

St Paul's Schools Foundation



Trustee's Annual Report & Financial Statements 2020

Charity Commission Number 312749

Foreword

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

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

Over the past year we have maintained our grant-making programme. The Charity's major commitment this year was once again to St Paul's School towards the costs of its ten year rebuilding programme.

Long-standing grants also continued to St Paul's Cathedral Choir School and to support a scholar at the Guildhall School of Music and Drama.

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Trustee's Report

The Mercers' Company as the Trustee of St Paul's Schools Foundation presents its Report and audited financial statements for the year ended 31 March 2020. The financial statements have been prepared in accordance with the accounting principles set out in note 1 to the financial statements and comply with the Charity's Scheme of Management, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Governance & Management

ORGANISATION & SENIOR MANAGEMENT TEAM

The Wardens and Commonalty of the Mystery of Mercers of the City of London (more commonly known as The Mercers' Company) which is a body corporate formed by Royal Charter in 1394 is the Trustee of the Charity and is the controlling party. The Mercers' Company's governing body (the Court of Assistants) acts for the Company as Trustee. From 13 July 2018 to 12 July 2019, the Master was XV Dennen. The Master from 13 July 2019 is MCL Aspinall. The Clerk to the Mercers' Company is RM Abernethy.

The Mercers' Company acts as trustee for several charities and has established a number of specialist committees to provide it with advice and professional guidance including a Finance Committee, Audit Committee, Investment Sub-Committee and Property Committee.

The Charity delegates the making of certain grants to the Trustee's committees: Young People and Education, and to the Philanthropy Committee.

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

Mr Robert Abernethy (Clerk to the Mercers' Company)

Mr James Christie (Finance Director)

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

CHARITY GOVERNANCE REVIEW

During 2018 the Trustee initiated a review of the governance of the Charity, to assess the Charity's governance against the Charity Governance Code and identify any changes required to ensure the Charity's governance is in line with current best practice. The review has been completed and the Trustee has established a new Committee for the Charity to ensure the Trustee effectively fulfils its governance role and meets the standards expected by the Charity Commission. The Committee's Terms of Reference were approved on 6 March 2020 and following relevant training it took up office in September 2020. The members of the Charity's Governance Committee are:

Mr MCL Aspinall (Chairman)

Mr CC Scott

Mr RC Cunis JP

PUBLIC BENEFIT

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

OUR VOLUNTEERS

The Charity relies on members of The Mercers' Company volunteering their time to sit on committees, review grant requests, visit applicants and grantees, and attend events involving beneficiaries. In keeping with recommended practice, an estimate of the numbers of hours that Committees give to the Charity free of charge during the year has been undertaken resulting in approximately 164 hours of voluntary time (2019: 164 hours).

RELATED PARTIES

The Charity works closely with the Trustee and the other charities with which the Trustee is involved.

Details of related parties and connected charities are given in note 11 of the financial statements.

Objects & Strategy

OBJECTS

The object of the Charity is to promote in Greater London the education (including social and physical training) for boys and girls (see chart below).

The first priorities for the application of income are St Paul's School and St Paul's Girls' School.

Provide the yearly Apposition Dinner.

Apply a yearly sum of not more than £750 or such other sum as the Trustee may from time to time determine in such charitable purposes as the Trustees shall in its absolute discretion think fit within Greater London.

Make payments for the purposes of the St Paul's Schools in response to requests from the same.

Promoting the education of boys and girls in Greater London.

STRATEGY

The strategy of the Charity is as follows:

- ▲ TO MAINTAIN AND GROW THE ASSETS OF THE FOUNDATION TO ENABLE CONTINUING, LONG-TERM SUPPORT FOR THE EDUCATION OF BOYS AND GIRLS IN GREATER LONDON.
- ▲ TO SUPPORT THE REDEVELOPMENT OF THE SCHOOL BUILDINGS AND FACILITIES AT ST PAUL'S AND ST PAUL'S GIRLS' SCHOOLS.
- ▲ TO CONTRIBUTE TO THE DEVELOPMENT OF 'NEEDS-BLIND' BURSARY PROVISION AT ST PAUL'S AND ST PAUL'S GIRLS' SCHOOLS TO ENABLE CHILDREN WITH THE ACADEMIC POTENTIAL FOR SUCCESSFUL ADMISSION TO THE SCHOOLS TO BENEFIT FROM A ST PAUL'S EDUCATION, IRRESPECTIVE OF FAMILY INCOME.
- ▲ TO INCREASE THE LEVEL OF SUPPORT FOR EDUCATION ACROSS GREATER LONDON, PARTICULARLY THROUGH SUPPORTING LONDON SCHOOLS TO DEVELOP AND TEST INNOVATIVE APPROACHES TO TEACHING AND LEARNING, DESIGNED TO ENSURE THAT ALL STUDENTS, INCLUDING THOSE FROM MORE DISADVANTAGED BACKGROUNDS, ARE PREPARED FOR A SUCCESSFUL FUTURE.

Charitable Activities in 2020

In line with the charity's objects and the wishes of the original benefactor, John Colet, and enabled by an equivalent £3 million donation to the Charity from The Mercers' Company, the Charity's major commitment was once again a £3 million donation to the ten year rebuilding and redevelopment project at St Paul's School.

13 **Totalling**
grants **£3,445,552**

During the year, the Charity continued to:

- ▲ SUPPORT THE PROVISION OF BURSARIES AT ST PAUL'S GIRLS SCHOOL
- ▲ FOCUS ON GIVING WITHIN THE POSITIVE OPPORTUNITIES FUND, A GRANT PROGRAMME SUPPORTING OUTSTANDING INITIATIVES WHICH GIVE DISADVANTAGED YOUNG PEOPLE IN LONDON ACCESS TO ARTS, SPORT OR THE NATURAL WORLD. SIX GRANTS, TOTALLING £138,552, WERE AWARDED DURING THE YEAR.
- ▲ PROMOTE THE EDUCATION OF BOYS AND GIRLS IN GREATER LONDON BY PROVIDING GRANTS TO LONDON SCHOOLS WITHIN THE TRUSTEE'S YOUNG PEOPLE & EDUCATION PROGRAMME. TWO GRANTS WERE AWARDED TO SUPPORT MENTAL HEALTH PROVISION FOR CHILDREN DURING THE YEAR TOTALLING £50,000. A FURTHER GRANT WAS MADE SUPPORTING THE PROVISION OF A CAREERS COORDINATOR AT HAMMERSMITH ACADEMY.

2021 and beyond

2020 will see the final payment under the 10-year grants programme supporting St Paul's School.

The Charity will continue with its grant making supporting the education of young people in Greater London.

The Charity Governance Committee is due to review the Charity's grant making strategy, investment policy and reserves policy in 2021.

The Trustee has considered the impact of the current Coronavirus pandemic on the Charity's operations, with a particular focus on the effect on its beneficiaries and suppliers; and the Charity's income and expenditure. The Trustee does not consider this to be cause for material uncertainty in respect of the Charity's ability to continue as a going concern. The Charity has reforecast its grant making budget and adapted to its beneficiaries' needs.

The Trustee considers that it has sufficient financial resources for the foreseeable future, despite the current crisis. Therefore, the financial statements have been prepared on a going concern basis.

Financial Review

FUNDING SOURCES

The Charity generates income primarily from its own sources through:

	2020 £	2019 £
Property investments	184,000	204,000
Stock market investments	643,000	616,000
Interest on deposits & cash balances	4,000	1,000

The final donation from The Mercers' Company to the Charity to support the redevelopment at St Paul's School was received during the year. The tenth and final payment to St Paul's School will be paid in April 2020 which falls in the next financial year to 31 March 2021. The Grant Agreement provided for total funds of £30 million by the Charity payable in ten separate grants of £3 million each, the ninth of which was paid in April 2019. The Mercers' Company has undertaken to donate the equivalent sum to the Charity and a total of £30 million had been received by 31 March 2020.

FUNDRAISING

The Charity does not conduct any fundraising.

INVESTMENT PROPERTY

The Trustee carried out an internal valuation of the properties and no adjustment was made to the 2019 values. (2019: £350,000 gains).

LISTED INVESTMENTS

Total losses of £2,250,000 on stock market investments during the year (2019: £533,000 gains) were experienced in the year as a result of the impact the COVID-19 pandemic on global stock markets.

Investment Fund	Fund Return	Primary Comparator (CPI+4.0%)	Secondary Comparator (Composite)
General Investment Fund	-4.8%	5.8%	-9.1%
Endowment Fund	-10.3%	5.8%	-9.1%

Since the year end realised and unrealised gains of £2,897,000 have been made in the period to 30 September 2020. The Trustee will continue to monitor the performance of these funds.

RESULTS FOR THE YEAR

Total income for the year was £2,459,000 (2019: £5,148,000); total expenditure for the year was £3,615,000 (2019: £3,455,000) and net losses on investments were £2,250,000 (2019: gains of £883,000) resulting in net expenditure for the year of £3,406,000 (2019: £2,576,000).

FINANCIAL POSITION

Net assets at the end of the year were £27,203,000 (2019: £30,609,000). These were represented by endowment funds of £17,960,000 (2019: £19,711,000), restricted funds of £3,001,000 (2019: £4,364,000) and unrestricted funds of £6,242,000 (2019: £6,534,000).

Our policies

RESERVES POLICY

The free reserves of the Charity comprise the unrestricted funds and amounted to £6,242,000 in 2020 (2019: £6,534,000). Reserves are carried forward with the intention of:

- ▲ GRANT MAKING RESERVE OF ONE YEAR OF COMMITTEE GRANTS NOT ALREADY COMMITTED £251,358
- ▲ COMMITTED GRANTS £441,870.

As per the policy, the reserve required amounts to £693,000, compared to actual free reserves of £6,242,000, exceeding the target by £5,549,000.

The Trustee is planning the utilisation of the excess reserves in coming years for its grant making programme.

The Trustee reviews the policy annually.

GRANT MAKING POLICY

The policy is to make grants in accordance with the principal objects (above). The Trustee delegates grant-making to its Young People & Education Committee which meets a minimum of four times a year to discuss applications and recommend grants to the Trustee.

INVESTMENT POLICY

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

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

- ▲ HIGH INTEREST LENDING
- ▲ TOBACCO
- ▲ GAMBLING
- ▲ PORNOGRAPHY

The Trustee is satisfied that its policy and objective is being met, notwithstanding the fall in investment values in the year as a result of the impact of the COVID-19 pandemic.

Risk management & internal control

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

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

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

The main risks faced by the Charity are:

Risk	Mitigation
Governance Risk – The Mercers' Company in its capacity as Trustee fails to follow charity law/governance guidance	The Governance Committee introduced to ensure oversight. Trained executive & committees advise the Trustee. All business units monitored & reviewed by appropriate committee of the Trustee
Strategic Risk – Inability to deliver the agreed strategy for philanthropy	Defined strategic goals monitored, measured & reviewed by Trustee regularly
Financial Risk – Loss of asset value & investment income	Regular review of valuations by executive & committees; reforecasting of budgets.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that year.

In preparing these financial statements, the Trustee is required to:

- ▲ SELECT SUITABLE ACCOUNTING POLICIES AND THEN APPLY THEM CONSISTENTLY;
- ▲ OBSERVE THE METHODS AND PRINCIPLES IN ACCOUNTING AND REPORTING BY CHARITIES: STATEMENT OF RECOMMENDED PRACTICE APPLICABLE TO CHARITIES PREPARING THEIR ACCOUNTS IN ACCORDANCE WITH THE FINANCIAL REPORTING STANDARD APPLICABLE IN THE UK AND REPUBLIC OF IRELAND (FRS 102);
- ▲ MAKE JUDGMENTS AND ESTIMATES THAT ARE REASONABLE AND PRUDENT;



MCL Aspinall

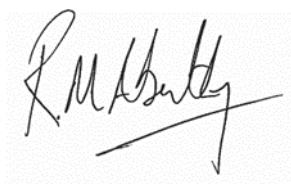
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16 October 2020

- ▲ STATE WHETHER APPLICABLE ACCOUNTING STANDARDS, COMPRISING FRS 102, HAVE BEEN FOLLOWED, SUBJECT TO ANY MATERIAL DEPARTURES DISCLOSED AND EXPLAINED IN THE FINANCIAL STATEMENTS; AND
- ▲ PREPARE THE FINANCIAL STATEMENTS ON THE GOING CONCERN BASIS UNLESS IT IS INAPPROPRIATE TO PRESUME THAT THE CHARITY WILL CONTINUE IN OPERATION.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the applicable Charity (Accounts and Reports) Regulations. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



RM Abernethy

Clerk to The Mercers' Company

Independent Auditor's Report

TO THE TRUSTEE OF ST PAUL'S SCHOOLS FOUNDATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the St Paul's Schools Foundation ("the Charity") for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include a summary of the significant accounting policies.

In our opinion, the financial statements:

- ▲ GIVE A TRUE AND FAIR VIEW OF THE STATE OF THE CHARITY'S AFFAIRS AS AT 31 MARCH 2020 AND OF ITS INCOME AND EXPENDITURE FOR THE YEAR THEN ENDED;
- ▲ HAVE BEEN PROPERLY PREPARED IN ACCORDANCE WITH UNITED KINGDOM GENERALLY ACCEPTED ACCOUNTING PRACTICE; AND
- ▲ HAVE BEEN PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE CHARITIES ACT 2011.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's

responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- ▲ THE TRUSTEE'S USE OF THE GOING CONCERN BASIS OF ACCOUNTING IN THE PREPARATION OF THE FINANCIAL STATEMENTS IS NOT APPROPRIATE; OR
- ▲ THE TRUSTEE HAS NOT DISCLOSED IN THE FINANCIAL STATEMENTS ANY IDENTIFIED MATERIAL UNCERTAINTIES THAT MAY CAST SIGNIFICANT DOUBT ABOUT THE CHARITY'S ABILITY TO CONTINUE TO ADOPT THE GOING CONCERN BASIS OF ACCOUNTING FOR A PERIOD OF AT LEAST TWELVE MONTHS FROM THE DATE WHEN THE FINANCIAL STATEMENTS ARE AUTHORISED FOR ISSUE.

OTHER INFORMATION

The Trustee is responsible for the other information. The other information comprises the information included in the Trustee's Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- ▲ THE INFORMATION GIVEN IN THE TRUSTEE'S ANNUAL REPORT IS INCONSISTENT IN ANY MATERIAL RESPECT WITH THE FINANCIAL STATEMENTS; OR
- ▲ SUFFICIENT ACCOUNTING RECORDS HAVE NOT BEEN KEPT BY THE CHARITY; OR
- ▲ THE FINANCIAL STATEMENTS ARE NOT IN AGREEMENT WITH THE ACCOUNTING RECORDS AND RETURNS; OR
- ▲ WE HAVE NOT RECEIVED ALL THE INFORMATION AND EXPLANATIONS WE REQUIRE FOR OUR AUDIT.

RESPONSIBILITIES OF THE TRUSTEE

As explained more fully in the Statement of Trustee's responsibilities set out on page 12, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

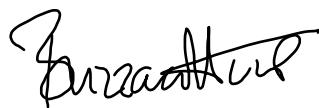
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report, made solely to the Charity's Trustee as a body in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Chartered Accountants and Statutory Auditor
130 Wood Street
London
EC2V 6DL
28 October 2020

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

Statement of Financial Activities for the year ended 31 March 2020

	Note	31 March 2020			31 March 2019	
		Unrestricted	Restricted	Endowment	Total	Total
		Funds	Funds	Funds	Funds	Funds
		£'000	£'000	£'000	£'000	£'000
Income						
Donations and legacies	2	-	1,628	-	1,628	4,327
Investments	2	831	-	-	831	821
Total income		831	1,628	-	2,459	5,148
Expenditure						
<i>Raising funds</i>						
Investment management costs	3	(59)	-	(37)	(96)	(71)
<i>Charitable activities</i>	3, 13	(519)	(3,000)	-	(3,519)	(3,384)
Total expenditure		(578)	(3,000)	(37)	(3,615)	(3,455)
(Losses)/ gains on investments	5, 6	(545)	9	(1,714)	(2,250)	883
Net (expenditure) / income and net movement in funds		(292)	(1,363)	(1,751)	(3,406)	2,576
Fund balances brought forward at 1 April	9	6,534	4,364	19,711	30,609	28,033
Fund balances carried forward at 31 March		6,242	3,001	17,	27,203	30,609

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

Statement of Financial Activities for the year ended 31 March 2019

		31 March 2019			
		Unrestricted	Restricted	Endowment	Total
		Funds	Funds	Funds	Funds
	Note	£'000	£'000	£'000	£'000
Income					
Donations and legacies	2	-	4,327	-	4,327
Investments	2	821	-	-	821
Total income		821	4,327	-	5,148
Expenditure					
<i>Raising funds</i>					
Investment management costs	3	(31)	-	(40)	(71)
<i>Charitable activities</i>	3, 13	(384)	(3,000)	-	(3,384)
Total expenditure		(415)	(3,000)	(40)	(3,455)
Gains/(losses) on investments	5, 6	301	(12)	594	883
Net income and net movement in funds		707	1,315	554	2,576
Fund balances brought forward at 1 April	9	5,827	3,049	19,157	28,033
Fund balances carried forward at 31 March		6,534	4,364	19,711	30,609

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

Balance Sheet as at 31 March 2020

		31 March 2020		31 March 2019	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	4	3,609		3,609	
Investments	5,6	19,347		21,523	
Total fixed assets			22,956		25,132
Current assets					
Debtors	7	41		126	
Investments	2	-		1,307	
Cash on deposit		1		1	
Cash at bank and in hand	12	4,322		4,131	
Total current assets			4,364		5,565
Creditors: amounts falling due within one year	8		(117)		(88)
Net current assets			4,247		5,477
Total net assets			27,203		30,609

The funds of the Charity:

Endowment funds	9	17,960	19,711
Restricted income funds	9	3,001	4,364
Unrestricted income funds	9	6,242	6,534
Total charity funds	9	27,203	30,609

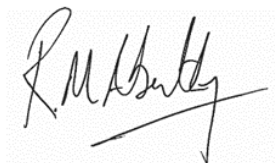
The attached notes on pages 20 to 34 form an integral part of these financial statements. The financial statements on pages 16 to 34 were approved by the Trustee on 16 October 2020 and signed on its behalf by:



MCL Aspinall

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16 October 2020



RM Abernethy

Clerk to The Mercers' Company

Statement of Cash Flows for the year ended 31 March 2020

		2020	2019
	Note	£'000	£'000
Cash flows from operating activities:			
Net cash used in operating activities	12	(3,347)	(3,339)
Cash flows from investing activities:			
Interest received		4	1
Dividends received		673	605
Proceeds from the sale of gifted investments		2,944	3,008
Purchase of investments		(7,076)	(4,350)
Decrease/(Increase) in cash held by investment managers		374	(40)
Proceeds from the sale of investments		6,619	4,360
Net cash provided by investing activities		3,538	3,584
Change in cash and cash equivalents in the financial year		191	245
Cash and cash equivalents at the beginning of the financial year		4,132	3,887
Cash and cash equivalents at the end of the financial year	12	4,323	4,132

Notes to the financial statements

1 ACCOUNTING POLICIES

ACCOUNTING BASIS

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

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the SORP (FRS 102) rather than the previous withdrawn version which it replaced.

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

GOING CONCERN

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

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

INCOME

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

EXPENDITURE

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

GRANTS

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

INVESTMENT GAINS AND LOSSES

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

INVESTMENTS

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

TANGIBLE FIXED ASSETS

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

TAXATION

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

Funds

The Charity has three types of funds:

- ▲ ENDOWMENT – WHERE THE CAPITAL IS HELD IN PERPETUITY TO GENERATE UNRESTRICTED DISTRIBUTABLE INCOME;
- ▲ RESTRICTED – WHERE THE PURPOSES FOR WHICH THE FUNDS, INCLUDING INCOME GENERATED, MAY BE USED HAVE BEEN RESTRICTED BY THE SCHEME OF MANAGEMENT;
- ▲ UNRESTRICTED – WHERE THE FUND IS NOT RESTRICTED AS TO USE OTHER THAN IN FURTHERING THE OBJECTS OF THE CHARITY.

FINANCIAL INSTRUMENTS

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

2 INCOME FROM INVESTMENTS

Investment income was generated as follows:

	2020 £'000	2019 £'000
Rents from investment properties	184	204
Dividend income from endowment fund	504	529
Dividend income from general investment fund	139	87
Interest on deposit account	4	1
	831	821

Restricted donations were made by the Mercers' Company by gift of shares i(2020: £1,628,000, 2019: £4,327,000). Gifted shares, received as a donation from the Mercers' Company were sold as follows:

	2020 £'000	2019 £'000
Opening balance as at 1 April	1,307	-
Received in the year	1,628	4,327
Disposals	(2,944)	(3,008)
Gains(losses) on disposal	9	(12)
Closing balance as at 31 March	-	1,307

The investments held as a current asset as at 31 March 2019 were disposed of in April 2019.

3 EXPENDITURE

a) Analysis of total expenditure:

			Governance & Support	Other		
	Further	Grant-	costs	direct	Total	Total
	notes	making	£'000	costs	2020	2019
		£'000		£'000	£'000	£'000
Investment management costs		-	2	94	96	71
Charitable activities	13	3,446	55	18	3,519	3,384
		3,446	57	112	3,615	3,455

			Governance & Support	Other		
	Further	Grant-	costs	direct	Total	
	notes	making	£'000	costs	2019	
		£'000		£'000	£'000	
Investment management costs		-	4	67	71	
Charitable activities		3,287	82	15	3,384	
		3,287	86	82	3,455	

b) Analysis of governance and support costs

		Raising funds	Charitable activities	Total	Total
	Basis of apportionment	£'000	£'000	2020	2019
				£'000	£'000
Staff costs	Staff time	2	36	38	59
Office administration	Staff time	-	8	8	12
Insurance	Expenditure	-	-	-	1
Audit fees	Expenditure	-	11	11	14
		2	55	57	86

		Raising funds	Charitable activities	Total
	Basis of apportionment	£'000	£'000	2019 £'000
Staff costs	Staff time	4	55	59
Office administration	Staff time	-	12	12
Insurance	Expenditure	-	1	1
Audit fees	Expenditure	-	14	14
		4	82	86

The Charity has no employees (2019: nil). The Mercers' Company, by way of a services agreement, provides staff and facilities to the Charity. There were no directly employed staff during the year (2019: nil). The Trustee has not received any emoluments or reimbursements during the year for services as a Trustee (2019: nil). No Trustee indemnity insurance costs have been paid by the Charity (2019: nil). £9,000 (excluding irrecoverable VAT) (2019: £12,020) was charged to the SOFA for audit fees.

4 TANGIBLE ASSETS

	2020 £'000	2019 £'000
Reversionary interest of land and buildings at St Paul's School, St Paul's Girls' School and Bute House Preparatory School for Girls	100	100
Freehold and leasehold interest in land at St Paul's School	3,509	3,509
	3,609	3,609

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

In 2009, freehold and leasehold interests in land were purchased at St Paul's School.

The duties, obligations and responsibilities of the Schools as tenants of the Charity are defined by the terms of leases. As freeholder, any alterations to buildings at the Schools must be in accordance with the associated lease and approved by the Charity.

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

5 INVESTMENT PROPERTIES

The Charity's investment properties are as follows:

	1 April 2019 and 31 March 2020 £'000
Freehold property	
Market value	3,538
Historical cost	315

No external valuation was carried out this year; the Trustee undertook an internal valuation and considers that these values to be fair and reasonable although given the impact of Covid-19, there is greater estimation uncertainty over all property valuations as at 31 March 2020 than in previous periods.

6 QUOTED INVESTMENTS

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

	1 April 2019 £'000	Purchases £'000	Sales £'000	Movement in cash £'000	Revaluation gains £'000	31 March 2020 £'000
General Investment Fund	5,406	3,128	(2,458)	(465)	(628)	4,983
Endowment Fund	12,579	3,948	(3,987)	91	(1,805)	10,826
	17,985	7,076	(6,445)	(374)	(2,433)	15,809
Historical cost	15,054					17,672

Since the year end realised and unrealised gains of £2,897,000 have been made in the period to 30 September 2020.

The investment allocation at the year end was as follows:

	2020	
	£'000	%
UK Equities	8,018	50.7
Overseas Equities	5,124	32.4
Fixed Income	2,045	13.0
Alternatives	179	1.1
Cash	443	2.8
Total	15,809	100.0

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

Net investment losses during the year totalled £2,250,000 (2019: £533,000 gains).

7 DEBTORS

Debtors are made up as follows:

	2020	2019
	£'000	£'000
Rent and service charges receivable	23	4
Dividends receivable	13	13
Prepayments and accrued income	5	109
	41	126

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	2020	2019
	£'000	£'000
Rent received in advance	25	25
Other creditors	92	63
	117	88

9 ANALYSIS OF FUNDS

Restricted Funds

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

Endowment Funds

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

The net assets by funds are as follows:

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

	Unrestricted	Restricted	Endowment	2019
	funds	funds	funds	Total funds
	£'000	£'000	£'000	£'000
Operating properties	-	-	3,609	3,609
Investment properties	-	-	3,538	3,538
Quoted investments	5,406	-	12,579	17,985
Net current (liabilities)/assets	1,128	4,364	(15)	5,477
	6,534	4,364	19,711	30,609

10 GRANT COMMITMENTS

Commitments, subject to various conditions, at the end of the year in respect of charitable grants amounted to £3m (2019: £6m) to St Paul's School which is a contribution towards the School's rebuilding programme. The commitment to St Paul's School represents the total commitment of £30m less the first nine annual payments of £3m. In addition, there are grant commitments, subject to various conditions, as follows:

	2021	2022	2023
	£'000	£'000	£'000
Hammersmith Academy Trust	25	25	-
Culloden Primary School – an Academy	25	25	-
Holy Trinity & St Silas C E Primary School	25	25	-
Young Westminster Foundation	25	25	-
Solidarity Sports	25	25	-
Create Arts	24	24	24
St Paul's School	100	-	-
School 21 Trust	24	-	-
	273	149	24

11 RELATED PARTIES AND CONNECTED CHARITIES

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

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

The principal address of the above entities is:

6 Frederick's Place
London EC2R 8AB

There were transactions with related parties where The Mercers' Company nominates governors, appoints governors to the entity or there is common management and so are considered connected:

Entity	Address	31 March 2020	31 March 2019
		£	£
Grants to St Paul's School	Lonsdale Road, London, SW13 9JT	3,000,000	3,000,000
Grants to St Paul's Girls' School	Brook Green, London, W6 7BS	100,000	50,000
Grant to Holy Trinity and St Silas C E Primary School	Hartland Road, London, NW1 8DE	43,280	17,365
Grant to Hammersmith Academy Trust	25 Cathnor Road, London W12 9JD	35,000	-
Grant to Culloden Primary School – an Academy	Dee Street, London, E14 0PT	25,000	-
Rent charged to St Paul's School	Lonsdale Road, London, SW13 9JT	1,000	1,000
Rent charged to St Paul's Girls' School	Brook Green, London, W6 7BS	1,000	1,000
Rent charged to Bute House Preparatory School for Girls Limited	Luxemburg Gardens, London, W6 7EA	83,500	104,375
Donation from The Mercers' Company	See above	1,627,841	4,327,373
Administration costs allocated by The Mercers' Company	See above	46,760	69,640

12 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW USED IN OPERATING ACTIVITIES

	2020	2019
	£'000	£'000
Net (expenditure)/income for the reporting year (as per statement of financial activities)	(3,406)	2,576
Adjustments for:		
Losses/(gains) on investments	2,250	(883)
Gifted investments	(1,628)	(4,327)
Interest receivable	(4)	(1)
Dividends receivable	(643)	(617)
Change in debtors	55	(109)
Change in creditors	29	22
Net cash used in operating activities	(3,347)	(3,339)

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020	2019
	£'000	£'000
Cash at bank and in hand	4,322	4,131
Cash on deposit	1	1
Total cash and cash equivalents	4,323	4,132

13 GRANTS

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

	2020
	£
Apollo Music Projects	25,000
Create Arts	23,642
Culloden Primary School-an Academy	25,000
Guildhall School of Music & Drama	6,000
Hammersmith Academy Trust	35,000
Holy Trinity & St Silas C E Primary School	43,280
Plumcroft Primary School	21,630
School 21 Trust	106,000
Solidarity Sports	25,000
St Paul's Cathedral Choir School	10,000
St Paul's Girls' School	100,000
St Paul's School	3,000,000
Young Westminster Foundation	25,000
Total grant making (2019: £3,287,495)	3,445,552

LEGAL & ADMINISTRATIVE INFORMATION

LEGAL STATUS

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

PRINCIPAL ADDRESS

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