

St Paul's Schools Foundation



Trustee's Annual Report & Financial Statements 2021

Charity Commission Number 312749

Foreword

The St Paul's Schools Foundation (the Charity) is responsible today for Dean John Colet's original endowment, created in 1509, for the establishment of St Paul's School. Until 2007, the Charity was the body responsible for St Paul's School and St Paul's Girls' School. In 2007, each of St Paul's School and St Paul's Girls' School were established as separate registered charities in their own right.

Today, the Charity continues to benefit students at these two schools, whilst also supporting education for boys and girls across Greater London through grant making.

Over the past year the Charity has maintained its grant-making programme. The Charity's major commitment this year was the final contribution to St Paul's School's ten-year rebuilding programme.

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Trustee's Annual Report for the year ended 31 March 2021

The Mercers' Company as the Trustee of the Charity presents its Report and audited financial statements for the year ended 31 March 2021. The financial statements have been prepared in accordance with the accounting principles set out in note 1 to the financial statements and comply with the Charity's Scheme of Management, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and activities for public benefit

The object of the Charity is to promote in Greater London the education (including social and physical training) for boys and girls and in particular but without prejudice to the generality of the foregoing to assist in the conduct and maintenance of schools in or near to Greater London for boys and girls.

After meeting the costs in connection with the Charity's property and its administration, the priorities for the application of income are:

- (i) to provide the yearly Apposition Dinner;
- (ii) to apply a yearly sum in such charitable purposes in Greater London as the Trustee thinks fit;
- (iii) in making payment to either of the St Paul's School or St Paul's Girls School on application for use in the school;
- (iv) to promote the education of boys and girls in Greater London.

The Trustee confirms that it has complied with its duty under Section 17 Charities Act 2011 to have due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives, in planning future activities and in setting the grant making policy for the year.

Grant making policy

The Charity is one of several charities that contributes to the people-based Philanthropy Framework co-ordinated by the Trustee. This framework comprises three major grant-making programmes which reflects the intentions of the participating charities' benefactors, focusing on individuals, families and communities facing disadvantage. Disadvantage is tackled through supporting organisations that help people to reach their potential in several ways including: by inspiring a love of learning; strengthening self-belief and wellbeing; and creating opportunities to live a balanced, rewarding and varied life. The Charity contributes to this framework by funding certain aspects of the Young People & Education programme which promotes the education of boys and girls in Greater London.

The Young People & Education programme has four interrelated strands of work. They are: The Associated Schools and Colleges, Mental Health and Wellbeing, School Leadership and three Special Initiatives: Early Years (reducing the attainment gap), supporting the Transition from Secondary Education and Literacy (supporting disadvantaged children to read and write for pleasure to change lives). The Charity contributes to the Associated Schools and Colleges strand of work through which support is given to the following London schools: Holy Trinity and St Silas CofE Primary School, Culloden Primary School, The Hall School, Bute House School, Hammersmith Academy, The Royal Ballet School, St Paul's School and St Paul's Girls School.

A review of performance and achievements

Despite the challenges presented by the pandemic, the Charity is pleased with what its beneficiaries have been able to achieve, as set out below.

- a. **Capital support for St Paul's School** – the Charity's most significant contribution in 2021, in line with its objects and the wishes of the original benefactor, John Colet, was the final donation of £3 million to the ten-year rebuilding and redevelopment project at St Paul's School.
 - b. **Support for Associated Schools and Colleges** – through the programme each school or college can apply for funding for up to two projects for £25,000 per year, for up to three years. This year five schools received grants totalling £140,000, many of which, are multi-year grants, so the work will extend into 2021/22, and beyond. Grants were made in support of
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projects to promote literacy, mental health and wellbeing, and the transitions out of school and into work.

- **Culloden Primary School** – A Paradigm Academy – support for a Mental Health and Wellbeing Learning Mentor at the school, to support vulnerable young children's mental health when they are making the transition from the early years into a more formal curriculum and primary school setting. This was particularly important in the 2020–21 academic year due to the number of pupils who were away from the School due to Covid-19.
 - **Hammersmith Academy Trust** – support for a Careers Coordinator to plan and deliver the school's careers programme and educate children for working life after school.
 - **Holy Trinity & St Silas C of E Primary School** – support for the school's literacy and specialist teacher programme which uses reading and writing interventions to boost the development and outcomes for the school's most disadvantaged pupils, some of whom also have Special Education Needs and Disabilities (SEND) or may have English as an Additional Language.
 - **St Paul's School** – support for the development of Colet Mentoring an on-demand peer to peer STEM mentoring mobile application to help boys and girls learn and thus close the attainment gap.
 - **St Paul's Girls' School** – support for a Partnership Coordinator to develop the school's Partnership work with other local primary and secondary schools to help foster links with the wider community and local maintained schools.
- c. **Bursary support to St Paul's Girls' School and St Paul's School** – two grants totalling £150,000 were made to the schools so that they could provide bursary places so that disadvantaged children could attend the schools.
- d. **Positive Opportunities Programme** – although this programme is now closed to new applications, three further grants, totalling £74,385, were made during the year to help disadvantaged boys and girls in London access the arts, sport, or the natural world. Grants were made to the following three organisations: **Solidarity Sports, Create Arts**, and the **Young Westminster Foundation**.

- e. **Other grantmaking activity** – two additional grants were made to **School 21** and to the **Classical Road Show**. The grant to School 21 was the final instalment in a multi-year grant to support the expansion of the School 21 Trust and a leadership development programme. The grant made to the Classical Road Show was to enable the organisation to run concerts for children to improve self-confidence and self-belief.

Monitoring and Impact

At the time of application, grantees submit a plan for how they will evaluate the success of their work. The Charity monitors each of the grants awarded through annual progress reports (which include an update on how they are progressing towards achieving the outcomes set at the time of application) as well as other material supplied by grantees such as videos and external impact reports. These formal reports are supplemented by informal conversations with grantees throughout the year. Of the organisations supported, 80% are fully meeting the outcomes they set at the time of application, the remaining 20% partially met their outcomes. Inevitably, Covid-19 has affected the progress of some of the work being supported.

The Trustee was an early signatory to the Covid 19 Funders' Statement pledging support to the sector and a willingness to be flexible as to the use of funds to help grantees adapt. Many of the organisations funded through the Young People & Education Programme have adapted and developed new ways of delivering their activities. Technology has been utilised positively and within the Associated Schools and Colleges, several have reported that there are groups of staff leading the way in innovative practice which will outlast the pandemic.

There has been a mixed experience amongst grantees in terms of future funding with some reporting the loss of grant income and others leveraging additional financial support. Some have also reported difficulties in their ability to monitor progress against outcomes due to disruptions in data collection caused by the pandemic. The Trustee is however confident that the organisations it is currently supporting can adapt and thrive despite the pandemic.

Future plans

The current Philanthropy Framework, to which the Charity contributes, runs until March 2023. The Charity will continue to support the education of boys and girls in Greater London through the Young People & Education programme. Building on dialogue and collaboration through 2021, there will be further collaboration and interaction with the two St Paul's Schools and Hammersmith Academy as they develop partnership work with other West London schools.

The pandemic has sadly meant that the Apposition Dinner was unable to be held in 2020 for 2020 Leavers but the dinner for 2020 and 2021 leavers will be held in 2022.

Financial Review

Funding Sources

The Charity generates income primarily from its own sources through:

	2021	2020
	£	£
Property investments	223,000	184,000
Stock market investments	506,000	643,000
Interest on deposits & cash balances	-	4,000

The tenth and final payment of £3m to St Paul's School was paid in April 2020. The Grant Agreement provided for total funds of £30 million by the Charity payable in ten separate grants of £3 million each, the tenth of which was paid in April 2020. The Mercers' Company donated the equivalent sum to the Charity and a total of £30 million had been received by 31 March 2020.

Investments

Investment property

An external valuation of the properties was undertaken at the year end and revaluation gains of £1,000,000 were recognised. (2020: nil).

Listed investments

Total gains of £4,858,000 on stock market investments during the year (2020: £2,250,000 losses) were experienced in the year following an upturn in the markets after the negative impact of the COVID-19 pandemic on global stock markets in 2019/20.

Investment Fund	Fund Return	Primary Comparator (CPI+4.0%)	Secondary Comparator (Composite)
General Investment Fund	35.2%	4.4%	23.3%
Endowment Fund	33.8%	4.4%	23.3%

Results for the year

Total income for the year was £996,000 (2020: £2,459,000); total expenditure for the year was £3,751,000 (2020: £3,615,000) and net gains on investments were £5,858,000 (2020: losses of £2,250,000) resulting in net income for the year of £3,103,000 (2020: £3,406,000 net expenditure).

Financial position

Net assets at the end of the year were £30,306,000 (2020: £27,203,000). These were represented by endowment funds of £22,170,000 (2020: £17,960,000), restricted funds of £67,000 (2020: £3,001,000) and unrestricted funds of £8,069,000 (2020: £6,242,000).

Fundraising

The Charity does not conduct any fundraising activity.

Investment policy

In accordance with the Scheme, the Trustee has the power to invest in such stocks, shares, and property as appropriate to meet the objectives of the Charity. The investment objective is for a rising level of income together with preserving the long term real value of the investments. The investment performance of stock market investments is compared against relevant benchmarks.

The Charity has a policy of responsible investment, positively screening to invest in companies that can demonstrate socially responsible values and sustainable growth, and negatively screening companies or sectors that are not in line with the charitable objects of the Charity to relieve those in poverty. As such, the following areas are excluded from our investments:

- High interest lending
- Tobacco
- Gambling
- Pornography

The Trustee is satisfied that its policy and objective is being met.

Risk management

The Trustee acknowledges its responsibility for the management of risks faced by the Charity. A review is undertaken regularly by the Trustee to identify, assess and mitigate those risks.

The Trustee, in considering the governance, management, operational, financial and environmental risks, is satisfied, that there is no material exposure and that there are procedures in place to mitigate such risks.

The Trustee has agreed clear lines of delegation and authority and the Trustee and its staff are involved in the recognition of risk in all their activities.

The principal risk faced by the Charity lies in the loss of asset value and performance of investments, mitigated by the regular review of the valuation by the Trustee's executive team and, where needed, reforecasting of budgets.

Reserves policy

The free reserves of the Charity comprise the unrestricted funds and amounted to £8,069,000 in 2021 (2020: £6,242,000).

Reserves are carried forward with the intention of:

- Committed grants £515,000.
- Grant making reserve of one year of Committee grants not already included above £320,000

As per the policy, the reserve required amounts to £835,000, compared to actual free reserves of £8,069,000, exceeding the target by £7,234,000. The Trustee is planning the utilisation of the excess reserves in coming years for its grant making programme.

The Trustee reviews the policy annually.

Structure, governance and management

The Wardens and Commonalty of the Mystery of Mercers of the City of London (more commonly known as The Mercers' Company) which is a body corporate formed by Royal Charter in 1394 is the Trustee of the Charity and is the controlling party. The Mercers' Company's governing body (the Court of Assistants) acts for the Company as Trustee. From 13 July 2019 to 9 July 2021 the Master was MCL Aspinall. Since 9 July 2021 CJ Vermont has been Master. The Clerk to the Mercers' Company is RM Abernethy.

The Mercers' Company acts as trustee for several charities and has established a governance committee for each charity. The members of the Charity's Governance Committee are:

Mr MCL Aspinall (Chairman)

Mr CC Scott

Mr RC Cunis JP

The Charity Governance Committee reviewed the Charity's grant making strategy, investment policy and reserves policy in 2021.

The Charity's Governance Committee also delegated certain matters to a number of the Trustee's specialist committees:

Function	Delegated Body
Grant making	Young People & Education Committee Philanthropy Committee
Oversight of investment property	Property Committee
Oversight of investment management	Investment Sub-Committee
Overview of risks and financial management	Audit Committee

The Charity is supported by the staff of the Mercers' Company, who are appropriately trained and qualified. These administrative services are provided under a service agreement. The following members of the Mercers' Company's senior management are involved in the provision of services:

Mr RM Abernethy (Clerk to the Mercers' Company)

Ms SMA Hedley-Dent (Deputy Clerk to The Mercers' Company)

Mr J Christie (Finance Director)

The Standard and Appointments Committee meets on a regular basis to keep the skills and composition of the committees and succession planning under review and, where needed, to recruit new members for their experience, empathy and knowledge in charity matters.

The Trustee intends to apply the principles of the Charity Governance Code so far as is possible given that it is sole corporate trustee. The Trustee has undertaken a self-assessment against the Charity Governance Code in 2021 and has identified areas in which it can further improve its practice to reflect the Governance Code principles. In addition, the Trustee has completed the checklist for a charity working with a non charity and has concluded that the relationship between the Charity and the Trustee is in the Charity's best interests.

Our volunteers

The Charity relies on members of The Mercers' Company volunteering their time to sit on committees, review grant requests, visit applicants and grantees, and attend events involving beneficiaries. In keeping with recommended practice, an estimate of the numbers of hours that Committee members give to the Charity free of charge during the year has been undertaken resulting in approximately 200 hours of voluntary time.

Related parties

The Charity works closely with the Trustee and the other charities with which the Trustee is involved. Details of related parties and connected charities are given in note 11 of the financial statements

Trustee's responsibilities in relation to the financial statements

The Trustee is responsible for preparing the Trustee's Annual 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 and Wales requires the Trustees 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 the income and expenditure of the Charity for that year.

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 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 (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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 and the applicable Charity (Accounts and Reports) Regulations. The Trustee 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.

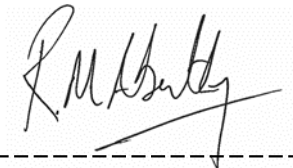
The Trustee is responsible for the maintenance and integrity of the Charity's financial information included on the Trustee's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.



Mr CJ Vermont

Master

18 November 2021



Mr RM Abernethy

Clerk to the Mercers' Company

Independent Auditor's Report

TO THE TRUSTEE OF ST PAUL'S SCHOOLS FOUNDATION

We have audited the financial statements of St Paul's Schools Foundation (the 'Charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, and the notes to the financial statements which include the principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Trustee is responsible for the other information. The other information comprises the information included in the Trustee's Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- ◆ the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; 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 Trustee

As explained more fully in the Trustee's responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the Charity through discussions with those charged with governance and other management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including the Charities Act 2011 and the financial reporting framework referred to above; and
- ◆ we understood how the Charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of meetings of those charged with governance.

We assessed the susceptibility of the Charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions.
- ◆ performed substantive testing of expenditure including testing the authorisation thereof; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the Charity's Trustee, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. 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.



22 November 2021

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of Financial Activities for the year ended 31 March 2021

31 March 2021						31 March 2020
		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
	Note	£'000	£'000	£'000	£'000	£'000
Income						
Donations and legacies	2	-	267	-	267	1,628
Investments	2	729	-	-	729	831
Total income		729	267	-	996	2,459
Expenditure						
<i>Raising funds</i>						
Investment management costs	3	(54)	-	(40)	(94)	(96)
<i>Charitable activities</i>	3, 13	(456)	(3,201)	-	(3,657)	(3,519)
Total expenditure		(510)	(3,201)	(40)	(3,751)	(3,615)
Gains / (Losses) on investments	5, 6	1,608	-	4,250	5,858	(2,250)
Net income / (expenditure) and net movement in funds		1,827	(2,934)	4,210	3,103	(3,406)
Fund balances brought forward at 1 April		6,242	3,001	17,960	27,203	30,609
Fund balances carried forward at 31 March		8,069	67	22,170	30,306	27,203

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.

Statement of Financial Activities for the year ended 31 March 2020

		31 March 2020			
		Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds	Funds
	Note	£'000	£'000	£'000	£'000
Income					
Donations and legacies	2	-	1,628	-	1,628
Investments	2	831	-	-	831
Total income		831	1,628	-	2,459
Expenditure					
<i>Raising funds</i>					
Investment management costs	3	(59)	-	(37)	(96)
<i>Charitable activities</i>	3	(519)	(3,000)	-	(3,519)
Total expenditure		(578)	(3,000)	(37)	(3,615)
(Losses)/Gains on investments		(545)	9	(1,714)	(2,250)
Net income and net movement in funds		(292)	(1,363)	(1,751)	(3,406)
Fund balances brought forward at 1 April		6,534	4,364	19,711	30,609
Fund balances carried forward at 31 March		6,242	3,001	17,960	27,203

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.

Balance Sheet as at 31 March 2021

		31 March 2021		31 March 2020	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	4	3,609		3,609	
Investment properties	5	4,538		3,538	
Quoted Investments	6	20,757		15,809	
Total fixed assets			28,904		22,956
Current assets					
Debtors	7	158		41	
Cash on deposit		201		1	
Cash at bank and in hand	12	1,123		4,322	
Total current assets			1,482		4,364
Creditors: amounts falling due within one year	8		(80)		(117)
Net current assets			1,402		4,247
Total net assets			30,306		27,203

The funds of the Charity:

Endowment funds	9	22,170	17,960
Restricted income funds	9	67	3,001
Unrestricted income funds	9	8,069	6,242
Total charity funds	9	30,306	27,203

The attached notes on pages 25 to 39 form an integral part of these financial statements. The financial statements on pages 21 to 39 were approved by the Trustee on 18 November 2021 and signed on its behalf by:

Mr CJ Vermont

Master

18 November 2021

Mr RM Abernethy

Clerk to the Mercers' Company

Statement of Cash Flows for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities:			
Net cash used in operating activities	12	(3,442)	(3,347)
Cash flows from investing activities:			
Interest received		-	4
Dividends received		533	673
Proceeds from the sale of gifted investments		-	2,944
Purchase of investments		(4,472)	(7,076)
(Increase)/decrease in cash held by investment managers		(219)	374
Proceeds from the sale of investments		4,601	6,619
Net cash provided by investing activities		443	3,538
Change in cash and cash equivalents in the financial year		(2,999)	191
Cash and cash equivalents at the beginning of the financial year		4,323	4,132
Cash and cash equivalents at the end of the financial year	12	1,324	4,323

Notes to the financial statements

1 Accounting Policies

ACCOUNTING BASIS

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements 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 SORP (FRS 102) rather than the previous withdrawn version which it replaced.

The Charity constitutes a public benefit entity as defined by FRS 102.

GOING CONCERN

The Trustee considers that there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustee has considered the impact of the ongoing Coronavirus pandemic on the Charity's operations, with a particular focus on its effect on its beneficiaries and suppliers and on the Charity's income and expenditure. The Trustee does not consider this to be cause for material uncertainty in respect of the Charity's ability to continue as a going concern. The Charity has reforecast its grant making budget and adapted to its beneficiaries' needs. The Trustee considers that it has sufficient financial resources for the foreseeable future, despite the ongoing pandemic. Therefore, the financial statements have been prepared on a going concern basis.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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 prevailing. The main estimate and judgement relates to the investment property valuations.

INCOME

All income, comprising donations, rents and service charges generated from investment properties, interest on bank accounts and dividends from investment funds is reported on an accruals basis, when the Charity has entitlement, receipt is probable and the amount can be measured with sufficient reliability. Income relating to a subsequent financial year is carried forward as a creditor in the balance sheet and shown as deferred income.

EXPENDITURE

All expenditure is included on an accruals basis and is recognised as soon as there is a legal or constructive obligation committing the Charity to it, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is included with the underlying expense and charged to the Statement of Financial Activities (SOFA) as incurred. Support costs relate to staff time and facility costs incurred by the Mercers' Company on behalf of the Charity and are allocated to the Charity on an accruals basis. Support costs have been allocated between activities based on estimated breakdowns of staff time and grant making activity. This includes time spent on the governance arrangements relating to the general running of the Charity.

GRANTS

Grants payable are charged in the year when the offer is conveyed to the recipient except in cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

INVESTMENT GAINS AND LOSSES

Unrealised gains and losses for the year reflect the movement in market values. Realised gains and losses represent the difference between proceeds on disposal and the market value brought forward (or cost if acquired in the year). Unrealised and realised investment gains or losses are shown net on the SOFA.

INVESTMENTS

Investments are stated at their fair value at the balance sheet date. Investment properties are re-valued externally every five years and internally by the Trustee in intervening years. The Trustee is of the opinion that this valuation is appropriate for the purpose of these financial statements. Cash held by investment managers is recognised as part of investments.

TANGIBLE FIXED ASSETS

Tangible fixed assets represent the reversionary interest in the land at the two St Paul's Schools and land purchased during the year ended 31 August 2009. No depreciation is provided on land.

TAXATION

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. Accordingly, no provision is made for current or deferred taxation.

Funds

The Charity has three types of funds:

- ▲ Endowment – where the capital is held in perpetuity to generate unrestricted distributable income;
- ▲ Restricted – where the purposes for which the funds, including income generated, may be used have been restricted by the scheme of management;
- ▲ Unrestricted – where the fund is not restricted as to use other than in furthering the objects of the charity.

FINANCIAL INSTRUMENTS

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, except for investments which are measured at fair value.

2 Income

Investment income was generated as follows:

	2021 £'000	2020 £'000
Rents from investment properties	223	184
Dividend income from endowment fund	363	504
Dividend income from general investment fund	143	139
Interest on deposit account	-	4
	729	831

During the year, two restricted legacies were received by the Charity amounting to £267,000 (2020: nil). Restricted donations of £1,628,000 were made by the Mercers' Company by gift of shares in 2020. Gifted shares, received as a donation from the Mercers' Company were sold as follows:

	2021 £'000	2020 £'000
Opening balance as at 1 April	-	1,307
Received in the year	-	1,628
Disposals	-	(2,944)
Gains on disposal	-	9
Closing balance as at 31 March	-	-

3 Expenditure

a) Analysis of total expenditure:

		Grant- making	Governance & Support	Other direct	Total	Total
	Further notes	£'000	costs £'000	costs £'000	2021 £'000	2020 £'000
Investment management costs		-	2	92	94	96
Charitable activities	13	3,608	49	-	3,657	3,519
		3,608	51	92	3,751	3,615

		Grant- making	Governance & Support	Other direct	Total
	Further notes	£'000	costs £'000	costs £'000	2020 £'000
Investment management costs		-	2	94	96
Charitable activities		3,446	55	18	3,519
		3,446	57	112	3,615

b) Analysis of governance and support costs

		Raising funds	Charitable activities	Total	Total
	Basis of apportionment	£'000	£'000	2021 £'000	2020 £'000
Staff costs	Staff time	2	32	34	38
Office administration	Staff time	-	6	6	8
Audit fees	Expenditure	-	11	11	11
		2	49	51	57

		Raising funds	Charitable activities	Total
	Basis of apportionment	£'000	£'000	2020 £'000
Staff costs	Staff time	2	36	38
Office administration	Staff time	-	8	8
Audit fees	Expenditure	-	11	11
		2	55	57

The Charity has no employees (2020: nil). The Mercers' Company, by way of a services agreement, provides staff and facilities to the Charity. There were no directly employed staff during the year (2020: nil). The Trustee has not received any emoluments or reimbursements during the year for services as a Trustee (2020: nil). No Trustee indemnity insurance costs have been paid by the Charity (2020: nil). £9,100 (excluding irrecoverable VAT) (2020: £9,000) was charged to the SOFA for audit fees.

4 Tangible Assets

	2021 £'000	2020 £'000
Reversionary interest of land and buildings at St Paul's School, St Paul's Girls' School and Bute House Preparatory School for Girls	100	100
Freehold and leasehold interest in land at St Paul's School	3,509	3,509
	3,609	3,609

The operating land and buildings were leased to the Schools on 1 September 2007 for 125 years at a rent of £1,000 per annum each. As a consequence, their reversionary interest was valued at £100,000.

In 2009, freehold and leasehold interests in land were purchased at St Paul's School. The duties, obligations and responsibilities of the Schools as tenants of the Charity are defined by the terms of leases. As freeholder, any alterations to buildings at the Schools must be in accordance with the associated lease and approved by the Charity.

The net book values shown do not represent current open market valuations.

5 Investment Properties

The Charity's investment properties are as follows:

	1 April 2020 £'000	Revaluation gains £'000	31 March 2021 £'000
Freehold property at market value	3,538	1,000	4,538
Historical cost	315	1,000	315

A full external valuation was done on 31 March 2021 by CBRE Limited, who are a qualified independent firm of surveyors.

6 Quoted Investments

The changes during the year analysed by fund are as follows:

	1 April 2020 £'000	Purchases £'000	Sales £'000	Movement in cash £'000	Revaluation gains £'000	31 March 2021 £'000
General Investment Fund	4,983	1,510	(1,419)	113	1,531	6,718
Endowment Fund	10,826	2,962	(2,744)	106	2,889	14,039
	15,809	4,472	(4,163)	219	4,420	20,757
Historical cost	17,672					17,394

The investment allocation at the year end was as follows:

	2021 £'000	%
UK Equities	10,804	52.1
Overseas Equities	7,523	36.2
Fixed Income	1,779	8.6
Alternatives	191	0.9
Cash	460	2.2
Total	20,757	100.0

No individual holding was more than 5% of total investments.

Net investment gains during the year on quoted investments, investment properties and donated investments totalled £5,858,000 (2020: £2,250,000 losses).

7 Debtors

Debtors are made up as follows:

	2021 £'000	2020 £'000
Rent and service charges receivable	77	23
Dividends receivable	12	13
Accrued legacy	67	-
Prepayments and accrued income	2	5
	158	41

8 Creditors: Amounts Falling Due Within One Year

Creditors are amounts falling due within one year and are made up as follows:

	2021 £'000	2020 £'000
Rent received in advance	53	25
Other creditors	27	92
	80	117

9 Analysis of Funds

Restricted Funds

The £3m donation received in 2020 from the Mercers' Company as part of the Grant Agreement with St Paul's School has been included in restricted funds brought forward for this year as the onward payment to the School was made in April 2020, which falls into this financial year.

Two restricted legacies were received during the year, both for the use of St Paul's School. The first for £200,000 was paid to St Paul's School during the year, the second for £66,667, notified in March 2021 and received after the year end, is disclosed as a restricted fund.

Endowment Funds

The endowment funds were established at the time the Charity was created. The Charity was endowed by John Colet, Dean of St Paul's, in 1509 on the founding of the St Paul's School. The investments are held to generate income and are applied in furtherance of the Charity's objects.

The net assets by funds are as follows:

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2021 Total funds £'000
Tangible assets	-	-	3,609	3,609
Investment properties	-	-	4,538	4,538
Quoted investments	6,718	-	14,039	20,757
Net current assets/(liabilities)	1,351	67	(16)	1,402
	8,069	67	22,170	30,306

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2020 Total funds £'000
Tangible assets	-	-	3,609	3,609
Investment properties	-	-	3,538	3,538
Quoted investments	4,983	-	10,826	15,809
Net current assets/(liabilities)	1,259	3,001	(13)	4,247
	6,242	3,001	17,960	27,203

10 Grant Commitments

Grant commitments, subject to various conditions, as follows:

	2022	2023
	£	£
Classical Roadshow	20,000	20,000
Create Arts	24,843	-
Culloden Primary School - A Paradigm Academy	75,000	25,000
Hammersmith Academy Trust	20,000	-
Holy Trinity & St Silas C E Primary School	75,000	25,000
St Paul's Girls' School	75,000	75,000
St Paul's School	40,000	40,000
	329,843	185,000

11 Related Parties and Connected Charities

The following related parties and charities have common management and are therefore regarded as connected:

Becket House Limited (dormant)
Charity of Sir Richard Whittington
Charter 600 Charity
Earl of Northampton's Charity
Lady Campden's Money Legacy for Loans
Longacre Estates Limited (dormant)
Longmartin Properties Limited
Maiden Trading Limited (dormant)
Mercers' Company Educational Trust Fund (dormant)
Mercers' Company Housing Association
Mercers' School Memorial Trust (incorporating The Merrett Bequest)
MSM Trust (dormant)
Old Mercers' Benevolent Fund
The Mercers' Charitable Foundation
The Mercers' Company

The principal address of the above entities is:

6 Frederick's Place
London EC2R 8AB

Transactions with related parties where The Mercers' Company is sole member, nominates governors, appoints governors to the entity or there is common management and so are considered connected are as follows:

Entity	31 March 2021	31 March 2020
	£	£
Grants to St Paul's School	3,340,000	3,000,000
Grants to St Paul's Girls' School	75,000	100,000
Grant to Holy Trinity and St Silas C E Primary School	25,000	43,280
Grant to Hammersmith Academy Trust	25,000	35,000
Grant to Culloden Primary School – an Academy	25,000	25,000
Rent charged to St Paul's School	1,000	1,000
Rent charged to St Paul's Girls' School	1,000	1,000
Rent charged to Bute House Preparatory School for Girls Limited	83,500	83,500
Donation from The Mercers' Company (note 2)	–	1,627,841
Administration costs allocated by The Mercers' Company (note 3)	39,811	46,760

12 Reconciliation of Net Income /(Expenditure) To Net Cash Flow Used In Operating Activities

	2021 £'000	2020 £'000
Net income /(expenditure) for the reporting year (as per statement of financial activities)	3,103	(3,406)
Adjustments for:		
(Gains)/losses on investments	(5,858)	2,250
Gifted investments	-	(1,628)
Interest receivable	-	(4)
Dividends receivable	(506)	(643)
Change in debtors	(144)	55
Change in creditors	(37)	29
Net cash used in operating activities	(3,442)	(3,347)

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Cash at bank and in hand	1,123	4,322
Cash on deposit	201	1
Total cash and cash equivalents	1,324	4,323

13 Grants

Listed below are all charitable grants made during the year for the promotion of education:

	2021
	£
Classical Road Show	20,000
Create Arts	24,385
Culloden Primary School - A Paradigm Academy	25,000
Hammersmith Academy Trust	25,000
Holy Trinity & St Silas C E Primary School	25,000
School 21 Trust	24,000
Solidarity Sports	25,000
St Paul's Girls' School	75,000
St Paul's School	3,340,000
Young Westminster Foundation	25,000
Total grant making (2020: £3,445,552)	3,608,385

Legal & Administrative Information

LEGAL STATUS

The Charity has registered number 312749 and is regulated by a Scheme of the Charity Commissioners dated 28 August 2007, having replaced the previous scheme of October 1995.

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