

# St Paul's Schools Foundation

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## Trustee's Annual Report & Financial Statements 2022

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 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.

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# Trustee's Annual Report for the year ended 31 March 2022

The Mercers' Company as the Trustee of the Charity presents its report and audited financial statements for the year ended 31 March 2022. The financial statements have been prepared in accordance with the accounting policies 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 (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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## Objectives and activities for public benefit

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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.*

The Scheme provides as follows:

### **Application of Income**

Subject to payment of the expenses aforesaid the trustee shall apply the income of the charity in the following ways and order of priority:-

- (i) in providing the yearly Apposition Dinner;
- (ii) in applying a yearly sum of not more than £750 or such other sum as the trustee may from time to time determine in such charitable purposes as the trustee shall in its absolute discretion think fit with Greater London;
- (iii) in making payment to either School on application by the same to be applied for the purposes the Schools;
- (iv) if insofar as income is not required as aforesaid the trustee may apply the same as its discretion to promote in Greater London the education of boys and girls in furtherance of the object of the charity.

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.

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## Grant making Policy

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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 reflect 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 Young People & Education programme has four interrelated strands of work. 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); Mental Health and Wellbeing, School Leadership and Associated Schools and Colleges.

The Charity contributes to this programme and its funding is applied to the following strands:

- Associated Schools and Colleges (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).

In addition to funding through the programme, the current grant-making policy is to make funds available for:

- Bursaries (for disadvantaged pupils who would not otherwise attend St Paul's Girls' School and St Paul's School), and
- other ad-hoc grant requests aligned to the Young People & Education programme from schools/organisations/charities which promote the education of boys and girls within Greater London.

The Trustee will undertake a review of grant making policy during 2022/23.

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## A review of performance and achievements

The focus of the Charity in 2021/22 has been the continued support for the **Associated Schools and Colleges**. The Charity is pleased with what its beneficiaries have been able to achieve, as set out below:

- a. **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. The grants are for work that is aligned with one of the programme's other strands.
  - **Bute House Preparatory School** – support for therapeutic activities for local partnership school children within a dedicated mental health and wellbeing space at Bute House.
  - **Royal Ballet School** – support for the school's Professional Skills Development Programme which will provide a sustainable programme of careers advice for students aged 16-18 which better equips them for professional life once they leave the Upper School. It aims to enhance, extend, and better utilise existing careers provision in response to specific circumstances created by the pandemic.
  - **Culloden Primary School (a Paradigm Academy)** – received funding towards a full-time Mental Health and Wellbeing Learning Mentor to support the Early Years and the transition to formal education.
- b. **Support to St Paul's School** – a grant of £40,000 was made as part of a multi-year grant to support the development of Easy A-St Paul's, an app to help bridge the attainment gap in STEM subjects. In addition, a restricted legacy was paid to the school.
- c. **Hammersmith Academy Expansion Project** – a grant of £120,000 towards preliminary fees to enable the academy to start work on its capital expansion project.
- d. **Positive Opportunities Programme** – although this programme is now closed to new applications, one last grant of £24,843, was made during the year to **Create Arts** to deliver creative art workshops with young carers in London.
- e. **Other grantmaking activity** – one additional grant of £20,000 was made to the **Classical Road Show** 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, 27% are fully meeting the outcomes they set at the time of application, the remaining 73% are partially meeting their outcomes. Inevitably, Covid-19 continues to affect the progress of some of the work being supported and many are on track to achieve their outcomes but are still part-way through their grant term. Grant holders will continue to submit progress reports over the next two years.

The Associated Schools and Colleges, in common with the wider education sector, have all faced vast challenges due to the lasting effects of lockdown measures on pupils' learning and mental health and wellbeing. Much research has been done on the loss of learning particularly among the most disadvantaged students. This, and what is coming through the progress reports, confirms that the Charity's support of mental health and wellbeing roles in schools is essential.

## Future plans

The current Philanthropy Framework, to which the Charity contributes, runs until March 2023. A review of this Framework is currently underway, which is working towards creating a refreshed Framework will be in place from April 2023 to 2028. Until then the Charity will continue to support the education of boys and girls in Greater London through the Young People & Education programmes and by considering requests received from the St Paul's Schools. As reported last year, there is a strong desire for collaboration amongst the schools and colleges and this will continue. There is also much need for funding for mental health and wellbeing roles within schools and sustaining and building on the work that has taken place already, and this will be considered as part of the framework review.

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

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## Financial Review

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### Funding Sources

The Charity generates income primarily from its own sources through:

	<b>2022</b> £	<b>2021</b> £
Property investments	219,000	223,000
Stock market investments	537,000	506,000

The tenth and final payment of £3m to St Paul's School was paid in April 2020 (financial year 2021). 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 in 2021 and revaluation gains of £1,000,000 were recognised in that year. No external revaluation was undertaken this year.

#### *Listed investments*

Total gains of £1,028,000 on stock market investments were experienced in the year (2021: £4,858,000). There were continued market improvements after the negative impact of the Covid-19 pandemic on global stock markets. However, these gains were reduced in the latter part of the year due to the Ukrainian conflict. Furthermore, the primary comparator for investment performance is linked to inflation. With inflation increasing, the portfolios both performed below target. The Trustee continues to monitor the performance of the portfolios and the market.

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Investment Fund	Fund Return	Primary Comparator (CPI+4.0%)	Secondary Comparator (Composite)
General Investment Fund	8.7%	10.4%	9.9%
Endowment Fund	6.6%	10.4%	9.9%

## Results for the year

Total income for the year was £796,000 (2021: £996,000); total expenditure for the year was £609,000 (2020: £3,751,000) and net gains on investments were £1,028,000 (2021: £5,858,000) resulting in net income for the year of £1,215,000 (2021: £3,103,000).

## Financial position

Net assets at the end of the year were £31,521,000 (2021: £30,306,000). These were represented by endowment funds of £22,702,000 (2021: £22,170,000), no restricted funds (2021: £67,000) and unrestricted funds of £8,819,000 (2021: £8,069,000).

## 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.

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## Risk management

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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.

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## Reserves policy

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The free reserves of the Charity comprise the unrestricted funds and amounted to £8,819,000 in 2022 (2021: £8,069,000).

Reserves are carried forward with the intention of:

- Committed grants £560,000.
- Grant making reserve of one year of Committee grants not already included above £265,000

As per the policy, the reserve required amounts to £825,000, compared to actual free reserves of £8,819,000, exceeding the target by £7,994,000. The Trustee is planning the utilisation of the excess reserves in coming years for its grantmaking programme.

The Trustee reviews the policy annually.

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## Structure, governance and management

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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 is the Court of Assistants. 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 & 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 57 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

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## Trustee's responsibilities in relation to the financial statements

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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 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 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.

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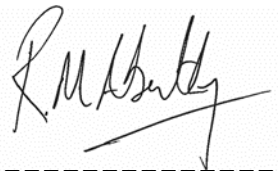
The Trustee is responsible for the maintenance and integrity of the Charity's financial information included on the Trustee's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.



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Mr NAH Fenwick

Master

17 November 2022



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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 2022 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 2022 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.

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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.

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 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.
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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 financial 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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**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 it 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.



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

30 November 2022

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 2022

	Note	31 March 2022			31 March 2021	
		Unrestricted	Restricted	Endowment	Total	Total
		Funds	Funds	Funds	Funds	Funds
		£'000	£'000	£'000	£'000	£'000
<b>Income</b>						
Donations and legacies	2	-	40	-	40	267
Investments	2	756	-	-	756	729
<b>Total income</b>		<b>756</b>	<b>40</b>	<b>-</b>	<b>796</b>	<b>996</b>
<b>Expenditure</b>						
<i>Raising funds</i>						
Investment management costs	3	(29)	-	(45)	(74)	(94)
<i>Charitable activities</i>	3, 13	(428)	(107)	-	(535)	(3,657)
<b>Total expenditure</b>		<b>(457)</b>	<b>(107)</b>	<b>(45)</b>	<b>(609)</b>	<b>(3,751)</b>
Gains on investments	5, 6	451	-	577	1,028	5,858
<b>Net income /(expenditure) and net movement in funds</b>		<b>750</b>	<b>(67)</b>	<b>532</b>	<b>1,215</b>	<b>3,103</b>
Fund balances brought forward at 1 April		8,069	67	22,170	30,306	27,203
<b>Fund balances carried forward at 31 March</b>		<b>8,819</b>	<b>-</b>	<b>22,702</b>	<b>31,521</b>	<b>30,306</b>

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 2021

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

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 2022

		31 March 2022		31 March 2021	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	4	3,609		3,609	
Investment properties	5	4,538		4,538	
Quoted Investments	6	21,864		20,757	
Total fixed assets			30,011		28,904
<b>Current assets</b>					
Debtors	7	51		158	
Cash on deposit		308		201	
Cash at bank and in hand	12	1,231		1,123	
Total current assets			1,590		1,482
Creditors: amounts falling due within one year	8		(80)		(80)
<b>Net current assets</b>			1,510		1,402
<b>Total net assets</b>			<b>31,521</b>		<b>30,306</b>
<b>The funds of the Charity:</b>					
Endowment funds	9		22,702		22,170
Restricted income funds	9		-		67
Unrestricted income funds	9		8,819		8,069
<b>Total charity funds</b>	9		<b>31,521</b>		<b>30,306</b>

The attached notes on pages 25 to 37 form an integral part of these financial statements. The financial statements on pages 21 to 37 were approved by the Trustee on 17 November 2022 and signed on its behalf by:



Mr NAH Fenwick  
Master

178 November 2022



Mr RM Abernethy  
Clerk to the Mercers' Company

# Statement of Cash Flows for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	12	(241)	(3,442)
<b>Cash flows from investing activities:</b>			
Dividends received		535	533
Purchase of investments		(4,857)	(4,472)
Decrease/(increase) in cash held by investment managers		73	(219)
Proceeds from the sale of investments		4,705	4,601
Net cash provided by investing activities		456	443
<b>Change in cash and cash equivalents in the financial year</b>		215	(2,999)
<b>Cash and cash equivalents at the beginning of the financial year</b>		1,324	4,323
<b>Cash and cash equivalents at the end of the financial year</b>	12	1,539	1,324

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movements in net cash (debt).



# Notes to the financial statements

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## 1 Accounting Policies

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### 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 accounts 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 continuing impacts of the 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. Therefore, the financial statements have been prepared on a going concern basis.

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#### 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.

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## 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:

	2022 £'000	2021 £'000
Rents from investment properties	219	223
Dividend income from endowment fund	389	363
Dividend income from general investment fund	148	143
	756	729

During the year, a restricted legacy was received by the Charity amounting to £40,000 (2021: £267,000).

## 3 Expenditure

a) Analysis of total expenditure:

	Further notes	Grant making £'000	Governance & Support costs £'000	Other direct costs £'000	Total 2022 £'000	Total 2021 £'000
Investment management costs		-	3	71	74	94
Charitable activities	13	481	53	1	535	3,657
		481	56	72	609	3,751

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

b) Analysis of governance and support costs

	Basis of apportionment	Raising funds £'000	Charitable activities £'000	Total 2022 £'000	Total 2021 £'000
Staff costs	Staff time	3	38	41	34
Office administration	Staff time	-	4	4	6
Audit fees	Expenditure	-	11	11	11
		3	53	56	51

	<b>Basis of apportionment</b>	<b>Raising funds £'000</b>	<b>Charitable activities £'000</b>	<b>Total 2021 £'000</b>
Staff costs	Staff time	2	32	34
Office administration	Staff time	-	6	6
Audit fees	Expenditure	-	11	11
		2	49	51

The Charity has no employees (2021: 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 (2021: nil). The Trustee has not received any emoluments or reimbursements during the year for services as a Trustee (2021: nil). No Trustee indemnity insurance costs have been paid by the Charity (2021: nil). £9,375 (excluding irrecoverable VAT) (2021: £9,100) was charged to the SOFA for audit fees.

## 4 Tangible Assets

	<b>2022 £'000</b>	<b>2021 £'000</b>
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:

	<b>1 April 2021 £'000</b>	<b>Revaluation gains £'000</b>	<b>31 March 2022 £'000</b>
Freehold property at market value	4,538	-	4,538
Historical cost	315	-	315

A full external valuation was done on 31 March 2021 by CBRE Limited, who are a qualified independent firm of surveyors. No external valuation was carried out this year; the Trustee undertook an internal valuation and considers that these values continue to be fair and reasonable. The revaluation gain in the year ended 31 March 2021 was £1 million.

## 6 Quoted Investments

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

	<b>1 April 2021 £'000</b>	<b>Purchases £'000</b>	<b>Sales £'000</b>	<b>Movement in cash £'000</b>	<b>Revaluation gains £'000</b>	<b>31 March 2022 £'000</b>
General Investment Fund	6,718	1,609	(1,487)	56	397	7,293
Endowment Fund	14,039	3,248	(3,189)	(129)	602	14,571
	20,757	4,857	(4,676)	(73)	999	21,864
Historical cost	17,394					17,369

The investment allocation at the year end was as follows:

	<b>2022 £'000</b>	<b>%</b>
UK Equities	10,739	49.1
Overseas Equities	7,854	35.9
Fixed Income	1,478	6.8
Alternatives	1,176	5.4
Cash	617	2.8
Total	21,864	100.0

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

Net investment gains during the year on quoted investments and investment properties totalled £1,028,000 (2021: £5,858,000).

## 7 Debtors

Debtors are made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Rent and service charges receivable	34	77
Dividends receivable	14	12
Accrued legacy	-	67
Prepayments and accrued income	3	2
	<b>51</b>	<b>158</b>

## 8 Creditors: Amounts Falling Due Within One Year

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Rent received in advance	52	53
Other creditors	28	27
	<b>80</b>	<b>80</b>

## 9 Analysis of Funds

### Restricted Funds

Two restricted legacies were received during 2021, both for the use of St Paul's School. The first for £200,000 was paid to St Paul's School during 2021, the second for £66,667, notified in March 2021 and received after the 2021 year end, was disclosed as a restricted fund as at 31 March 2021. An additional restricted legacy received in the year of £40,000 was paid to St Paul's School along with the £66,667.

## 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:

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Endowment funds £'000</b>	<b>2022 Total funds £'000</b>
Tangible assets	-	-	3,609	3,609
Investment properties	-	-	4,538	4,538
Quoted investments	7,293	-	14,571	21,864
Net current assets/(liabilities)	1,526	-	(16)	1,510
	8,819	-	22,702	31,521

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Endowment funds £'000</b>	<b>2021 Total funds £'000</b>
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



## 10 Grant Commitments

Grant commitments, subject to various conditions, as follows:

	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Bute House Preparatory School for Girls	25,000	25,000	-
Classical Roadshow	20,000	-	-
Culloden Primary School – A Paradigm Academy	25,000	-	-
Holy Trinity & St Silas C E Primary School	75,000	25,000	-
Royal Ballet School	25,000	25,000	-
St Paul's Girls' School – bursaries	50,000	50,000	-
St Paul's Girls' School	25,000	-	-
St Paul's School – bursaries	50,000	50,000	50,000
St Paul's School	40,000	-	-
	<b>335,000</b>	<b>175,000</b>	<b>50,000</b>

## 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  
 Longacre Estates Limited (dormant)  
 Longmartin Properties Limited  
 Maiden Trading Limited (dormant)  
 Mercers' Company Housing Association  
 Mercers' School Memorial Trust (incorporating The Merrett Bequest)  
 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 2022 £	31 March 2021 £
Grants to St Paul's School	146,474	3,340,000
Grants to St Paul's Girls' School	25,000	75,000
Grant to Holy Trinity and St Silas C E Primary School	-	25,000
Grants to Hammersmith Academy Trust	140,000	25,000
Grant to Culloden Primary School – an Academy	75,000	25,000
Grant to Bute House Preparatory School for Girls Limited	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
Administration costs allocated by The Mercers' Company (note 3)	45,103	39,811

## 12 Reconciliation of Net Income To Net Cash Flow Used In Operating Activities

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Net income for the reporting year (as per statement of financial activities)	1,215	3,103
Adjustments for:		
Gains on investments	(1,028)	(5,858)
Dividends receivable	(537)	(506)
Change in debtors	109	(144)
Change in creditors	-	(37)
Net cash used in operating activities	(241)	(3,442)

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Cash at bank and in hand	1,231	1,123
Cash on deposit	308	201
Total cash and cash equivalents	1,540	1,324

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## 13 Grants

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

	<b>2022</b>
	<b>£</b>
Bute House Preparatory School for Girls	25,000
Classical Road Show	20,000
Create Arts	24,843
Culloden Primary School – A Paradigm Academy	75,000
Hammersmith Academy Trust	140,000
Royal Ballet School	25,000
St Paul's Girls' School	25,000
St Paul's School	146,474
Total grant making (2021: £3,608,385)	481,317

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# 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.

## PRINCIPAL ADDRESS

6 Frederick's Place  
London EC2R 8AB

## INDEPENDENT AUDITOR

Buzzacott LLP  
130 Wood Street,  
London, EC2V 6DL

## BANKERS

Barclays Bank PLC,  
1 Churchill Place,  
London E14 5HP

## INVESTMENT MANAGERS

Rathbone Brothers Plc  
8 Finsbury Circus  
London, EC2M 7AZ

## PROPERTY MANAGEMENT

Knight Frank  
Pennant House, Napier Court,  
Reading, RG1 8BW