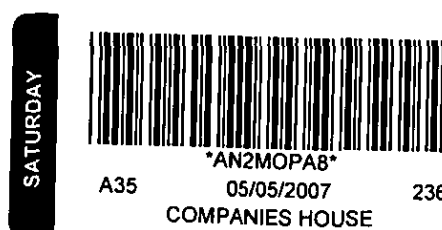


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**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**Ryecroft Glenton**

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# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2006

The Governors submit their annual report and the audited financial statements of Newcastle upon Tyne Royal Grammar School (the charity) and its subsidiary RGS Trading Limited for the year ended 31 July 2006

#### REFERENCE AND ADMINISTRATIVE DETAILS

**Registered office:**

Eskdale Terrace  
Newcastle upon Tyne  
NE2 4DX

**Advisors**

**Bankers:**

Barclays Bank plc  
Tyneside Corporate Group  
PO Box 379  
71 Grey Street  
Newcastle upon Tyne  
NE99 1JA

**Auditors:**

Ryecroft Glenton  
Chartered Accountants  
32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

**Investment advisors:**

Wise Speke Limited  
A division of Brewin Dolphin Limited  
Commercial Union House  
39 Pilgrim Street  
Newcastle upon Tyne  
NE1 6RQ

**Legal advisors:**

Dickinson Dees  
St Annes Wharf  
112 Quayside  
Newcastle upon Tyne  
NE99 1SB

**Insurance broker:**

Northern Counties Guarantee Corporation Limited  
478 Durham Road  
Low Fell  
Gateshead  
NE9 6BP

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

The School was founded and endowed at the beginning of the sixteenth century by Thomas Horsley who was, more than once, the Lord Mayor of Newcastle upon Tyne. By virtue of a Charter granted in 1600 by Queen Elizabeth it became "The Free Grammar School of Queen Elizabeth in Newcastle upon Tyne". It subsequently assumed the title "Newcastle upon Tyne Royal Grammar School".

The School is regulated by a 1909 Scheme made by the Board of Education under the Charitable Trust Acts 1853 to 1894 and a 1975 Scheme made by the Charity Commissioners with subsequent amendments. The membership of the Governing Body was subsequently amended by a resolution of the Governors dated 1 January 1997.

The School is a registered charity number 528148.

#### Object

The object is set out in the 1909 Scheme as "The education of boys in or near the City of Newcastle upon Tyne". An Order made by the Secretary of State on 16 March 2001 under section 78 of the Sex Discrimination Act 1975 had the effects of changing the Objects of the 1909 Scheme so that there are no restrictions as to the benefits under the Scheme to persons of one sex and references in the above Scheme to boys would henceforth include references to girls. The Governors agreed that girls should be admitted to the Sixth Form from September 2001. In accordance with the Scheme, the School accepts day pupils of school age, those aged 8 to 11 attending the Junior School. The School's aim is to attain the highest academic levels as well as providing a wide range of extra curricular and sporting activities.

#### Governors

The Governors who served during the period were -

Mr D L Taylor	Chairman, Co-optative Governor (Vice Chairman to 7 November 2005)
Mr N Sherlock OBE	Vice Chairman, Co-optative Governor (Chairman to 7 November 2005)
Mr A J Applegarth	Co-optative Governor
Mr R D Armstrong	From 25 May 2006, nominated by Newcastle City Council
Mrs L R Bird	Co-optative Governor
Mr P A Campbell	Co-optative Governor
Dr S Cholerton	Nominated by the University of Newcastle upon Tyne
Mr J C Fitzpatrick	Co-optative Governor
Mr A Hobson	Nominated by the University of Oxford
Professor A C Hurlbert	From 7 November 2005, Co-optative Governor
Mr D Marshall	Nominated by Durham County Council
Professor E W N Glover	Nominated by the University of Durham
Dr K J Neill	Co-optative Governor
Mr A W Purdue	Nominated by Northumberland County Council
Professor E Ritchie	Nominated by the University of Newcastle upon Tyne
Cllr J W Shipley OBE	To 24 May 2006, nominated by Newcastle City Council
Dr K E Spence	From 16 February 2006, nominated by the University of Cambridge
Mr P A Walker	Co-optative Governor
Mr S E Wood	Co-optative Governor

The Governing Body consists of 10 Co-optative Governors and 8 Nominative Governors, the former serving for 5 years and the latter for 3. They can be re-elected. The Governors are Trustees of the Charitable Body.

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

The Nominative Governors are appointed by -

Durham County Council  
Newcastle City Council  
Northumberland County Council  
University of Cambridge  
University of Durham  
University of Newcastle upon Tyne  
University of Oxford

The co-optative Governors are co-opted by the existing Governors

### Organisational structure and decision making

Governors meet once every term to review the activities of the school and its subsidiary Financial control is exercised over the activities of the School by means of an agreed Annual Budget

More detailed issues are dealt with in advance of Governors' meetings by a Finance and General Purposes Committee Governors who served on the Finance and General Purposes Committee during the period were -

Mr P Walker	(Chairman)
Mr D L Taylor	(Vice Chairman)
Mr N Sherlock	
Mr J C Fitzpatrick	
Dr K J Neill	
Councillor A W Purdue	
Mr S E Wood	

The day to day running of the School is vested in the Headmaster and Bursar

The Headmaster	Mr J F X Miller
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The Bursar & Clerk to Governors	Mr R J Metcalfe
---------------------------------	-----------------

### OBJECTIVES AND ACTIVITIES

In setting their objectives for the School, the Governors have prioritized ten These are set out below in bold, and the extent to which they have been met during the year is reported in the bullet points below each heading The final bullet point in each section indicates the objective for the coming year

#### 1. Seek academic excellence

- A-level results were the best ever on one measure 87% of grades were A or B
- AS results were the second best, with 66% of grades A or B
- 152 leavers went on to Higher Education, plus 17 who propose to make post A- Level applications
- GCSE results were a little behind previous years, but nine students gained straight A\* and 44 straight A\*A, and 19 were awarded AQA certificates for scores in the top 5 in the country
- There were many individual successes in national academic competitions, such as the British Physics Olympiad, Ogden Trust Business Competition, Mathematics Challenge and Bank of England 2% Challenge
- This objective remains the same for the coming year

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

### 2. Provide excellent pastoral support and extra-curricular activities

- The pastoral team has been strengthened by the appointment of Assistant Heads of Year
- Improved facilities were provided for the pastoral team at the start of the year
- Child protection procedures with regard to employment of staff have been revised in line with DfES recommendations
- The School's new facilities have been designed with a wide range of extra-curricular use in mind (e.g. music, drama, CCF, outdoor pursuits and sports)
- All staff are encouraged to participate in extra-curricular activities
- There was a high level of participation in sport, the school putting out 85 teams of all ages in a wide range of sports
- The excellent standard of performing arts continued, with over 30 concerts covering a wide range of music
- There was considerable success in debating at local, regional and national level
- This objective remains the same during the coming year

### 3. Successfully introduce full co-education

- Governors took the decision to move to full co-education from a sense of social responsibility and in the firm belief that this was the right policy from an educational point of view
- Preparation included wide consultation of the School community
- Staff were involved in planning for full co-education over previous two years
- The implications of co-education for both curricular and extra-curricular programmes were carefully assessed
- The number applications from girls, and the number of offers of places made to girls, was higher than anticipated, indicating that the change has been well-received outside the School
- In September 2006 girls will be admitted to Years 3,4,7 and 9 in addition to the Sixth Form, which has been successfully co-educational since 2001
- There will be 135 girls in the School from September 2006, 11% of the total number of pupils
- In the coming year, the objective will be to monitor, review and consolidate the arrangements for co-education, and to make any adjustments which might be required

### 4. Make the School as inclusive as possible

- Senior staff maintain regular contact with all potential feeder schools
- Contact is made with potential feeder schools in the maintained sector on an annual basis
- The annual Open Morning for the School is widely advertised in the region, and well-attended
- The 2006 intake of pupils has been recruited from 85 schools across the region, of which 75 are in the maintained sector, plus 4 overseas
- Means-tested bursaries (no Scholarships) are available for pupils with parents of limited means, who meet entry requirements. During the year, 83 pupils enjoyed such financial support, 44 at a level of 95% of fees or above. This provides wide public benefit by opening access to the school to a wider community
- The active Bursary Campaign has to date raised £1.8m to fund on-going bursaries, and in summer 2006 launched the public phase of Campaign. Most of the bursary funds are held by the RGS Educational Trust, which was originally established to ensure that funds were applied for this purpose and not for the general running of the School

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

### FOR THE YEAR ENDED 31 JULY 2006

- In connection with the Campaign, the School has sought to develop further its relationships with alumni through a number of events
- During the year, the School's Access Audit was reviewed, and all new and refurbished accommodation includes facilities for the disabled
- This objective remains the same during the coming year, with a specific objective of encouraging support of the Bursary Campaign

#### **5. Recruit and retain excellent staff**

- Vacant teaching posts are advertised nationally
- The RGS Teachers' Salary Scale is reviewed annually to make sure that it remains competitive with national scales
- All staff salaries are reviewed annually, exceptional performance and/or additional duties and involvement in extra-curricular activities rewarded by means of allowances and increments
- There is an appraisal system for in place teaching staff
- The School ensures that policies and procedures relating to terms of employment are kept up to date and meet best practice
- Almost all staff facilities have been fully refurbished or provided new over the last decade
- Careful attention is paid to health and welfare issues concerning staff
- This objective remains the same during the coming year

#### **6. Set and maintain high standards of governance**

- Systems are in place for inducting new Governors to ensure that they have a good understanding of the School and of broader educational issues
- Governors are encouraged to take part in a range of training seminars
- Governors are encouraged to take part in the life of the School
- Governors are given regular reports on all aspects of the school together with briefings on all key issues affecting the school
- The Chairman and Vice-Chairman are elected annually by governors
- Succession and leadership issues are kept under review and addressed as necessary
- This objective remains the same during the coming year, including a specific objective of holding a training seminar for RGS Governors (to which governors of other independent schools in the area will be invited)

#### **7. Incorporate as a charitable company**

- Follows recommendation of Charity Commission in Report on Review Visit
- Expert legal advice taken throughout the process
- Governors, staff, parents and suppliers have been kept informed of the process, and all statutory notices have been served
- A new charitable company limited by guarantee has been established
- A new Scheme for original charity, which now holds the School's assets as the Property Trust (with the Company as corporate trustee), has been approved by the Charity Commission
- The objective for the coming year will be to complete the incorporation process and ensure that all appropriate arrangements are in place

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

### 8. Provide and maintain excellent facilities

- In summer 2006 a major development programme costing £10million was completed
- New facilities include a Performing Arts Centre with specialised facilities for music and drama, a 300 seat auditorium, together with new accommodation for Modern foreign Languages, the CCF and Outdoor Pursuits
- From summer 2006 the whole of the expanded Junior School is accommodated in new or fully refurbished accommodation
- A new floodlit artificial turf pitch was completed during the year to meet requirements for more intensive use of sports facilities, especially hockey and soccer
- As part of the programme to maintain first class sports facilities, the School acquired the local County Cricket Ground under a 50 year lease
- A new drainage system was installed in the main playing field to improve the quality of surface and increase availability
- Toilet and changing facilities were adapted or provided new for girls
- The programme of refurbishing the Main Building, so as to provide a high quality of facilities throughout the School, continued
- All new development and refurbishment work takes into account provision for external users
- The objective in the coming year will be to carry out a number of projects to enhance further the quality of facilities

### 9. Ensure that the School remains financially sound

- The development of the School is underpinned by a Business Plan, which is reviewed on a regular basis, the figures in these annual accounts show a performance better than predicted in the Business Plan
- The Business Plan also indicates the repayment period for the term loan which has funded the recent development programme
- Governors review the management of risks annually
- Income, expenditure and cash-flow are monitored by means of monthly management accounts
- Detailed financial reports are submitted to Governors each term
- Steps are taken to ensure that pupil numbers are maintained without any reduction in academic standards, including a recent joint marketing initiative with other independent schools in the region (The number of pupils in the coming year will be 19 higher than included in the updated Business Plan )
- An additional form has been added in Year 7 (and in Year 8 from 2007) in order to increase capacity
- From September 2006 pupils a Year 3 intake has been added to the Junior School
- Demographic trends in the region and their effect on the number of children of school age in future years are monitored
- The objects remain the same as for the current year, and include the following specific matters
  - continue to measure financial performance against the Business Plan,
  - further develop the marketing strategy,
  - review the risks facing the charity,
  - review the Investment Policy,
  - review the School's Financial Procedures in the light of the new SORP requirements, and
  - review the management of assets and the policy on depreciation

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

### 10. Ensure that the School has strong links with the community and provides public benefit

- Members of the three major local authorities and two regional universities are governors
- The School educates over 1,200 children at no cost to the state
- The means tested bursary scheme provides support for 87 pupils, 44 of them with at least 95% of fees, and the School meets all the costs of a Bursary Campaign to raise £3m so as to increase the number of bursaries available
- Value-added figures are very high our A-level results make us the “top” school in the North East
- The School’s fees are significantly below average, and regularly appear in national value for money league reports
- Most of the School’s students go on to higher education, many leading to careers in public service, for example 17 have gone on to courses in medicine and 4 in dentistry
- The School set up and hosts the Newcastle Science Enrichment Programme (NSEP) which gives Y10 and Y12 students from schools in the local maintained sector the opportunity to carry out high quality scientific practical work in the School’s excellent science facilities
- The School continues to run its active Voluntary Service activities, including students providing support in local primary schools, special schools, hospices and sheltered accommodation The Duke of Edinburgh Award Scheme also involves community work
- Through a series of musical and other charity events, RGS Pupils raised over £10,500 for charity during the year, mainly for local charities
- The School hosts trainee teachers on placement from local universities as part of their course, overseas trainee teachers seeking experience of the UK system and Y10 pupils from local maintained schools on work experience placements
- The school is available as an exam centre for non-RGS students, and many RGS staff are examiners for GCSE, AS and A2 Pupils from other schools are assisted with preparation for Oxbridge interviews
- The school continued to provide extensive public benefit through the use of its facilities by a wide range of external organisations including
  - the School has taken over the local County Cricket Ground, which the city league team and Northumberland CCC use for fixtures, together with a range of community teams,
  - the School’s Sports Hall, Swimming Pool and Artificial Turf Pitch are used by a range of local community and student groups,
  - two local swimming clubs have used the School’s pool while their local pools have been rebuilt,
  - though only completed over summer 2006, the new Performing Arts Centre has already attracted a large number of enquiries from local orchestras, choirs and a range of drama groups,
  - each summer and Easter we host a Games week programme open to children of all ages from any school, and
  - other facilities are used by a wide range of groups for lectures, meetings, dance classes and the North East group for specific learning difficulties
- The school has appointed an Events Manager specifically to promote external use of the school’s wide range of facilities

The objective remains the same as for the current year



# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

### FINANCIAL REVIEW

#### Reserves policy

The governors continue to take steps to review their reserves policy. Their intention is to continue to develop the School facilities whilst at the same time containing increases in tuition fees to a reasonable level.

#### Principal funding

The School's day to day charitable activities are self funding. The recent capital development programme undertaken by the School has initially been funded by a bank loan, repayable out of future income generated by the School.

#### The financial results

These consolidated financial statements present the results of the Newcastle upon Tyne Royal Grammar School and its 100% trading subsidiary RGS Trading Limited (Limited by Guarantee).

The financial results for the year ended 31 July 2006 were satisfactory -

- Net consolidated incoming resources to the School General Fund for the year before gains on investment assets were £227,967 compared to £312,166 for the previous year. There were increases in incoming resources of £863,905 arising from increased school fee income and donations receivable. Resources expended rose by £948,104. Major cost increases were seen in the areas of teachers' salaries (£158,000), premises costs (£288,000), and loan interest payable (£241,000). This last increase was a result of the increased loans taken out to fund the new buildings and other construction work within the School.
- Within its Restricted Funds, the School continued to benefit from increased funding obtained from the Bursary Campaign. This and other funds managed by the RGS Educational Trust again enabled the School substantially to increase its bursaries to pupils. Total expenditure on bursaries before the addition of support costs increased by 21% to £465,284.
- The school continues to benefit from income received from the Hospital of St Mary the Virgin. The current scheme of arrangement for the Hospital of St Mary the Virgin dates from 1979 and provides for the appointment of five estate trustees two of whom are nominated by the governors of the Royal Grammar School. Additionally there are two co-opted governors. The school is entitled to 53% of any surplus income after payment of annual charges and in the year ended 31 July 2006 this amounted to £249,084.

The programme of building work started in 2004 reached its climax this year, with the new buildings being substantially completed by 31 July 2006. Fixed asset additions this year were £5,420,268 and there was a net decrease in liquid funds of £4,448,360 which was funded by a £4,000,000 increase in the bank loan.

Within the School's unrestricted funds, the School held at 31 July 2006 School buildings and equipment of £23.4 million and had net funds of £14.4 million. The balance – a negative £9.0 million – represented, broadly, amounts payable by the School to banks and other creditors to finance its purchases of fixed assets and its previous building programmes and compared to a liability of £4.1 million at 31 July 2005. The Trustees remain confident that the School can continue to meet its loans and other liabilities as they fall due. Repayments of the original term loan amounted to £366,216 in the year and this loan is expected to be fully repaid by October 2006. Capital repayments against the new loan commence in December 2006 and are anticipated to be £362,500 per quarter.

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GOVERNORS' REPORT – CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

### Investment powers, policy and performance

The Trustees' investment powers are governed by the Trust Deed. The Governors have delegated the management of the investment portfolios to Wise Speke Limited, a division of Brewin Dolphin Limited, but appraise their performance at regular intervals, the Governors' policy is to maintain income to fund bursaries, while preserving the market value of the investments. The total return on all investments was -

J R Howarth Bequest and Bursary Fund +5.9%

Peter Taylor Fund and Bursary Fund +14.9%

This compares with the FTSE All – share index benchmark of + 13.59%

### Reserves

Notes 21 and 22 to the financial statements show the assets and liabilities attributable to the various funds by type, describe the various funds and summarise the movements on each fund. Unrestricted funds in total amounted to £14,434,001 of which £5,475,400 is held as a designated fund. Funds held as fixed assets totalled £23,725,471, leaving a deficit of free reserves at the year end of £9,291,470, an increase in deficit of £4,746,859 over 2005.

The School's freehold land and buildings on the Jesmond site are shown in the financial statements at an independent financial valuation of £14,700,000 (based on a depreciated replacement cost basis as at 31 March 2000), together with the cost of subsequent additions. Whilst the market value of the site is not readily ascertainable due to the covenants and other restrictions on the use of the premises, the Governors are confident that the current value of these assets is not overstated compared with the amounts shown in the financial statements.

### Risk management

The Governors examine the major risks that the School faces each year, in the course of reviewing their strategic planning for the development of the School. The charity has developed systems to monitor and control these risks in order to mitigate any impact which they may have on the School in the future.

### Grant making policy

In this period, the School awarded 81 bursaries amounting to £465,284 including amounts granted from the RGS Educational Trust for this purpose. The Governors' policy is to award means tested financial assistance for the duration of a pupil's education at the school on the basis of educational ability to enable pupils to attend or remain at the School in situations where the financial circumstances of their parent(s) or guardian(s) would not otherwise make that possible.

### Asset cover for funds

Notes 21 and 22 to the financial statements set out an analysis of the assets attributable to the various funds together with a brief description of them. It is considered that the assets are sufficient to meet the School's obligations on a fund by fund basis.

The School's tangible assets are held for use by the School. The Governors believe that their value shown in the financial statements is fair and reasonable, being based on a professional valuation undertaken in March 2000. Investments are held to provide income and growth to match the liabilities set down by the donors of the capital.

**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL****GOVERNORS' REPORT - CONTINUED****FOR THE YEAR ENDED 31 JULY 2006****Accounting and reporting responsibilities**

The Charities Act 1993 requires the Governors, as the trustees of the Charity, to prepare financial statements for each financial period, which give a true and fair view of the Charity's financial activities during the period and of its financial position at the end of the period

In preparing the financial statements the Governors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- follow applicable accounting standards and the Charities SORP disclosing and explaining any departure in the financial statements, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue

The Governors are responsible for keeping proper accounting records which are such as to disclose with reasonable accuracy the financial position of the Charity at any time and to enable them as trustees to ensure that the financial statements comply with Charity Law. The Governors are also responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

These financial statements comply with all relevant statutory requirements, the governing documents, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005

**Auditors**

A resolution proposing that Ryecroft Glenton be re-appointed as auditors of the School will be put to the annual general meeting

Approved by the Board of Governors on 6 November 2006 and signed on their behalf by



Mr D L Taylor  
Chairman of the Governors

## INDEPENDENT AUDITORS' REPORT

### TO THE GOVERNORS OF NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

We have audited the Group's financial statements for the year ended 31 July 2006, which comprise the Group Statement of Financial Activities, School Statement of Financial Activities, Group Balance Sheet, School Balance Sheet, Group Statement of Cash Flows and the related notes on pages 17 to 35. These financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and on the basis of the accounting policies set out therein.

This report is made solely to the Governors in accordance with Section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the Governors those matters we are required to state to them in an auditors' 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 Governors, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Governors and auditors**

As described in the Statement of Accounting and Reporting Responsibilities within the Governors' Report, the Governors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Governors' Report is not consistent with the financial statements, if the School has not kept proper accounting records, or if we have not received all the information and explanations we required for our audit.

We read other information contained in the Governors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charity and of the group as at 31 July 2006 and of the incoming resources and application of resources of the group for the period then ended and have been properly prepared in accordance with the Charities Act 1993.

Ryecroft Glenton  
Chartered Accountants  
**Registered Auditors**  
32 Portland Terrace  
Newcastle upon Tyne  
**NE2 1QP**  
6 November 2006



## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GROUP STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 JULY 2006

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2006 £	Restated total 2005 £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income – grants and donations	3	250,695	340,912	-	591,607	378,549
Activities for generating funds						
- facilities lettings income		44,401	-	-	44,401	30,081
- shop trading income		74,125	-	-	74,125	71,403
Investment income	4	12,561	11,243	-	23,804	13,551
<b>Incoming resources from charitable activities</b>	5	8,462,866	-	-	8,462,866	7,827,641
<b>Other incoming resources</b>	6	3,261	-	-	3,261	14,934
<b>Total incoming resources</b>		<u>8,847,909</u>	<u>352,155</u>	<u>-</u>	<u>9,200,064</u>	<u>8,336,159</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Costs of generating voluntary income	7	69,039	-	-	69,039	58,740
Marketing costs	7	45,259	-	-	45,259	7,532
Fundraising trading – shop costs	7	72,547	-	-	72,547	67,769
Costs of letting of facilities	7	3,408	-	-	3,408	2,497
<b>Charitable activities</b>						
Provision of school services	7	8,260,275	2,520	-	8,262,795	7,457,238
Bursaries provided	7	161,160	316,394	-	477,554	393,359
<b>Governance costs</b>	7	41,495	-	-	41,495	36,858
<b>Total resources expended</b>		<u>8,653,183</u>	<u>318,914</u>	<u>-</u>	<u>8,972,097</u>	<u>8,023,993</u>
<b>Net incoming resources for the year before other recognised gains and losses</b>		194,726	33,241	-	227,967	312,166
Gains/losses on investment assets		-	-	31,299	31,299	29,713
<b>Net movement of funds</b>		194,726	33,241	31,299	259,266	341,879
<b>Reconciliation of funds</b>						
Total funds brought forward		14,239,275	73,172	274,740	14,587,187	14,245,308
<b>Total funds carried forward</b>		<u>14,434,001</u>	<u>106,413</u>	<u>306,039</u>	<u>14,846,453</u>	<u>14,587,187</u>

The Statement of Financial Activities includes all gains and losses recognised in the year

All incoming resources and resources expended derive from continuing activities

**Statement of changes in group resources applied for fixed assets for charitable use**

	Total funds 2006 £	Total funds 2005 £
Net movement in funds for the year	259,266	341,879
Resources used for net acquisitions of fixed assets for charitable use	(4,707,626)	(2,568,401)
Net movement in liquid funds	<u>(4,448,360)</u>	<u>(2,226,522)</u>

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## SCHOOL STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 JULY 2006

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2006 £	Restated total 2005 £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income – grants and donations	3	250,695	340,912	-	591,607	378,549
Activities for generating funds - facilities lettings income		44,401	-	-	44,401	30,081
Investment income	4	14,139	11,243	-	25,382	17,457
<b>Incoming resources from charitable activities</b>						
	5	8,462,866	-	-	8,462,866	7,827,641
<b>Other incoming resources</b>	6	3,261	-	-	3,261	14,934
<b>Total incoming resources</b>		<u>8,775,362</u>	<u>352,155</u>	<u>-</u>	<u>9,127,517</u>	<u>8,268,662</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Costs of generating voluntary income	7	69,039	-	-	69,039	58,740
Marketing costs	7	45,259	-	-	45,259	7,532
Costs of letting of facilities	7	3,408	-	-	3,408	2,497
<b>Charitable activities</b>						
Provision of school services	7	8,260,275	2,520	-	8,262,795	7,457,238
Bursaries provided	7	161,160	316,394	-	477,554	393,359
<b>Governance costs</b>	7	<u>41,495</u>	<u>-</u>	<u>-</u>	<u>41,495</u>	<u>36,858</u>
<b>Total resources expended</b>		<u>8,580,636</u>	<u>318,914</u>	<u>-</u>	<u>8,899,550</u>	<u>7,956,224</u>
<b>Net incoming resources for the year before other recognised gains and losses</b>						
		194,726	33,241	-	227,967	312,438
Gains/losses on investment assets		-	-	31,299	31,299	29,713
<b>Net movement of funds</b>		<u>194,726</u>	<u>33,241</u>	<u>31,299</u>	<u>259,266</u>	<u>342,151</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>14,225,059</u>	<u>73,172</u>	<u>274,740</u>	<u>14,572,971</u>	<u>14,230,820</u>
<b>Total funds carried forward</b>		<u>14,419,785</u>	<u>106,413</u>	<u>306,039</u>	<u>14,832,237</u>	<u>14,572,971</u>


The Statement of Financial Activities includes all gains and losses recognised in the year  
All incoming resources and resources expended derive from continuing activities

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GROUP BALANCE SHEET AT 31 JULY 2006

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
School buildings and equipment	14	23,405,991	18,698,365
Investments	15	319,480	287,769
		<u>23,725,471</u>	<u>18,986,134</u>
<b>CURRENT ASSETS</b>			
Stocks	16(a)	23,889	20,783
Debtors	17(a)	290,256	200,561
Cash at bank and in hand	18	800,327	949,186
		<u>1,114,472</u>	<u>1,170,530</u>
<b>CREDITORS:</b> Amounts falling due within one year	19(a)	2,259,840	977,921
<b>Net current (liabilities)/assets</b>		<u>(1,145,368)</u>	<u>192,609</u>
<b>Total assets less current liabilities</b>		22,580,103	19,178,743
<b>CREDITORS:</b> Amounts falling due after more than one year	20	7,733,650	4,591,556
<b>TOTAL NET ASSETS</b>		<u>14,846,453</u>	<u>14,587,187</u>
<b>ENDOWED FUNDS</b>	22(a)	306,039	274,740
<b>RESTRICTED FUNDS</b>	22(b)	106,413	73,172
<b>UNRESTRICTED SCHOOL FUNDS</b>			
Designated		5,475,400	6,048,872
General		8,944,385	8,176,187
Non charitable trading funds		14,216	14,216
<b>TOTAL UNRESTRICTED SCHOOL FUNDS</b>	22(c)	<u>14,434,001</u>	<u>14,239,275</u>
<b>TOTAL FUNDS</b>		<u>14,846,453</u>	<u>14,587,187</u>

Approved by the Governors on 6 November 2006  
and signed on their behalf by


  
Mr D L Taylor  
Chairman of the Governors

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## SCHOOL BALANCE SHEET AT 31 JULY 2006

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
School buildings and equipment	14	23,405,991	18,698,365
Investments	15	319,481	287,770
		<u>23,725,472</u>	<u>18,986,135</u>
<b>CURRENT ASSETS</b>			
Stocks	16(b)	22,134	20,260
Debtors	17(b)	292,028	200,561
Cash at bank and in hand		784,286	945,082
		<u>1,098,448</u>	<u>1,165,903</u>
<b>CREDITORS:</b> Amounts falling due within one year	19(b)	2,258,033	987,511
<b>Net current (liabilities)/assets</b>		<u>(1,159,585)</u>	<u>178,392</u>
<b>Total assets less current liabilities</b>		22,565,887	19,164,527
<b>CREDITORS:</b> Amounts falling due after more than one year	20	7,733,650	4,591,556
<b>TOTAL NET ASSETS</b>		<u>14,832,237</u>	<u>14,572,971</u>
<b>ENDOWED FUNDS</b>	22(a)	306,039	274,740
<b>RESTRICTED FUNDS</b>	22(b)	106,413	73,172
<b>UNRESTRICTED SCHOOL FUNDS</b>			
Designated		5,475,400	6,048,872
General		8,944,385	8,176,187
<b>TOTAL UNRESTRICTED SCHOOL FUNDS</b>	22(c)	<u>14,419,785</u>	<u>14,225,059</u>
<b>TOTAL FUNDS</b>		<u>14,832,237</u>	<u>14,572,971</u>

Approved by the Governors on 6 November 2006  
and signed on their behalf by

  
Mr D L Taylor  
Chairman of the Governors



## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2006

	Notes	2006 £	2005 £
<b>NET CASH INFLOW FROM OPERATIONS</b>	13	<u>1,615,628</u>	<u>1,102,059</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		15,425	3,201
Interest paid		(376,731)	(177,873)
Dividends received		<u>8,379</u>	<u>10,350</u>
		<u>(352,927)</u>	<u>(164,322)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments for tangible fixed assets		(5,023,898)	(3,379,406)
Payments for investments		(94,220)	(43,272)
Proceeds from sale of investments		95,910	28,598
Proceeds from sale of fixed assets		<u>-</u>	<u>2,500</u>
		<u>(5,022,208)</u>	<u>(3,391,580)</u>
<b>FINANCING</b>			
Repayment of bank loan		(366,216)	(366,216)
Acquisition of new bank loan		<u>4,000,000</u>	<u>4,500,000</u>
		<u>3,633,784</u>	<u>4,133,784</u>
<b>(DECREASE)/INCREASE IN CASH</b>	18(a)	<u><u>(125,723)</u></u>	<u><u>1,679,941</u></u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Notes	2006 £	2005 £
(Decrease)/increase in cash	18(a)	(125,723)	1,679,941
Cash outflow from loan repayments		366,216	366,216
Cash inflow from new loan		<u>(4,000,000)</u>	<u>(4,500,000)</u>
<b>MOVEMENT IN NET DEBT</b>	18(b)	(3,759,507)	(2,453,843)
<b>NET DEBT AT 1 AUGUST 2005</b>	18(b)	<u>(4,028,039)</u>	<u>(1,574,196)</u>
<b>NET DEBT AT 31 JULY 2006</b>		<u><u>(7,787,546)</u></u>	<u><u>(4,028,039)</u></u>

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2006

#### 1 ACCOUNTING POLICIES

##### **Group financial statements**

The financial statements consolidate the accounts of the Newcastle upon Tyne Royal Grammar School and its wholly owned subsidiary, RGS Trading Limited, on a line by line basis drawn up to 31 July 2006

RGS Trading Limited covenants taxable profits to the Newcastle upon Tyne Royal Grammar School

##### **Accounting convention**

The financial statements are prepared in accordance with the Charities Act 1993 and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in March 2005 and with applicable accounting standards, under the historical cost accounting basis, except for the revaluation of freehold land and buildings and the inclusion of investment assets at market value. Certain prior year figures have been restated due to SORP 2005

The accounts have been prepared on a going concern basis. The group balance sheet shows net current liabilities of £1,145,368 as a result of construction costs of £8.3 million incurred which will result in anticipated increased revenues in future years. Liabilities are covered by long term finance and are in line with the School's business plan.

##### **Accounting for the Building Fund**

The balance on the building fund represents the unpaid proportion of bank loans and related future interest on loans that were taken out to cover building works in previous years. The fund is released to the general fund over the period of the loan. The Governors transfer amounts to the Building Fund to provide sufficient funds for the development and improvement of the School. Income and expenditure relating to development projects are credited or charged to this fund, as appropriate.

##### **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 allowances, scholarships and other remissions granted by the School from its unrestricted funds, but include contributions received from Restricted Funds for Scholarships, Bursaries and other grants.

##### **Voluntary income and fund accounting**

Voluntary income is received by way of grants and donations and is included in full in the Statement of Financial Activities when receivable.

Grants and donations received for the general purposes of the Charity are included as unrestricted funds. Grants and donations for activities restricted by the wishes of the donor are taken to "restricted funds" if these wishes are legally binding on the Governors. Donations required to be retained as capital in accordance with the donor's wishes are accounted for as "endowments" – permanent or not, according to the nature of the restriction.

##### **Resources expended**

All expenditure is included on an accruals basis and is included under expense categories that aggregate all costs for allocation to activities. Where costs cannot directly be attributed to particular activities they have been allocated on a basis consistent with the use of the resources. The allocation method used has been to apportion all costs on the basis of the estimate of full time equivalent staff numbers employed on each activity.

##### **Governance costs**

Governance costs are those costs associated with constitutional and statutory requirements of the school.

# NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

### 1 ACCOUNTING POLICIES - CONTINUED

#### **Investment and investment income**

Investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities. Investment income is accounted for in the period in which the charity is entitled to receipt. Income, resources from endowment funds are restricted.

#### **Grants and bursaries**

Grants and bursaries are included as expenditure in the period for which the award is given.

#### **Tangible fixed assets**

All freehold land and buildings are included in the financial statements based on the latest independent valuation of their value to the School plus the cost of subsequent major additions. Replacements and minor improvements to the fabric of the School are written off in the statement of financial activities as they are incurred.

#### **Assets under construction**

Work carried out prior to the design stage of a development project is expensed in the period in which the expenditure is incurred. Expenditure incurred during design and construction phases is capitalised and included in assets under construction. The assets are transferred to freehold land and buildings on the earlier of completion of the project or occupancy by the School.

#### **Depreciation**

Freehold land is not depreciated.

Assets under construction are not depreciated on the grounds that they have not yet been brought into use. The cost of other fixed assets is depreciated by equal annual instalments over their expected useful lives as follows:

Motor vehicles	-	4 years
Plant and equipment	-	3 – 10 years
Freehold buildings	-	50 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowances for any obsolete or slow moving items.

#### **Pension costs**

The School operates two main schemes:

The School participates in the Department for Education & Skills Teachers Pension Scheme, which is a defined benefit scheme and is for teaching staff only. Contributions to the scheme are charged to the statement of financial activities so as to spread the cost of the pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by a qualified actuary on the basis of quennial valuations, using a prospective benefit method.

The School also operates a defined contribution scheme for non-teaching staff. The assets of the scheme are held separately from those of the School in an independently administered fund. The charge to the statement of financial activities is the amount payable in the period.

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## FOR THE YEAR ENDED 31 JULY 2006

## 2 NET INCOME OF TRADING SUBSIDIARY

The charity has one wholly owned trading subsidiary which is incorporated in the UK RGS Trading Limited, which provides refreshments and confectionery through the school's tuck shops, covenant their taxable profits to Newcastle upon Tyne Royal Grammar School. A summary of their trading results is shown below

	2006 £	2005 £
Turnover	74,125	71,402
Cost of sales	69,682	63,333
Gross profit	4,443	8,069
Administration	2,865	4,163
Operating profit	1,578	3,906
Net profit	1,578	3,906
Taxation	-	(272)
	1,578	3,634
Amount covenanted to Newcastle upon Tyne Royal Grammar School	1,578	3,906
Result	-	(272)
Net assets	14,217	14,217

## 3 VOLUNTARY INCOME

Group and school	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2006 £	Total funds 2005 £
Grants and donations					
Hospital of St Mary the Virgin	249,084	-	-	249,084	123,510
The Royal Grammar School					
Educational Trust	-	240,408	-	240,408	169,989
Other income for bursaries	-	70,504	-	70,504	77,486
Other donations received	1,611	30,000	-	31,611	7,564
	<u>250,695</u>	<u>340,912</u>	<u>-</u>	<u>591,607</u>	<u>378,549</u>

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

## 4 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2006 £	Total funds 2005 £
Dividend income	-	8,379	-	8,379	8,454
Interest on deposits held for investments	-	-	-	-	295
Prize fund income	-	2,520	-	2,520	2,339
Bank interest receivable	12,561	344	-	12,905	2,463
<b>Group</b>	12,561	11,243	-	23,804	13,551
Donations from subsidiary RGS Trading	1,578	-	-	1,578	3,906
<b>School</b>	<u>14,139</u>	<u>11,243</u>	<u>-</u>	<u>25,382</u>	<u>17,457</u>

## 5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Provision of school services	
Group and school	2006 £	2005 £
School fees	8,114,200	7,484,564
Catering income	348,666	343,077
	<u>8,462,866</u>	<u>7,827,641</u>
The school fee income comprised	2006 £	2005 £
Gross fees	8,170,971	7,526,659
Less total grants and allowances	(56,771)	(42,095)
	<u>8,114,200</u>	<u>7,484,564</u>

## 6 OTHER INCOME

	2006 £	2005 £
<b>Group and school</b>		
Profit on sale of fixed assets	225	2,500
Other income	3,036	12,434
	<u>3,261</u>	<u>14,934</u>

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

7	TOTAL RESOURCES EXPENDED	Activities		Total 2006 £	Total 2005 £
		Undertaken directly £	Support costs £		
	<b>Group</b>				
	<b>Costs of generating funds</b>				
	Costs of generating voluntary income	60,804	8,235	69,039	58,740
	Marketing costs	39,861	5,398	45,259	7,532
	Trading – shop costs	72,547	-	72,547	67,769
	Costs of letting of facilities	-	3,408	3,408	2,497
	<b>Charitable activities</b>				
	Provision of school services	7,356,188	906,607	8,262,795	7,457,238
	Bursaries provided	465,284	12,270	477,554	393,359
	<b>Governance costs</b>	21,046	20,449	41,495	36,858
		<u>8,015,730</u>	<u>956,367</u>	<u>8,972,097</u>	<u>8,023,993</u>

		Activities		Total 2006 £	Total 2005 £
		Undertaken directly £	Support costs £		
	<b>School</b>				
	<b>Costs of generating funds</b>				
	Costs of generating voluntary income	60,804	8,235	69,039	58,740
	Marketing costs	39,861	5,398	45,259	7,532
	Costs of letting of facilities	-	3,408	3,408	2,497
	<b>Charitable activities</b>				
	Provision of school services	7,356,188	906,607	8,262,795	7,457,238
	Bursaries provided	465,284	12,270	477,554	393,359
	<b>Governance costs</b>	21,046	20,449	41,495	36,858
		<u>7,943,183</u>	<u>956,367</u>	<u>8,899,550</u>	<u>7,956,224</u>

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

8 CHARITABLE ACTIVITIES UNDERTAKEN  
DIRECTLY - GROUP AND SCHOOL

	Provision of school services £	Bursaries provided £	Total 2006 £	Total 2005 £
Teachers' salaries	4,198,349		4,198,349	4,039,581
Teaching resources	208,921		208,921	196,648
Other educational costs	158,118		158,118	150,928
Other teaching staff costs	41,045		41,045	56,464
Premises costs	1,320,401		1,320,401	1,032,271
Catering costs	393,099		393,099	347,611
Academic support expenditure	359,082		359,082	323,491
Prizes and awards	5,274		5,274	9,813
Bursaries provided		465,284	465,284	384,370
Depreciation	671,899		671,899	636,274
	<u>7,356,188</u>	<u>465,284</u>	<u>7,821,472</u>	<u>7,177,451</u>
Academic support expenditure is				
Educational support salaries			231,405	196,665
PE and sport			122,459	108,680
Clubs and magazines			5,218	18,146
			<u>359,082</u>	<u>323,491</u>
Premises costs are				
Salary costs			405,378	370,924
Maintenance			395,274	276,547
Occupancy costs			345,329	214,207
Insurance			174,420	170,593
			<u>1,320,401</u>	<u>1,032,271</u>
Catering costs are				
Staff costs			176,729	135,923
Food			167,403	158,663
Kitchen overheads			48,967	53,025
			<u>393,099</u>	<u>347,611</u>

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## FOR THE YEAR ENDED 31 JULY 2006

## 9 SUPPORT COSTS

## Group and School

	Administration costs £	Financial costs £	Other central costs £	Depreciation £	Total 2006 £	Total 2005 £
Method of allocation						
Full time equivalent staff						
<b>Costs of generating funds</b>						
Costs of generating						
voluntary income	3,534	3,753	597	351	8,235	8,852
Marketing costs	2,315	2,461	392	230	5,398	1,135
Cost of lettings of facilities	1,462	1,554	247	145	3,408	2,497
<b>Charitable Activities</b>						
Provision of school services	388,988	413,247	65,749	38,623	906,607	664,157
Bursaries provided	5,264	5,593	890	523	12,270	8,989
<b>Governance Costs</b>	<u>8,774</u>	<u>9,321</u>	<u>1,483</u>	<u>871</u>	<u>20,449</u>	<u>14,981</u>
Total Cost	<u>410,337</u>	<u>435,929</u>	<u>69,358</u>	<u>40,743</u>	<u>956,367</u>	<u>700,611</u>

## 10 GOVERNANCE COSTS – Direct costs

## Group and School

	2006 £	2005 £
Audit and accountancy charges	17,458	19,256
Governors' entertaining	<u>3,588</u>	<u>2,621</u>
	<u>21,046</u>	<u>21,877</u>

## 11 AUDIT AND ACCOUNTANCY FEES

## Group and School

	2006 £	2005 £
Audit and accountancy	10,489	10,062
Pension scheme	505	489
Assisted places fee	555	529
Other accountancy work	6,079	4,606
Responses to Charity Commission	830	-
Disbursements	<u>136</u>	<u>118</u>
	<u>18,594</u>	<u>15,804</u>

Audit and accountancy for the year ended 31 July 2006 includes audit fees of £6,210 (2005 £5,915)



**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**FOR THE YEAR ENDED 31 JULY 2006**

**12 TRUSTEES**

No trustees (or any person connected with them) received any remuneration or expenses (2005 £nil)

One trustee received reimbursement for travel expenses of £81 (2005 £nil)

**13 RECONCILIATION OF NET INCOMING RESOURCES FOR THE YEAR TO NET CASH INFLOW FROM OPERATIONS**

	2006 £	2005 £
Net incoming resources for the year	227,967	312,166
Depreciation	712,642	671,274
Increase in stocks	(3,106)	(1,750)
Increase in creditors	414,865	36,218
Increase in debtors	(89,667)	(77,671)
Profit on sale of fixed assets	-	(2,500)
Investment income	(23,804)	(13,551)
Interest paid	376,731	177,873
	<u>1,615,628</u>	<u>1,102,059</u>
<b>Net cash inflow from operations</b>	<u>1,615,628</u>	<u>1,102,059</u>

**14 TANGIBLE FIXED ASSETS**  
**Group and School**

	Freehold buildings £	Motor vehicles £	Plant and equipment £	Assets under construction £	Total £
<b>Cost or valuation:</b>					
At 1 August 2005	19,370,438	125,812	1,755,949	458,731	21,710,930
Additions	501,918	-	120,139	4,798,211	5,420,268
	<u>19,872,356</u>	<u>125,812</u>	<u>1,876,088</u>	<u>5,256,942</u>	<u>27,131,198</u>
<b>At 31 July 2006</b>	<u>19,872,356</u>	<u>125,812</u>	<u>1,876,088</u>	<u>5,256,942</u>	<u>27,131,198</u>
<b>Accumulated depreciation:</b>					
At 1 August 2005	1,628,242	89,400	1,294,923	-	3,012,565
Charge for period	424,640	16,935	271,067	-	712,642
	<u>2,052,882</u>	<u>106,335</u>	<u>1,565,990</u>	<u>-</u>	<u>3,725,207</u>
<b>At 31 July 2006</b>	<u>2,052,882</u>	<u>106,335</u>	<u>1,565,990</u>	<u>-</u>	<u>3,725,207</u>
<b>Net book value:</b>					
At 31 July 2006	<u>17,819,474</u>	<u>19,477</u>	<u>310,098</u>	<u>5,256,942</u>	<u>23,405,991</u>
At 31 July 2005	<u>17,742,196</u>	<u>36,412</u>	<u>461,026</u>	<u>458,731</u>	<u>18,698,365</u>

The premises were revalued by Storey Sons and Parker, Chartered Surveyors on behalf of the Governors as at 31 March 2000 on a depreciated replacement cost basis at £14,700,000

Trustees capitalise expenditure attributable to capital projects

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## FOR THE YEAR ENDED 31 JULY 2006

## 15 INVESTMENTS

	Original cost 31 July 2006 £	Market value 31 July 2006 £	31 July 2005 £
<b>Prize Fund investments:</b>			
City of Newcastle Prize Fund Investment Pool	1,605	1,456	1,458
6,458 95 COIF income shares	10,491	67,713	61,259
	<u>12,096</u>	<u>69,169</u>	<u>62,717</u>
<b>The J R Howarth Bequest and Bursary Fund:</b>			
400 Glaxo Welcome ordinary 25p	2,535	5,924	5,404
7,000 Legal and General Group ordinary 25p	-	-	8,050
300 Rio Tinto 10p (reg'd)	2,459	8,295	5,124
1,500 BP Amoco ordinary \$0 25 (2005 2,600)	10,503	9,675	15,106
1,200 Lloyds TSB Group ordinary 25p	11,280	6,468	5,676
9,375 Vodafone Airtouch ordinary \$0 10 (2005 5,000)	11,482	5,836	6,800
500 Royal Bank of Scotland Group Ordinary 25p	1,636	8,710	8,430
1,000 Shell ordinary 25p	5,845	5,657	5,427
1,440 British Telecom ordinary 25p	2,811	2,377	6,900
600 HSBC Holdings ordinary \$0 50	5,375	5,826	5,340
8,000 Euro Inv Bank 6 125%	-	-	8,045
800 WPP Group ordinary 10p	-	-	4,596
1,500 Amvescap ordinary 25p	-	-	4,995
875 Sainsbury ordinary 25p	-	-	2,496
25,000 M & G Securities high yield	11,805	12,305	12,293
8,000 Leggmason US units	9,594	10,216	10,832
Bank of Scotland deposit account	3,184	3,184	496
Nil Close Fin UK Gilt (2005 14,000)	-	-	14,610
1,700 ICI ordinary £1 00	4,041	6,303	4,318
Nil Aegis group ordinary 5p (2005 4,000)	-	-	3,980
702 National Grid Transco ordinary 10p (2005 800)	3,922	4,279	4,328
Nil Barclays ordinary 25p (2005 1,000)	-	-	5,555
Nil Man Group ordinary \$0 18 (2005 400)	-	-	5,788
15,000 Old Mutual Fd managers – Corporate Bond Inc	5,853	17,761	5,983
10,000 Gen Elec Cap Corp	10,877	10,324	-
2,000 Cobham Ord GBP 0 025	3,505	3,325	-
600 Homeserve Ord GBP 0 125	6,744	9,792	-
1,000 Tesco Ord GBP 0 05	3,240	3,595	-
800 Findel Ord GBP 0 05	4,282	4,328	-
500 GUS Ord GBP 0 290697	5,565	5,032	-
1,000 Yell Group Ord GBP 0 01	5,237	5,090	-
400 Vindian Group Ord GBP 0 277778	3,823	4,118	-
250 HBOS Ord GBP 0 25	2,523	2,436	-
700 Scroders VTG SHS GBP 1	6,654	6,776	-
3,000 New Star INV FDS	8,444	8,118	-
	<u>153,219</u>	<u>175,750</u>	<u>160,572</u>
Sub total	<u>165,315</u>	<u>244,919</u>	<u>223,289</u>

**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 JULY 2006**

**15 INVESTMENTS - CONTINUED**

**Group and School**

	<b>Original cost</b>	<b>Market value</b>	
	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>
	<b>2006</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Sub total	165,315	244,919	223,289
<b>Peter Taylor Bursary Fund:</b>			
32,000 M & G Securities CBF	10,357	9,830	10,090
8,600 Invesco Perpetual High Income Fund	14,614	26,462	21,407
3,300 Credit Suisse AM Income retail fund	-	-	18,165
3,200 Jupiter UT Manager's Income trust fund	9,515	16,399	13,761
Bank of Scotland deposit account	470	470	1,057
28,000 Standard Life UK Equity High Inc retail	21,448	21,400	-
	56,404	74,561	64,480
	<u>221,719</u>	<u>319,480</u>	<u>287,769</u>

**Investments**

	<b>Market value</b>	
	<b>31 July</b>	<b>31 July</b>
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Investments comprise of -		
UK investments	309,264	276,937
Non UK investments (all listed)	10,216	10,832
	<u>319,480</u>	<u>287,769</u>
UK investments comprise of		
Listed investments	236,441	212,667
Unlisted investments	69,169	62,717
Cash	3,654	1,553
	<u>309,264</u>	<u>276,937</u>

**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 JULY 2006**

**15 INVESTMENTS - CONTINUED**

**Group and School**

	<b>Restricted</b> £	<b>Endowed</b> £	<b>Total</b> £
Group balance at 1 August 2005	13,029	274,740	287,769
Additions	-	94,221	94,221
Disposals at opening market value	-	(87,500)	(87,500)
Revaluation	-	22,889	22,889
Movement in cash	412	1,689	2,101
	<u>13,441</u>	<u>306,039</u>	<u>319,480</u>
Group balance at 31 July 2006			
Investment in subsidiary – cost			<u>1</u>
School balance at 31 July 2006			<u>319,481</u>

<b>Subsidiary undertaking</b>	<b>Country of incorporation</b>	<b>Shares held</b> <b>Class      %</b>
RGS Trading Limited	England and Wales	Ordinary 100%

The company sells refreshments and confectionery through the Royal Grammar School's tuck shops, bar and vending machines

**16 STOCK**

	<b>31 July</b> <b>2006</b> £	<b>31 July</b> <b>2005</b> £
a) <b>Group</b>		
Stationery	662	810
Kitchen	4,877	3,581
Materials and chemicals	2,287	3,226
Sundry items	14,308	12,643
Goods for resale	1,755	523
	<u>23,889</u>	<u>20,783</u>
	<b>31 July</b> <b>2006</b> £	<b>31 July</b> <b>2005</b> £
b) <b>School</b>		
Stationery	662	810
Kitchen	4,877	3,581
Materials and chemicals	2,287	3,226
Sundry items	14,308	12,643
	<u>22,134</u>	<u>20,260</u>

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## FOR THE YEAR ENDED 31 JULY 2006

## 17 DEBTORS AND PREPAYMENTS

	31 July 2006 £	31 July 2005 £
<b>a) Group</b>		
Fees receivable	14,362	31,955
Prepayments	222,236	72,092
Deferred loan fees	26,250	50,500
School field trip debtors	6,861	18,843
Educational Trust debtor	2,608	2,608
Other debtors	17,939	24,563
	<u>290,256</u>	<u>200,561</u>
 <b>b) School</b>		
Fees receivable	14,362	31,955
Prepayments	222,236	72,092
Deferred loan fees	26,250	50,500
Amounts due from subsidiary undertaking	1,800	-
School field trip debtors	6,861	18,843
Educational Trust debtor	2,608	2,608
Other debtors	17,911	24,563
	<u>292,028</u>	<u>200,561</u>

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## FOR THE YEAR ENDED 31 JULY 2006

## 18 CASH AND CASH EQUIVALENTS

## a) Analysis of cash balances as shown in the group balance sheet

	As at 31 July 2005 £	Change in period £	As at 31 July 2006 £
Cash at bank and in hand	949,186	(148,859)	800,327
Bank overdraft	(21,005)	21,005	-
Cash balances held by investment managers	1,552	2,131	3,683
	<u>929,733</u>	<u>(125,723)</u>	<u>804,010</u>

## b) Analysis of changes in net debt

	As at 31 July 2005 £	Cash flows £	Other changes £	As at 31 July 2006 £
Cash at bank and in hand	949,186	(148,859)	-	800,327
Bank overdraft	(21,005)	21,005	-	-
Cash balances held by investment managers	1,552	2,131	-	3,683
Debt due within one year	(366,216)	(202,874)	(366,216)	(935,306)
Debt due after one year	(4,591,556)	(3,430,910)	366,216	(7,656,250)
	<u>(4,028,039)</u>	<u>(3,759,507)</u>	<u>-</u>	<u>(7,787,546)</u>

## 19 CREDITORS: Amounts falling due within one year

	31 July 2006 £	31 July 2005 £
a) <b>Group</b>		
Bank loan (note 20)	935,306	366,216
Bank overdraft	-	21,005
Fees received in advance	22,577	9,012
Pension contributions payable	66,141	64,017
Other taxes and social security costs	115,667	110,694
Accruals	32,637	12,730
Other creditors	276,969	114,700
Trade creditors	810,543	279,547
	<u>2,259,840</u>	<u>977,921</u>

The bank loan and overdraft are secured by a first legal charge over the freehold land and buildings of the School. Total bank borrowings represent 37.2% of the value of the assets on which they are charged.

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## FOR THE YEAR ENDED 31 JULY 2006

## 19 CREDITORS: Amounts falling due within one year - continued

	31 July 2006 £	31 July 2005 £
b) School		
Bank loan	935,306	366,216
Bank overdraft	-	21,005
Fees received in advance	22,577	9,012
Pension creditor	66,141	64,017
Other taxes and social security costs	115,667	110,694
Accruals	31,883	11,739
Other creditors	276,969	114,700
Trade creditors	809,490	279,547
Amount due to RGS Trading	-	10,581
	<u>2,258,033</u>	<u>987,511</u>

## 20 CREDITORS: Amounts falling due after more than one year

	31 July 2006 £	31 July 2005 £
<b>Group and School</b>		
Bank loan - repayable within 5 years	4,500,000	4,310,306
- repayable after 5 years	3,156,250	281,250
Deposits - repayable within 5 years	77,400	-
	<u>7,733,650</u>	<u>4,591,556</u>
<b>Bank loan</b>		
Amounts repayable by instalments		
In one year or less or on demand	935,306	366,216
In more than one year but not more than five years	4,500,000	4,310,306
After five years	3,156,250	281,250
	<u>8,591,556</u>	<u>4,957,772</u>
Included in creditors amounts falling due within one year (note 19)	<u>(935,306)</u>	<u>(366,216)</u>
	<u>7,656,250</u>	<u>4,591,556</u>

**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 JULY 2006**

**21 ALLOCATION OF THE CHARITY NET ASSETS**

	<b>Tangible fixed assets £</b>	<b>Investments £</b>	<b>Net current assets/ (liabilities) £</b>	<b>Long term liabilities and provisions £</b>	<b>Total £</b>
Endowed funds	-	306,039	-	-	306,039
Restricted funds	-	13,441	92,972	-	106,413
Unrestricted funds					
Designated funds	5,382,900	-	92,500	-	5,475,400
School general fund	18,023,091	1	(1,345,057)	(7,733,650)	8,944,385
	<u>23,405,991</u>	<u>319,481</u>	<u>(1,159,585)</u>	<u>(7,733,650)</u>	<u>14,832,237</u>
School total					
Unrestricted non-charitable					
Trading funds	-	(1)	14,217	-	14,216
	<u>23,405,991</u>	<u>319,480</u>	<u>(1,145,368)</u>	<u>(7,733,650)</u>	<u>14,846,453</u>
Group total					

**22 FUNDS**

	<b>Balance 1 August 2005 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Investment gains &amp; transfers £</b>	<b>Balance 31 July 2006 £</b>
a) Endowed funds					
<b>Group and School</b>					
Prize investment fund	62,717	-	-	6,452	69,169
J R Howarth Bursary Fund	145,569	-	-	14,776	160,345
Peter Taylor Bursary Fund	66,454	-	-	10,071	76,525
	<u>274,740</u>	<u>-</u>	<u>-</u>	<u>31,299</u>	<u>306,039</u>

Donations are credited to the appropriate fund and the impact of market valuation and investment transactions are also included. Investment income and expenditure is treated within the restricted funds.

The funds are all permanent.

The original bequest of £121,132 from James Ronald Howarth was provided to give assistance to able boys attending the Royal Grammar School, for scholarships and bursaries. If, at any time, the Royal Grammar School loses its independence, as defined by the Governors of the School, the whole sum shall be paid to the Rector and Fellows of Exeter College, Oxford, to be used at their discretion for the benefit of the college.

The prize investment fund comprises many small donations made for various reasons to provide a variety of school prizes. The funds have been managed by COIF Charities Investment Fund.

In 1998 the family of the late Lord Taylor of Gosforth set up a Bursary Fund to assist with the tuition fees of pupils entering the 6<sup>th</sup> form of the RGS who, for financial reasons, might not otherwise be able to attend the school.



## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 JULY 2006

## 22 FUNDS - CONTINUED

b) Restricted funds	Balance 1 August 2005 £	Incoming resources £	Resources expended £	Transfers £	Balance 31 July 2006 £
<b>Group and School</b>					
J R Howarth Bursary Fund	43,640	6,580	(3,481)	-	46,739
Peter Taylor Bursary Fund	9,223	2,143	(2,001)	-	9,365
School Bursary Fund	20,309	310,912	(310,912)	-	20,309
Cricket fund	-	30,000	-	-	30,000
Other funds	-	2,520	(2,520)	-	-
	<u>73,172</u>	<u>352,155</u>	<u>(318,914)</u>	<u>-</u>	<u>106,413</u>

The funds are restricted by the donor for the provision of bursaries and prizes. The resources expended represent bursaries and prizes granted during the year.

c) Unrestricted funds (General and designated funds)	Balance 1 August 2005 £	Incoming resources £	Resources expended £	Transfers £	Balance 31 July 2006 £
<b>i Group</b>					
Building Fund	543,632	1,611	(30,725)	(422,018)	92,500
Revaluation reserve	5,505,240	-	(122,340)	-	5,382,900
Group general fund	8,176,187	8,772,173	(8,425,993)	422,018	8,944,385
Non-charitable trading funds	14,216	74,125	(74,125)	-	14,216
	<u>14,239,275</u>	<u>8,847,909</u>	<u>(8,653,183)</u>	<u>-</u>	<u>14,434,001</u>

	Balance 1 August 2005 £	Incoming resources £	Resources expended £	Transfers £	Balance 31 July 2006 £
<b>ii School</b>					
Building Fund	543,632	1,611	(30,725)	(422,018)	92,500
Revaluation reserve	5,505,240	-	(122,340)	-	5,382,900
School general fund	8,176,187	8,773,751	(8,427,571)	422,018	8,944,385
	<u>14,225,059</u>	<u>8,775,362</u>	<u>(8,580,636)</u>	<u>-</u>	<u>14,419,785</u>

The School general fund is retained to cover the fixed assets and provide working capital.  
The Building Fund is a designated fund.

**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 JULY 2006**

**23. PUPIL AND EMPLOYEE DETAILS**

	<b>2006 No.</b>	<b>2005 No.</b>
Pupil numbers at 31 July 2006		
Senior school		
- Full fees	914	906
- Receiving bursaries	81	73
	<u>995</u>	<u>979</u>
Junior School		
- Full fees	143	138
- Receiving bursaries	-	1
	<u>-</u>	<u>1</u>
Total	<u><u>1,138</u></u>	<u><u>1,118</u></u>
	<b>2006 £</b>	<b>2005 £</b>
Staff costs		
Salaries and wages	4,408,582	4,193,871
National Insurance	370,365	351,883
Superannuation and pension contributions	525,608	503,021
	<u>5,304,555</u>	<u>5,048,775</u>

The number of employees receiving remuneration of more than £50,000 is as follows

	<b>2006 No.</b>	<b>2005 No.</b>
£50,001 - £60,000	-	1
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

For these employees, the School has made contributions for the provision of money purchase benefits of £7,560 for one employee, and has made payments to defined benefit schemes for two employees

## NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## FOR THE YEAR ENDED 31 JULY 2006

## 23 PUPIL AND EMPLOYEE DETAILS - CONTINUED

Staff numbers at 31 July 2006

	Full time equivalents	
	2006	2005
	No.	No.
Teachers		
- Senior school	85	83
- Junior school	9	9
Academic support	11	11
Property management	18	18
Clerical and administrative	8	8
Catering	10	10
	<u>141</u>	<u>139</u>

The pension costs included in these financial statements comprise

	2006	2005
	£	£
a) Charge for the period		
DfES Teachers' Pension scheme	459,163	446,209
RGS Non-Academic Staff Pension scheme	66,445	56,812
	<u>525,608</u>	<u>503,021</u>
b) Amounts in creditors (including employees' contributions)	<u>66,141</u>	<u>64,017</u>

## 24 PENSIONS

The School's employees belong to two principal pension schemes, the Department for Education & Skills Teachers' Pension Scheme for teaching staff and a fully insured money purchase scheme for support staff known as the RGS Non-Academic Staff Pension Scheme. The total cost of the two pension schemes for the year was £525,608 (2005 £503,021)

**The Teachers' Pension Scheme (TPS)**

The Teachers' Pension Scheme is available to all teachers in the school. The scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

**NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 JULY 2006**

**24 PENSIONS - continued**

The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The last published actuarial review as at 31 March 2001 made the following assumptions -

- That the value of the scheme assets equalled the value of the scheme liabilities
- The assumed real rate of return would be 3.5% in excess of prices and 2% in excess of earnings
- The assumed real rate of earnings growth was 1.5%
- The assumed gross rate of return was 7%

Following a recent consultation exercise, employer contribution rates will rise to 14.1% from 13.5% from 1 January 2007.

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employers' contributions. For the year ended 31 July 2006 the employer contribution was 13.5%.

**The RGS Non-Academic Staff Pension Scheme**

The RGS Non-Academic Staff Pension Scheme is a fully insured money purchase scheme for all permanent RGS staff who are not entitled to join the Teachers Pension Scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

**25 FINANCIAL COMMITMENTS**

As at 31 July 2006, the following capital commitments existed in respect of the redevelopment of the school:

	2006 £	2005 £
Amounts contracted for	<u>1,481,877</u>	<u>5,600,425</u>

**26 RELATED PARTIES**

The School shares some trustees with the RGS Educational Trust, a charity the main purpose of which is to provide income towards bursaries for some pupils of the school. The School maintains a bank account on behalf of the Trust in respect of donations towards the Trust's campaign appeal and the school has met the Trust's campaign appeal costs totalling £60,804 (2005 £49,888). The contribution towards bursaries by the Trust this year amounted to £240,408 (2005 £169,989).

As at 31 July 2006, £2,608 (2005 £2,608) is included within debtors in respect of accountancy and audit fees paid by the school on behalf of the Trust.

**27 REGISTERED CHARITY AND TRADING SUBSIDIARY**

The Newcastle upon Tyne Royal Grammar School is registered with the Charity Commission with a registration number 528148.

The trading subsidiary, RGS Trading Limited is a company limited by shares, registration number 4063794.

**28 EVENTS AFTER THE BALANCE SHEET DATE**

All activities, assets and liabilities of the charity, with the exception of the freehold land and buildings at Eskdale Terrace and Lambton Road, were transferred to a new charitable company, The Newcastle upon Tyne Royal Grammar School Limited (company number 5664801, charity number 1114424) on 1 August 2006.