

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

GOVERNORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2009



Ryecroft Glenton

INCORPORATING RAINBOW GILLESPIE

Chartered Accountants

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST JULY 2009

Governors	Mr D L Taylor, Chairman, Co-optative Governor Mr P A Walker, Vice Chairman, Co-optative Governor Mr A J Applegarth, Co-optative Governor Cllr A R Armstrong, Nominated by Northumberland County Council Mr R D Armstrong, 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 N A H Fenwick, Co-optative Governor Mr J C Fitzpatrick, Co-optative Governor Mr A Hobson, Nominated by the University of Oxford Professor A C Hurlbert, 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 Professor E Ritchie, Nominated by the University of Newcastle upon Tyne Dr K E Spence, Nominated by the University of Cambridge (resigned 15th February 2009) Mr S E Wood, Co-optative Governor
Company registered number	5664801
Charity registered number	1114424
Registered office	Eskdale Terrace Newcastle upon Tyne NE2 4DX
Company secretary	R J Metcalfe
Headmaster	Dr B Trafford
Auditor	Ryecroft Glenton Chartered Accountants 32 Portland Terrace Newcastle upon Tyne NE2 1QP
Bankers	Barclays Bank plc Tyneside Corporate Group PO Box 379 71 Grey Street Newcastle upon Tyne NE99 1JA
Solicitors	Dickinson Dees St Ann's Wharf 112 Quayside Newcastle upon Tyne NE99 1SB

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
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Advisers (continued)

Investment advisors Brewin Dolphin Limited
Time Central
Gallowgate
Newcastle upon Tyne
NE1 4SR

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

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31ST JULY 2009

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Newcastle upon Tyne Royal Grammar School (the charitable company and the group) for the ended 31st July 2009. The Governors confirm that the Annual Report and financial statements of the charitable company and the group comply with the current statutory requirements, the requirements of the charitable company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

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 "The Newcastle upon Tyne Royal Grammar School". Prior to the 2006/07 year, the School was 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.

On 1 August 2007, the assets, liabilities and undertaking of the School were transferred to a charitable company and its associated Property Trust under a Scheme approved by the Charity Commissioners on 12 July 2006. The new charitable company is registered with the Charity Commissioners, number 1114424 and is a company limited by guarantee, number 5664801.

• **Method of appointment or election of Governors**

The Governing Body consists of 10 Co-optative Governors and 9 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.

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31ST JULY 2009

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 P Campbell
Mr J C Fitzpatrick
Mr D Marshall
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 Dr B Trafford

The Bursar & Clerk to Governors Mr R J Metcalfe

At a General Meeting Governors approved amendments to the Articles of Association of the charitable company with regard to arrangements for meetings and for the appointment of Governors. Governors also carried out a self-assessment exercise while this indicated general satisfaction with present arrangements for meetings and the exchange of information between Governors and the School, a number of initiatives will be taken to help Governors have a greater awareness of what is happening in the School and have the opportunity to meet with staff on a more regular basis. Health and Safety management in the School was also reviewed by Governors in the light of new corporate manslaughter legislation.

● **Related party relationships**

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 meets the Trust's campaign appeal costs.

● **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 charitable company 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.

OBJECTIVES AND ACTIVITIES

In setting objectives and planning for activities, the Governors have given due consideration to general guidance published by the charity commission relating to public benefit and in particular to its supplementary public benefit guidance on the advancement of education.

The objects are set out in the School's Memorandum of Association as follows:

"The objects for which the Charity is established are for the public benefit

- The education of children and young persons in the North East of England,
- To provide facilities in the interests of social welfare for the education, recreation or other leisure facilities (including but not limited to the arts) of the public at large with a view to improving the conditions of life in Newcastle upon Tyne and the North East of England."

The School accepts day pupils from the age of 7. The School's aim is to attain the highest academic levels as well as providing a wide range of extra-curricular and sporting activities.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31ST JULY 2009

Our objectives

- 1. To seek academic excellence**
Please see paragraphs 1-5 and 22
- 2. To provide excellent pastoral support and extra-curricular activities**
Please see paragraphs 1 and 12-15
- 3. To make the School more inclusive**
Please see paragraph 6
- 4. To recruit and retain excellent staff**
Please see paragraph 16
- 5. To set and maintain high standards of governance**
Please see paragraph 18-22
- 6. To provide and maintain excellent facilities**
Please see paragraph 17
- 7. To ensure that the School remains financially sound**
Please see paragraph 18-20
- 8. To ensure that the School has strong links with its community and provides public benefit**
Please see paragraphs 6-11

Our activities

1 The academic year 2008-9 was, once again, one of outstanding achievement for the Royal Grammar School by a wide range of measures. The school's extra-curricular life was no less rich than in previous years and the academic results continued to improve. The new Headmaster, Dr Bernard Trafford, felt confident in identifying for parents the link between the extra-curricular life and academic success that isn't statistically measurable but is evident in the very fabric of the school. Children and young people thrive on challenge, and love to be stretched. stretch and challenge are what the school tries to give them every day.

2 This was the first year to see girls in every year group from Junior School Year 3 to the Upper Sixth. That girls are thriving was demonstrated by the best-ever GCSE results, girls taking them at the RGS for the first time, and in notable sporting successes for them. The Junior School was for the first time the Overall Champion in the City Athletics, now that it could enter girls' team too, and the Year 9 netballers reached the prestigious national finals. Happiness measures are hard to achieve but pastoral care remains excellent and still improving (the school is never satisfied), and the happy, purposeful buzz around the school at all ages was noteworthy throughout the year.

3 Academic This year saw upper sixth formers achieve outstanding A level results. Overall they managed to achieve 90.1% of entries at grades A or B with over 70% of all entries at grade A. This is the second highest figure on record and was only beaten by the 2007 cohort (90.3%). Within this, 82 candidates achieved straight A grades out of a cohort of 175. They also achieved an average overall of better than AAB. The GCSE results this year were the best the school has ever had. Out of all entries, 48.1% were graded at A*. The important A*/A percentage also showed a record with over 80% of all GCSE entries gaining one of these grades. In addition to this 54 students achieved straight A*/A grades.

4 As usual, students entered the Junior, Intermediate and Senior Mathematics Challenges. 19 won gold at Junior level, 19 Intermediate and eight Senior. John Bowcock qualified for the Intermediate Mathematical Olympiad and Tim Matthewson for the senior British Mathematical Olympiad. The Sixth Form Team Maths Challenge finished in second place in the regional final.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31ST JULY 2009

5 Junior School Academic achievement in the age-11 SATs exams was superb pass rates at level 5 of 95% for maths, 84% for English and 98 % for Science However, beyond the classroom Junior School students excelled in drama, sport and music The first girls to have arrived in the Junior School, the trail blazers, were moving on and our first fully co-educational year group moved up at the end of the year to transfer to the Senior School

6 Public benefit The economic situation had an undeniable impact on fundraising for the Bursary Campaign, but the school maintained the number of 101 students who benefited from means-tested bursaries 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 The lively national debate around the Charity Commission's guidance on, and assessment of, independent education, served to test the school's objectives and principles, and Trustees believe they are on the right lines in giving the gift of education through the generosity of so many individuals and charitable trusts

7 Perhaps the most successful undertaking of Voluntary Service's busy year, Hazel Jones-Lee's last year in charge, was the Atkinson Road Project Atkinson Road is an early 19C primary school in Scotswood in the West End of Newcastle and almost certainly one whose pupils are amongst the least privileged in the city 85% of the children are on free school meals (the standard measure of need) At the start of the academic year, 75% of the children had a reading age below their chronological age 17 RGS students made up four teams of reading partners, who have gone out to the school each week, where, after initial very brief training, they have each heard four children read, accounting for two of the three reading sessions each child needed By Easter, the average improvement for the children over the six months of the scheme was of 30 months (2 ½ years) per child, with one making the staggering improvement of four years The reading of course enables access to all the other subjects

8 In addition, the school continued its wide range of outreach activities It hosted the Newcastle Science Enrichment Programme (NSEP) series of Saturday morning science sessions for children from local schools who were working towards CREST silver awards two RGS teachers, an RGS technician and several RGS sixth formers were involved in teaching and running this course, working with teachers from a local school As usual the school provided facilities for many other outside activities the Performing Arts Centre hosted stage shows for Newcastle Preparatory and St Thomas More Schools and concerts for local amateur orchestras and the St Paul's Youth Orchestra

9 Again as usual, some 90 RGS Sixth Formers went out each week to help in the wider community, many of them visiting more than one placement The Sixth Formers worked in homes for the elderly, charity shops, hospices, training centres and schools for the disabled This Inner-City Partnership now involves eight schools, including the RGS, and over sixty Sixth Formers The association of many years with the Percy Hedley Foundation continued, with students helping both adults and children with special needs Another important part of the RGS students' work was with the elderly, in particular the residents of Pilgrim Court, (nearby sheltered accommodation) where the students provided a daily shopping service

10 Fund raising also remained an important element of the Voluntary Service Group's work and this year RGS students raised over £11,000 for good causes, through the annual Charities Week and other occasional year-group campaigns

11 The school also took the first step in making a link with a new school to be built in Jinja, Uganda, by a UK-based charity, the Bujagali Trust It is anticipated that the RGS will raise funds and also send gap year students to work there for six months before university

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31ST JULY 2009

12 Arts Once again, this academic year proved that RGS Performing Arts continues to develop and flourish, with a huge range of concerts and performances by single performers through to small and large groups. Particular highlights were a Symphony Orchestra concert, Walton's Façade and Elgar's Enigma Variations, the Year 7 and 8 production of Snow Queen and also both the Junior and Senior School choirs providing music at the NSPCC Carol Concert and Carol Services. The biggest production of the year was The Tempest closely followed by the Classics department performance of Antigone, while February saw the Senior Choir and Capella travel to Berlin, singing in Berlin Cathedral amongst other venues. A notable newcomer to the performance schedule was the first Wind and Brass Fest at the school – which allowed the school's Senior and Concert Wind Bands an opportunity to play alongside local youth and professional bands in a two day brass band jamboree. The Spring Term also saw a number of students sit their Associated Board examinations, and an impressive set of results included a number of new Grade 8 players. The Summer Term saw the Senior Choir and Symphony Orchestra tackle Brahms' monumental Ein Deutsches Requiem, whilst the junior school show was the delightful and thought-provoking One Planet Future.

13 Debating It was a busy year for the RGS Debating Society. In addition to the Senior and Junior Societies, Year 6 Debating was added, these younger students showing real talent and potential for the future. In external competitions RGS students achieved highly at the Bristol Schools' competition, Luke Hughes and Nicholas Black broke into the final four. At the Oxford Schools' competition, Rory Allan and Hugo Wallis got through to Finals' Day. Alistair Bolger made it to the final phase of the trials for the England Debating Team and was thus given a place to debate for England in the Four Nations Cup.

14 Outdoor Education 47 current Lower Sixth students and 25 Upper Sixth students passed the assessed expedition for the Silver Duke of Edinburgh's Award, while two groups completed their Gold Duke of Edinburgh expeditions. Three senior groups made World Challenge expeditions to Belize, Costa Rica and Panama, jungle-trekking, doing community projects, white-water rafting and scuba-diving. Year 7 enjoyed their annual camp at Windermere, and in addition there were academic or cultural trips to classical Italy (Rome and Pompeii), Moscow and St Petersburg, Paris and the WW1 Battlefields.

15 Sport The School's long sporting tradition continued, with very high levels of involvement at all levels, and space does not allow a detailed report (which is available in the School's Review for 2009). Among the notable highlights of the year, the successful arrival of girls in RGS sport was indicated by the U14 Netball team reaching the national finals and the Junior School, now with girls competing at all age groups, winning the City Games. In a new venture for RGS students, a Karting team won the regional championship and went on to come second out of 500 in the national finals.

16 The end of the School year saw the retirement of four long-serving teaching staff and only one teacher moved on to a new (promoted) post elsewhere. Governors took into account national pay agreements and scale points in reviewing the RGS salary scales, childcare voucher and Bike to Work schemes were also introduced for all staff, and the Headmaster consulted staff on a range of issues. Both teaching and support staff took part in an extensive range of staff development and training activities.

17 Following some enabling works earlier in the year, over the summer holiday two additional classrooms were provided for the Junior School by forming a mezzanine over part of the Dining Hall. The scheme to extend and refurbish the School Library was postponed, though the junior section of the main library and the two Junior School library areas in Brandling House were refurbished. Over the summer holiday, the School's entire complement of desktop and laptop computers were replaced (a total of 434 machines).

18 Governors followed up their self-review exercise of the previous year by holding a meeting with members of the Senior Management Team and by receiving more detailed information on academic performance. Governors were also closely involved in discussing financial strategy for the School and arrangements for financing capital projects. Risks facing the School were reviewed, taking particular account of the general economic situation and the need to maintain the long term financial security of the School.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31ST JULY 2009

19 Arrangements remained in place for the induction and training of Governors. The bi-annual RGS Governors' Seminar was held in June, where RGS Governors were joined by colleagues from other schools in the region for presentations and discussion on charity law, public benefit and investments. The bi-annual RGS Governors' Seminar was held in June, where RGS Governors were joined by colleagues from other schools in the region for presentations and discussion on charity law, public benefit and investments.

20 Governors noted a range of positive performance indicators for the School, including the following:

- a the cashflow prior to scheduled loan repayments was positive, higher than anticipated, and in line with the updated Business Plan,
- b student numbers increased from 1,249 to 1,259,
- c expenditure per student increased from £8,699 to £8,821
- d the number of bursaries provided increased from 94 to 101,
- e expenditure on bursaries was held steady, increasing slightly from £685,470 to £689,032,
- f academic results, as reported above, were highly satisfactory, and
- g taking into account the number of staff who reached retirement age, staff turnover remained exceptionally low.

21 The subsidiary company, RGS Trading Ltd, recovered from the loss of the previous year, though still making a very small loss, the Directors continued to review the arrangements for trading with a view to returning to operating at a surplus, and noted that the main source of losses was the opening of the theatre bar for performances (particularly those external to the School) which attracted far smaller houses than anticipated.

22 Looking to the future, the current economic climate suggests that a period of consolidation is in order, maintaining a sound financial basis, looking to ensure that student numbers remain robust and the introduction of a new School Strategy seeking further improvements in academic standards through various programmes, including an emphasis on learning.

● **Investment policy and performance**

The Trustees' investment powers are governed by the Trust Deed. The Governors have delegated the management of the investment portfolios to 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 extreme stock market volatility experienced and the continuing uncertainty regarding the stability of certain banks has made the management of investments especially difficult. However, the charity is a long-term investor and stock markets remain above levels seen in the mid 1980's and the Trustees, on professional advice, remain of the view that a mixed portfolio of equities, bonds and cash together with a portfolio of investment properties, weighted according to the appetite for investment risk, remains appropriate.

The total return on investment, including the effect of dividends received, was -

J R Howarth Bequest and Bursary Fund Decrease of 11.5%

Peter Taylor Fund and Bursary Fund Decrease of 5.9%

This compares with the FTSE All Share index of -14.4%, FTSE British Government Stock index of +4.5% and iBoxx Corporate bond index of -8.0%.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31ST JULY 2009
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.

Notes 22 and 23 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 £18,237,910 of which £7,425,725 is a revaluation reserve held as a designated fund. Funds held as fixed assets totalled £25,610,250 leaving a deficit of free reserves at the year end of £7,372,340 a decrease in deficit of £1,290,892 over that shown last year in the accounts of the School.

The School's freehold land and buildings on the Jesmond site are shown in the financial statements at an independent financial valuation of £25,800,000 (based on a depreciated replacement cost basis as at 18 December 2006), 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.

• **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.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of The Newcastle upon Tyne Royal Grammar School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31ST JULY 2009
Provision of information to auditors

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that

- so far as that Governor is aware, there is no relevant audit information of which the charitable company and the group's auditors are unaware, and
- each Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company and the group's auditors in connection with preparing their report and to establish that the charitable company and the group's auditors are aware of that information

This report was approved by the Governors on 9th November 2009 and signed on their behalf, by

A handwritten signature in black ink, appearing to read 'Louis Taylor', with a stylized flourish at the end.

Mr D L Taylor, Chairman

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

We have audited the financial statements of The Newcastle upon Tyne Royal Grammar School for the year ended 31st July 2009 set out on pages 13 to 38. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

The Governors' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and for being satisfied that the financial statements give a true and fair view, are set out in the Statement of Governors' Responsibilities.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Governors' Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the group has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with these accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Governors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments made by the Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable 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 that 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charitable group's and the parent charitable company's affairs as at 31st July 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Governors' Report is consistent with the financial statements



Detlev Anderson (Senior Statutory Auditor)

for and on behalf of

Ryecroft Glenton

Chartered Accountants
Statutory Auditor

32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

9th November 2009

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2009

	Note	Endowment Funds 2009 £	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	-	508,900	247,071	755,971	823,032
Activities for generating funds	3,4	-	-	179,089	179,089	153,627
Investment income	5	-	11,523	3,095	14,618	14,786
Incoming resources from charitable activities	6	-	-	11,017,255	11,017,255	10,468,872
Other incoming resources	7	-	-	146,138	146,138	71,662
TOTAL INCOMING RESOURCES		-	520,423	11,592,648	12,113,071	11,531,979
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income	8	-	-	99,524	99,524	99,089
Subsidiary trading costs	4	-	-	95,504	95,504	88,111
Charitable activities	9	-	520,231	10,586,335	11,106,566	10,709,183
Governance costs	13	-	-	40,165	40,165	57,147
TOTAL RESOURCES EXPENDED		-	520,231	10,821,528	11,341,759	10,953,530
NET INCOMING RESOURCES BEFORE TRANSFERS		-	192	771,120	771,312	578,449
Transfers between Funds	22	-	(8,550)	8,550	-	-
NET INCOMING RESOURCES BEFORE REVALUATIONS		-	(8,358)	779,670	771,312	578,449
Losses on revaluations of investment assets	22	(38,000)	-	-	(38,000)	(53,449)
NET MOVEMENT IN FUNDS FOR THE YEAR		(38,000)	(8,358)	779,670	733,312	525,000
<i>Total funds at 1st August 2008</i>		269,185	94,272	17,458,239	17,821,696	17,296,696
TOTAL FUNDS AT 31ST JULY 2009		231,185	85,914	18,237,909	18,555,008	17,821,696

All activities relate to continuing operations

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2009

	Note	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
TOTAL INCOME		520,423	11,592,648	12,113,071	11,531,979
LESS: TOTAL EXPENDITURE		520,231	10,821,528	11,341,759	10,953,530
Net income for the year before transfers		<u>192</u>	<u>771,120</u>	<u>771,312</u>	<u>578,449</u>
Transfers between funds	22	<u>(8,550)</u>	<u>8,550</u>	<u>-</u>	<u>-</u>
Income less expenditure for the year		<u>(8,358)</u>	<u>779,670</u>	<u>771,312</u>	<u>578,449</u>
NET (EXPENDITURE)/INCOME FOR THE YEAR	22	<u>(8,358)</u>	<u>779,670</u>	<u>771,312</u>	<u>578,449</u>

The notes on pages 18 to 38 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST JULY 2009

	Note	Endowment Funds 2009 £	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
NET (EXPENDITURE)/INCOME FOR THE YEAR	22	-	(8,358)	779,670	771,312	578,449
Losses on revaluations of investment assets		<u>(38,000)</u>	<u>-</u>	<u>-</u>	<u>(38,000)</u>	<u>(53,449)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE 1ST AUGUST 2008	22	<u>(38,000)</u>	<u>(8,358)</u>	<u>779,670</u>	<u>733,312</u>	<u>525,000</u>

There is no difference between the (expenditure)/income on ordinary activities for the year stated above and its historical cost equivalent

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

(A Company Limited by Guarantee)

REGISTERED NUMBER: 5664801

CONSOLIDATED BALANCE SHEET

AS AT 31ST JULY 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	16		25,610,251		26,138,573
Fixed asset investments	17		243,065		280,700
			<u>25,853,316</u>		<u>26,419,273</u>
CURRENT ASSETS					
Stocks	18	27,939		26,910	
Debtors	19	592,203		470,458	
Cash at bank		229,505		253,737	
		<u>849,647</u>		<u>751,105</u>	
CREDITORS amounts falling due within one year	20	(3,063,918)		(4,166,683)	
NET CURRENT LIABILITIES			<u>(2,214,271)</u>		<u>(3,415,578)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,639,045</u>		<u>23,003,695</u>
CREDITORS: amounts falling due after more than one year	21		(5,084,037)		(5,182,000)
NET ASSETS			<u>18,555,008</u>		<u>17,821,695</u>
CHARITY FUNDS					
Endowment funds	22		231,185		269,185
Restricted funds	22		85,914		94,272
Unrestricted funds	22		18,237,909		17,458,238
			<u>18,555,008</u>		<u>17,821,695</u>

The financial statements were approved by the Governors on 9th November 2009 and signed on their behalf, by



Mr D L Taylor, Chairman

The notes on pages 18 to 38 form part of these financial statements

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL

(A Company Limited by Guarantee)

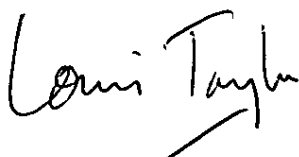
REGISTERED NUMBER: 5664801

CHARITABLE COMPANY BALANCE SHEET

AS AT 31ST JULY 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	16		25,609,993		26,138,055
Fixed asset investments	17		243,066		280,701
			<u>25,853,059</u>		<u>26,418,756</u>
CURRENT ASSETS					
Stocks	18	21,599		25,746	
Debtors	19	600,929		470,458	
Cash at bank		227,663		254,542	
		<u>850,191</u>		<u>750,746</u>	
CREDITORS: amounts falling due within one year	20	<u>(3,063,074)</u>		<u>(4,164,774)</u>	
NET CURRENT LIABILITIES			<u>(2,212,883)</u>		<u>(3,414,028)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,640,176</u>		<u>23,004,728</u>
CREDITORS amounts falling due after more than one year	21		<u>(5,084,037)</u>		<u>(5,182,000)</u>
NET ASSETS			<u>18,556,139</u>		<u>17,822,728</u>
CHARITY FUNDS					
Endowment Funds	22		231,185		269,185
Restricted Funds	22		85,914		94,272
Unrestricted funds	22		18,239,040		17,459,271
			<u>18,556,139</u>		<u>17,822,728</u>

The financial statements were approved by the Governors on 9th November 2009 and signed on their behalf, by



Mr D L Taylor, Chairman

The notes on pages 18 to 38 form part of these financial statements

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	24	2,081,752	1,863,316
Returns on investments and servicing of finance	25	(439,830)	(492,057)
Capital expenditure and financial investment	25	(363,281)	(606,459)
CASH INFLOW BEFORE FINANCING		1,278,641	764,800
Financing - net cash inflows / (outflows) after repayment of loans and cash from new loans	25	76,680	(1,125,000)
INCREASE/(DECREASE) IN CASH IN THE YEAR		1,355,321	(360,200)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31ST JULY 2009

	2009 £	2008 £
Increase/(Decrease) in cash in the year	1,355,321	(360,200)
Cash outflow from decrease in debt and lease financing	(76,680)	1,125,000
MOVEMENT IN NET DEBT IN THE YEAR	1,278,641	764,800
Net debt at 1st August 2008	(8,204,373)	(8,969,173)
NET DEBT AT 31ST JULY 2009	(6,925,732)	(8,204,373)

The notes on pages 18 to 38 form part of these financial statements

STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE
FOR THE YEAR ENDED 31ST JULY 2009

	Endowment Funds 2009 £	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Net movement in funds for the year	(38,000)	(8,358)	779,670	733,312	525,000
Resources added back for depreciation of fixed assets for charitable use, net of additions	-	-	528,322	528,322	413,185
NET MOVEMENT IN FUNDS AVAILABLE FOR FUTURE ACTIVITIES	(38,000)	(8,358)	1,307,992	1,261,634	938,185

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

1. ACCOUNTING POLICIES

Group financial statements

The financial statements consolidate the accounts of The Newcastle upon Tyne Royal Grammar School, (including its Property Trust, charity reference number 1114424-1 and the Newcastle upon Tyne Royal Grammar School Prize Funds Charity) and its wholly owned subsidiary, RGS Trading Limited, on a line by line basis. 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 Companies Act 2006 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.

The accounts have been prepared on a going concern basis. The group balance sheet shows net current liabilities of £2,214,271 as a result of a construction project completed in 2007 which incurred costs of £9.7 million and which it is anticipated will result in increased revenues in future years. Liabilities are covered by long term finance and are in line with the School's business plan.

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.

The School receives a grant from the Hospital of St Mary the Virgin charity and recognises all grants receivable from that charity including amounts not yet paid by the year end but which under the terms of that charity's trust deed it must pay over in due course to the School.

Grants and donations received for the general purposes of the charitable company 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.

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

1. ACCOUNTING POLICIES (continued)

Investments 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. Incoming 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
All Weather Pitch	20 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.

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

1. ACCOUNTING POLICIES (continued)

Pension costs

The School operates two main schemes

The School participates in the Teachers' Pension Scheme, which is a defined benefit scheme 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 quinquennial 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.

2. VOLUNTARY INCOME

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Hospital of St Mary the Virgin	-	245,571	245,571	271,161
The Royal Grammar School Educational Trust for bursaries	468,997	-	468,997	474,884
Other income for bursaries	39,903	-	39,903	45,317
Other income received	-	1,500	1,500	1,670
Cricket fund	-	-	-	30,000
Voluntary income	508,900	247,071	755,971	823,032

3. FUNDRAISING INCOME

	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Facilities lettings income	83,682	83,682	70,941

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

4. 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, covenants its taxable profits to The Newcastle upon Tyne Royal Grammar School. A summary of its trading results is shown below

	Total Funds 2009 £	Total Funds 2008 £
Turnover	95,407	82,686
TRADING COSTS		
Cost of sales	73,380	68,930
Other administration costs	4,190	4,628
Wages costs	17,673	14,293
Depreciation of tangible fixed assets	261	260
	95,504	88,111
Result of trading subsidiary	(97)	(5,425)
	£	£
Net liabilities	(1,129)	(1,032)

5. INVESTMENT INCOME

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Dividend income	8,154	-	8,154	8,471
Prize fund income	2,972	-	2,972	2,747
Bank interest	397	3,095	3,492	3,568
	11,523	3,095	14,618	14,786

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Provision of School Services	11,017,255	11,017,255	10,468,872
School Services comprise		2009 £	2008 £
School fees			
Gross fees		10,775,251	10,207,113
Less Grants and allowances		(203,690)	(149,333)
Net fees		10,571,561	10,057,780
Catering Income		445,694	411,092
Total		11,017,255	10,468,872

7. OTHER INCOMING RESOURCES

	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Profit on disposal of fixed assets	-	-	59,625
Other income	2,915	2,915	12,037
Insurance receipt re flood damage	143,223	143,223	-
	146,138	146,138	71,662

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

8. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Appeal costs	29,068	29,068	31,877
Marketing costs	24,758	24,758	23,448
Costs of letting of facilities	23,394	23,394	21,658
Allocation of support costs	22,304	22,304	22,106
	<u>99,524</u>	<u>99,524</u>	<u>99,089</u>

9. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2009 £	Support costs 2009 £	Total 2009 £	Total 2008 £
Provision of School Services	9,269,776	1,131,699	10,401,475	10,007,793
Bursaries provided	689,032	16,059	705,091	701,389
Total	<u>9,958,808</u>	<u>1,147,758</u>	<u>11,106,566</u>	<u>10,709,182</u>

10. AUDIT AND ACCOUNTANCY FEES

	2009 £	2008 £
Governance costs		
Audit fees	8,633	11,506
Pension scheme	500	585
Other accountancy work on governance issues	-	12,410
Total to governance costs	<u>9,133</u>	<u>24,501</u>
Support costs		
Other accountancy work	14,958	5,982
VAT advice	2,085	-
Accountancy fees - RGS Trading Limited	837	1,003
Total to support costs	<u>17,880</u>	<u>6,985</u>
Total	<u>27,013</u>	<u>31,486</u>

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

11. DIRECT COSTS

	Provision of School Services £	Bursaries provided £	Total 2009 £	Total 2008 £
Teachers' salaries	5,250,367	-	5,250,367	4,971,397
Teaching resources	284,630	-	284,630	280,141
Other educational costs	174,789	-	174,789	159,696
Other teaching staff costs	53,990	-	53,990	69,777
Premises costs - salary	471,707	-	471,707	471,505
Premises costs - maintenance	486,190	-	486,190	451,232
Premises costs - occupancy	435,019	-	435,019	363,642
Premises costs - insurance	145,853	-	145,853	122,849
Catering costs - staff salaries	205,882	-	205,882	195,466
Catering costs - food	233,313	-	233,313	204,690
Catering costs - kitchen overheads	44,931	-	44,931	63,050
Academic support expenditure - educational support salaries	389,272	-	389,272	298,428
Academic support expenditure - PE and sport	175,242	-	175,242	142,847
Academic support expenditure - clubs and magazines	33,423	-	33,423	49,059
Bursaries provided	-	689,032	689,032	685,473
Prizes and awards	8,816	-	8,816	9,485
Depreciation	876,352	-	876,352	978,509
	<u>9,269,776</u>	<u>689,032</u>	<u>9,958,808</u>	<u>9,517,246</u>

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

12. SUPPORT COSTS

	Fundraising	Governance	Provision of School Services	Bursaries provided	Total 2009	Total 2008
	£	£	£	£	£	£
Administration costs	11,052	13,263	518,125	7,958	550,398	541,269
Financial costs	9,865	11,837	524,774	7,102	553,578	610,791
Other central costs	1,387	1,665	73,800	999	77,851	88,509
Depreciation	-	-	15,000	-	15,000	-
	22,304	26,765	1,131,699	16,059	1,196,827	1,240,569

13. GOVERNANCE COSTS

	Unrestricted Funds 2009	Total Funds 2009	Total Funds 2008
	£	£	£
Auditor's remuneration allocated from note 10	9,133	9,133	24,502
Governors' events	4,267	4,267	6,119
Support costs allocated to governance	26,765	26,765	26,526
	40,165	40,165	57,147

14. NET INCOMING RESOURCES

This is stated after charging

	2009	2008
	£	£
Depreciation of tangible fixed assets - owned by the charitable group	891,612	978,769
Auditor's remuneration	9,133	24,502

During the year, no Governors received any remuneration, benefits in kind or reimbursement of expenses (2008 - £NIL)

15. BANK INTEREST PAYABLE

Included within financial support costs is interest payable on bank loans and overdrafts of £454,448 (2008 £506,843)

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

16. TANGIBLE FIXED ASSETS

GROUP	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Trading subsidiary equipment £	Assets under construction £	Total £
COST						
At 1st August 2008	26,343,864	2,675,944	180,478	1,038	3,974	29,205,298
Additions	76,044	144,545	-	-	142,692	363,281
Disposals	-	(157,150)	-	-	-	(157,150)
Transfer between classes	19,985	-	-	-	(19,985)	-
At 31st July 2009	<u>26,439,893</u>	<u>2,663,339</u>	<u>180,478</u>	<u>1,038</u>	<u>126,681</u>	<u>29,411,429</u>
DEPRECIATION						
At 1st August 2008	728,032	2,187,520	150,653	520	-	3,066,725
Charge for the year	695,906	181,775	13,662	260	-	891,603
On disposals	-	(157,150)	-	-	-	(157,150)
At 31st July 2009	<u>1,423,938</u>	<u>2,212,145</u>	<u>164,315</u>	<u>780</u>	<u>-</u>	<u>3,801,178</u>
NET BOOK VALUE						
At 31st July 2009	<u>25,015,955</u>	<u>451,194</u>	<u>16,163</u>	<u>258</u>	<u>126,681</u>	<u>25,610,251</u>
At 31st July 2008	<u>25,615,832</u>	<u>488,424</u>	<u>29,825</u>	<u>518</u>	<u>3,974</u>	<u>26,138,573</u>

Included in land and buildings is freehold land at valuation of £6,000,000 (2008 - £6,000,000), cost unknown, which is not depreciated

The premises were revalued by Storey Sons and Parker, external Chartered Surveyors as at 18 December 2006 on a depreciated replacement cost basis at £25,800,000

At 31st July 2009, included within the net book value of land and buildings is £18,923,996 (2008 - £19,515,958) relating to freehold land and buildings, £49,412 (2008 - £35,663) relating to long term leasehold land and buildings and £42,546 (2008 - £64,211) relating to short term leasehold land and buildings

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

16 TANGIBLE FIXED ASSETS (continued)

CHARITABLE COMPANY	Land and buildings	Furniture, fittings and equipment	Motor vehicles	Assets under construction	Total
	£	£	£	£	£
COST					
At 1st August 2008	26,343,864	2,675,944	180,478	3,974	29,204,260
Additions	76,044	144,545	-	142,692	363,281
Disposals	-	(157,150)	-	-	(157,150)
Transfer between classes	19,985	-	-	(19,985)	-
At 31st July 2009	<u>26,439,893</u>	<u>2,663,339</u>	<u>180,478</u>	<u>126,681</u>	<u>29,410,391</u>
DEPRECIATION					
At 1st August 2008	728,032	2,187,520	150,653	-	3,066,205
Charge for the year	695,906	181,775	13,662	-	891,343
On disposals	-	(157,150)	-	-	(157,150)
At 31st July 2009	<u>1,423,938</u>	<u>2,212,145</u>	<u>164,315</u>	<u>-</u>	<u>3,800,398</u>
NET BOOK VALUE					
At 31st July 2009	<u>25,015,955</u>	<u>451,194</u>	<u>16,163</u>	<u>126,681</u>	<u>25,609,993</u>
At 31st July 2008	<u>25,615,832</u>	<u>488,424</u>	<u>29,825</u>	<u>3,974</u>	<u>26,138,055</u>

Included in land and buildings is freehold land at valuation of £6,000,000 (2008 - £6,000,000), cost unknown, which is not depreciated

At 31st July 2009, included within the net book value of land and buildings is £18,923,996 (2008 - £19,515,958) relating to freehold land and buildings, £49,412 (2008 - £35,663) relating to long term leasehold land and buildings and £42,546 (2008 - £64,211) relating to short term leasehold land and buildings

THE NEWCASTLE UPON TYNE ROYAL GRAMMAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2009

17. FIXED ASSET INVESTMENTS

	Listed Securities	Unlisted Securities	Cash held within portfolio	Total investments
Market value	£	£	£	£
At 1 April 2008	203,867	63,268	13,565	280,700
Additions	33,406	(32)	-	33,374
Disposals	(27,849)	-	(5,160)	(33,009)
Revaluations	(29,998)	(8,002)	-	(38,000)
At 31 July 2009 - held by group	179,426	55,234	8,405	243,065
Investment in subsidiary undertaking	-	1	-	1
At 31 July 2009 - held by School	179,426	55,235	8,405	243,066
HISTORICAL COST	201,304	30,563	8,405	240,272

Investments comprise:

	2009 £	2008 £
UK investments	218,690	253,915
Non UK investments	24,376	26,785
Total	243,066	280,700

18. STOCKS

	GROUP		CHARITABLE COMPANY	
	2009 £	2008 £	2009 £	2008 £
Teaching and other stock	11,850	13,547	11,850	13,547
Kitchen	6,590	4,261	6,590	4,261
Materials and chemicals	2,635	2,620	2,635	2,620
Stationery	524	5,318	524	5,318
Goods for resale	6,340	1,164	-	-
	27,939	26,910	21,599	25,746

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19. DEBTORS

	GROUP		CHARITABLE COMPANY	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	47,146	47,660	47,146	47,660
Amounts owed by group undertakings	-	-	9,470	-
Other debtors	25,400	24,593	24,656	24,593
Prepayments and accrued income	314,802	167,867	314,802	167,867
Grants receivable	165,101	190,691	165,101	190,691
Educational Trust debtor	5,418	5,418	5,418	5,418
Deferred loan fees	16,264	19,545	16,264	19,545
School field trip debtors	18,072	14,684	18,072	14,684
	592,203	470,458	600,929	470,458

20. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITABLE COMPANY	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	2,278,557	3,458,110	2,278,557	3,458,110
Trade creditors	388,408	261,410	388,399	260,494
Social security and other taxes	145,060	141,716	145,060	141,535
Deposits repayable within one year	37,000	35,400	37,000	35,400
Fees received in advance	9,981	4,291	9,981	4,291
Pension creditor	83,702	75,771	83,702	75,771
Other creditors	106,363	130,168	106,363	130,168
Accruals and deferred income	14,847	59,817	14,012	59,005
	3,063,918	4,166,683	3,063,074	4,164,774

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21. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>GROUP</u>		<u>CHARITABLE COMPANY</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans	4,876,680	5,000,000	4,876,680	5,000,000
Deposits repayable	207,357	182,000	207,357	182,000
	<u>5,084,037</u>	<u>5,182,000</u>	<u>5,084,037</u>	<u>5,182,000</u>

Included within the above are amounts falling due as follows

	<u>GROUP</u>		<u>CHARITABLE COMPANY</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
BETWEEN TWO AND FIVE YEARS				
Bank loans	<u>4,876,680</u>	<u>5,000,000</u>	<u>4,876,680</u>	<u>5,000,000</u>

The bank loans and overdraft are secured by a first legal charge over the freehold land and buildings of the School. At 31 July 2009, bank loans, including amounts falling due within 1 year, comprise a loan balance of £5,000,000 repayable in quarterly instalments and attracting interest at 5.95% and loans of £1,200,000 and £126,680 repayable in quarterly instalments from July 2012 and attracting interest at 6.56%.

Total bank borrowings represent 29% of the value of the assets on which they are charged.

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22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Investment Gains / (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Revaluation reserve	<u>7,459,671</u>	<u>-</u>	<u>(33,946)</u>	<u>-</u>	<u>-</u>	<u>7,425,725</u>
GENERAL FUNDS						
School general fund	9,999,601	11,497,241	(10,692,078)	8,550	-	10,813,314
Non-charitable trading funds	<u>(1,033)</u>	<u>95,407</u>	<u>(95,504)</u>	<u>-</u>	<u>-</u>	<u>(1,130)</u>
	<u>9,998,568</u>	<u>11,592,648</u>	<u>(10,787,582)</u>	<u>8,550</u>	<u>-</u>	<u>10,812,184</u>
Total Unrestricted funds	<u>17,458,239</u>	<u>11,592,648</u>	<u>(10,821,528)</u>	<u>8,550</u>	<u>-</u>	<u>18,237,909</u>
ENDOWMENT FUNDS						
Prize Funds Charity	63,268	-	-	-	(8,034)	55,234
J R Howarth Bursary Fund	136,721	-	-	-	(23,524)	113,197
Peter Taylor Bursary Fund	69,196	-	-	-	(6,442)	62,754
	<u>269,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,000)</u>	<u>231,185</u>
RESTRICTED FUNDS						
J R Howarth Bursary Fund	49,869	5,807	(4,179)	-	-	51,497
Peter Taylor Bursary Fund	5,943	2,744	(4,180)	-	-	4,507
School Bursary Fund	20,308	508,900	(508,900)	-	-	20,308
Cricket Fund	18,152	-	-	(8,550)	-	9,602
Prize Funds Charity	-	2,972	(2,972)	-	-	-
	<u>94,272</u>	<u>520,423</u>	<u>(520,231)</u>	<u>(8,550)</u>	<u>-</u>	<u>85,914</u>
Total of Funds	<u>17,821,696</u>	<u>12,113,071</u>	<u>(11,341,759)</u>	<u>-</u>	<u>(38,000)</u>	<u>18,555,008</u>

Donations are credited to the appropriate fund and the impact of market valuation and investment transactions are also included

Endowment funds are all permanent

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22. STATEMENT OF FUNDS (continued)

The Prize Funds Charity is a separate charitable trust formed in 2008. It 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. The fund is under the control of the school.

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.

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 6th form of the RGS who, for financial reasons, might not otherwise be able to attend the school.

Income from endowment funds is credited to restricted funds to be applied for the purposes specified by the fund. Restricted funds also include funds provided by the Royal Grammar School Educational Trust and other donors for the provision of school bursaries and a donation to be expended on cricket equipment and facilities. Transfers from the cricket fund to general funds were made during the year on the purchase of cricket equipment.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Investment Gains / (Losses) £	Carried Forward £
Designated funds	7,459,671	-	(33,946)	-	-	7,425,725
General funds	9,998,568	11,592,648	(10,787,582)	8,550	-	10,812,184
	17,458,239	11,592,648	(10,821,528)	8,550	-	18,237,909
Endowment funds	269,185	-	-	-	(38,000)	231,185
Restricted funds	94,272	520,423	(520,231)	(8,550)	-	85,914
	17,821,696	12,113,071	(11,341,759)	-	(38,000)	18,555,008

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23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowment Funds 2009 £	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Tangible fixed assets	-	-	25,610,250	25,610,250	26,138,573
Fixed asset investments	231,185	11,880	-	243,065	280,700
Current assets	-	74,034	775,612	849,646	751,909
Creditors due within one year	-	-	(3,063,916)	(3,063,916)	(4,167,486)
Creditors due in more than one year	-	-	(5,084,037)	(5,084,037)	(5,182,000)
	<u>231,185</u>	<u>85,914</u>	<u>18,237,909</u>	<u>18,555,008</u>	<u>17,821,696</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Net incoming resources before revaluations	771,312	578,449
Returns on investments and servicing of finance	439,830	492,057
Net payment from cash deposits held within investments	(365)	1,926
Depreciation of tangible fixed assets	891,603	978,769
Increase in stocks	(1,029)	(9,145)
Increase in debtors	(131,215)	(164,223)
Increase in creditors	111,616	45,108
Profit on sale of fixed assets	-	(59,625)
NET CASH INFLOW FROM OPERATIONS	<u>2,081,752</u>	<u>1,863,316</u>

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2009 £	2008 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,492	3,568
Interest paid	(454,448)	(506,843)
Dividends received	11,126	11,218
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(439,830)</u>	<u>(492,057)</u>

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25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2009 £	2008 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(363,281)	(666,084)
Sale of tangible fixed assets	-	59,625
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(363,281)</u>	<u>(606,459)</u>
	2009 £	2008 £
FINANCING		
Repayment of loans	(1,250,000)	(1,125,000)
Other new loans	1,326,680	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	<u>76,680</u>	<u>(1,125,000)</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	1 August 2008 £	Cash flow £	Other non-cash changes £	31 July 2009 £
Cash at bank and in hand	253,737	(24,232)	-	229,505
Bank overdraft	(2,208,110)	1,379,553	-	(828,557)
	<u>(1,954,373)</u>	<u>1,355,321</u>	<u>-</u>	<u>(599,052)</u>
DEBT:				
Debts due within one year	(1,250,000)	1,250,000	(1,450,000)	(1,450,000)
Debts falling due after more than one year	(5,000,000)	(1,326,680)	1,450,000	(4,876,680)
NET DEBT	<u>(8,204,373)</u>	<u>1,278,641</u>	<u>-</u>	<u>(6,925,732)</u>

27. OPERATING LEASE COMMITMENTS

At 31st July 2009 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2009 £	2008 £
Group and School		
EXPIRY DATE.		
After more than 5 years	<u>13,317</u>	<u>13,317</u>

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28. OTHER FINANCIAL COMMITMENTS

As at 31 July 2009, the following capital commitments existed in respect of the redevelopment of the school

	2009	2008
	£	£
Amounts contracted for	<u>338,786</u>	<u>-</u>

29. 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 £29,068 (2008 £31,877). The contribution towards bursaries by the Trust this year amounted to £468,997 (2008 £474,884).

As at 31 July 2009, £5,418 (2008 £5,418) is included within debtors in respect of accountancy and audit fees paid by the school on behalf of the Trust.

30. TRADING SUBSIDIARY

Company name	Country	Percentage Shareholding	Description
RGS Trading Limited	England and Wales	100	Sale of refreshments and confectionery

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

31. REGISTERED CHARITY

The Newcastle upon Tyne Royal Grammar School is a charitable company limited by guarantee, company number 5664801 and is registered with the Charity Commission with a registration number 1114424. The School has taken advantage of the exemption within the Companies Act 2006 not to produce its own Statement of Financial Activities. The gross income of the School for the year recorded in its own accounts was £12,017,664 (2008 £11,449,292) and its net movement in funds for the year was £733,409 (2008 £524,999).

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32. PUPIL AND EMPLOYEE DETAILS

Staff costs:

	2009	2008
	£	£
Salaries and wages	5,624,679	5,291,237
National Insurance	461,321	441,386
Superannuation and pension contributions	647,063	613,797
	<u>6,733,063</u>	<u>6,346,420</u>

	2009	2008
	No.	No
The number of employees receiving remuneration more than £60,000 is as follows		
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£120,001 - £130,000	1	-
£160,001 - £170,000	-	1
Total	<u>3</u>	<u>3</u>

Staff numbers at 31 July 2009. Full time equivalents

	2009	2008
	No.	No
Teachers		
- Senior School	98	95
- Junior School	14	14
Academic support	16	15
Property management	21	19
Clerical and administrative	9	8
Catering	13	13
	<u>171</u>	<u>164</u>

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Pupil numbers at 31 July 2009

	2009 No.	2008 No
Senior school		
- full fees	943	956
- receiving bursaries	92	90
	<u>1,035</u>	<u>1,046</u>
Junior school		
- full fees	215	199
- receiving bursaries	9	4
	<u>224</u>	<u>203</u>
Total	<u><u>1,259</u></u>	<u><u>1,249</u></u>

33. PENSIONS

The School's employees belong to two principal pension schemes, The 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

	2009 £	2008 £
The pension costs included in these financial statements comprise		
Teachers' Pension Scheme	577,573	549,442
RGS Non-Academic Staff Pension scheme	79,165	64,355
Total	<u><u>656,738</u></u>	<u><u>613,797</u></u>

Included within creditors (including employees' contributions) is £83,702 (2008 £75,771)

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The Teachers' Pension Scheme

The school participates in the Teachers' Pension Scheme (England and Wales) "the Scheme" for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the School.

The latest actuarial valuation of the Scheme by the Government Actuary issued in October 2006 relating to the period 1 April 2001 to 31 March 2004 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) exceeded the value of the Scheme's assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) by 2.0%.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, with a supplementary contribution of 0.75% to balance the Scheme's assets and liabilities within 15 years as required by the regulations. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced – effective for the first time from the 2008 valuation – a 14% cap on employer contributions payable. The valuation of the Scheme by the Government Actuary as at 31st March 2008 is expected to be issued early in 2010.

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.