

**THE HOSPITAL AND LIBRARY IN MANCHESTER  
FOUNDED BY HUMPHREY CHETHAM ESQ  
AND INCORPORATED BY KING CHARLES II**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 August 2021**

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY  
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II  
ANNUAL REPORT OF THE FEOFFEES  
For the year ended 31 August 2021**

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The Feoffees and School Governing Body present their annual report for the year ended 31 August 2021 under the Charities Act 2011, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Act, the Charity Commission Scheme dated 27 May 1952 and amended Scheme dated 22 October 1969 and the Charities SORP 2015.

**Reference and administrative details**

The Feoffees who served during the year and up to the date of signing the accounts were as follows:

P.A. Lee, Esq.	(Chairman)
H. Ross, Esq.	(Vice Chairman from October 2020)
M. Edge, Esq.	(Treasurer to March 2022)
Mrs. V. Torevell	(Appointed February 2021 Treasurer from March 2022)
Professor H. Barker	
Dame A. Burslem	
The Rt. Hon. The Earl of Derby	
Mrs V. Goldstone	(Appointed February 2021)
The Very Reverend R. Govender	
Dr. D. Hill	
J. Langridge, Esq.	(Appointed February 2021)
N. MacInnes, Esq.	(Appointed June 2021)
Mrs. S. Marks	
Prof. L. Merrick	(Appointed February 2021)
T. Newns, Esq.	(Appointed February 2021)

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### **School Governing Body**

Under the terms of the Charity Commission Scheme, there is a School Governing Body managing the School of the Foundation, which, when complete, comprises nineteen members.

Those who served during the year and up to the date of signing the accounts were as follows:

M. Edge, Esq.	(Chair and Treasurer)
Ms. S. Barnes	
Mrs. C. Baxendale	
Prof. B. Brennan	(Appointed by the School Governing Body)
Councillor J. Davies	(Nominated by Manchester City Council)
Mrs. T. Dixon	(Resigned September 2021)
Mrs. E. Halstead	(Appointed September 2021)
K. Jaquiss, Esq.	
S. McKendrick, Esq.	(Nominated by Manchester City Council)
Prof. L. Merrick	(Appointed by the School Governing Body)
L. Pratt, Esq.	(Appointed May 2021)
H. Ross, Esq.	
Ms. K. Russell	
N. Shepherd, Esq.	
L. Stephens, Esq.	(Appointed September 2021)
Canon M. Wall	(Nominated by the Dean and Chapter of Manchester Cathedral)
S. Webb, Esq.	(Resigned September 2021)
Dr. S. Zhi	

### **Library Committee**

Those who served on the Library Committee during the year and up to the date of signing the accounts were as follows:

Professor H. Barker	(Chair)
N. Barker, Esq.	
Professor J. Bergin	
N. Brooks-Sykes, Esq.	
Mrs. V. Goldstone	
J. Hodgson, Esq.	
N. MacInnes, Esq.	
Dr. R. Oates	
Mrs. C. Paynton	
Professor M. Schmidt	

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**Officers**

Joint Principal	T. Redmond, Esq.
Joint Principal	Ms. N. Smith
The Bursar	Mrs. S.C. Newman
The Librarian	Dr. J. F. Wilde
The Clerk to the Feoffees	J. Aldersley, Esq.

**Principal Office Address**

Chetham's Hospital School and Library  
Long Millgate  
Manchester  
M3 1SB

**Advisers**

**Bankers**

National Westminster Bank plc  
182 Deansgate  
Manchester  
M3 3LY

**Solicitors**

Butcher & Barlow LLP  
3 Royal Mews  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7UD

Veale Wasbrough Vizards LLP  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4QA

**Auditors of the Charitable Foundation**

Crowe U.K. LLP  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

**Investment advisers**

Rathbone Brothers PLC  
Port of Liverpool Building  
Pier Head  
Liverpool  
L3 1NW

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**Insurance brokers**

Marsh Commercial  
Kabel House  
15 Quay Street  
Manchester  
M3 3HN

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## **Structure, governance and management**

### **Governing document and structure**

The full name of this charitable foundation is "The Hospital and Library in Manchester founded by Humphrey Chetham, Esq. and Incorporated by King Charles II" (Registered Charity Number 526702).

The Foundation, including the School, is regulated by a Charity Commission Scheme dated 27 May 1952, and amended by a Scheme dated 22 October 1969.

Chetham's Hospital, Chetham's School of Music and Chetham's Library are separate charities but are registered under one Charity Number, following a Uniting Direction issued by the Charities Commission in 2004 for registration and accounting purposes.

The Trustees of the Hospital and Library charities, who are known as the Feoffees, are a Body Corporate, pursuant to Letters Patent of King Charles II, dated 10 November 1665.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's Hospital.

Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of Chetham's School of Music.

### **Governing bodies**

The Feoffees are the governing body of the Hospital and Library charities. The School Governing Body of Chetham's School of Music is the governing body of the School. The Library Committee acts as the management committee of the Library charity and approval for that Committee's recommendations is given by the Feoffees.

### **Recruitment and training**

#### ***Chetham's Hospital***

Feoffees are appointed under the terms of the Will of Humphrey Chetham. The Chairman, Vice Chairman and Treasurer are elected annually.

The term of office is 5 years and Feoffees may be re-elected.

New Feoffees are chosen from a wide variety of academic and business backgrounds to ensure that the essential level of knowledge and experience is maintained and they are inducted into the working of the Hospital on appointment. Continuing training for existing Feoffees is arranged on an on-going basis as necessary.

#### ***Chetham's School of Music***

The appointment of members of the School Governing Body is confirmed by the Feoffees except where otherwise stated. The term of office is three years. All members may be re-elected.

New Governing Body members are chosen from a wide variety of academic, musical and business backgrounds and are inducted into the workings of the School by the Joint Principals. Safer recruitment procedures are followed for all School Governors including DBS checks. Continuing training for existing members is organised on an on-going basis as necessary. At each meeting of the Governing Body the opportunity is taken to update members on various aspects of School life and current educational issues. The School's Designated Safeguarding Lead attended the September 2020 meeting to answer questions on the School's Safeguarding Policy.

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***Chetham's Library***

New members of the Library Committee are selected by the Library Committee and their appointments are confirmed by the Feoffees. Members serve for a three year period with the opportunity for re-election at the end of that time if appropriate. New members are chosen from a wide variety of academic and business backgrounds and are inducted into the workings of the Library by Chetham's Librarian who also arranges for ongoing training for existing members as necessary.

**Organisational management**

The Feoffees are legally responsible for the overall management and control of Chetham's Hospital and of Chetham's Library. The Feoffees meet formally at least twice a year. The Investment Sub-Committee oversees the investment portfolio and works with the Investment Managers.

The day to day running of Chetham's Hospital is delegated to the Bursar for financial and buildings matters.

The day to day running of Chetham's Library is delegated to the Library Committee and to the Librarian.

The School Governing Body is legally responsible for the overall management and control of the School. The Governing Body meets formally at least three times a year. There are three sub-committees of the Governing Body, the Resources Committee, the Safeguarding Committee, and the International Opportunities Committee. In addition, a governor is on the School's Health and Safety Committee.

The day to day running of the School is delegated to the two Joint Principals.

The Remuneration Sub-Committee sets the remuneration packages for the Joint Principals and Bursar. The remuneration package of the Librarian is set by the Feoffees. Remuneration packages are informally benchmarked against comparable organisations' pay structures.

**Principal risks and uncertainties**

The Feoffees and the School Governing Body are responsible for the management of the risks faced by the Hospital, School and Library. Detailed considerations of risk are delegated to the Joint Principals, Librarian and Bursar and to the Resources Committee which identifies and assesses risks and establishes controls throughout the year.

The Feoffees deem the major risk faced by the Hospital to be the risk that fundraising achievements are insufficient to provide the necessary resources to properly maintain the buildings and resource the activities to which the organisation has committed. The Development Department is monitored on an on-going basis directly by the Feoffees and its reports are scrutinized closely at their regular meetings.

The School Governing Body maintains a comprehensive risk register. Key risks include the impact of a change in the Music and Dance Scheme which is the major source of ongoing fee income for the School, reputational damage, safeguarding and health and safety risks. All of these risks are mitigated by careful planning, thorough checks and reviews being in place and regular monitoring by senior staff and Governors.

The Feoffees deem the major risk to the Library is its financial sustainability. Whilst the Hospital charity is in a position to financially support the Library on an ongoing basis, the Library staff, Feoffees and Library Committee members are committed to sourcing alternative financial resources to provide a sustainable future for the Library.



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The key controls used by the Foundation include:

- formal agendas for the Committee meetings;
- detailed terms of reference for all Committees;
- comprehensive budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Foundation the Feoffees and School Governors are satisfied that the major risks have been adequately managed. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

### **Objects, aims, objectives and activities**

#### **Charitable objects**

The Feoffees are required, under the terms of the Charity Commission Scheme, to apply the annual income of the Hospital to the maintenance and improvement of the School, Library and Hospital premises, including provisions for extension and improvement of those premises and purchase of additional land and in the payment of grants and allowances and the award, inter alia, of scholarships, maintenance allowances and other financial assistance.

The object of the School is to give a liberal education with due regard to the theory and practice of music.

The object of the Library is to provide, under the Will of Humphrey Chetham, "A Library within the Town of Manchester, for the use of scholars, and others well affected, to resort unto".

#### **Public benefit aims and intended impact**

The Public Benefit aims of the Hospital are to provide the optimum resources to enable Chetham's Library and Chetham's School of Music to excel in their respective fields of expertise and to facilitate wide public access to the services offered by both entities. The Feoffees and School Governors have had regard to the Charity Commissions guidance on Public Benefit.

The Public Benefit aims of the School are as follows:

- To educate musically gifted children between the ages of 8 and 18 whatever their social, racial and cultural background and financial circumstances;
- To provide as broad an academic curriculum as is possible within a specialist school; and
- To develop the whole person, furthering the spiritual, moral, social and cultural development of each student.

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The Public Benefit aims of the Library are to maintain the provisions of the Humphrey Chetham Will, and to make improvements to the Library whenever possible. It aims to advance the education of the public by the provision of opportunities to study historical and contemporary literature, specialising in the history of the North West of England.

**Objectives for the year**

All three charities have been impacted to a greater or lesser extent during the year by the Coronavirus pandemic and so the overarching objective has been to ensure that the charities and the services provided to beneficiaries are maintained at the highest possible level.

The major objective for the Hospital this year has been to continue to fulfill its stated aims of supporting the Library and School.

The main objectives of the School were as follows:

- To manage the School effectively during the Coronavirus pandemic, limiting its impact upon the students' education as far as possible.
- To ensure that the School's Safeguarding Policy and practices are exemplary and fulfill all regulatory and statutory requirements.
- To continue to achieve consistently high results in musical and academic fields.
- Working with the Feoffees to further the Site Development Project which has provided the New School Building, the new Stoller Hall and upgraded boarding accommodation.
- To continue to provide opportunities to the public via the School's extensive outreach programme, widening access to the School.
- To increase the amount of bursary funding for overseas and home students to enable more students to be supported financially. £576,777 (2020: £353,479) was provided in bursary support this year.

The major objective for the Library this year has been to continue to fulfill its stated aims of the provision of a Library. Fundraising has been prioritised to help to ensure the Library's activities are sustainable.

**Strategies to achieve the year's objectives**

The strategies used to achieve the Hospital's objective this year include: continuing to raise the necessary funding to cover the funding gaps incurred during the on-going Site Development Project.

The School's strategies included:

- The School's Safeguarding Committee monitors safeguarding matters at each of its meetings. The Safeguarding Policy is updated and reviewed at least annually by the School and Governors.
- Continuing to employ and invest in the best possible staff in all departments in the School.
- Providing opportunities for Chetham's students and the public to participate in high quality events including masterclasses, recitals, orchestral concerts and numerous specialist teacher and student days throughout the year, albeit that this was somewhat restricted due to the COVID-19 pandemic.
- Continuing work on the refurbishment of the boys' boarding accommodation in the Millgate Building. The first phase of the construction work was completed in Summer 2019 and the students moved into the new bedrooms in September 2019. Phase 2 is underway, having been significantly impacted by the COVID-19 pandemic. This part of the Site Development Project is expected to continue for a number of years.
- Identifying and working with potential providers of bursary funding.

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The strategies used by the Library to achieve this year's objectives included reviewing the securing of the financial viability of the Library by the submission of numerous funding applications to a variety of trusts and foundations, continuing and expanding on the strong links with other academic institutions and Manchester Cathedral and targeted expansion of the holding of relevant books and other materials. The Coronavirus pandemic impacted significantly on the Library as it had to close to public visitors in March 2020. It re-opened in Summer 2021 whilst maintaining an on-line service, although had to close again at Christmas 2021 due to increasing levels of infections.

#### **Principal activities of the year**

The principal activities of the Hospital were the provision of premises to house the School and Library and associated activities, together with the awarding of grants to the Library and to students of the School.

The principal activity of the School was the provision of a musical and academic education to young people between the ages of 8 and 18. The School also provides an extensive outreach programme to encourage wider community access to the excellent teaching resources of the School.

The principal activity of the Library was the provision of a library and associated activities.

#### **Foundation buildings**

Under the Will of Humphrey Chetham who died in 1653, College House was purchased for the foundation of a hospital (school) and a library. The accounts of the Foundation do not incorporate any value of College House.

The value of land and buildings shown in the financial statements is the purchase price of the Millgate Building, and the construction costs of New College House, the Millgate extension, the New School Building, the conversion costs for the Nicholls Building re-development, the construction costs of the Stoller Hall and of the redevelopment of the boys' boarding accommodation in the Millgate Building, all net of depreciation where relevant, together with the purchase price of the parcel of land at Walkers Croft. The buildings are insured for £127 million on a rebuilding basis.

The Hospital is responsible for the external repair and maintenance of the Foundation buildings, and the costs are charged to its annual accounts as incurred. The School and Library pay for internal repairs and maintenance within their own respective accounts.

#### **Grant making policy**

The Feoffees make awards on the basis of an individual's financial position. Any particular conditions imposed by donors are taken into account when making awards.

Whilst most of the awards from the Hospital are small and given as bursaries, any grant from the Instrument Fund is given to parents in support of their requests for assistance in buying instruments for their children. The parents usually have to contribute to any purchase. This year, the value of awards made by the Hospital to the School's students was £2,500 (2020 - £1,600). A grant of £nil (2020 - £22,000) was made to Chetham's Library during the year.

Around 80% of the students at Chetham's are eligible for means-tested support through the Music and Dance Aided Pupil Scheme, funded by the Department for Education (DfE). This Scheme ensures that families are only asked to contribute towards the fees of the School at a level that they can afford. For a number of reasons, usually because the Scheme is primarily for UK residents, a small number of students are not eligible for financial support through the DfE scheme. A significant part of the School's activities is the provision of bursaries to these students, to facilitate the widening of access to the School. Bursaries are normally awarded from both unrestricted and restricted funds and awards are based on the School's assessment of financial need. Detailed means testing is carried out by the School to ensure that its funds are directed towards those who would otherwise not be able to afford to come to Chetham's. This year the School contributed £nil (2020 - £111,807) from Unrestricted Funds and £576,777 (2020- £241,672) from Restricted Funds to support students financially. The amount contributed each year varies according to specific need in each particular year.

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**Review of achievements and performance for the year**

**Review of activities**

***Chetham's Hospital***

The major activity of the Hospital during this year has been to fundraise to cover the funding gaps incurred during the on-going Site Development Project. This Project was divided into three phases: to construct the New School Building, including constructing a 482 seat concert hall, to refurbish the residential accommodation in the Millgate and Nicholls Buildings and to increase public access to the medieval estate by the opening of the Medieval Manchester Visitor Attraction. Fundraising for the Project has slowed somewhat although over £43 million has been raised.

Plans have been made for the separation of the School site from the Visitor Attraction areas, and for significantly upgrading the Waterhouse Building, which in due course will become a major part of the visitor experience. The Feoffees have worked closely with a variety of partners and neighbours with the aim of enhancing the exciting and unique experience for tourists and other visitors. This part of the Site Development Project is subject to the securing of the necessary funding.

Safeguarding matters were also at the forefront of activities, supporting the School in ensuring that systems were effective.

The Feoffees consider that the activities of the School and Library and of itself further the Hospital's charitable purposes for the public benefit as the Hospital contributes to enhancing those activities.

***Chetham's School of Music***

At the start of the year there were 328 students on roll, compared to 323 the previous year. This number includes 12 Choristers, as the School acts as the Choir School for Manchester Cathedral. There were 174 girls and 154 boys, with 132 students in the 6<sup>th</sup> Form, 163 in Years 7 to 11 and 33 Juniors. Most (67%) students are boarders, with the remainder living within commuting distance of the School.

The School admits students solely on the basis of musical ability and applicants are rigorously auditioned for selection. For entry in September 2020 there were 129 applications and 101 auditions with 73 children successfully joining the School. In addition the School carries out many free advice auditions where children who may be considering applying to the School are given professional feedback on their playing and musical ability.

A total of 263 places at the School are funded each year by the Department for Education under the Government-funded Music and Dance Schools (MDS) Aided Pupils Scheme. This Scheme allows for means testing with fee remission for eligible families. The School also provides substantial bursary funding for exceptionally talented students who are not eligible for the MDS Scheme, and for other families who may be suffering financial hardship. The average award this year was £13,733 (2020 - £10,099), providing support to a total of 42 (2020 – 35) students. The number of students who are helped financially varies each year according to need. Chorister places at Chetham's are also significantly supported by the School as the fees for Choristers are discounted by over 60%. The School aims to help as many students as it can in this way as it believes that the musical education that it provides benefits the public as well as the individuals concerned.

Education is a public benefit in its own right. As well as providing an exemplary level of music education, the academic results of the School continue to be very satisfactory. Despite the Coronavirus pandemic, A level results were excellent with a 100% pass rate and 87% of the candidates receiving A\* to B grades. Results at GCSE level were also pleasing with 99% at A to C grades. Education at the level provided by the School in Music and other subjects to such a high standard provides not only world class musicians of the future but rounded individuals who have the choice of where their future lives may lead.

Destinations of the Upper 6<sup>th</sup> Form leavers continue to be varied. Over 70% of the leavers were accepted to read Music at university, music college or conservatoire, and the most popular destinations were the Royal College of Music and the Royal Academy of Music. Other (non-Music) destinations included Imperial College and Durham University for subjects such as Mathematics and English.

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During the year Chetham's Outreach Department continued to function and increase its reach despite being in the midst of a global pandemic. Much of the activity was moved online, and, while the experience of live music can never be replaced, the Department were forced to explore new and creative ways of providing access to music digitally. The team's improved skills and range of activities is something to be carried forward in their programme, while returning, of course, to more live music-making.

The Department engaged with over 10,000 individual school students and members of community groups and multiple engagements with some of those resulting in over 19,000 engagements overall. They engaged with over 60 schools and 10 community groups, many on multiple occasions. Community groups included Belong Moris Feinmann, various care homes and Salford Age UK and Together Dementia Support Group.

Some highlights of the projects and activities included online creative, interactive music workshops for Key Stage 2 students (attended by thousands of students live on Zoom!), livestreams to care homes and several presented livestream performances for schools and a filmed relaxed concert with accompanying resources for audiences with PMLD and MLD. We also produced a large-scale Christmas film of Christmas music for schools and the public which featured a mega samba and students from schools around Greater Manchester.

Overnight on 24<sup>th</sup> June 2021 a fire broke out in the Whiteley Hall, in the Millgate Building. Thankfully there were no casualties but a significant amount of damage was caused. The School was fully insured and the cost of the repairs to the building and contents will be covered. The School thoroughly reviewed its fire risk assessment, took advice from the Fire Service and insurers and is taking the opportunity to provide enhanced facilities in the Hall alongside the repair work being carried out.

The Site Development was impacted by the Coronavirus pandemic and work on the refurbishment was slowed considerably. The first phase was completed in Summer 2019, and phase two should be completed in 2022.

In June 2017 the School was notified that it would be called to give evidence at the Independent Inquiry into Child Sexual Abuse. Representatives of the School attended the Inquiry in September 2019. The Inquiry's report was published in March 2022 and the School has reflected on its contents, re-affirming the predominant priority of all who work at the School being the safeguarding of students.

During the year the School received investments valued at over £1.2 million from a previously notified bequest, and share values rose considerably during the year. At the year end investments totalled £11,223,214 (2020 - £8,306,295). Cash at bank and in hand and creditors were impacted at the year end as the Music and Dance Scheme made their normal grant payment in advance in August.

### ***Chetham's Library***

Chetham's Library is widely recognised as the oldest surviving public library in the English speaking world, remaining in continuous use from its foundation in 1655 to the present day. It forms a resource that has few parallels, being a major research library, heritage complex and arts organisation. Its significance has been recognized by Arts Council England through Designation of its collection as being of national and international importance.

The Library was grateful to receive significant grants from the Arts Council and from Manchester City Council to help support the Library's activities during the Coronavirus Pandemic.

Fundraising for the Library's work continues. The Patrons of Chetham's Library scheme raised £394 this year (2020: £1,456).

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**Fundraising performance against objectives**

During the year £632,521 (2020: £1,676,952) was donated or bequeathed to the Foundation. The Feoffees and School Governing Body have set general targets for the Development Department, both for unrestricted and restricted income and consider that the year's results are satisfactory in the circumstances.

Chetham's is registered with the Fundraising Regulator and is committed to delivering the Fundraising Promise, as outlined on the Fundraising Regulator's website, and the high standards set for fundraising, as outlined in the Regulator's Code of Fundraising.

**Investment performance against objectives**

The investment powers of the Foundation are subject to statutory provisions, in particular the Trustees Investments Act 2000.

The policy is to maintain income whilst preserving the real value of endowed investments and to maximise income on temporarily invested funds.

Rathbone Brothers PLC acting as Investment Managers with effect from September 2019 have discretionary powers to manage the portfolio and their performance is monitored on a regular basis against agreed benchmarks by the Investment Sub-Committee. The Feoffees and School Governing Body consider that the year's results are satisfactory.

The Foundation's annualized total return on investment assets was £1,967,702 (2020: £319,177).

Investment income in the Hospital decreased during the year to £13,310 (2020 - £15,836) and realised gains were £1,733 (2020 - losses of £34,062).

Investment income in the School increased during the year to £133,754 (2020 - £82,953) and realised investment gains were £75,198 (2020 - losses of £23,383).

Investment income in the Library decreased during the year to £79,713 (2020 - £83,477) and realised investment gains were £46,098 (2020 - losses of £208,134).

**Financial Review**

The Foundation recorded an overall surplus on unrestricted funds of £814,429 (2020 - £1,522,023) and its total Unrestricted Funds now stand at £9,393,030 (2020 - £8,578,601).

The Hospital recorded a surplus on unrestricted funds for the year of £164,135 (2020 - £107,733) and its total Unrestricted Funds now stand at £2,296,640 (2020 - £2,132,505). This includes a deficit of £328,907 (2020 - £378,907) in Designated Funds.

The School recorded a surplus on unrestricted funds for the year of £512,101 (2020 - £1,631,580) and its total Unrestricted Funds now stand at £6,638,484 (2020 - £6,126,383). This includes £1,992,065 (2020 - £2,048,327) which is designated for a variety of specific purposes.

The Library recorded a surplus on unrestricted funds for the year of £138,193 (2020 - deficit of £217,290) and its total Unrestricted Funds now stand at £457,906 (2020 - £319,713). This includes £64,000 (2020 - £nil) in Designated Funds.

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### **Going concern**

The Feoffees, School Governing Body members and the Senior Leadership Team continue to closely monitor the progress of the Covid-19 global pandemic and its impact on Chetham's. The School is operating within Government guidelines and all students are able to attend in person. The Library has re-opened to visitors, on a restricted basis to start with. The DfE has confirmed its support for the School and the Music and Dance Scheme funding has not been affected and continues to be paid. The income for the 2021/2022 year for the Stoller Hall has been bolstered by the receipt of an Arts Council grant and corporate sponsorship. The Feoffees and the School Governors do not consider that there is any going concern issue for Chetham's.

### **Reserves policy**

#### ***Introduction***

Notes 16 to 19 of the financial statements set out an analysis of the assets attributable to the various Funds together with a description of the major components of those Funds. These assets are sufficient to meet the financial obligations on a fund by fund basis.

The Hospital "which owns the buildings" is primarily dependent on rent from the School for its income. The Feoffees aim to increase the balance of free reserves each year, to bring the level up to an amount felt to be appropriate in the circumstances. At the present time, the Feoffees' target for free reserves for the Hospital is £300,000, equivalent to around a year's expenditure.

It is the policy of the School Governing Body to increase free reserves each year by 10% when there is no call on the reserves to cover unexpected costs. The Governing Body's aim is to bring the level of reserves to a substantially higher level than at present to safeguard against income deterioration or unexpected costs.

The Feoffees and Library Committee aim to ensure that the free reserves of the Library cover approximately one year's expenditure.

#### ***Review of policies***

These policies will be reviewed every three years by the Treasurer and Bursar and brought to the attention of the Feoffees and the School and Library Committees as part of the review of all policies.

#### ***Level of Reserves***

Unrestricted reserves of the Foundation held at 31 August 2021 were £9,393,030 (2020 - £8,578,601) of which £1,727,158 (2020 - £1,669,420) is designated for specific purposes.

The unrestricted reserves are substantially invested in the tangible fixed assets of the Foundation. In the year to 31 August 2021 the surplus on free reserves increased to £6,679,398 (2020 - £5,756,701).

Restricted reserves of the Foundation were £35,828,477 (2020: £35,587,455). Of this balance £31,278,415 (2020: £32,167,977) is represented by fixed assets.

#### ***Hospital***

Free reserves of the Hospital are £546,681 (2020 - £279,902).

Restricted reserves are £29,314,467 (2020: £29,861,940). 2 (2020: 3) capital project funds are in deficit at the year end by £2,249,754 (2020: £2,517,044) as expenditure has been incurred in advance of income being received for the projects.

**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY  
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II  
ANNUAL REPORT OF THE FEOFFEEES  
For the year ended 31 August 2021**

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***School***

Free reserves of the School are £5,789,811 (2020 - £5,272,086). At present, the level of reserves is equivalent to around twenty-nine weeks' expenditure. The Governors' aim to increase the level of free reserves to at least 9 months' expenditure, which at the current time would be £8 million.

Restricted reserves are £6,494,544 (2020: £5,702,932) and are held for a variety of purposes.

***Library***

Free reserves of the Library are £342,906 (2020 - £204,713). This is just over one year's operating costs and is deemed to be sufficient at present.

Restricted reserves are £19,466 (2020: £22,583) and are held for a variety of purposes.

**Plans for future periods**

The Feoffees and School Governing Body aim to support continuation and progression of the excellent work carried out by the staff of the School and Library.

In September 2020, following the resignation of the Principal, Alun Jones, the School appointed Nicola Smith, former Vice Principal, and Tom Redmond, former Director of Music, to the positions of Joint Principals of the School.

The Site Development Plan will continue as funding allows. The most pressing aim of the Feoffees and School Governing Body is to continue to upgrade the boarding accommodation in the Millgate Building. This work started in the summer of 2018 and will continue for a number of years. The Feoffees also plan to launch the Medieval Manchester Visitor Attraction, featuring Chetham's Library and the medieval buildings as soon as funding is available.

The financial security of the Library has to be secured and this will be a major part of the Feoffees' work in the near future.

**Disclosure of information to the auditors**

So far as each person who was a Feoffee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Feoffees and the charity's auditors each Feoffee has taken all the steps that he or she is obliged to take as a Feoffee in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

**Statement of Feoffees' responsibilities in respect of the financial statements**

Charity law requires the Feoffees to prepare financial statements for each year which give a true and fair view of the charity's financial activities during the year and the financial position at the end of the year. In preparing those financial statements, the Feoffees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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



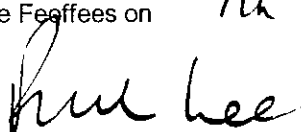
**THE HOSPITAL AND LIBRARY IN MANCHESTER FOUNDED BY  
HUMPHREY CHETHAM ESQ AND INCORPORATED BY KING CHARLES II  
ANNUAL REPORT OF THE FEOFFEES  
For the year ended 31 August 2021**

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- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Feoffees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity. They are 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.

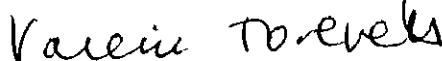
Approved by the Feoffees on 7th June 2022 and signed on their behalf by:



P. Lee, Esq  
Chair of Feoffees



M. Edge, Esq.  
Chair of School Governing Body



Mrs. V. Torevell  
Hon. Treasurer

**Independent Auditor's Report to the Members of The Hospital and Library in  
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**  
**For the year ended 31 August 2021**

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**Opinion**

We have audited the financial statements of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II and its subsidiaries ('the group') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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's and the charity's affairs as at 31 August 2021 and of the group's 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 charitable group 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 Feoffees' 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 or the group'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 Feoffees with respect to going concern are described in the relevant sections of this report.

**Other information**

The Feoffees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we have not identified material misstatements in the Feoffees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

# **Independent Auditor's Report to the Members of The Hospital and Library in Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**

**For the year ended 31 August 2021**

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- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Fеоffees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

## **Responsibilities of Fеоffees**

As explained more fully in the Fеоffees responsibilities statement set out on page 14, the Fеоffees 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 Fеоffees 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 Fеоffees are 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 Fеоffees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, Employment legislation and Health and Safety Legislation

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Fеоffees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, sample testing of other income and reading minutes of meetings of those charged with governance.

**Independent Auditor's Report to the Members of The Hospital and Library in  
Manchester Founded by Humphrey Chetham Esq and Incorporated by King Charles II**  
**For the year ended 31 August 2021**

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Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**Use of our report**

This report is made solely to the charity's members, 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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Crowe UK LLP*

**Crowe U.K. LLP**  
Statutory Auditor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date *22nd June 2022*

**The Hospital and Library in Manchester founded by Humphrey Chetham Esq  
and incorporated by King Charles II**

**STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 August 2021**

	Notes	Hospital Funds £	School Funds £	Library Funds £	2021 £	2020 £
<b>Income from:</b>						
<b>Charitable activities:</b>						
School fees	2	-	10,006,615	-	10,006,615	9,589,696
Ancillary activities	6	530	553,390	9,103	563,023	139,495
<b>Other trading activities:</b>						
Activities for generating funds	3	27,647	133,337	-	160,984	291,132
<b>Investments:</b>						
Investment income	4	13,310	133,754	79,713	226,777	182,266
<b>Voluntary sources:</b>						
Bequests and donations	5	28,375	483,179	120,967	632,521	1,676,952
Grants received		-	219,685	91,517	311,202	481,769
<b>Total incoming resources</b>		69,862	11,529,960	301,300	11,901,122	12,361,310
<b>Expenditure on:</b>						
<b>Raising funds:</b>						
Fundraising		12,463	80,193	-	92,656	124,467
Publicity		-	137,744	-	137,744	110,034
Conference, facility hire and trading costs		11,634	135,318	-	146,952	262,137
Financing costs		128,802	2,819	-	131,621	146,200
Investment management costs		3,166	43,100	16,187	62,453	24,526
		156,065	399,174	16,187	571,426	667,364
<b>Charitable activities:</b>						
Teaching costs – academic		-	2,076,471	-	2,076,471	2,121,423
Teaching costs – music		-	4,005,417	-	4,005,417	3,765,814
Welfare		-	1,473,716	-	1,473,716	1,180,736
Premises		1,070,457	2,003,830	-	3,074,287	2,995,825
Scholarships and bursaries		-	576,777	-	576,777	241,672
Grants, awards and prizes		2,500	17,039	-	19,539	14,411
Library running costs		-	-	199,152	199,152	200,825
Support and Governance costs		15,948	86,118	1,489	103,555	97,407
		1,088,905	10,239,368	200,641	11,528,914	10,618,113
<b>Total resources expended</b>	9	1,244,970	10,638,542	216,828	12,100,340	11,285,477
<b>Net income/(expenditure)</b>		(1,175,108)	891,418	84,472	(199,218)	1,075,833
Transfer between funds	10	727,000	(727,000)	-	-	-
<b>Gains/(losses) on investment assets:</b>						
Realised		1,733	75,198	46,098	123,029	(265,579)
Unrealised		187,152	1,064,097	366,647	1,617,896	402,490
<b>Net movement in funds</b>		(259,223)	1,303,713	497,217	1,541,707	1,212,744
Fund balances at 1 September 2020		32,622,038	11,829,315	2,690,381	47,141,734	45,928,990
<b>Fund balances at 31 August 2021</b>		32,362,815	13,133,028	3,187,598	48,683,441	47,141,734

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq  
and incorporated by King Charles II  
BALANCE SHEET  
For the year ended 31 August 2021**

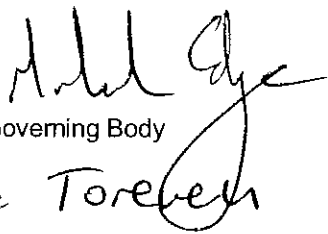
	<i>Note</i>	2021 £	2020 £
<b>Fixed assets</b>			
Heritage assets	11	115,000	115,000
Tangible fixed assets	11	33,877,047	34,874,877
Investments	12	<u>11,223,214</u>	<u>8,306,295</u>
		45,215,261	43,296,172
<b>Current assets</b>			
Debtors - fees		380,076	464,693
- other debtors and prepayments	13	432,483	1,519,429
Cash at bank and in hand		<u>7,493,307</u>	<u>4,934,341</u>
		8,305,866	6,918,463
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,053,663)</u>	<u>(1,141,782)</u>
<b>Net current assets</b>		<u>5,252,203</u>	<u>5,776,681</u>
<b>Total assets less current liabilities</b>		50,467,464	49,072,853
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(1,784,023)</u>	<u>(1,931,119)</u>
<b>Total net assets</b>	16	<u>48,683,441</u>	<u>47,141,734</u>
<b>Endowment funds</b>	17	3,461,934	2,975,678
<b>Restricted funds</b>	18	35,828,477	35,587,455
<b>Unrestricted funds</b>	19	<u>9,393,030</u>	<u>8,578,601</u>
<b>Total funds</b>		<u>48,683,441</u>	<u>47,141,734</u>
Hospital funds		32,362,815	32,622,038
School funds		13,133,028	11,829,315
Library funds		<u>3,187,598</u>	<u>2,690,381</u>
<b>Total funds</b>	16	<u>48,683,441</u>	<u>47,141,734</u>

The financial statements were approved and authorised for issue by the Feoffees on 7th June 2022 and signed on their behalf by:

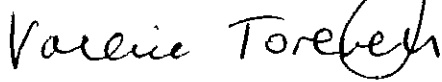


P. A. Lee, Esq.  
Chair of Feoffees

M. Edge, Esq.  
Chair of School Governing Body



Mrs. V. Torevell  
Hon. Treasurer



**The Hospital and Library in Manchester funded by Humphrey Chetham Esq  
and incorporated by King Charles II  
CASH FLOW STATEMENT  
For the year ended 31 August 2021**

	<i>Cash flow statement notes</i>	2021 £	2020 £
<b>Net cash inflow/(outflow) from operations</b>			
Net cash provided by/(used by) operating activities	1	2,650,665	(1,259,275)
<b>Cash flows from investing activities</b>			
Investment income		226,777	186,266
Bank loan and interest payable		(131,621)	(146,200)
Payments to purchase buildings and other fixed assets		(97,787)	(175,654)
Payments to acquire investments, including cash awaiting investment		(1,919,071)	(6,438,310)
Receipts from sales of fixed asset investments		1,803,137	2,758,640
Increase in cash held by investment advisors		165,081	(302,044)
<b>Net cash provided by/(used in) investing activities</b>		<u>46,516</u>	<u>(4,117,302)</u>
<b>Cash flow from financing activities</b>			
Bank loan repayments		<u>(138,215)</u>	<u>(129,323)</u>
<b>Net cash used in financing activities</b>		<u>(138,215)</u>	<u>(129,323)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		2,558,966	(5,505,900)
Cash and cash equivalent at the beginning of the period		<u>4,934,341</u>	<u>10,440,241</u>
Cash and cash equivalent at the end of the period	2	<u>7,493,307</u>	<u>4,934,341</u>

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq  
and incorporated by King Charles II  
NOTES TO THE CASH FLOW STATEMENT  
For the year ended 31 August 2021**

**1. Reconciliation of net expenditure to net cash flow from operating activities**

	2021 £	2020 £
Net (outgoing)/incoming resources	(199,218)	1,075,833
Depreciation	1,095,617	1,077,424
Investment income	(226,777)	(186,266)
Bank and loan interest payable	131,621	146,200
Donated investments	(1,225,141)	-
Decrease/(increase) in debtors	1,171,563	(1,216,813)
Increase/(decrease) in creditors	1,903,000	(2,155,653)
Net cash inflow/(outflow) from operating activities	<u>2,650,665</u>	<u>(1,259,275)</u>

**2. Analysis of cash and cash equivalent**

	2021 £	2020 £
Cash at bank and in hand	5,963,122	3,404,361
Cash on deposit	1,530,185	1,529,980
	<u>7,493,307</u>	<u>4,934,341</u>

**3. Reconciliation of net debt**

	At 1 September 2020 £	Cashflow £	At 31 August 2021 £
Cash at bank and in hand	4,934,341	2,558,966	7,493,307
Bank loan due in less than one year	(134,959)	(8,881)	(143,840)
Bank loan due in greater than one year	(1,931,119)	147,096	(1,784,023)
	<u>2,868,263</u>	<u>2,697,181</u>	<u>5,565,444</u>



**The Hospital and Library in Manchester funded by Humphrey Chetham Esq  
and incorporated by King Charles II  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 August 2021**

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**1. Statement of accounting policies**

***Basis of preparation of accounts***

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011 and the 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) - effective 1 January 2019.

The Foundation has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The Foundation is a Public Benefit Entity registered as a charity in England and Wales. It is registered as a charity on the Charity Commission website (charity number: 526702).

No material uncertainties that may cast significant doubt about the ability of the Foundation to continue as a going concern have been identified by the Feoffees or School Governing Body.

The Foundation has a Fundraising Strategy in place to continue to raise the necessary funds for the Site Development Project with over £43 million having been raised to date. The upgrading of the boarding accommodation in the Millgate Building is the next priority, as well as the opening of the medieval buildings as part of the Visitor Attraction Project.

A significant proportion of fee income for the School is receivable from the Department for Education (DfE) under the Music and Dance Aided Pupil Scheme (MDS). In the current year £7,242,170 was receivable (2020 - £7,209,269). The DfE have provided assurances to the School that they foresee the MDS Scheme being continued in its current form for the foreseeable future.

The trustees and the Senior Leadership Team are closely monitoring the progress of the Covid-19 global pandemic and its impact on Chetham's. The DfE has confirmed its support for the School and the Music and Dance Scheme funding is unaffected and continues to be paid. The Library's income for the current year will be less than originally forecast but its reserves are more than sufficient to cover this reduction. The Feoffees and School Governors consider that Chetham's is able to continue as a going concern for the foreseeable future.

**The Hospital and Library in Manchester funded by Humphrey Chetham Esq  
and incorporated by King Charles II  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 August 2021**

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**1. Statement of accounting policies (continued)**

***Uniting direction***

A Uniting Direction was issued by the Charities Commission on 25 June 2004. This links the Chetham's Hospital, School and Library charitable strands for the purposes of registration and accounting under the Charities Act 1993. The Charity Commission has agreed to the adapted format of the Statement of Financial Activities wherein funds are categorised by component charitable strand rather than by type.

Chetham's Hall Limited is a subsidiary undertaking that is a wholly owned subsidiary of the Hospital. Chetham's Trading Limited is a subsidiary undertaking that is a wholly owned subsidiary of the School. The results of both subsidiaries are included in the accounts of the relevant charity.

***Fees and similar income***

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting bursaries granted by the School, but include contributions received from Restricted Funds towards fees.

***Donations and bequests***

Donations and bequests received for the general purposes of the Foundation are credited to unrestricted funds. Donations and bequests subject to specific wishes of the benefactors are credited to restricted funds, or to endowment funds where the amount is required to be held as permanent capital.

Donations and bequests are accounted for as and when entitlement arises, the amount can be reliably qualified and the economic benefit to the school is considered probable.

***Investment and covenant income***

Credit is taken for investment and covenant income, including related taxation, on an accruals basis. The income from COIF Accumulation units is automatically reinvested and this income is not disclosed as such in the accounts because there is a corresponding increase in the valuation of the original subscribed units.

***Resources expended***

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer- term liabilities. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the proportions of individuals' time attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, also external audit, any legal advice for the Feoffees and School and Library Committees, and all costs of complying with constitutional and statutory requirements, such as the costs of meetings of the Feoffees, the School Governing Body and the Library Committee and of preparing statutory accounts and satisfying public accountability.

***Tangible fixed assets and depreciation***

The Foundation's Collections and Management Plan, available from Chetham's Librarian upon request, details the Foundation's policy for the acquisition, preservation, management and disposal of its heritage assets.

College House and the Collections are deemed to have indeterminate lives and therefore the Feoffees do not consider it appropriate to charge depreciation.

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**1. Statement of accounting policies (continued)**

***College House***

The site of Chetham's, on a sandstone outcrop at the confluence of the Rivers Irwell and Irk, has been of strategic importance and occupied since Roman times. College House, in 1421, was the largest building in the medieval town of Manchester. The buildings have been used to house the School since 1653 and are Grade 1 listed.

The Feoffees consider that, owing to the incomparable nature of the buildings, conventional valuation approaches lack sufficient reliability and even if valuations could be obtained, the costs of doing so would be onerous compared with the additional benefits derived by the Foundation and users of the accounts. As a result, no value is reported for this asset in the Balance Sheet.

***The Library's Collections***

The Library's Collections were started in 1655. From illuminated manuscripts made for kings and queens to the minutiae of personal life – diaries, letters, account books – the Library has a wealth of special items and collections. Chetham's holds over forty medieval manuscripts, including the thirteenth century *Flores Historiarum* of Matthew Paris. The Collections are mainly concerned with the history of the North West of England and include the first ever census of Manchester compiled in 1773-74. There are well over 120,000 printed items, over half of which were published before 1850.

It is considered that obtaining valuations for the vast majority of the Collections would involve disproportionate cost due to the size and diversity of the items and so these assets are therefore not recognised in the Balance Sheet. Significant acquisitions from September 2009 onwards will be reported at cost, where the item is purchased, or if donated, at the current value if it is readily discernable, for example by using a probate value.

The Feoffees will very occasionally approve the disposal of items of the Collections, for example when an item is of doubtful provenance or is a duplicate of an item already in a Collection. Where items that are not recognised as fixed assets are disposed of, the proceeds are reported in the Statement of Financial Activities. Disposal proceeds are also disclosed separately in the notes to the accounts.

The Collections are deemed to have indefinite lives and therefore no depreciation is charged.

***Preservation costs***

Expenditure which, in the Feoffees' view, is required to preserve or clearly prevent further deterioration of College House or individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

***Other assets***

The cost of freehold buildings which are not classed as heritage assets is written off by annual installments over their expected useful lives as follows:

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**1. Statement of accounting policies (continued)**

Freehold buildings: 40 - 60 years

The cost of the land acquired in 2008 is not written off but is kept in the accounts as a capital item matched by a restricted Capital Fund as its purchase was funded by a grant from the NWDA for that specific purpose.

Expenditure on instruments, furniture and equipment etc. costing less than £10,000 is written off as an expense in the year incurred.

Depreciation is provided on the cost of tangible fixed assets, to write them down in equal instalments to their estimated residual values based current market prices over their expected useful lives as follows:

Furniture, fittings and equipment:	5 years
Instruments:	3 years

Grants received towards capital expenditure are credited to the appropriate restricted fund upon entitlement thereto; any depreciation of the grant-funded proportion of such fixed assets expenditure is charged to the related restricted fund.

***Investments***

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Investment management fees are accounted for as incidental costs of the acquisition or disposal where transaction-based. Other management fees are disclosed separately as Resources Expended in the Statement of Financial Activities.

Investment in subsidiaries are valued at cost less provision for impairment.

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**1. Statement of accounting policies (continued)**

***Pension schemes***

Contributions are made to the multi-employer defined benefit Teachers' Pension Scheme at rates set by the Scheme Actuary and advised by the Scheme Administrator. Contributions are also made to the Greater Manchester Pension Fund, a multi-employer defined benefit pension scheme, for a small number of non-teaching staff, and also to a money purchase pension scheme for other non-teaching staff. In accordance with FRS 102 all schemes are accounted for as defined contribution schemes and contributions therefore are charged in the Statement of Financial Activities as they become payable.

***Operating leases***

Rentals applicable to operating leases are charged to the Statement of Financial Activities as they fall due.

***Taxation***

As a registered charity, the Foundation and its associated funds are not subject to taxation on its surpluses. However, provision is made for corporation tax on any trading profits generated by Chetham's Hall Limited and Chetham's Trading Limited after provision for Gift Aid payment.

***Financial instruments***

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

***Critical accounting judgements and key sources of estimation uncertainty***

In the application of the accounting policies, Feoffees and School Governors as trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Feoffees and School Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

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**2. School fees**

	2021 £	2020 £
Gross fees receivable	10,006,615	9,701,503
Less: total bursaries, grants and allowances	(576,777)	(353,479)
	<u>9,429,838</u>	<u>9,348,024</u>
Scholarships and bursaries financed from restricted and endowment funds	576,777	241,672
	<u>10,006,615</u>	<u>9,589,696</u>

The total educational awards financed from restricted funds comprise:

	2021 £	2020 £
Scholarships and bursaries	576,777	241,672
Grants, awards and prizes	17,592	12,485
	<u>594,369</u>	<u>254,157</u>

**3. Other trading activities**

	2021 £	2020 £
Trading income, summer schools and facility hire	<u>160,984</u>	<u>291,132</u>

Trading income includes £27,647 (2020: £43,275) in relation to Chetham's Hall Limited and £120,721 (2020: £216,445) in relation to Chetham's Trading Limited.

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**4. Investment income**

	2021 £	2020 £
Income from UK listed investments (gross)	226,534	161,478
Interest on funds deposited on bank reserve accounts	243	20,788
	<u>226,777</u>	<u>182,266</u>

**5. Bequests and donations**

During the year significant bequests and donations were gratefully received from the following:

The Andrew Lloyd Webber Foundation, Dame Alexandra Burslem, the Estate of the Late Mr and Mrs Butters, the Chinese Government, the Albert and Eugenie Frost Music Trust, the Haworth Charitable Trust, Hulme Trust Estates (Educational), Mr D Gaskill, the Leverhulme Trust, the Oglesby Charitable Trust, Mr H Ross, the Estate of the late Mr W Smith, the Stoller Charitable Trust, and the Zochonis Charitable Trust.

Donations were also received from many other sources and the Feoffees and School Governors wish to express their sincere gratitude to all donors.

**6. Ancillary activities**

	2021 £	2020 £
<b>Charitable activities</b>		
Concert income	2,411	11,464
Piano Summer School	243,441	93,207
Sundry income	35,514	34,824
Insurance claims	281,657	-
	<u>563,023</u>	<u>139,495</u>

**7. Expenditure**

	2021 £	2020 £
Charitable expenditure includes:		
Depreciation of fixed assets	1,095,617	1,077,424
Auditors' remuneration: audit services	19,763	19,609
Operating lease costs	<u>25,909</u>	<u>29,968</u>

The above excludes rent of £627,000 (2020 - £627,000) paid by Chetham's School of Music to Chetham's Hospital which is eliminated by way of transfers between funds (note 10).

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**8. Employment costs**

	2021	2020
	£	£
Wages and salaries	5,844,131	5,667,740
Social security costs	499,749	474,144
Pension contributions	916,761	892,288
	<u>7,260,641</u>	<u>7,034,172</u>

The average monthly number of employees in the year was 314 (2020 - 345) of which 175 (2020 - 180) were teaching staff.

The key management personnel comprise the two Joint Principals, the Bursar, and Chetham's Librarian.

The total employment benefits of the key management personnel were £458,313 (2020: £468,258). Total employment benefits include gross salaries, employer's National Insurance Contributions, employer's pension contributions, benefits in kind and Class 1A National Insurance Contributions on those benefits in kind.

Neither the Feoffees nor members of the other Foundation Committees nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Charities or from any connected organisation during this year or the previous year.

During the year the School paid £nil (2020 - £3,450) to no (2020 - one) employee under confidential settlement agreements.

The number of employees whose emoluments exceeded £60,000 was as follows:

	2021	2020
	No.	No.
£60,001 to £70,000	2	1
£70,001 to £80,000	-	1
£80,001 to £90,000	-	-
£90,001 to £100,000	3	1
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	1

Contributions paid in the year for the provision of defined benefit schemes for higher paid employees were £73,804 (2020 - £64,273) and for money purchase pension schemes for higher paid employees were £19,300 (2020 - £16,255). There is 1 (2020 - 1) higher paid employee to whom retirement benefits are accruing under money purchase schemes and 4 (2020 - 3) higher paid employees in defined benefit schemes.



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**9. Analysis of total resources expended**

	<i>Staff costs £</i>	<i>Other costs £</i>	<i>Depreciation £</i>	<i>Total 2021 £</i>	<i>Total 2020 £</i>
<b>Cost of generating funds</b>					
Fundraising	74,793	17,863	-	92,656	124,467
Publicity	119,589	18,155	-	137,744	110,034
Conference, facility hire and trading costs	44,153	102,799	-	146,952	262,137
Financing costs	-	131,621	-	131,621	146,200
Investment management costs	-	62,453	-	62,453	24,526
	<u>238,535</u>	<u>332,891</u>	<u>-</u>	<u>571,426</u>	<u>667,364</u>
<b>Charitable activities</b>					
Teaching costs – academic	1,866,998	209,473	-	2,076,471	2,121,423
Teaching costs - music	3,450,819	554,598	-	4,005,417	3,765,814
Welfare	570,727	902,989	-	1,473,716	1,180,736
Premises	930,880	1,047,790	1,095,617	3,074,287	2,995,825
Scholarships & bursaries	-	576,777	-	576,777	241,672
Grants, awards & prizes	-	19,539	-	19,539	14,411
Library costs	151,659	47,493	-	199,152	200,825
	<u>6,971,083</u>	<u>3,358,659</u>	<u>1,095,617</u>	<u>11,425,359</u>	<u>10,520,706</u>
Governance costs	51,023	52,532	-	103,555	97,407
	<u>7,260,641</u>	<u>3,744,082</u>	<u>1,095,617</u>	<u>12,100,340</u>	<u>11,285,477</u>

Conference and facility hire includes £11,634 (2020: £43,220) in relation to Chetham's Hall Limited and £134,059 (2020: £215,850) in relation to Chetham's Trading Limited.

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**9. Analysis of total resources expended (continued)**

Total resources expended is £997,872 (2020 - £889,921) in respect of support costs detailed below, that have been allocated to the above expense headings.

<b>Support Costs</b>	<i>Hospital</i> £	<i>School</i> £	<i>Library</i> £	<i>Total</i> <i>2021</i> £	<i>Total</i> <i>2020</i> £
Management	-	126,718	151,659	278,377	254,063
Administration	-	239,039	19,112	258,151	240,253
Recruitment	-	21,453	-	21,453	18,695
Office costs	-	56,427	18,340	74,767	67,083
IT	-	69,222	-	69,222	68,401
Legal and professional	-	231,530	-	231,530	183,297
Insurance	-	64,372	-	64,372	58,129
	-	808,761	189,111	997,872	889,921

**10. Transfers between funds**

	<i>Unrestricted Funds</i>		<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds</i>
	<i>General</i> £	<i>Designated</i> £	£	£	£
<b>Hospital</b>					
Rent from School	627,000	-	-	-	627,000
New School Development Fund	(267,717)	-	267,717	-	-
Contribution from School for the Site Development Project	-	-	100,000	-	100,000
Palatine Demolition Project	(50,000)	50,000	-	-	-
	309,283	50,000	367,717	-	727,000
<b>School</b>					
Rent paid to Hospital	(627,000)	-	-	-	(627,000)
Contribution to Hospital for the Site Development Project	(100,000)	-	-	-	(100,000)
Transfer for Dining Room Refurbishment	(50,000)	50,000	-	-	-
Transfer for Chiller Unit	(6,000)	6,000	-	-	-
Transfer for Millgate Project	22,595	(22,595)	-	-	-
Transfer for IT upgrade	19,320	(19,320)	-	-	-
	(741,085)	14,085	-	-	(727,000)
<b>Library</b>					
Transfer for Budget Support Fund	(59,000)	59,000	-	-	-
Transfer for Lighting Fund	(5,000)	5,000	-	-	-
Transfer from Library Patrons Fund	394	-	(394)	-	-
	(63,606)	64,000	(394)	-	-
<b>TOTAL</b>	(495,408)	128,085	367,323	-	-

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**11. Tangible fixed assets**

	<i>Heritage Assets</i>	<i>Freehold Property</i>	<i>Furniture, Fittings, Plant &amp; Equipment</i>	<i>Instruments</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 September 2020	115,000	43,998,868	742,419	183,173	45,039,460
Additions	-	15,500	37,020	45,267	97,787
At 31 August 2021	115,000	44,014,368	779,439	228,440	45,137,247
Depreciation:					
At 1 September 2020	-	9,517,982	353,636	177,965	10,049,583
Charge for the year	-	958,337	132,072	5,208	1,095,617
At 31 August 2021	-	10,476,319	485,708	183,173	11,145,200
Net book value:					
At 31 August 2021	115,000	33,538,049	293,731	45,267	33,992,047
At 1 September 2020	115,000	34,480,886	388,783	5,208	34,989,877

The cost of tangible fixed assets includes the cost of land at Walkers Croft, which was purchased in March 2008 with the support of a grant from the North West Development Agency (NWDA). This piece of land is secured by legal charges in favour of Nat West as security for the 2011 bank loan and secondly the NWDA pursuant to a Funding Agreement entered into at that time.

Information on Heritage Assets is given in Note 1 to the accounts.

There has been one significant acquisition but no disposals of heritage assets for which valuations are available during the last five years.

Five year financial summary of Heritage Asset transactions:

	2021 £	2020 £	2019 £	2018 £	2017 £
Additions:					
Donations	-	-	-	-	85,000
Total	-	-	-	-	85,000

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**12. Investments**

	<i>Restricted Funds £</i>	<i>Unrestricted Funds £</i>	<i>Endowment Funds £</i>	<i>Total £</i>
Balance at 1 September 2020	5,117,199	63,516	3,125,580	8,306,295
Additions	833,718	1,715,620	594,874	3,144,212
Disposals	(618,852)	(503,957)	(557,299)	(1,680,108)
Revaluation gains	1,016,519	114,255	487,122	1,617,896
Change in amounts awaiting investment	(223,777)	67,311	(8,615)	(165,081)
Balance at 31 August 2021	6,124,807	1,456,745	3,641,662	11,223,214
Historical cost of listed investments	4,653,970	584,825	2,628,636	7,867,431
Listed on UK stock exchange	6,078,450	1,387,252	3,618,037	11,083,739
Cash holding	46,357	69,493	23,625	139,475
	6,124,807	1,456,745	3,641,662	11,223,214

All investments are held to provide an investment return.

**13. Debtors (excluding fees)**

	<i>2021 £</i>	<i>2020 £</i>
Other debtors	287,773	179,211
Prepayments	81,470	72,558
Accrued income	63,240	1,267,660
	432,483	1,519,429

£nil (2020: £3,662) was written off in the year for bad debts and a further £39,000 increase was made in the provision (2020: increase of £35,257).

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14. **Creditors:** amounts falling due within one year

	2021	2020
	£	£
Bank loans (note 15)	143,840	134,959
Other creditors and accruals	1,009,823	1,006,823
Fees received in advance from DfE	<u>1,900,000</u>	-
	<u>3,053,663</u>	<u>1,141,782</u>

15. **Creditors:** amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	<u>1,784,023</u>	<u>1,931,119</u>
	<u>1,784,023</u>	<u>1,931,119</u>

The total bank loans outstanding at 31 August 2021 amounted to £1,927,863 (2020 - £2,066,078). Of this amount £143,840 (2020 - £134,959) is repayable within one year and is therefore included in current liabilities.

A bank loan of £3,000,000 was taken out in May 2011 for a 20 year period to help to finance the construction of the New School Building. The loan interest is fixed at 6.4% for the life of the loan.

The loan is secured by first legal mortgages over the freehold land on the north side of Long Millgate, Manchester and over the freehold property of the Hospital and Library, together with the land on Walkers Croft where the New School Building is situated.

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**16. Allocation of the charity's net assets**

The net assets are held for the various funds as follows:

	<i>Fixed Assets</i>	<i>Investments</i>	<i>Net current assets/ (liabilities)</i>	<i>Long term liabilities</i>	<i>Total</i>
	£	£	£	£	£
<b>Hospital</b>					
Unrestricted	1,749,959	3,482	543,199	-	2,296,640
Restricted	31,278,415	416,662	(596,587)	(1,784,023)	29,314,467
Endowment	-	750,688	1,020	-	751,708
	<u>33,028,374</u>	<u>1,170,832</u>	<u>(52,368)</u>	<u>(1,784,023)</u>	<u>32,362,815</u>
<b>School</b>					
Unrestricted	848,673	1,423,110	4,366,701	-	6,638,484
Restricted	-	5,708,145	786,399	-	6,494,544
	<u>848,673</u>	<u>7,131,255</u>	<u>5,153,100</u>	<u>-</u>	<u>13,133,028</u>
<b>Library</b>					
Unrestricted	115,000	30,153	312,753	-	457,906
Restricted	-	-	19,466	-	19,466
Endowment	-	2,890,974	(180,748)	-	2,710,226
	<u>115,000</u>	<u>2,921,127</u>	<u>151,471</u>	<u>-</u>	<u>3,187,598</u>
<b>Total</b>					
Unrestricted	2,713,632	1,456,745	5,222,653	-	9,393,030
Restricted	31,278,415	6,124,807	209,278	(1,784,023)	35,828,477
Endowment	-	3,641,662	(179,728)	-	3,461,934
	<u>33,992,047</u>	<u>11,223,214</u>	<u>5,252,203</u>	<u>(1,784,023)</u>	<u>48,683,441</u>

**17. Endowment funds**

	<i>Balance at 1 September 2020</i>	<i>Incoming Resources</i>	<i>Resources expended</i>	<i>Investment gains/(losses)</i>	<i>Transfers between funds</i>	<i>Balance at 31 August 2021</i>
	£	£	£	£	£	£
<b>Hospital</b>						
Investment Replacement Sinking Funds	491,490	-	-	102,646	-	594,136
EF Jacob Endowment Fund	136,103	-	-	21,469	-	157,572
	<u>627,593</u>	<u>-</u>	<u>-</u>	<u>124,115</u>	<u>-</u>	<u>751,708</u>
<b>Library</b>						
Grants from Heritage Lottery Fund	2,348,085	-	-	362,141	-	2,710,226
<b>Total</b>	<u>2,975,678</u>	<u>-</u>	<u>-</u>	<u>486,256</u>	<u>-</u>	<u>3,461,934</u>

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**Hospital**

***Investment Replacement Sinking Funds***

Under Schemes approved by the Charity Commissioners, Hospital investments worth £183,340 were sold between 1981 and 1992 in order to provide finance for major capital purposes, subject to the restoration of the original sums by means of annual investments through Sinking Funds. This was achieved during the year to 31<sup>st</sup> August 2014 and the Schemes have been discharged.

***E F Jacob Endowment Fund***

A fund for the general benefit of the Hospital. Any income generated is credited to unrestricted reserves.

**Library**

***Endowment Fund***

The Heritage Lottery Fund grants were given in order to provide substantially improved investment income and thereby to enable improved facilities in the Library. Accordingly, investment income and realised gains, together with expenditure therefrom, are included as part of General Fund movements in the Statement of Financial Activities.

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**18. Restricted funds**

	<i>Balance at 1 September 2020</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investments gains/(losses)</i>	<i>Balance at 31 August 2021</i>
	£	£	£	£	£	£
<b>Hospital</b>						
Capital Fund - Millgate Extension	975,188	-	(39,668)	-	-	935,520
Capital Fund - New Land	4,500,000	-	-	-	-	4,500,000
Capital Fund - New School Building	18,819,287	-	(626,022)	-	-	18,193,265
Capital Fund - Nicholls Conversion	616,433	-	(18,506)	-	-	597,927
Capital Fund - Concert Hall	7,251,862	-	(200,158)	-	-	7,051,704
Improvements Fund	22,569	-	-	-	-	22,569
New School Development Fund	(2,246,790)	28,375	(128,802)	302,474	-	(2,044,743)
Nicholls Building Conversion Fund	(30,487)	-	-	30,487	-	-
Concert Hall Fund	(239,767)	-	-	34,756	-	(205,011)
Instrument Fund	160,875	10,574	(5,152)	-	64,044	230,341
Nicholls Fund	32,476	-	-	-	125	32,601
Miscellaneous Fund	294	-	-	-	-	294
	<b>29,861,940</b>	<b>38,949</b>	<b>(1,018,308)</b>	<b>367,717</b>	<b>64,169</b>	<b>29,314,467</b>
<b>School</b>						
Vernon Farley Fund	14,968	-	(300)	-	-	14,668
Hazel Smith Fund	61,356	-	(31,100)	-	-	30,256
Ida Carroll Fund	5,231	-	(2,000)	-	-	3,231
Hospital Prize Fund	82,269	-	(380)	-	-	81,889
Kolbert Music Prize Fund	2,202	(12)	(50)	-	(47)	2,093
Academic Prizes Fund	320	20	(20)	-	-	320
Music Prizes Fund	100	100	-	-	-	200
Competition Fund	232	-	(232)	-	-	-
David Hartigan Memorial Piano Fund	3,538	-	(950)	-	-	2,588
Neil Vint Bursary Fund	34,870	400	(1,000)	-	-	34,270
Milne Fund	224,195	-	(5,741)	-	55,126	273,580
Bursary Fund	1,545,432	193,831	(247,233)	(9,755)	919,024	2,401,299
Bateson Family Bursary Fund	1,136,353	-	(72,031)	-	-	1,064,322
Andrew Lloyd Webber Foundation Bursary Fund	100	30,000	(30,000)	-	-	100
Leverhulme Trust Bursary Fund	34,744	69,418	(103,917)	(245)	-	-
Oglesby Bursary Fund	-	33,324	(33,324)	-	-	-
Hospitallers Camp Fund	15,838	-	-	-	-	15,838
Mellor Endowment Fund	5,345	-	-	-	-	5,345
Amy Watson Endowment Fund	24,551	-	-	-	-	24,551
John Shaw Bursary Fund	50,000	-	(46,362)	-	-	3,638
Stoller Bursary Fund	3,304	11,000	-	-	-	14,304
Ethel Kerry Bursary Fund	1,891,599	1,225	(41,882)	-	-	1,850,942
Hardship Fund	2,283	56,667	(6,814)	10,000	-	62,136
Co-op Fund	1,665	-	-	-	-	1,665
Miscellaneous Restricted Fund	68,212	11,339	(13,839)	614	-	66,326
Instrument Fund	65	-	(65)	-	-	-
Friends of Chetham's Fund	18,076	1,513	(3,173)	-	-	16,416
Chets in London Fund	3,400	-	-	-	-	3,400
Stoller Hall Fund	16,851	12,331	-	-	-	29,182
50 <sup>th</sup> Anniversary Fund	102,182	53	(23,753)	-	-	78,482
Capital Fund - Instruments	5,208	-	(5,208)	-	-	-
Confucius Classroom Fund	22,276	64,602	-	-	-	86,878
Piano Summer School Fund	118,531	243,441	(230,654)	-	-	131,318
Grants and Other Income Fund	207,636	105,933	(117,648)	(614)	-	195,307
	<b>5,702,932</b>	<b>835,185</b>	<b>(1,017,676)</b>	<b>-</b>	<b>974,103</b>	<b>6,494,544</b>



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**18. Restricted funds (continued)**

<b>Library</b>	<i>Balance at 1 September 2020</i> £	<i>Incoming resources</i> £	<i>Resources expended</i> £	<i>Transfers Between funds</i> £	<i>Investments gains/(losses)</i> £	<i>Balance at 31 August 2021</i> £
J Paul Getty Fund	6,089	-	(3,117)	-	-	2,972
Miscellaneous Restricted Fund	1,710	394	-	(394)	-	1,710
Library Patrons Fund	-	-	-	-	-	-
Karl Marx Fund	800	-	-	-	-	800
Arts and Heritage Fund	2,470	-	-	-	-	2,470
Booth Charities Fund	600	-	-	-	-	600
Hills Archive Fund	4,763	-	-	-	-	4,763
HLF Project Fund	6,151	-	-	-	-	6,151
	<b>22,583</b>	<b>394</b>	<b>(3,117)</b>	<b>(394)</b>	<b>-</b>	<b>19,466</b>
<b>Total</b>	<b>35,587,455</b>	<b>874,528</b>	<b>(2,039,101)</b>	<b>367,323</b>	<b>1,038,272</b>	<b>35,828,477</b>

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**18. Restricted funds (continued)**

**Hospital**

***Building Funds***

*Capital Fund - Millgate Extension*

A fund which represents the depreciated capital cost of the Millgate Extension.

*Capital Fund – New Land*

A fund which represents the capital value of the new land purchased in 2008 (note 11).

*Capital Fund – New School Building*

A fund which represents the depreciated capital value of the New School Building.

*Capital Fund – Nicholls Conversion*

A fund which represents the depreciated capital value of the Nicholls Conversion.

*Capital Fund – Concert Hall*

A fund which represents the depreciated capital value of the Concert Hall.

*Improvements Fund*

A fund established from the proceeds of donations from a major anonymous Trust, for use at the discretion of the Feoffees for major improvements.

*New School Development Fund*

An appeal fund for use in furthering the New School Development Project. This fund is in deficit at 31 August 2021 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

*Nicholls Building Conversion Fund*

A fund established for the redevelopment of the Nicholls Building into residential accommodation for the Victoria House students. This fund is now fully expended.

*Concert Hall Fund*

A fund established for the construction of the School's New Concert Hall. This fund is in deficit at 31 August 2021 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this deficit with the receipt of relevant donations and by annual transfers from the School's Unrestricted Fund.

***Other Funds***

*Instrument Fund*

A fund established to give financial assistance to parents of students at the School wishing to purchase new instruments.

*Nicholls Fund*

A fund that can be used either to give hardship awards to parents in financial difficulties, or towards the maintenance of the Foundation's buildings.

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**18. Restricted funds (continued)**

*Miscellaneous Restricted Fund*

This fund comprises various miscellaneous and small funds, to be used for a variety of charitable purposes

**School**

*Vernon Farley Fund*

A fund established in order to make annual prizes for piano-playing and sight-reading.

*Hazel Smith Fund*

A prize or bursary awarded annually to a Lower School student who plays piano, woodwind or a string instrument and whose family is in financial need.

*Ida Carroll Fund*

Prizes awarded annually to double bass players.

*Hospital Prize Fund, Kolbert Music Prize Fund, Academic Prizes Fund, Music Prizes Fund and Competition Fund*

Prizes awarded to students each Speech Day under the terms of a variety of trust funds established by various donors. The Competition Fund is now fully expended.

*David Hartigan Memorial Piano Fund*

A fund established in order to make annual awards to deserving piano students of Chetham's School.

*Neil Vint Bursary Fund*

A bursary awarded annually to former students of Chetham's School aged between 18 and 25, to help develop their careers.

*Milne Fund*

This fund was established to help students in financial difficulty and to support the development of the School's facilities.

*Bursary Fund*

This fund was established to help students who are in need of financial assistance.

*Bateson Family Bursary Fund*

A fund established for the estate of the late Michael Bateson to provide bursaries for students at the School who are in financial need.

*Andrew Lloyd Webber Foundation Bursary Fund*

A fund established to support students at Chetham's who require financial assistance.

*Leverhulme Trust Bursary Fund*

A fund established to support students at Chetham's who require financial assistance.

*Oglesby Bursary Fund*

A fund established by the Oglesby Charitable Trust, providing bursary support to Chetham's students.

*Hospitallers "Camp" Fund*

A fund established in order to assist extra-mural activities.

*Mellor Endowment and Amy Watson Endowment Funds*

These funds are to provide benefits for the School.

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**18. Restricted funds (continued)**

*John Shaw Bursary Fund*

A fund to provide bursary support to students from Lancashire or Yorkshire.

*Stoller Bursary Fund*

A fund established by the Stoller Charitable Trust to support students who live in Oldham.

*Ethel Kerry Bursary Fund*

A fund established from the estate of the late Ethel Kerry, to provide bursaries for students who live in Lancashire, Yorkshire, Cumbria and Scotland.

*Hardship Fund*

A fund established to provide support to students at the School who are in financial need.

*Co-op Fund*

A fund established to help the School.

*Miscellaneous Restricted Fund*

This fund comprises miscellaneous small restricted funds for a variety of uses.

*Instrument Fund*

A fund established from a bequest to purchase instruments for the School.

*Friends of Chetham's Fund*

A fund to support the advancement of education of students at Chetham's by funding projects and facilities as the School requires.

*Chets in London Fund*

A fund to support the School.

*Stoller Hall Fund*

A fund to support the costs of running the Stoller Hall.

*50<sup>th</sup> Anniversary Fund*

A fund established to support the work of the School in a variety of ways.

*Capital Fund – Instruments*

A fund representing the depreciated capital value of instruments purchased using the Instrument Fund. This fund is now fully expended.

*Confucius Classroom Fund*

A fund established for the costs of establishing the Confucius Classroom.

*Piano Summer School Fund*

A fund established from the surplus generated by the running of the annual Piano Summer School. The fund is to enable the Piano department to facilitate further Summer Schools, to support piano students and to purchase instruments.

*Grants and Other Income Fund*

This fund shows grants and other restricted income received for specific charitable purposes such as outreach events and conferences, and specific support for individual students.

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**18. Restricted funds (continued)**

**Library**

*J Paul Getty Fund*

This is a fund for the conservation of Library material.

*Miscellaneous Restricted Fund*

This is a fund established for miscellaneous restricted donations.

*Library Patrons Fund*

This fund is for donations made by Library Patrons and the income is transferred each year to the unrestricted General Fund.

*Karl Marx Recording Project Fund*

This is a fund established with a grant from the Lipman Miliband Trust for digitising and making facsimiles of the books used by Marx when he visited the Library.

*Arts and Heritage Fund*

This is a fund established for an art installation in the Library.

*Booth Charities Fund*

This is a fund established for a project on the history of Salford.

*Hills Archive Fund*

This is a fund established to meet the expenses of cataloguing the Hills Archive Collection.

*HLF Project Fund*

This is a fund established to support the HLF application for the visitor attraction project.

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**19. Unrestricted funds**

	<i>Balance at 1 September 2020</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers between funds</i>	<i>Investment gains/ (losses)</i>	<i>Balance at 31 August 2021</i>
	£	£	£	£	£	£
<b><i>Hospital</i></b>						
General Fund	2,511,412	30,913	(226,662)	309,283	601	2,625,547
Designated funds:						
Palatine Demolition Fund	(378,907)	-	-	50,000	-	(328,907)
	<u>2,132,505</u>	<u>30,913</u>	<u>(226,662)</u>	<u>359,283</u>	<u>601</u>	<u>2,296,640</u>
<b><i>School</i></b>						
General Fund	4,078,056	10,694,775	(9,550,519)	(741,085)	165,192	4,646,419
Designated funds:						
Chiller Unit Fund	24,000	-	-	6,000	-	30,000
Millgate Building Refurbishment Fund	919,915	-	-	(22,595)		897,320
Dining Room Refurbishment Fund	50,000	-	-	50,000	-	100,000
Chesters Bequest Fund	1,054,412	-	(70,347)	(19,320)	-	964,745
	<u>6,126,383</u>	<u>10,694,775</u>	<u>(9,620,866)</u>	<u>(727,000)</u>	<u>165,192</u>	<u>6,638,484</u>
<b><i>Library</i></b>						
General Fund	319,713	300,906	(213,711)	(63,606)	50,604	393,906
Designated funds:						
Lighting Fund	-	-	-	5,000	-	5,000
Budget Support Fund	-	-	-	59,000	-	59,000
	<u>319,713</u>	<u>300,906</u>	<u>(213,711)</u>	<u>394</u>	<u>50,604</u>	<u>457,906</u>
	<u>8,578,601</u>	<u>11,026,594</u>	<u>(10,061,239)</u>	<u>(367,323)</u>	<u>216,397</u>	<u>9,393,030</u>

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**19. Unrestricted funds (continued)**

**Hospital**

*Palatine Demolition Fund*

A fund established for the costs of demolishing the Palatine Building. This fund is in deficit at 31 August 2021 as expenditure has been incurred in advance of expected income being received. The Feoffees intend to clear this Fund's deficit with the receipt of relevant donations and by annual transfers from the Hospital's Unrestricted Fund.

**School**

*Chiller Unit Fund*

A fund established to provide resources for replacing the Chiller Unit in the New School Building at the end of its useful life.

*Millgate Building Refurbishment Fund*

A fund established for the refurbishment of the boys' boarding accommodation and improvements to other areas in the Millgate Building.

*Dining Room Refurbishment Fund*

A fund established for the refurbishment of the School's dining room.

*Chesters Bequest Fund*

A fund established from a bequest to support developments at the school.

**Library**

*Lighting Fund*

A fund established for upgrading the lighting in the Library.

*Budget Support Fund*

A fund to underwrite the Library's 2021/22 budget.

**20. Pensions arrangements**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £787,742 (2020: £770,512).

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 employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

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**20 Pension arrangements (continued)**

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June 2021 on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism review is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

In addition, a small number of employees are members of the Greater Manchester Pension Fund ("GMPF"). The GMPF is a multi-employer final salary defined benefit scheme and the assets of the School are pooled with similar institutions for actuarial valuation purposes. Accordingly, under FRS 102 the Scheme is accounted for as a defined contribution scheme.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2019 when the market value of the assets of the Scheme was £23,844 million, being 102% of members' accrued benefits.

The pension contributions made to the Scheme for the year ended 31 August 2021 were £17,011 (2020-£15,253). The employee contribution rate varied between 5.5% and 6.8% depending upon actual pay levels. The employer contribution rate was 24.7% to March 2021 and then 25.1%.

In addition to the above, the contributions to a money purchase scheme amounted to £111,888 (2020-£106,523).



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**21. Operating lease commitments**

The School has minimum lease payments under non-cancellable operating leases as follows:

	<i>Equipment</i>	
	<i>2021</i>	<i>2020</i>
	£	£
Within one year	23,045	26,482
Between two and five years	4,902	27,947
After five years	-	-
	<u>27,947</u>	<u>54,429</u>

**22. Financial Instruments**

	<i>2021</i>	<i>2020</i>
	£000	£000
Financial assets measured at amortised cost (a)	8,224	6,841
Financial assets measured at fair value (b)	11,223	8,306
Financial liabilities measured at amortised cost (c)	(4,832)	(3,066)
	<u>          </u>	<u>          </u>
Net financial assets measured at amortised cost	14,615	12,081
	<u>          </u>	<u>          </u>

(a) Financial assets include cash, trade and fee debtors, staff loans, other debtors accrued income and amounts due from subsidiaries

(b) Financial assets held at fair value include assets held as investments

(c) Financial liabilities include deposits, fees in advance, trade creditors, and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £nil (2020: £nil).

**23. Related party transactions**

There are no related party transactions that need to be disclosed in the financial statements.

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**24. Statement of financial activities – comparative figures by fund**

	Notes	Hospital Funds £	School Funds £	Library Funds £	2020 £
<b>Income from:</b>					
<b>Charitable activities:</b>					
School fees	2	-	9,589,696	-	9,589,696
Ancillary trading	6	632	132,347	6,516	139,495
<b>Other trading activities:</b>					
Activities for generating funds	3	43,275	229,532	18,325	291,132
<b>Investments:</b>					
Investment income	4	15,836	82,953	83,477	182,266
<b>Voluntary sources:</b>					
Bequests and donations	5	30,431	1,618,054	28,467	1,676,952
Grants received		-	438,781	42,988	481,769
<b>Total Incoming resources</b>		<b>90,174</b>	<b>12,091,363</b>	<b>179,773</b>	<b>12,361,310</b>
<b>Expenditure on:</b>					
<b>Raising funds:</b>					
Fundraising		34,952	89,515	-	124,467
Publicity		-	110,034	-	110,034
Conference, facility hire and trading costs		43,220	216,033	2,884	262,137
Financing costs		142,996	3,204	-	146,200
Investment management costs		490	12,917	11,119	24,526
		<b>221,658</b>	<b>431,703</b>	<b>14,003</b>	<b>667,364</b>
<b>Charitable activities:</b>					
Teaching costs – academic		-	2,121,423	-	2,121,423
Teaching costs – music		-	3,765,814	-	3,765,814
Welfare		-	1,180,736	-	1,180,736
Premises		1,074,834	1,920,991	-	2,995,825
Scholarships and bursaries		-	241,672	-	241,672
Grants, awards and prizes		1,600	12,811	-	14,411
Library running costs		-	-	200,825	200,825
Support and Governance costs		10,533	85,320	1,554	97,407
		<b>1,086,967</b>	<b>9,328,767</b>	<b>202,379</b>	<b>10,618,113</b>
<b>Total resources expended</b>	9	<b>1,308,625</b>	<b>9,760,470</b>	<b>216,382</b>	<b>11,285,477</b>
<b>Net income/(expenditure)</b>		<b>(1,218,451)</b>	<b>2,330,893</b>	<b>(36,609)</b>	<b>1,075,833</b>
Transfer between funds	10	705,000	(727,000)	22,000	-
Gains/(losses) on investment assets:					
Realised		(34,062)	(23,383)	(208,134)	(265,579)
Unrealised		44,709	235,221	122,560	402,490
<b>Net movement in funds</b>		<b>(502,804)</b>	<b>1,815,731</b>	<b>(100,183)</b>	<b>1,212,744</b>
Fund balances at 1 September 2019		<b>33,124,842</b>	<b>10,013,584</b>	<b>2,790,564</b>	<b>45,928,990</b>
<b>Fund balances at 31 August 2020</b>		<b>32,622,038</b>	<b>11,829,315</b>	<b>2,690,381</b>	<b>47,141,734</b>