
<b>Other</b>					
Other income	5	32,735	-	32,735	21,964
<b>TOTAL INCOME</b>		<u>25,569,421</u>	<u>3,759,023</u>	<u>29,328,444</u>	<u>25,733,587</u>
<b>EXPENDITURE</b>					
<b>Raising funds</b>					
Fundraising		283,969	1,175	285,144	306,555
Investment management		-	24,494	24,494	29,568
		<u>283,969</u>	<u>25,669</u>	<u>309,638</u>	<u>336,123</u>
<b>Charitable activities</b>					
Teaching staff costs		12,693,748	68,969	12,762,717	12,157,052
Teaching support staff costs		1,398,115	-	1,398,115	1,342,715
Other teaching costs		2,230,283	18,172	2,248,455	2,106,778
Catering expenditure		1,256,287	2,481	1,258,768	1,132,394
Other welfare costs		142,666	-	142,666	132,257
Premises costs		2,660,481	-	2,660,481	2,580,847
Grants, awards and prizes	2c	71,434	2,557,381	2,628,815	2,502,718
Support costs		2,217,370	8,742	2,226,112	2,018,905
Management and administration		218,208	-	218,208	155,357
		<u>22,888,592</u>	<u>2,655,745</u>	<u>25,544,337</u>	<u>24,129,023</u>
<b>TOTAL EXPENDITURE</b>	7	<u>23,172,561</u>	<u>2,681,414</u>	<u>25,853,975</u>	<u>24,465,146</u>
Net income before investment gains		2,396,860	1,077,609	3,474,469	1,268,441
Net (losses) on investments	9	-	(116,890)	(116,890)	(634,273)
<b>NET INCOME</b>		<u>2,396,860</u>	<u>960,719</u>	<u>3,357,579</u>	<u>634,168</u>
(Loss) on defined benefit pension scheme	18	(566,000)	-	(566,000)	(297,000)
Transfers between funds	14	23,192	(23,192)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<u>1,854,052</u>	<u>937,527</u>	<u>2,791,579</u>	<u>337,168</u>
<b>RECONCILIATION OF FUNDS:</b>					
<b>FUND BALANCES BROUGHT FORWARD</b>		<u>14,471,371</u>	<u>5,860,665</u>	<u>20,332,036</u>	<u>19,994,868</u>
<b>FUND BALANCES CARRIED FORWARD</b>		<u>16,325,423</u>	<u>6,798,192</u>	<u>23,123,615</u>	<u>20,332,036</u>

The accounting policies and notes on pages 19 to 40 form part of these accounts.

# The Manchester Grammar School Foundation

## BALANCE SHEET

As at 31 July 2023

		2023	2022
	Note	£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	15,206,164	14,724,536
Investments	9	5,462,473	5,603,857
		<u>20,668,637</u>	<u>20,328,393</u>
<b>CURRENT ASSETS</b>			
Debtors	10	1,830,872	630,990
Cash at bank and in hand		11,712,193	9,476,143
		<u>13,543,065</u>	<u>10,107,133</u>
<b>CREDITORS:</b> Amounts falling due within one year	11	(10,201,749)	(9,332,457)
<b>NET CURRENT ASSETS</b>		<u>3,341,316</u>	<u>774,676</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		24,009,953	21,103,069
<b>CREDITORS:</b> Amounts falling due after more than one year	12	(219,600)	(408,295)
<b>TOTAL NET ASSETS EXCLUDING PENSION PROVISION</b>		<u>23,790,353</u>	<u>20,694,774</u>
Pension provision	18	(666,738)	(362,738)
<b>TOTAL NET ASSETS</b>		<u>23,123,615</u>	<u>20,332,036</u>
<b>FUNDS</b>			
Restricted funds		6,798,192	5,860,665
Unrestricted funds:			
General unrestricted funds		15,660,161	14,834,109
Designated funds		1,332,000	-
Pension reserve		(666,738)	(362,738)
Total unrestricted funds		<u>16,325,423</u>	<u>14,471,371</u>
<b>TOTAL FUNDS OF THE SCHOOL</b>	15	<u>23,123,615</u>	<u>20,332,036</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 19 to 40 form part of these accounts.

# The Manchester Grammar School Foundation

## CASH FLOW STATEMENT

For the year ended 31 July 2023

	Note	£	2023 £	£	2022 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	16		3,769,135		2,753,673
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income		114,811		87,435	
Interest received		59,195		3,992	
Purchase of investments		(296,732)		(850,928)	
(Increase)/decrease in cash held within investments		(120,286)		91,052	
Proceeds from sale of investments		441,512		789,444	
Purchase of tangible fixed assets		(1,183,749)		(610,994)	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			(985,249)		(489,999)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(21,574)		(28,692)	
Repayments of borrowing		(526,262)		(246,128)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>			(547,836)		(274,820)
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>			2,236,050		1,988,854
<b>CASH AND CASH EQUIVALENTS AT 1 AUGUST</b>			9,476,143		7,487,289
<b>CASH AND CASH EQUIVALENTS AT 31 JULY</b>			11,712,193		9,476,143
<b>REPRESENTED BY:</b>					
Cash at bank and in hand			11,712,193		9,476,143

The accounting policies and notes on pages 19 to 40 form part of these accounts.

# The Manchester Grammar School Foundation

## ACCOUNTING POLICIES

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### 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 2019 (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.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

### 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 2023 of £3,341,316 (2022: assets £774,676). 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 £8,078,540 (2022: £6,962,537) which relates to fees in advance which will be released to income during the next financial year. There is currently no external borrowing as a result of the bank loan having been voluntarily repaid in full during the year.

The School has prepared cash flow forecasts for two years ending 31 July 2025, 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 surrounding 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 service 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.

For legacies, entitlement is taken on a case by case basis as the earlier of the date on which: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. If the legacy is in the form of an asset other than cash or an asset listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset has passed to the charity. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Other income, including investment income, is accounted for on an accruals basis.

# The Manchester Grammar School Foundation

## ACCOUNTING POLICIES

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### EXPENDITURE

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

### TAXATION

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

### VALUE ADDED TAX

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

### TANGIBLE FIXED ASSETS

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

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

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

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

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

### DEPRECIATION

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

Freehold buildings	2%
Equipment	20%

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

### IMPAIRMENT OF FIXED ASSETS

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

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

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

# The Manchester Grammar School Foundation

## ACCOUNTING POLICIES

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### IMPAIRMENT OF FIXED ASSETS (continued)

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

### INVESTMENTS

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

### FUND ACCOUNTING

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

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

### AGENCY ARRANGEMENTS

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

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

### EMPLOYEE BENEFITS

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

### TERMINATION BENEFITS

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

### RETIREMENT BENEFITS

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

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

# The Manchester Grammar School Foundation

## ACCOUNTING POLICIES

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### RETIREMENT BENEFITS (continued)

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

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

### FINANCIAL INSTRUMENTS

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

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

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

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

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

#### Critical accounting estimates and assumptions

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

- Pension liability

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

- Useful life of fixed assets

In making decisions regarding the depreciation of tangible fixed assets, management must estimate the useful life of said assets to the School. A change in estimate would result in a change in the depreciation charged to the statement of total comprehensive income in each year. The carrying value of tangible fixed assets is £15,206,164 (2022 : £14,724,536) with depreciation of £702,121 (2022: £662,715) being charged during the year.

- Accrued income relating to legacy

In determining the amount of accrued income relating to the substantial legacy within unrestricted funds, management have estimated valuations of properties and shares held by the estate with reference to probate values of the properties and recent listed share prices.

# The Manchester Grammar School Foundation

## ACCOUNTING POLICIES

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### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

#### 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 2023

### 1 DONATIONS AND LEGACIES

	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
M.G.S. Trust donations to Bursary Fund	-	2,375,628	2,375,628	2,231,000
Other donations to Bursary Fund	-	103,523	103,523	146,171
Other donations	-	1,069,197	1,069,197	25,212
Legacy income	1,332,000	26,000	1,358,000	-
Total donations and legacies	<u>1,332,000</u>	<u>3,574,348</u>	<u>4,906,348</u>	<u>2,402,383</u>

All donations in the year ended 31 July 2022 were credited to restricted funds.

### 2 SCHOOL FEES

	2023 £	2022 £
2a) Gross fees	23,190,020	22,278,044
Less: fee discounts	(402,338)	(379,786)
Less: bursaries, scholarships and awards (see note 2b)	(2,765,545)	(2,633,199)
	<u>20,022,137</u>	<u>19,265,059</u>
Plus: bursaries, scholarships and awards paid for by restricted funds	2,530,270	2,406,973
	<u>22,552,407</u>	<u>21,672,032</u>
2b) Bursaries, scholarships and awards comprise:		
Restricted funds – fee assistance	2,530,270	2,406,973
Unrestricted funds – fee assistance	235,275	226,226
	<u>2,765,545</u>	<u>2,633,199</u>
2c) Grants, awards and prizes expenditure		
Restricted funds – fee assistance	2,530,270	2,406,973
Restricted funds – other awards and prizes	27,111	32,630
	<u>2,557,381</u>	<u>2,439,603</u>
Unrestricted funds - other awards	71,434	63,115
	<u>2,628,815</u>	<u>2,502,718</u>

The total fee assistance awards provided assistance to 218 (2022: 227) 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 2023

### 3 OTHER CHARITABLE INCOME

	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
Grants receivable	-	68,969	68,969	71,805
Shuttle bus income	442,258	-	442,258	441,174
Other income	160,682	895	161,577	128,538
	<u>602,940</u>	<u>69,864</u>	<u>672,804</u>	<u>641,517</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 2022.

### 4 INVESTMENT INCOME

	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
Listed investments	-	51,242	51,242	58,172
Other unlisted securities	-	41,122	41,122	27,229
Interest on other bank accounts	59,195	22,447	81,642	6,026
	<u>59,195</u>	<u>114,811</u>	<u>174,006</u>	<u>91,427</u>

Investment income, with the exception of interest on other bank accounts of £3,992, was credited to restricted funds in the year ended 31 July 2022.

### 5 OTHER INCOME

	Unrestricted £	Restricted £	2023 £	2022 £
Lettings	32,735	-	32,735	21,964
	<u>32,735</u>	<u>-</u>	<u>32,735</u>	<u>21,964</u>

All other income in the year ended 2022 was credited to unrestricted funds.

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

6	EXPENDITURE	2023	2022
		£	£
	Charitable expenditure includes:		
	Depreciation	702,121	662,715
	Loss on disposal of fixed assets	-	8,573
	Bank interest payable	21,574	28,692
	Operating lease payments	391,095	425,231
	Net interest on pension liability	8,000	3,000
	Governance costs includes:		
	Auditor's remuneration (excluding VAT) - statutory audit	27,475	23,925
	Auditor's remuneration – other assurance services	1,200	1,100
	Staff costs:		
	Wages and salaries	12,854,359	12,228,072
	Social security costs	1,465,956	1,403,499
	Pension costs	2,584,237	2,427,947
	Redundancy costs	16,550	11,474
		16,921,102	16,070,992
	The average number of employees during the year was:	2023	2022
		No.	No.
	Teaching staff	184	179
	Other	137	142
		321	321
	The number of employees whose emoluments exceeded £60,000 were:	2023	2022
		No.	No.
	£60,001 to £70,000	38	24
	£70,001 to £80,000	1	3
	£80,001 to £90,000	6	5
	£90,001 to £100,000	1	-
	£100,000 to £110,000	-	1
	£110,001 to £120,000	1	-
	£230,001 to £240,000	1	-
	£250,000 to £260,000	-	1

Included in the above higher paid employees were 47 (2022: 33) accruing benefits under defined benefit schemes.

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

7	ANALYSIS OF EXPENDITURE				
	Staff costs	Other	Depreciation	Total 2023	Total 2022
	£	£	£	£	£
Charitable expenditure					
Teaching staff costs	12,762,717	-	-	12,762,717	12,157,052
Teaching support staff costs	1,398,115	-	-	1,398,115	1,342,715
Other teaching costs	-	1,990,648	257,807	2,248,455	2,106,778
Catering expenditure	509,162	741,853	7,753	1,258,768	1,132,394
Other welfare costs	120,946	21,720	-	142,666	132,257
Premises costs	708,850	1,541,595	410,036	2,660,481	2,580,847
Grants, awards and prizes	-	2,628,815	-	2,628,815	2,502,718
Support costs	1,160,020	1,039,567	26,525	2,226,112	2,018,905
Management and administration of the School	-	218,208	-	218,208	155,357
	<u>16,659,810</u>	<u>8,182,406</u>	<u>702,121</u>	<u>25,544,337</u>	<u>24,129,023</u>
Costs of generating funds					
Fundraising	261,292	23,852	-	285,144	306,555
Investment management	-	24,494	-	24,494	29,568
	<u>16,921,102</u>	<u>8,230,752</u>	<u>702,121</u>	<u>25,853,975</u>	<u>24,465,146</u>

Support costs comprise general office costs, insurance, loan interest, pension finance costs, staff related costs and governance costs. Governance costs amount to £34,410 (2022: £30,030). Management and administration costs comprise legal and professional fees, bank charges and school inspection costs.

Of the total charitable expenditure of £25,544,337 (2022: £24,129,023), £22,888,592 (2022: £21,574,624) was unrestricted and £2,655,745 (2022: £2,554,399) was restricted.

Of the total cost of generating funds of £309,638 (2022: £336,123), £283,969 (2022: £293,792) was unrestricted and £25,669 (2022: £42,331) was restricted.

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 8 TANGIBLE FIXED ASSETS

	Capital work in progress £	Freehold land & buildings £	Equipment £	Total £
Cost				
At 1 August 2022	307,606	20,269,848	1,872,393	22,449,847
Additions	551,464	262,750	369,535	1,183,749
Transfers	(307,606)	106,878	200,728	-
Disposals	-	-	(320,835)	(320,835)
At 31 July 2023	551,464	20,639,476	2,121,821	23,312,761
Depreciation				
At 1 August 2022	-	6,346,117	1,379,194	7,725,311
Charge for the year	-	407,850	294,271	702,121
Disposals	-	-	(320,835)	(320,835)
At 31 July 2023	-	6,753,967	1,352,630	8,106,597
Net book value				
At 31 July 2023	551,464	13,885,509	769,191	15,206,164
At 31 July 2022	307,606	13,923,731	493,199	14,724,536

The School's buildings currently have an insured value of £99,141,448 (2022: £90,544,301). 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 2022	1,775,677	3,826,105	-	2,075	5,603,857
Additions	128,157	168,575	-	120,286	417,018
Disposals	(275,568)	(165,944)	-	-	(441,512)
Net investment losses	(17,178)	(99,712)	-	-	(116,890)
At 31 July 2023	1,611,088	3,729,024	-	122,361	5,462,473
Historical cost					
At 31 July 2023	1,299,965	3,521,363	-	122,361	4,943,689
At 31 July 2022	1,369,497	3,486,244	-	2,075	4,857,816

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 9 INVESTMENTS (continued)

All listed investments relate to direct investment in listed securities.

	2023 £	2022 £
Investment assets in the UK	3,064,852	3,326,257
Investment assets outside the UK	2,397,621	2,277,600
	<u>5,462,473</u>	<u>5,603,857</u>

### 10 DEBTORS

	2023 £	2022 £
Trade debtors	113,990	118,171
Prepayments and accrued income	1,675,361	488,041
Other debtors	41,521	24,778
	<u>1,830,872</u>	<u>630,990</u>

Trade debtors are stated after a bad debt provision of £181,626 (2022: £174,404). The provision for bad and doubtful debts increased during the year resulting in a debit to charitable activities of £7,222 (2022: credit £18,627).

### 11 CREDITORS: Amounts falling due within one year

	2023 £	2022 £
Bank loans (see note 12)	-	339,817
Trade creditors	541,443	468,903
Other taxation and social security	358,302	363,546
Other creditors	644,672	602,303
Accruals and deferred income	543,312	565,791
Fees in advance	8,078,540	6,962,537
Refundable deposits	35,480	29,560
	<u>10,201,749</u>	<u>9,332,457</u>

Fees in advance are payments that have been received for school fees for the 2023/2024 academic year.

Deferred income relates to shuttle buses, lunches 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 2023

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

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

	2023	2022
	£	£
Balance brought forward at 1 August	7,112,165	6,236,532
Amounts released during the year	(7,112,165)	(6,236,532)
Amounts deferred during the year	8,217,566	7,112,165
Balance carried forward at 31 July	<u>8,217,566</u>	<u>7,112,165</u>

### 12 CREDITORS: Amounts falling due after more than one year

	2023	2022
	£	£
Bank loans	-	186,445
Refundable deposits	219,600	221,850
	<u>219,600</u>	<u>408,295</u>

Maturity of bank loans

Bank loan amounts payable within:

1 year	-	339,817
1 to 2 years	-	186,445
2 to 5 years	-	-
	<u>-</u>	<u>526,262</u>

Bank loans comprised a single loan repayable in monthly instalments with a final payment due August 2023 at an interest rate of 3.87% over Bank of England base rate. Monthly instalments were voluntarily increased resulting in the loan being fully repaid by 31 July 2023.

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:

	2023	2022
	£	£
Amounts due within one year	35,480	29,560
1 to 2 years	22,350	26,550
2 to 5 years	84,750	83,250
More than 5 years	112,500	112,050
	<u>255,080</u>	<u>251,410</u>

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 13 FINANCIAL INSTRUMENTS

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

	2023 £	2022 £
Financial assets:		
Debt instruments measured at amortised cost	1,342,435	154,346
Equity instruments measured at fair value through profit or loss	5,340,112	5,601,782
	<u>6,682,547</u>	<u>5,756,128</u>
	2023 £	2022 £
Financial liabilities measured at amortised cost	1,845,481	2,265,041
	<u></u>	<u></u>

### 14 FUNDS

	Balance 1 August 2022	Incoming resources	Resources expended	Transfer between funds	Other gains/ (losses)	Balance 31 July 2023
	£	£	£	£	£	£
Restricted	5,860,665	3,759,023	(2,681,414)	(23,192)	(116,890)	6,798,192
Pension reserve	(362,738)	-	(99,000)	361,000	(566,000)	(666,738)
General unrestricted	14,834,109	25,569,421	(23,073,561)	(1,669,808)	-	15,660,161
Designated	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,332,000</u>	<u>-</u>	<u>1,332,000</u>
Total funds	<u>20,332,036</u>	<u>29,328,444</u>	<u>(25,853,975)</u>	<u>-</u>	<u>(682,890)</u>	<u>23,123,615</u>

Unrestricted funds are retained as necessary to cover working capital.

Transfers between funds comprise:

- 1) Transfers relating to the in year contributions, the in year expenditure and the gain/loss in relation to the defined benefit pension scheme.
- 2) Transfers out of restricted funds into general unrestricted funds of amounts spent on capitalised equipment assets in the year. The transfer represents amounts spent in accordance with the restriction and capitalised within tangible assets in the year.
- 3) The transfer out of general unrestricted funds into designated funds relating to income from a legacy inherited during the year upon which no restriction was placed by the benefactor. The amount transferred of £1,332,000 includes £150,000 received during the year and £1,182,000 estimated to be receivable from the legacy after 31 July 2023. The Governors have designated those funds towards the cost of building the proposed new Sixth Form Centre, sports pavilion and dining room.



# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 14 FUNDS (continued)

Restricted funds		Balance	Incoming	Resources	Transfers	Investment	Balance
		1 August	resources	expended	between	losses	31 July
		2022	£	£	funds	£	2023
		£			£		£
1)	Bursary Fund	4,359,748	2,564,187	(2,549,020)	-	(89,480)	4,285,435
2)	New Building Fund	-	1,057,271	(36)	-	-	1,057,235
3)	Leaving Exhibition Fund	521,902	8,409	(8154)	-	(10,302)	511,855
4)	Scholarship Fund	80,821	1,282	(1,525)	-	(1,596)	78,982
5)	Prize Fund	192,695	3,981	(3,997)	-	(3,867)	188,812
6)	Educational Travel Fund	274,945	31,693	(14,379)	-	(5,524)	286,735
7)	Sports and Games Fund	89,346	1,334	(316)	(10,056)	(1,509)	78,799
8)	Library Fund	183,221	2,734	(3,650)	(13,136)	(3,104)	166,065
9)	Other funds	157,987	88,132	(100,337)	-	(1,508)	144,274
		<u>5,860,665</u>	<u>3,759,023</u>	<u>(2,681,414)</u>	<u>(23,192)</u>	<u>(116,890)</u>	<u>6,798,192</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 New Building Fund has been created this year. Incoming resources relate to donations received which are to be used towards the cost of building the proposed new Sixth Form Centre, sports pavilion and dining room.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) 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.
- 8) The Library Fund is used for the provision of items, services and facilities for the School library.
- 9) 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 £68,969 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 2023

### 14 FUNDS (continued)

Prior year 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
Designated	-	-	-	-	-	-
Total funds	19,994,868	25,733,587	(24,465,146)	-	(931,273)	20,332,036

Restricted funds:

	Balance 1 August 2021 £	Incoming resources £	Resources expended £	Transfers between funds £	Investment gains £	Balance 31 July 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
	6,529,158	2,562,510	(2,596,730)	-	(634,273)	5,860,665

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

As at 31 July 2023:	Tangible fixed assets £	Investments £	Net current assets/(liabilities) £	Long term liabilities and provisions £	Total £
Restricted funds	-	5,462,473	1,335,719	-	6,798,192
Unrestricted funds	15,206,164	-	2,005,597	(886,338)	16,325,423
	<u>15,206,164</u>	<u>5,462,473</u>	<u>3,341,316</u>	<u>(886,338)</u>	<u>23,123,615</u>
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>

### 16 CASH FLOW STATEMENT

Reconciliation of net income to net cash flow from operating activities

	2023	2022
	£	£
Net income	3,357,579	634,168
Depreciation	702,121	662,715
Losses on disposal of fixed assets	-	8,573
Interest receivable	(59,195)	(3,992)
Losses on investments	116,890	634,273
Interest payable	21,574	28,692
Investment income	(114,811)	(87,435)
Increase in debtors	(1,199,882)	(66,268)
Increase in fees in advance	1,116,003	898,495
Increase in other creditors	90,856	277,452
Defined benefit pension scheme costs less contributions payable	(270,000)	(236,000)
Defined benefit pension scheme finance cost	8,000	3,000
Net cash provided by operating activities	<u>3,769,135</u>	<u>2,753,673</u>

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 17 ANALYSIS OF CHANGES IN NET DEBT

	1 August 2022 £	Cash flows £	Non-cash flows £	31 July 2023 £
Cash at bank and in hand	9,476,143	2,236,050	-	11,712,193
Borrowings excluding overdrafts	(526,262)	526,262	-	-
	<u>8,949,881</u>	<u>2,762,312</u>	<u>-</u>	<u>11,712,193</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 £2,153,156 (2022: £2,032,651) and at the year-end £257,987 (2022: £247,269) 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 2023 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 2020 in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

The valuation report was published by the Department for Education on 26 October 2023. The key elements of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016 £22 billion)
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI) (this change has had the greatest financial significance)

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

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### 18 PENSION SCHEMES (continued)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy).

A copy of the valuation report and supporting documentation is available 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 £416,516 (2022: £384,868). Included within other creditors is a balance of £51,877 relating to the FRP scheme (2022: £46,576).

#### 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 2023 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 Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 18 PENSION SCHEMES (continued)

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

	2023	2022
	%	%
Discount rate	5.2	3.6
Inflation (RPI)	3.1	3.3
Inflation (CPI)	2.7	2.7
Salary growth	2.7	2.7

The pension valuation as at 31 July 2023 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 2023 Life expectancy at age 65 (years)	At 31 July 2022 Life expectancy at age 65 (years)
Male retiring in 2023	19.8	20.3
Female retiring in 2023	22.3	22.6
Male retiring in 2043	21.0	21.5
Female retiring in 2043	23.7	23.7

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

	2023 £000	2022 £000
Expenses	91	103
Net interest cost	8	3
	<u>99</u>	<u>106</u>

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

	2023 £000	2022 £000
Loss on plan assets (excluding amounts included in net interest costs)	(3,476)	(3,360)
Experience losses arising on the plan liabilities	(365)	(667)
Gain as a result of effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	3,275	3,730
Total loss recognised in other comprehensive income	<u>(566)</u>	<u>(297)</u>

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

### 18 PENSION SCHEMES (continued)

Changes in pension value of the defined benefit obligation:

	2023	2022
	£000	£000
Defined benefit obligation at start of period	11,610	14,716
Interest expense	412	248
Actuarial gain	(2,910)	(3,063)
Benefits paid	(331)	(291)
Defined benefit obligation at end of period	<u>8,781</u>	<u>11,610</u>

Changes in the fair value of plan assets:

	2023	2022
	£000	£000
Fair value of plan assets at start of period	11,247	14,417
Interest income	404	245
Actuarial loss	(3,476)	(3,360)
Contributions by the School	361	339
Benefits paid	(331)	(291)
Expenses	(91)	(103)
Fair value of plan assets at end of period	<u>8,114</u>	<u>11,247</u>
Deficit in plan	<u>667</u>	<u>363</u>

The actual return on the plan assets over the period ended 31 July 2023 was a loss of £3,072k (2022: loss of £3,115k).

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

	2023	2022
	£000	£000
Equity-type assets	196	1,607
Bonds	4,050	4,546
Property	395	431
Other	3,473	4,663
Total assets	<u>8,114</u>	<u>11,247</u>

# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

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### 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 £2,375,628 in respect of the year ended 31 July 2023 (2022: £2,231,000) from M.G.S. Trust. No amounts were owed to or from M.G.S. Trust at the year end (2022: £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.

#### **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 £1,135,313 (2022: £1,098,799).

### 20 TRANSACTIONS WITH GOVERNORS

Two of the Governors, who were appointed during the year, Mr Hugh Campbell and Mr Kunal Hinduja, each have one child attending the School. Both of those children were also in attendance last year. Neither received a bursary or other form of assistance.

One of the Governors, Mr Michael Robinson, is also a director of IN4M Property Consultants Ltd. During the year the School purchased building consultancy services from IN4M Property Consultants Ltd at a cost of £20,400 (2022 £nil). As at 31 July 2023 the School owed IN4M Property Consultants Ltd £nil (31 July 2022 £nil). The transactions with IN4M Property Consultants Ltd were at arms-length and at market value.

During the year 2 (2022: 1) Governors received reimbursement of travelling expenses totalling £834 (2022: £431).

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 2023, the School had capital commitments totalling £509,470 (2022: £526,666).



# The Manchester Grammar School Foundation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2023

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### 22 OPERATING LEASE COMMITMENTS

As at 31 July 2023, the School had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2023	2022
	£	£
Within 1 year	690,370	357,343
Within 1 to 2 years	652,572	98,879
Within 2 to 5 years	467,427	42,921
	<u>1,810,369</u>	<u>499,143</u>

Commitments under leases for Microsoft Surface computers provided to all pupils and teachers to enhance teaching and learning are reflected in the figures above. The increase compared to the previous year end reflects new leases under that scheme, providing higher specification devices across most year groups.

### 23 AGENCY ARRANGEMENTS

The School acts as agent in respect of school trips. In the year ended 31 July 2023 the School received £1,446,572 and paid £1,415,787 in respect of school trips (2022: school received £623,281 and paid £510,174). An amount of £287,936 (2022: £252,729) is included in other creditors, and £22,815 (2022: £18,394) 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 2023 the School received £268,494 and paid out £205,310 in respect of the Swire programme (2022: school received £210,485 and paid out £106,167). £68,969 was recognised as the School's own income in respect of Swire, included in grants receivable in the Statement of Financial Activities (2022: £66,779). An amount of £42,671 is included in other creditors in respect of Swire income that has yet to be distributed to recipient schools at the year-end (2022: £48,455).