

Registered Charity Number: 310018

MERCHANT TAYLORS' EDUCATIONAL TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2019

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The Trustees submit their report and financial statements for the year ended 31 August 2019. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Charity's governing document, 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 (FRS102).

Please note that the financial statements include those that relate to the Charity alone as well as those that are consolidated with the Charity's two schools, Merchant Taylors' School (registered charity number 1063740 and referred to below as MTSN) and St. John's School (registered charity number 1063738). Further details about MTSN and St John's School (together referred to below as the MTET Schools) can be found in the MTET Schools' own financial statements. The Charity and the MTET Schools collectively are referred to below as the Group.

OBJECTIVES AND ACTIVITIES

Charitable objects

The 'Objects of the Trust' from the Charity's Deed of Trust (1967) are as follows:

The Trust Property shall be held and applied for or towards or for the benefit or in furtherance of such charitable purposes, charitable institutions or charitable foundations (whether educational or otherwise) in such manner and in such proportions as the Trustees may from time to time determine and both capital and income without distinction shall be so applicable.

Without prejudice to the generality of the primary trust declared by Clause 5 hereof [the Trust Deed] but subject and without prejudice to the provision of Clause 22 hereof [the Trust Deed] shall from time to time in their selection of particular charitable purposes take into consideration and pay special regard to the furtherance of the following charitable objects or purposes:

- a) The maintenance, improvement and support of Merchant Taylors' School which is situated at Sandy Lodge Northwood Middlesex in the event of the same becoming subject to the trusts hereof.
- b) The benefit of the said School or of all or any of the pupils attending the said School in any manner which is exclusively charitable (whether or not the said School shall for the time being be subject to the trusts hereof).
- c) The founding or support of schools of learning generally.
- d) The founding or provision of scholarships, fellowships, lectureships and prizes in connection with any school, university or other educational body; the reduction of school or university fees; the provision of free education; and the improvement of school or university amenities.
- e) The advancement of education generally.
- f) The making of gifts of money or other property in the free disposition of the Trust to other bodies having objects solely charitable (whether or not such objects are similar to any of the foregoing objects).

In planning their activities for the year, the Trustees have complied with their duties in section 17(5) of the Charities Act 2011 and have considered the Charity Commission's guidance on public benefit, and in particular its supplementary guidance on advancing education and fee charging.

Aims

The Trustees aim to support the good governance of the MTET Schools in their legal ownership by making appropriate appointments to the governing bodies; providing financial support to MTET Schools commensurate with the resources at their disposal and the objects of the funds under their control; and supporting initiatives in the education sector more generally in which they have an interest and to which they are able to apply their expertise and their contacts to advantage.

Objectives

The Charity's objectives for the year were to continue to ensure the appropriate composition of the governing bodies of the MTET Schools by engaging with them and considering recommendations for appointments to and retirements from those governing bodies. Furthermore, the Charity sought to maximise income and to continue to support the educational interests of MTET and the Merchant Taylors' Company (referred to below as MTC).

Activities

The launch of a new MTC Education Strategy, developed through the Charity's meetings and MTC's Education Committee across the year, and approved by MTC in May 2019, set the context for much of the work undertaken by the Trustees.

The Strategy aims, among other things, to promote the highest quality of education, particularly for those from disadvantaged backgrounds, and to support and advocate the value of the schools with which the Company is associated.

To those ends, the Trustees disbursed £337,000 to MTSN for bursaries. (This figure was paid from income generated in both 2017/18 and 2018/19.) A further £30,000 was disbursed to The Merchant Taylors' Foundation (formerly The Merchant Taylors' Company Education Fund) (registered charity number 1161568), with the intention that it be used towards bursaries at other schools and higher education institutions with which MTC is associated.

The Trustees also continued to monitor the integration of Merchant Taylors' Prep into MTSN and the impact of that merger on St John's School throughout the year.

Public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

The Charity's activities as outlined above, and in particular its provision of bursaries to the MTET Schools and (through its donation to The Merchant Taylors' Foundation) a broader group of educational establishments, aim to further the public benefit enshrined in its charitable objects. Moreover, the MTET Schools, whose financial statements are here consolidated with those of the Trust, themselves provide a wide range of public benefit activities from supporting local and national charities to offering educational opportunities and access to facilities to local schools and families. Further description is available in the respective Trustees' Reports of the MTET Schools. Further information about the basis for consolidation of the accounts can be found in Accounting Policies below.

ACHIEVEMENTS AND PERFORMANCE

Governance update

The Trustees were pleased to make a number of new governor appointments as well as to re-appoint governors who had come to the end of their first term of office.

Investment performance

The investment income for the Charity amounted to £322,820 (2018: £330,875). Given the market conditions over the year as a whole, the Trustees are content with the yield of 4.2% and with the total return on the Charity's Endowment of 3.2%, though the latter is somewhat below the primary (composite index) benchmark of 4.7% and the secondary (RPI + 3.5%) benchmark of 6%.

FINANCIAL REVIEW

Investment powers and policy

The Trustees' investment policy is that income should be maximised as far as possible whilst seeking to ensure capital growth. There are no investment restrictions and hence no social, environmental or ethical considerations as such are taken into account.

The investments are managed on a discretionary basis on a medium risk profile. It has a balanced mandate meaning the investments are managed for a combination of capital and growth. Performance is measured against a primary benchmark measured with reference to a composite index from other funds, and a secondary benchmark over the longer term of RPI + 3.5%.

Financial reserves

The MTET Schools' total reserves are considered appropriate.

The Charity does not in theory have reserves, since it holds only restricted and endowment funds that exist in order to provide bursaries, scholarships and prizes, for which all clear income is generally disbursed to the relevant school on a termly or annual basis. Technically, however, the

Original Endowment Fund is unrestricted and the Trustees' policy is to retain around £200,000 of it as an expendable reserve in order to maintain a reactive capacity to support compelling educational causes which may arise. As at 31 August 2019 the Fund held £190,863 (2018: £179,389) in restricted income held for these purposes.

The Trustees do not feel that they are exposed to operational risks of the sort that would require or be ameliorated by emergency expenditure. A reserve is retained in order that there should be a capacity to respond to urgent and/or compelling cases for support. The Trustees believe that the current reserves policy would be sufficient to cover this eventuality, given the nature and size of the awards made historically, and the size of the capital balance which is expendable at Trustees' discretion. The Trustees plan to review their reserves policy over the next year to ensure it is appropriate for the nature and extent of activities planned for the coming period.

Risk management

The Trustees consider, at their meetings, any risks to which the Charity may be exposed. These were identified during the year along with mitigation activity and lead responsibilities. The major financial risk to which the Charity itself is exposed is a diminution in the value of, and yield from, its investments. Investments in financial instruments are monitored closely, with regular scrutiny of investment managers' performance taking place, assisted by the Merchant Taylors' Company's Investment Committee, on which one Trustee sits. Other risks associated with the MTET Schools are managed by close and effective links between the MTET Schools and the Charity.

The MTET Schools have Risk Management Committees which compile Risk Registers annually to identify the likelihood and impact of foreseeable risks to the MTET Schools' operations. The Risk Registers are presented to and considered by Boards of Directors/Governors and reviewed at relevant committees for assigned 'actions' and any in-year amendments required. The Boards of Directors/Governors manage and mitigate risk through a range of control measures, including cash-flow monitoring, formal written policies and the obtaining of independent advice from appropriate experts, and Trustees have been available to offer appropriate advice when and if necessary.

Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications thereof on the MTET Schools' fundraising activities. The Charity supports the MTET Schools' approach to fundraising, which is essentially to seek philanthropic funding from a variety of constituencies, including alumni, parents of pupils, parents of alumni, friends of the MTET Schools and charitable trusts and foundations. The MTET Schools act in accordance with the Code of Fundraising Practice set out by the Fundraising Regulator and are committed to meeting high fundraising standards. As a result of this, no complaints about the MTET Schools' fundraising activities have been received.

A review of the final position at the end of the period

The Charity's Original Endowment Fund stood at £6,578,528 (2018: £6,614,075) and the Restricted Fund stood at £1,562,422 (2018: £1,684,910). The Group's accounts – those of the Charity consolidated with those of the MTET Schools - show an overall surplus of £1,754,223 (2018: £6,055,716). (This is materially reduced on the previous year due to additional donations in 2018 of £3.7m following the merger of the T3-5 Trust Funds into the Group.)

FUTURE PLANS

The Trustees plan to support the MTET Schools and participate in relevant activity of the MTC's Education Strategy, especially that which relates to the provision of educational opportunities for disadvantaged young people.

It plans also to give full consideration to use of the Charity's Original Endowment Fund with a view to identifying potential beneficiaries and activity that further the Charity's objects and the wider educational work of the MTC, as well as for the purposes of identifying a properly unrestricted sum available for the payment of costs relating to insurance, auditing and other regular operations.

The Trustees also plan to continue working with both the MTET Schools and MTC to identify and update risks and ensure that responsibilities and activities relating to risk mitigation are clear and coherent across all parties.

Related to this, the Trustees will be reviewing carefully the impact of the Covid-19 crisis on the Charity's assets and the MTET Schools. While the crisis and its impact were unknown throughout the period being reported here, the Trustees are continuing to consider the potential effects of significantly reduced income on its investments in the next financial period.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is governed by a Trust Deed dated 31 August 1967. On behalf of the Settlor, the Merchant Taylors' Company, and having become the sole Guarantor upon incorporation in 1997, the Trustees appoint the Governors of MTSN and St John's School, who thereafter are responsible for management and control of these schools.

The Consolidated Financial Statements of the Charity incorporate all of the funds under the direct control of the Trustees, as well as the MTET Schools and other entities whose governing bodies are appointed by the Trustees, and these are as follows:

Endowment funds

The Charity has at its disposal an Original Endowment Fund whose income and capital may be spent, at the Trustees' absolute discretion, in furtherance of any of the its charitable objects. It also holds a Bursary and Scholarship Trust and an MTET Prize Fund, whose sole objects are to support the provision of awards to support pupils and former pupils of MTSN. Their income is disbursed each year for that purpose, subject to satisfactory reports concerning MTSN's overall programme of support for boys in need of financial assistance towards their education.

Merchant Taylors' School

Merchant Taylors' School was founded in 1561 by the Company in the City of London. In 1933 the School moved to its present site at Sandy Lodge in Northwood, Middlesex. On 1 August 1997 Merchant Taylors' School was incorporated as a charitable company limited by guarantee. On the 3 September 2015 Northwood Prep merged with Merchant Taylors' School. The School provides day schooling for boys between the ages of 3 to 18.

St John's School, Northwood

St John's School, Northwood, a preparatory school, was purchased by the Company in 1984, and a pre-preparatory department was added in 1986. On 1 August 1997 St John's School was incorporated as a charitable company limited by guarantee. The School provides day schooling for boys between the ages of 3 to 13.

Merchant Taylors' School Enterprises Limited

Merchant Taylors' School Enterprises Limited (MTSEL) was incorporated in 1988 as the trading company of Merchant Taylors' School, and is wholly owned by the School as from October 2008.

Appointment of Trustees

The Trustees are appointed by resolution of the existing Trustees from the Court of the Merchant Taylors' Company, with regard paid to the particular skills and expertise that the Charity has need of at the relevant time.

Induction and training of Trustees

Trustees are offered at least one opportunity each year to receive training from the Charity's legal and accountancy advisers, either on a dedicated training day or by joining sessions offered generally by those advisers to their clients. The latter have tended to be favoured, in recent years, as they offer a range of different perspectives on the matters in question and the opportunity to share insights and establish useful contacts in the wider sector.

Trustees have access to the governing documents; previous minutes, plans, and other documentation; and to Charity Commission guidance. They are also supported by a well-qualified and experienced staff based at Merchant Taylors' Hall.

Management personnel

The Trust does not employ management personnel but receives the services of Bradestrete Services Limited, a subsidiary of the Merchant Taylors' Company, to provide all administrative functions.

Decision-making and delegation

The Trustees are drawn from members of the Merchant Taylors' Company and selected for their particular skills. Decisions as to grants over £5,000 will usually be referred to the Board of Trustees. Grants of less than £5,000 may customarily be awarded by the Chairman, subject to ratification by the Trustees, when a particularly compelling case for more modest support arises and where a rapid decision is required in order for the grant to be effective.

MERCHANT TAYLORS' EDUCATIONAL TRUST

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY NAME:	Merchant Taylors' Educational Trust
REGISTERED CHARITY NUMBER:	310018 (registered with the Charity Commission for England and Wales)
ADDRESS:	30 Threadneedle Street London EC2R 8JB
TRUSTEES:	Mr J A J Price (Chairman) Lady Harding Mr C P Hare Mr P T E Massey Mr P H Watkins
CHIEF EXECUTIVE OFFICER:	Rear Admiral J R H Clink CBE
BANKERS:	Royal Bank of Scotland plc 60-62 Threadneedle Street London EC2R 8LA
INVESTMENT MANAGERS:	Rathbone Investment Management Ltd 8 Finsbury Circus London EC2M 7AZ
INDEPENDENT AUDITORS:	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
SOLICITORS:	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD

MERCHANT TAYLORS' EDUCATIONAL TRUST

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Other entities whose results are consolidated in these statements are:

MERCHANT TAYLORS' SCHOOL

Registered Charity Number: 1063740

Company Registration Number: 3411540

Merchant Taylors' School is a charitable Company Limited by Guarantee. Its Governors are appointed by the Trustees of the Merchant Taylors' Educational Trust, although they act entirely independently and in accordance with their responsibilities as Trustees and Directors of the School.

OFFICERS:	The Headmaster:	Mr S J Everson
	The Bursar:	Mr I D Williams

GOVERNORS:	Mr C P Hare (Chairman)
	Mr R J Brooman
	Dr J M Cox
	Mr G B M H du Parc Braham
	Mr A Eastwood
	Mrs L Gadd (resigned 1 July 2019)
	Dr G Gardiner (resigned 1 July 2019)
	Mr D Haria
	Mrs S A Morgan
	Mr A G Moss
	Mrs J Redman
	Mr D J Shah OBE FRSA
	Mr R-J Temmink
	Sir M J Tomlinson
	Mr J Twining

MERCHANT TAYLORS' SCHOOL ENTERPRISES LTD

Company Registration Number: 2275287

100% of the issued share capital of Merchant Taylors' School Enterprises Limited (MTSEL) is owned by Merchant Taylors' School.

DIRECTORS:	Mr S J Everson
	Mr I D Williams
	Mr A G Moss

ST JOHN'S SCHOOL

Registered Charity Number: 1063738

Company Registration Number: 3411518

St John's School is a charitable Company Limited by Guarantee. Its Governors are appointed by the Trustees of the Merchant Taylors' Educational Trust, although they act entirely independently and in accordance with their responsibilities as Trustees and Directors of the School.

OFFICERS: The Headmaster: Mr M S Robinson
 The Bursar & Secretary: Mr N E Stone

GOVERNORS: Lady Harding (Chairman)
 Ms L Cavanagh (appointed 1 May 2019)
 Mr S J Everson
 Mrs E K Fenwick
 Mr J Fowler
 Mr P R Henson
 Mr P R MacDougall
 Mr M A L Robb
 Mr R A D Sullivan
 Mrs N J Walker

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' 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 the Group and of the incoming resources and application of resources of the Charity and the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are 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's applicable accounting regulations. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. All of the Trustees have confirmed that they have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

The Trustees have appointed Saffery Champness LLP, Chartered Accountants and Statutory Auditors, as auditors to the Charity.

By order of the Trustees (If we type or otherwise electronically sign our names, we confirm that we intend to authenticate this document by so doing):

John Aidan Joseph Price

Peter Howard Watkins

Date: 29 June 2020

Merchant Taylors' Educational Trust

Independent Auditors' Report to the Trustees for the year ended 31 August 2019

Opinion

We have audited the financial statements of Merchant Taylors' Educational Trust for the year ended 31 August 2019 which comprise the consolidated statement of financial activities, consolidated balance sheet, Trust balance sheet, consolidated cash flow statement and notes to the financial statements, including a summary of significant 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 group and parent charity's affairs as at 31 August 2019 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Merchant Taylors' Educational Trust

Independent Auditors' Report to the Trustees for the year ended 31 August 2019

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent's 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 trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees are 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 trustees determine 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 trustees are responsible for assessing the group's and the parent 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 trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Merchant Taylors' Educational Trust

Independent Auditors' Report to the Trustees for the year ended 31 August 2019

Auditors' responsibilities for the audit of the financial statements

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

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 auditors' 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.

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 auditors' report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

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(If I type or otherwise electronically sign my name, I confirm that I intend to authenticate this document by so doing)

Saffery Champness LLP 71 Queen Victoria Street

Chartered Accountants London

Statutory Auditors EC4V 4BE

Date: 29 June 2020

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted Funds	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
INCOME FROM						
Charitable Activities						
School Fees	1	27,978,395	-	-	27,978,395	27,087,540
Registration/admissions fees		181,838	-	-	181,838	132,509
Other income - Insurance		36,167	-	-	36,167	49,754
Other income - Rent received		253,834	-	-	253,834	227,342
Other income - Trading		147,302	-	-	147,302	225,345
Other ancillary income - Sale of Fixed Asset		800	-	-	800	-
Other trading activities	2	311,026	-	-	311,026	303,402
Investment income	3a	224,112	359,075	-	583,187	561,231
Donations and legacies						
Donations	3b	71,870	66,412	-	138,282	3,709,102
Development campaign income		33,544	180,286	25,650	239,480	336,919
Total income		<u>29,238,888</u>	<u>605,773</u>	<u>25,650</u>	<u>29,870,311</u>	<u>32,633,144</u>
EXPENDITURE ON						
Raising funds						
Publicity/advertising and development office		146,944	86,852	-	233,796	232,233
Trading & investment cost of sales		193,385	-	-	193,385	197,572
Financing		66,853	35,617	-	102,470	109,201
		<u>407,182</u>	<u>122,469</u>	<u>-</u>	<u>529,651</u>	<u>539,006</u>
Charitable Activities						
Schools and grantmaking		26,991,070	595,367	-	27,586,437	26,038,422
		<u>26,991,070</u>	<u>595,367</u>	<u>-</u>	<u>27,586,437</u>	<u>26,038,422</u>
Total expenditure	4	<u>27,398,252</u>	<u>717,836</u>	<u>-</u>	<u>28,116,088</u>	<u>26,577,428</u>
Net incoming/(outgoing) resources before investments		1,840,636	(112,063)	25,650	1,754,223	6,055,716
Gains/(losses) on investment assets :						
Net gains and losses		38,984	(10,100)	(47,004)	(18,120)	225,661
Net income/expenditure		<u>1,879,620</u>	<u>(122,163)</u>	<u>(21,354)</u>	<u>1,736,103</u>	<u>6,281,377</u>
Transfers between funds	6	1,250	(1,250)	-	-	-
Net movement in funds		<u>1,880,870</u>	<u>(123,413)</u>	<u>(21,354)</u>	<u>1,736,103</u>	<u>6,281,377</u>
Fund balances b/forward at 1 September 2018		40,852,511	2,450,035	8,248,559	51,551,105	45,269,728
Fund balances c/forward 31 August 2019		<u>42,733,381</u>	<u>2,326,622</u>	<u>8,227,205</u>	<u>53,287,208</u>	<u>51,551,105</u>

The Trust's incoming resources and expenses all relate to continuing operations.

The notes on pages 21 to 37 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019	2018
		£	£
Fixed assets			
Tangible assets	7	34,341,895	33,543,847
Investments	9	17,330,557	16,864,841
		<u>51,672,452</u>	<u>50,408,688</u>
Current assets			
Stock		49,736	46,345
Debtors	11	495,986	506,256
Cash		7,701,854	6,592,815
		<u>8,247,576</u>	<u>7,145,416</u>
Creditors: amounts falling due within one year	12	5,457,950	4,521,383
Net current assets		<u>2,789,626</u>	<u>2,624,033</u>
Total assets less current liabilities		<u>54,462,078</u>	<u>53,032,721</u>
Creditors: amounts falling due after more than one year	13	1,174,870	1,481,616
Total net assets		<u><u>53,287,208</u></u>	<u><u>51,551,105</u></u>
Funds			
Endowment Funds	15	8,227,205	8,248,559
Restricted Funds	16	2,326,622	2,450,035
Unrestricted Funds	17	42,733,381	40,852,511
		<u>53,287,208</u>	<u>51,551,105</u>

These financial statements were approved by the Trustees on 29 June 2020

(If we type or otherwise electronically sign our names, we confirm that we intend to authenticate this document by so doing)

John Aidan Joseph Price

Trustee

Peter Howard Watkins

Trustee

The notes on pages 21 to 37 form part of these financial statements.

**TRUST BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019	2018
		£	£
Fixed assets			
Investments	9	7,531,543	7,606,373
Current assets			
Debtors	11	53,535	49,430
Cash		780,237	673,683
		833,772	723,113
Creditors: amounts falling due within one year	12	224,365	28,301
Net current assets		609,407	694,812
Total assets less current liabilities		8,140,950	8,301,185
Creditors: amounts falling due after more than one year	13	-	2,200
Total net assets		8,140,950	8,298,985
Funds			
Endowment Funds	15	6,578,528	6,614,075
Restricted Funds	16	1,562,422	1,684,910
Unrestricted Funds	17	-	-
		8,140,950	8,298,985

These financial statements were approved by the Trustees on 29 June 2020

(If we type or otherwise electronically sign our names, we confirm that we intend to authenticate this document by so doing)

John Aidan Joseph Price

Trustee

Peter Howard Watkins

Trustee

The notes on pages 21 to 37 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019	2018
		£	£
Net cash inflow from operating activities	18	3,799,367	3,039,046
Cash flows from investing activities			
Investment income		583,187	560,234
Bank and other interest		16,855	997
Purchase of tangible fixed assets		(2,683,577)	(2,580,413)
Proceeds on disposal of tangible fixed assets		800	77,780
Investment purchases at cost		(2,248,815)	(2,771,118)
Proceeds on disposal of investments		3,384,297	1,984,429
<i>Net cash (used in)/provided by investing activities</i>		(947,253)	(2,728,091)
Cash flows from financing activities			
Movement on final deposits		(109,011)	-
Bank loans repaid		(120,000)	(93,844)
<i>Net cash (used in) financing activities</i>		(229,011)	(93,844)
Change in cash and cash equivalents in the period		2,623,103	217,111
Cash and cash equivalents at the start of the period		7,604,557	7,387,446
Cash and cash equivalents at the end of the period	19	10,227,660	7,604,557

The notes on pages 21 to 37 form part of these financial statements.

A. Accounting policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) and Financial Reporting Standard 102 (FRS 102) and applicable law. The particular policies adopted by the Trustees are described below.

B. Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of freehold investment property which is stated at valuation and other fixed asset investments which are stated at market value. The Charity is a public benefit entity. The financial statements have been prepared in sterling, rounded to the nearest £, which is the functional currency of the Charity.

The Trustees are satisfied that the Charity is a going concern and have prepared these financial statements on that basis.

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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) which has been withdrawn.

C. Basis of consolidation

The consolidated financial statements comprise the following entities which are under the direct control of the Trustees of the Charity: Merchant Taylors' School and its wholly owned subsidiary Merchant Taylors' School Enterprises Limited and St. John's School, Northwood.

D. Leasehold land, buildings and other fixed assets

Freehold land and buildings occupied by the Charity's subsidiaries are neither owned by the Charity nor by those subsidiaries, but are leased from the Merchant Taylors' Company. The subsidiaries are responsible for putting and keeping the properties in repair and associated costs are written off as and when incurred. The cost of any material tenant's improvement is capitalised on completion. Rentals payable are charged on a time basis over the lease term.

The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Depreciation is charged as follows:

Merchant Taylors' School Buildings and leasehold improvements: 70% charged over 50 years, 30% charged over 20 years in order to reflect components such as flat roofs and utilities installations which have a shorter life

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2019

St John's School Buildings and leasehold improvements: charged over 20 years

Furniture and equipment: charged over 10 years

Machinery and motor vehicles: charged over 4 years

Computer hardware: charged over 4 years

Charity

The Charity itself holds no fixed assets which are subject to depreciation.

E. Current assets

Stock is carried at the lower of cost and net realisable value.

F. Investments and investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis.

Listed investments are valued at mid-market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

G. Income

Donations and legacies are accounted for by all entities when they are entitled to the income and when the amount concerned can be quantified with sufficient certainty. Amounts received for general purposes are credited to the unrestricted funds of the receiving entity, whilst amounts subject to specific wishes or stipulations are credited to the appropriate restricted or endowment fund. Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the Merchant Taylors' Company against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

H. Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the Charity. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Grants payable are charged in the year in which the offer is conveyed to the recipient.

I. Funds

Notes 15 to 17 list all funds, which are categorised as follows:

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2019

Endowment funds: These have the principal purpose of generating income.

Restricted funds: These funds were donated or created for specific purposes and may be used only for those purposes.

Unrestricted funds: These are not held by the Charity, but are held by the MTET Schools for the principal purposes of financing fixed assets and providing working capital for the MTET Schools.

J. Pensions

Pension costs have been calculated by those subsidiaries which carry them, in accordance with FRS102.

K. Taxation

The Charity and its subsidiaries are all registered charities and recognised as charitable by HMRC, and their income is not therefore liable to taxation as it is applied to wholly charitable purposes.

L. Financial instruments

The Charity has financial assets and financial liabilities only 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

M. Critical accounting judgement and estimates

The preparation of the financial statements in accordance with FRS102 requires the Trustees to make estimates and assumptions concerning the future. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include accruals, depreciation and revenue recognition. The accounting in these areas of the accounts requires management to use judgement.

In relation to accruals this is with regards to a best estimate of costs that will be incurred based on contractual requirements.

For depreciation these estimates are driven by the useful economic life of the associated assets.

For revenue recognition management apply judgements in concluding on the point at which revenue should be recognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1	Fees receivable		
		2019	2018
		£	£
	Fees receivable consist of :		
	Gross fees	29,307,622	28,273,366
	Less :		
	Total bursaries, grants and allowances	(1,711,319)	(1,568,541)
		<u>27,596,303</u>	<u>26,704,825</u>
	Paid from restricted funds	382,092	382,715
		<u>27,978,395</u>	<u>27,087,540</u>
2	Trading income		
	Merchant Taylors School Enterprises Limited (MTSEL) operates the trading activities relating to Merchant Taylors' School including shops and letting of school facilities. It pays its taxable profits to the school by way of gift aid. Its trading results, extracted from its audited accounts were :		
		2019	2018
		£	£
	Turnover	311,026	303,402
	Cost of sales	(71,414)	(69,001)
	Gross profit	<u>239,612</u>	<u>234,401</u>
	Administration costs	(121,971)	(128,570)
	Interest receivable	231	145
	Net profit	<u>117,872</u>	<u>105,976</u>
	Gift aid transferred to Merchant Taylors' School	(117,872)	(105,976)
		<u><u>2019</u></u>	<u><u>2018</u></u>
		<u><u>£</u></u>	<u><u>£</u></u>
3	Income		
3a	Investment income		
	Income generated by Trust investments	322,820	330,875
	Income generated by investments held by subsidiaries	260,367	230,356
		<u>583,187</u>	<u>561,231</u>
3b	Donations		
	Transfer from T3-5	-	3,557,480
	Other donations received	138,282	151,621
		<u>138,282</u>	<u>3,709,101</u>
4	Expenditure		
		2019	2018
		£	£
	Other expenditure includes :		
	Auditors' remuneration - audit and other services	40,600	34,200
	Auditors' remuneration for other services	3,980	3,720
		<u><u>44,580</u></u>	<u><u>37,920</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4 Expenditure (continued)

Staff costs :

Wages and salaries	14,657,086	13,984,423
Social security costs	1,502,893	1,435,781
Pension contributions	2,083,724	1,979,806
Termination costs	8,318	24,829
	<u>18,252,021</u>	<u>17,424,839</u>

The number of employees whose remuneration was between the following bands is as follows :

	2019	2018
£60,001 - £70,000	39	28
£70,001 - £80,000	5	6
£80,001 - £90,000	7	2
£100,001 - £110,000	-	1
£110,001 - £120,000	2	2
£120,001 - £130,000	1	-
£130,001 - £140,000	1	-
£180,001 - £190,000	1	1

Key management personnel of the Schools comprise the Head teachers, the Bursars and the senior leadership teams. The total combined contractual benefits totalled £2,107,116 (2018: £2,054,898).

MTET had no key management personnel during the period.

4b Analysis of total resources expended

	Staff costs £	Other £	Depreciation £	Total 2019 £	Total 2018 £
Cost of generating funds					
Publicity/advertising and development office	135,227	98,569	-	233,796	232,233
Trading & investment costs	-	254,093	-	254,093	197,572
Financing	-	41,762	-	41,762	109,201
	<u>135,227</u>	<u>394,424</u>	<u>-</u>	<u>529,651</u>	<u>539,006</u>
Charitable activities					
Teaching costs	14,363,421	1,958,621	-	16,322,042	15,868,017
Welfare	841,038	535,592	-	1,376,630	1,337,730
Premises	1,366,186	3,088,524	961,087	5,415,797	5,201,885
Support costs	1,546,149	1,439,530	701,037	3,686,716	2,974,637
	<u>18,116,794</u>	<u>7,022,267</u>	<u>1,662,124</u>	<u>26,801,185</u>	<u>25,382,269</u>
Schools' operating cost					
Bursaries paid for by restricted funds	-	382,092	-	382,092	382,815
Depreciation on OMT sports facility	-	-	189,885	189,885	189,885
Grants	-	172,282	-	172,282	26,700
Other costs	-	31,123	-	31,123	42,836
Governance costs	-	9,870	-	9,870	13,917
	<u>18,252,021</u>	<u>7,980,935</u>	<u>1,852,009</u>	<u>28,116,088</u>	<u>26,577,428</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5 Subsidiary Entities

The results of the Fund's wholly owned subsidiary entities are included within the Consolidated Statement of Financial Activities as follows:

	Merchant Taylors' School	Merchant Taylors' School	Merchant Taylors' School Enterprises Limited	Merchant Taylors' School Enterprises Limited	St John's School, Northwood	St John's School, Northwood
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Income from Charitable Activities						
School Fees	22,966,340	22,266,833	-	-	5,012,056	4,820,707
Registration/admission fees	154,223	105,175	-	-	27,615	27,334
Other income						
- Insurance	36,167	49,754	-	-		
- Rent received	237,686	212,473	-	-	16,148	14,869
- Trading	138,339	209,190	-	-	9,763	16,155
Income Resources from Generated Funds						
Trading company income	-	-	311,026	303,402	-	-
Investment income	132,735	107,821	231	145	127,401	122,390
Donations	430,535	389,108	-	-	21,620	17,368
Development campaign income	209,595	297,491	-	-	-	-
	24,305,620	23,637,845	311,257	303,547	5,214,603	5,018,823
Cost of generating funds						
Publicity/advertising and development office	233,796	232,233	-	-	-	-
Trading & investment cost of sales	14,367	12,500	311,257	303,547	16,173	15,789
Financing	39,024	46,544	-	-	2,738	2,116
Charitable Activities						
Schools and grantmaking	22,484,500	21,113,103	-	-	4,888,662	4,841,866
	22,771,687	21,404,380	311,257	303,547	4,907,573	4,859,771
Net gains on investment assets	40,226	234,211	-	-	12,951	45,103
Per statement of financial activities	1,574,159	2,467,676	-	-	319,981	204,155
Fund balances at 1 September 2018	36,223,050	33,755,374	1	1	7,029,068	6,824,913
Fund balances at 31 August 2019	37,797,209	36,223,050	1	1	7,349,049	7,029,068

Merchant Taylors' School - Charity Number 1063740

Merchant Taylors' School Enterprises Limited - Company Number 02275287

St John's School, Northwood - Charity Number 1063738

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6 Transfers between funds

	Unrestricted Schools £	Unrestricted Other £	Restricted funds £	Endowment funds £	Total £
MTET (consolidated only)	-	-	(196,000)	-	-
Merchant Taylors' School					
Other	-	-	-	-	-
Pension fund	(7,000)	7,000	-	-	-
Housing fund	3,552	(3,552)	-	-	-
MTSEL Gift Aid Transfer	117,872	(117,872)	-	-	-
MTET restricted grant to School	-	-	196,000	-	-
St John's School					
Depreciation on gifted assets	1,250	-	(1,250)	-	-
	<u>115,674</u>	<u>(114,424)</u>	<u>(1,250)</u>	<u>-</u>	<u>-</u>

An amount equivalent to the depreciation charge on assets donated to Merchant Taylors' School and St John's School has been transferred to the unrestricted fund.

7 Tangible fixed assets

Group only	Equipment, machinery & vehicles £	Leasehold land and buildings, tenants improvements £	Assets under Construction	Total 2019 £	Total 2018 £
Cost					
1 September 2018	8,986,888	42,944,715	1,986,873	53,918,476	51,645,220
Additions	868,425	1,316,195	497,357	2,681,977	2,580,413
Disposals	(12,267)	(80,020)	-	(92,287)	(307,157)
Transfers	-	1,932,633	(1,932,633)	-	-
31 August 2019	<u>9,843,046</u>	<u>46,113,523</u>	<u>551,597</u>	<u>56,508,166</u>	<u>53,918,476</u>
Depreciation					
1 September 2018	5,923,828	14,450,801	-	20,374,629	18,911,054
Charge for year	701,038	1,150,971	-	1,852,009	1,759,617
On disposals	(12,267)	(48,100)	-	(60,367)	(296,042)
31 August 2019	<u>6,612,599</u>	<u>15,553,672</u>	<u>-</u>	<u>22,166,271</u>	<u>20,374,629</u>
Net book value					
31 August 2019	<u>3,230,447</u>	<u>30,559,851</u>	<u>551,597</u>	<u>34,341,895</u>	
31 August 2018	<u>3,063,060</u>	<u>28,493,914</u>	<u>1,986,873</u>	<u>33,543,847</u>	

Merchant Taylors' Company own the land and buildings from which Merchant Taylors' School and St John's School operate. Merchant Taylors' School currently has a 125 year lease which expires in 2139 and St John's School has a 14 year lease which expires in 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8 Fixed assets investments - group undertakings

The subsidiary undertakings of the Trust are as follows :

Name	Country of incorporation	Nature of control	Amount of guarantee	Class of shares	% of shares held	Nature of business
Merchant Taylors' School	England	Guarantor	£1 per Trustee	-	-	School
St John's School Northwood	England	Guarantor	£1 per Trustee	-	-	School
Merchant Taylors' School Enterprises Ltd	England	Owner	-	Ordinary	100%	Trading

9 Fixed asset investments - group and trust

	Trust Endowment funds £	Trust Restricted funds £	St John's School £	Merchant Taylors' School £	Total 2019 £	Total 2018 £
Listed investments:						
Market value at 1 September 2018	6,375,551	1,098,730	3,627,690	4,751,128	15,853,099	11,270,138
Additions at cost	496,464	4,234	192,568	1,555,549	2,248,815	2,771,118
Disposals	(710,958)	(10,081)	(1,118,735)	(1,594,695)	(3,434,469)	(1,720,065)
Transfers of investments (note 24)	-	-	-	-	-	3,311,821
Unrealised (losses)/gains	(61,344)	(10,100)	67,147	141,603	137,306	220,087
	6,099,713	1,082,783	2,768,670	4,853,585	14,804,751	15,853,099
Cash held as part of portfolio	349,047	-	1,205,844	970,915	2,525,806	1,011,742
Market value at 31 August 2019	6,448,760	1,082,783	3,974,514	5,824,500	17,330,557	16,864,841
Historical cost at 31 August 2019					14,126,499	13,102,708

10 Financial instruments

	Consolidated		Trust	
	2019 £	2018 £	2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	235,091	372,376	52,413	49,136
Carrying amount of financial liabilities				
Measured at amortised cost	3,015,462	3,202,853	224,365	28,301

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11 Debtors

	Consolidated		Trust	
	2019	2018	2019	2018
	£	£	£	£
Fees	46,959	43,453	-	-
Sundry debtors	188,132	170,415	52,413	49,136
Amounts due from related parties	11,636	158,508	828	
Prepayments	249,259	133,880	294	294
	<u>495,986</u>	<u>506,256</u>	<u>53,535</u>	<u>49,430</u>

12 Creditors: amounts falling due within one year

	Consolidated		Trust	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdraft	513,368	109,022	-	-
Final term deposits	77,200	86,500	-	-
Trade creditors	438,735	881,560	-	-
Exam Deposits and Xmas Term Pre-payments	2,002,529	1,750,926	-	-
Amounts owed to related parties	11,877	-	224,365	28,301
Other creditors and accruals	1,889,198	1,548,116	-	-
	<u>4,932,907</u>	<u>4,376,124</u>	<u>224,365</u>	<u>28,301</u>
Fees in Advance Scheme	525,043	145,259	-	-
	<u>5,457,950</u>	<u>4,521,383</u>	<u>224,365</u>	<u>28,301</u>

13 Creditors: amounts falling due after more than one year

	Consolidated		Trust	
	2019	2018	2019	2018
	£	£	£	£
Final term deposits:				
Within 1 to 2 years	80,800	77,600	-	-
Within 2 to 5 years	619,100	277,600	-	-
After 5 years	71,185	281,700	-	-
	<u>771,085</u>	<u>636,900</u>	<u>-</u>	<u>-</u>
Bank loans:				
Within 1 to 2 years	49,356	109,022	-	-
Within 2 to 5 years	47,605	281,822	-	-
After 5 years	-	186,811	-	-
	<u>96,961</u>	<u>577,655</u>	<u>-</u>	<u>-</u>

Bank loans and overdrafts included in notes 12 and 13 totalling £596,242 are subject to a negative pledge relating to the property at Merchant Taylors' Preparatory School, Moor Farm, Sandy Lodge Road, Rickmansworth, Hertfordshire. This site is included within the fixed asset note under leasehold and buildings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13 Creditors: amounts falling due after more than one year (continued)

	Consolidated		Trust	
	2019 £	2018 £	2019 £	2018 £
Fees in advance:				
Within 1 to 2 years	133,301	145,259	-	-
Within 2 to 5 years	173,522	119,602	-	-
After 5 years	-	-	-	-
	<u>306,824</u>	<u>264,861</u>	<u>-</u>	<u>-</u>
Grant commitments over one year	-	2,200	-	2,200
Total creditors due after more than one year	<u><u>1,174,870</u></u>	<u><u>1,481,616</u></u>	<u><u>-</u></u>	<u><u>2,200</u></u>

14 Allocation of the net assets of the charity

	Fixed assets and investments £	Net Current assets £	Long term liabilities £	Total 2019 £
Group				
Unrestricted funds	41,728,033	2,180,218	(1,174,870)	42,733,381
Restricted funds	1,846,983	479,639	-	2,326,622
Endowment funds	8,097,436	129,769	-	8,227,205
	<u>51,672,452</u>	<u>2,789,626</u>	<u>(1,174,870)</u>	<u>53,287,208</u>
Trust only				
Restricted funds	1,082,783	479,639	-	1,562,422
Endowment funds	6,448,759	129,769	-	6,578,528
	<u>7,531,542</u>	<u>609,408</u>	<u>-</u>	<u>8,140,950</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

15 Endowment Funds

Consolidated

	Balance 1.9.18 £	Incoming resources £	Resources expended £	Transfers (note 6) £	Investment gains/(losses) £	Balance 31.8.19 £
Foundation Capital	5	-	-	-	-	5
Original Endowment Fund	1,269,918	4,925	-	-	(11,750)	1,263,093
Merchant Taylors' School Bursary and Scholarship Trust	4,444,339	17,236	-	-	(41,120)	4,420,455
Lort-Williams' Fund	49,195	191	-	-	(455)	48,931
Sir Christopher Harding's Fund	135,449	525	-	-	(1,253)	134,721
Lord Hailey's Fund	423,472	1,642	-	-	(3,918)	421,196
MTET Prize Fund	291,692	1,131	-	-	(2,701)	290,122
Expendable Endowment	447,676	-	-	-	3,785	451,461
Development Fund	1,186,813	-	-	-	10,408	1,197,221
	8,248,559	25,650	-	-	(47,004)	8,227,205

Trust

	Balance 1.9.18 £	Incoming resources £	Resources expended £	Transfers (note 6) £	Investment gains/(losses) £	Balance 31.8.19 £
Original Endowment Fund	1,269,928	4,925	-	-	(11,750)	1,263,103
Merchant Taylors' School Bursary and Scholarship Trust	4,444,339	17,236	-	-	(41,120)	4,420,455
Lort-Williams' Fund	49,195	191	-	-	(455)	48,931
Sir Christopher Harding's Fund	135,449	525	-	-	(1,253)	134,721
Lord Hailey's Fund	423,472	1,642	-	-	(3,918)	421,196
MTET Prize Fund	291,692	1,131	-	-	(2,701)	290,122
	6,614,075	25,650	-	-	(61,197)	6,578,528

The Foundation Capital represents the original endowment of the MTET. The Original Endowment Fund was created as a permanent fund from which derived revenue can be used for the benefit of Merchant Taylors' School, support of schools and education generally.

The Merchant Taylors' School Bursary and Scholarship Trust was created on 14 July 1998 and exists as a restricted fund within MTET. Income accruing to the Merchant Taylors' School Bursary and Scholarship Trust can be used solely for the provision of bursaries or scholarships for the benefit of pupils of Merchant Taylors' School.

The Lort-Williams' Fund was created from a legacy from Lady Lort-Williams for the provision of bursaries or scholarships for the benefit of pupils of Merchant Taylors' School.

Sir Christopher Harding's Fund was created from a legacy from Sir Christopher Harding for the provision of scholarships for the benefit of pupils of Merchant Taylors' School.

Lord Hailey's Fund was created from a legacy from Miss A I Wright for the provision of bursaries or scholarships for the benefit of pupils of Merchant Taylors' School.

The Development Fund was initiated in 2009 when Merchant Taylors' School launched its "Forward To Our Roots" initiative. The income from the Fund is to be used to fund bursaries. The expendable endowment also allows the funding of bursaries.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16

Restricted Funds

Consolidated

	Balance 1.9.18 £	Incoming resources £	Resources expended £	Gains/ Transfers (note 6) £	Balance 31.8.19 £
St John's School					
a) Lift - new assembly hall	-	-	-	-	-
b) Preparatory refurbishment	6,250	-	-	(1,250)	5,000
Merchant Taylors' School					
a) General Donations	362,356	66,413	(304,549)	196,000	320,220
b) Development Fund	329,623	191,599	(145,214)	-	376,008
c) Sports, art and school campus	23,904	10,376	(8,728)	-	25,552
d) Capital projects	42,992	10,330	(15,902)	-	37,420
MTET Restricted Fund	1,091,651	4,235	(10,078)	(10,100)	1,075,708
Endowment income funds					
a) Original	179,389	53,202	(41,728)	-	190,863
b) Bursary and Scholarship Trust	226,293	216,489	(168,285)	(176,400)	98,097
c) Lort-Williams' Fund	1,910	2,061	(1,869)	(1,960)	142
d) Sir Christopher Harding's Fund	5,261	5,674	(4,077)	(3,920)	2,938
e) Lord Hailey's Fund	16,455	17,741	(13,812)	(13,720)	6,664
f) MTET Prize Fund	163,951	27,653	(3,594)	-	188,010
	<u>2,450,035</u>	<u>605,773</u>	<u>(717,836)</u>	<u>(11,350)</u>	<u>2,326,622</u>

Trust	Balance 1.9.18 £	Incoming resources £	Resources expended £	Gains/ (losses) £	Balance 31.8.19 £
MTET Restricted Fund	1,091,651	4,235	(10,078)	(10,100)	1,075,708
Endowment income funds					
a) Original	179,389	53,202	(41,728)	-	190,863
b) Bursary and Scholarship Trust	226,293	216,489	(344,685)	-	98,097
c) Lort-Williams' Fund	1,910	2,061	(3,829)	-	142
d) Sir Christopher Harding's Fund	5,261	5,674	(7,997)	-	2,938
e) Lord Hailey's Fund	16,455	17,741	(27,532)	-	6,664
f) MTET Prize Fund	163,951	27,653	(3,594)	-	188,010
	<u>1,684,910</u>	<u>327,055</u>	<u>(439,443)</u>	<u>(10,100)</u>	<u>1,562,422</u>

Income accruing to the Endowment Funds is restricted to the purposes described in note 15.

The Development Fund was created in 2009 as part of Merchant Taylors' School's "Forward To Our Roots" initiative. The fund's use is restricted to a number of purposes as directed by the donors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17 Unrestricted Funds

Consolidated

	Balance 1.9.18 £	Incoming resources £	Resources expended £	Other gains/ (losses) £	Transfers between funds (note 6) £	Balance 31.8.19 £
General Reserve	30,593,271	28,832,841	(26,999,384)	(5,734)	115,675	32,536,669
	30,593,271	28,832,841	(26,999,384)	(5,734)	115,675	32,536,669
Designated funds:						
Designated Bursary Fund	1,357,399	32,109	(6,680)	19,989	-	1,402,817
Housing Fund	49,591	-	-	-	(3,552)	46,039
Pension Fund	114,580	-	-	-	7,000	121,580
OMT Asset Fund	5,094,404	-	(189,885)	-	-	4,904,519
Durrants' Fund	3,624,648	61,625	(8,918)	24,729	-	3,702,084
Fees in Advance	18,617	1,056	-	-	-	19,673
Trading Company	1	311,257	(193,385)	-	(117,873)	-
Total designated funds	10,259,240	406,047	(398,868)	44,718	(114,425)	10,196,712
Unrestricted funds	40,852,511	29,238,888	(27,398,252)	38,984	1,250	42,733,381

The **Trust** holds no unrestricted funds.

The **General Reserve fund** is retained to finance the fixed assets and provide working capital for both Merchant Taylors' School and St John's School.

The **Designated Bursary Fund** for Merchant Taylors' School had a balance of £601,577 at the year-end, whilst St John's School has a balance of £801,240 (2018: £600,000 and £757,399, respectively). These funds are to provide bursary assistance to pupils.

The **Housing Fund** was set up to grant interest-free loans to members of staff in School accommodation to assist in the purchase of their own property. The value of the fund is equal to the balance of loans currently outstanding.

Historically the **Pension Fund** had been set up to cover Merchant Taylors School's share of the deficit in the Merchant Taylors' Company pension scheme. However, in the past, the Trustees completed a buy out with Aviva Plc. The School, subsequent to the buy out, entered into an agreement with the principal employer to indemnify the members against a loss not covered by the Pension Protection Fund, should Aviva not have sufficient assets to meet pension payments. This fund will therefore be maintained in order to meet any contingent liability which may arise. The Governors of the School believe the likelihood of such a liability to be minimal. The total contingent liability cannot be quantified with any certainty at this time.

The **OMT Asset Fund** - In 2004, the War Memorial Trustees of the Old Merchant Taylors' Society ("OMT") entered into an agreement with a developer to sell the existing OMT sports facility at Durrants and build a new OMT facility on the Merchant Taylors' School's grounds. Funds of £6.4m were received from the developer to fund this facility, which OMT occupies under a 125 year licence which it entered into in 2011. The expenditure equates to the depreciation charge and reconciles the fund balance to the current net book value of the OMT sports facility.

The **Durrants Fund** - Due to the size and significance of the funds received from the sale of The War Memorial sports facility at Durrants (excluding that which was received to build a new OMT facility), the Trustees have agreed to create a designated fund.

Any surplus in the **Fees in Advance Fund** may be used to meet any of the School's charitable objectives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18 Reconciliation of net incoming resources to net cash inflow from operating activities

	2019 £	2018 £
Net incoming resources	1,754,223	6,281,377
Investment Income	(583,187)	(560,234)
Bank and Other Interest	(16,855)	(997)
Depreciation	1,852,009	1,759,617
Transfers of investments and other assets and liabilities in specie (see note 24)	-	(3,557,480)
Loss/(profit) on disposal of Fixed Assets	32,721	(76,780)
Loss/(gain) on Investments	(105,255)	(225,661)
(Increase) in stocks	(3,391)	(1,781)
(Increase)/decrease in debtors	(4,400)	(126,936)
(Decrease)/increase in operating creditors	873,502	(452,079)
Net cash inflow from operating activities	3,799,367	3,039,046

19 Cash and Cash equivalents

	At 1 September 2018 £	Cash flow £	At 31 August 2019 £
Cash at hand and in bank	6,592,815	1,109,039	7,701,854
Cash within investment portfolio	1,011,742	1,514,064	2,525,806
Total	7,604,557	2,623,103	10,227,660

20 Pension commitments

The pension contribution charged to direct charitable expenditure for the year was £2,092,375 (2018: £1,979,806).

Teaching staff

The Schools participate in the Department of Education Teachers' Pension Scheme (TPS) for their teaching staff. Employer's contributions throughout the year were 16.4% of pensionable salary. Contributions payable in the year totalled £1,540,725 (2018: £1,431,742).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20 Pension commitments (continued)

Non-teaching staff

(a) The Merchant Taylors' Company and Pension Life Assurance Scheme

Merchant Taylors' School was a member of the Merchant Taylors' Company Pension Scheme for some senior non-teaching staff. This scheme was closed to further accrual on 30 April 2011. However during the year the Trustees completed a buy-out of liabilities with Aviva Plc. The School, subsequent to the buy out, entered into an agreement with the principal employer to indemnify the members against any loss not covered by the Pension Protection Fund, should Aviva not have sufficient assets to meet pension payments. This Fund, as detailed in note 17, will therefore be maintained and added to in future years, in order to meet any contingent liability which may arise. The Governors believe the likelihood of such a liability arising to be minimal. The total contingent liability attributable to the School cannot be quantified with any certainty at this time.

(b) Group Personal Pension Scheme

The Schools also contribute to group personal pension plans in respect of their staff.

21 Other financial commitments

At 31 August 2019, the Trust was committed to making the following annual payments under non-cancellable operating leases:

	Land and buildings	
	2019	2018
	£	£
In less than 1 year	354,679	339,134
Between 2 and 5 years	1,402,766	1,350,119
After 5 years	14,964,940	12,731,000

22 Transactions with Trustees

No trustees have received any remuneration during the year.

23 Related party transactions

- a) MTET appoints the Directors and Governors of the Schools, who thereafter are responsible for the control of the Companies. During the year covered by these financial statements, the MTET transferred to Merchant Taylors' School, from the MTET Endowment Fund, the sum of £196,000 for the specific purpose of scholarships and bursary places, which includes £2,000 from the Sir Christopher Harding Scholarship Fund.

On 16 February 2016, the trustees of MTET resolved to close the January 1985 Scheme For Payment Of Fees In Advance for Merchant Taylors' School. Following the resolution, the Governors of Merchant Taylors' School are responsible for all residual assets and liabilities of the Fees in Advance Scheme.

- b) Merchant Taylors' School Enterprises Limited (Company registration No. 2275287)

The results of this Company for the year were satisfactory. The profit donated to the School was £117,872 (2018: £105,975).

- c) The Merchant Taylors' Company made a donation to Merchant Taylors' School which resulted in the School receiving a gross sum of £10,687 (2018: £10,687). This sum was put towards the provision of bursaries for pupils. A further £38,180 (2018: £30,525) was received by the School from the Company as a contribution towards its revenue costs.

The Company made a gift aid payment to St John's which amounted to £21,620 (2018: £17,368).

The Merchant Taylors' Company owns the land and buildings from which the School operates. The School currently has a 128 year lease from 16 March 2011, at a current annual rent of £112,156 (2018: £100,000) to be subject to review.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23 Related party transactions (continued)

- d) Merchant Taylors' School and St John's School, Northwood are connected by common administration. Some non-teaching staff of Merchant Taylors' School perform similar duties for St John's School. A management fee for this service is charged to St John's, which amounted to £65,000 (2018: £65,000) for the year ended 31 August 2019.
- f) The Merchant Taylors' Company owns the land and buildings from which St John's School operates. The school has a fourteen year lease at an annual rent of £234,000.

24 Capital commitments

Capital expenditure contracted for but not provided in the financial statements was £3.3million (2018: £nil)

25 Post balance sheet event

In March 2020 the World Health Organisation declared the outbreak of the Covid 19 virus to be a global pandemic. The MTET Schools have been closed since the middle of March, other than to the children of key worker families, and a full schedule of distance learning has been implemented. The Schools where possible have continued to fulfil public benefit duties, with Merchant Taylors' School's provision of PPE equipment, as featured on a BBC news programme, particularly noteworthy. The Trustees of Merchant Taylors' Educational Trust are using their expertise and resources to support the Schools and the wider community at this time. The Trustees have considered the impact on the Charity's finance and remain confident that the Charity and the Schools remain going concerns at this time.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

26	Comparative information				
		Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2018 £
INCOME FROM					
Charitable Activities					
School Fees		27,087,540	-	-	27,087,540
Registration/admissions fees		132,509	-	-	132,509
Other income - Insurance		49,754	-	-	49,754
Other income - Rent received		227,342	-	-	227,342
Other income - Trading		225,245	100	-	225,345
Other trading activities					
		303,402	-	-	303,402
Investment income					
		200,369	360,862	-	561,231
Donations and legacies					
Donations		42,663	1,453,624	2,212,815	3,709,102
Development campaign income		61,503	233,044	42,372	336,919
Total income		28,330,327	2,047,630	2,255,187	32,633,144
EXPENDITURE ON					
Raising funds					
Publicity/advertising and development office		211,212	21,021	-	232,233
Trading & investment cost of sales		197,572	-	-	197,572
Financing		76,948	32,253	-	109,201
		485,732	53,274	-	539,006
Charitable Activities					
Schools and grantmaking		25,572,154	466,268	-	26,038,422
		25,572,154	466,268	-	26,038,422
Total expenditure		26,057,886	519,542	-	26,577,428
Net incoming resources before investments		2,272,441	1,528,088	2,255,187	6,055,716
Gains/(losses) on investment assets :					
Net gains/(losses)		238,850	(7,677)	(5,512)	225,661
Net income/expenditure		2,511,291	1,520,411	2,249,675	6,281,377
Transfers between funds		2,250	(2,250)	-	-
Net movement in funds		2,513,541	1,518,161	2,249,675	6,281,377
Fund balances b/forward at 1 September 2017		38,338,970	931,874	5,998,884	45,269,728
Fund balances c/forward 31 August 2018		40,852,511	2,450,035	8,248,559	51,551,105