

Registered number: 05664801

Charity number: 1114424

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Annual report

31 July 2019

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The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

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Reference and administrative details

Year ended 31 July 2019

Governors	Mrs J Drummond, Co-opted Governor (Chairman from 2 December 2017) (appointed 20 November 2017) Ms T Hartley, Co-opted Governor (Vice Chairman) (appointed 24 June 2016) Mr P A Campbell, Co-opted Governor (appointed 8 February 2002) Mrs C D'Cruz, Co-opted Governor (appointed 7 June 2018) Mr I Evbuomwan, Co-opted Governor (appointed 9 March 2018) Mr H Fell, Co-opted Governor (appointed 27 February 2015) Mr A Fletcher, Co-opted Governor (appointed 27 April 2018) Mrs A Gupta, Co-opted Governor (appointed 26 April 2018) Prof S Hambleton, Nominated by the University of Newcastle (appointed 29 September 2014) Prof M Hannifer, Nominated by the University of Newcastle (appointed 12 April 2017) Mr A Lamb, Co-opted Governor (appointed 27 April 2018) Miss S Milligan, Co-opted Governor (appointed 26 April 2018) Mr A Murphy, Co-opted Governor (appointed 9 March 2018) Mrs C Murphy, Co-opted Governor (appointed 22 February 2018) Mr I Simpson, Co-opted Governor (appointed 9 November 2012) Mrs C Stonehouse, Co-opted Governor (appointed 6 June 2018) Councillor T Thorne, Nominated by Northumberland County Council (appointed 20 June 2017) Prof J Turner, Co-opted Governor (appointed 30 November 2018) Mrs S Woodroffe, Co-opted Governor (appointed 20 September 2018)
Company registered number	05664801
Charity registered number	1114424
Registered office	Eskdale Terrace Newcastle upon Tyne NE2 4DX
Company secretary	Dr M J Pitkethly
Headmaster	Mr J Fern
Independent auditor	UNW LLP Chartered Accountants Citygate St. James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Barclays Bank plc PO Box 379 71 Grey Street Newcastle upon Tyne NE99 1JA

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Reference and administrative details of the company, its trustees and advisers **Year ended 31 July 2019**

Advisers (continued)

Solicitors Womble Bond Dickinson
 St. Ann's Wharf
 112 Quayside
 Newcastle upon Tyne
 NE99 1SB

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

Insurance broker Zurich Municipal
 Zurich House
 2 Gladiator Way
 Farnborough
 GU14 6GB

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Governors' report Year ended 31 July 2019

The Governors present their annual report together with the audited financial statements of the group and the company for the 1 August 2018 to 31 July 2019. The Governors confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Objectives and Activities

Policies and objectives

Our charitable objectives are set out in the School's Memorandum of Association as follows and state that we are established for public benefit to deliver:

- 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.

Our vision

The school has a very clear vision as to what it wishes to achieve and the purpose for which it was established:

- We believe that by inspiring and nurturing hearts and minds, we can give those around us the freedom to create and shape their own future.
- A future that is built on our sense of history and belonging in the city but is fuelled by an ambition to succeed and evolve.
- A place where freedom of expression, ideas and beliefs can be shared, exchanged and grow openly in our happy environment.
- An environment where we look out for each other and treat everyone with care and respect, within and beyond our community.
- A spirit to challenge, inspire and stretch the minds of everyone here so we feel free to explore, free to think, free to try, free to dream of possibilities and free to be ourselves.
- With hard work, courage and belief in each other, together we have the freedom to make the future our own.

We do this through our purpose and our values which guide everything we do, giving those around us the freedom to create their future.

Using this Vision, the school has identified 4 key purposes and values which are applied practically on a daily basis:

1. To provide a sense of belonging
2. To instil a love for learning
3. To encourage a belief in each other
4. To promote an ambition to succeed

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Governors' report (continued)

Year ended 31 July 2019

Activities for achieving objectives

The Governors of the RGS review the performance of the school through the four key values as established in the school's Vision Statement. This better reflects the aims and priorities of the school to help nurture and develop each and every member of the community.

1. Sense of Belonging

Care and respect for each other lies at the heart of the Royal Grammar School, and therefore pastoral care support for each individual remains central to its work.

The school continues to invest in wellbeing and mental health, and this area is seen as an essential part of meeting our vision. The Pastoral Director has a team which includes 2 dedicated counsellors along with a full time assistant in the Junior School, a School Doctor and nurses. All staff and governors have received training in the safeguarding of children and the topic has also been a focus amongst the pupils. This is crucial in ensuring the school can support the individual needs of the members of the community as far as it can.

The school has strong links with the local and regional communities and is very aware of its role in providing public benefit above and beyond its significant bursary and accessibility provision. This year in September 2019 the school has established a new post of Director for Community Partnership and Outreach.

The school is blessed with very good facilities and work has continued through the year on the third and final stage of the modernisation programme to build the new library, assembly space, art block, maths classrooms and new pastoral suite. This building was completed in September 2019. These facilities will enhance the school's work significantly for the future both with our own students as well as our ability to host other groups and events. The school has also embarked upon a refurbishment programme for the 6th Form and old library to create an enlarged and enhanced 6th Form Centre, which is due for completion in December 2019. The school continues to expand the use of its facilities by other community users including schools, clubs and societies. The RGS is also strongly committed to supporting the wider education community of the city and North East region and is engaged in projects with other regional schools. We also strive to help recruit and support new entrants to the profession by working closely with local GTP/ SCITT providers.

Staff are also involved in the community in many ways ranging from being governors and trustees at state schools in the region to teaching and lecturing at other institutions.

The Governing Board and the school take their place and sense of belonging in the community very seriously.

2. Love for Learning

The school prides itself on nurturing academic promise and doing its best to instil a real love for learning and not simply teaching 'to the test'. To that end, the school thinks carefully about its approaches to learning and teaching and encourages staff to develop original and innovative approaches.

The RGS culture is that if students can enjoy their lessons and learning, then it follows that they will do better. Although examination results are certainly not the only measure, they remain an important bench mark and the school is rightly proud of the academic results achieved by its students this year.

Love of learning goes beyond examinations and encompasses a wide variety of, and mass participation in, extra-curricular societies and competitions, and the school encourages and supports student involvement in regional and national competitions.

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Governors' report (continued) Year ended 31 July 2019

3. Belief in Each Other

The RGS culture seeks to actively appreciate and celebrate each other's skills and talents.

The opportunities the school provides are extremely wide-ranging and this hopefully allows everyone to try new things and find their passion. It is also an opportunity for us to appreciate and celebrate each other's skills and talents. Having a range of outlets for interests is also an important part of the school's approach to well-being and helping students and staff develop a healthy balance of activities.

The Junior School provides a very wide range of activities to help students explore new things and find themselves including camps and expeditions and musicals, which has allowed so many students an opportunity to perform, work together and develop new and life-long skills.

The Senior School dance, drama and music all provide many chances for students to perform and participate at all levels including producing a major production each year with a large cast and crew.

The school has an excellent reputation as a debating school and the team work involved is a real demonstration of what we strive to achieve.

The range and breadth of sporting opportunity is an important feature of the school, not just for the first teams and sports, but crucially for wider participation. The school has sought to broaden the provision it has to encourage everyone to be active, to have a healthier lifestyle and find things that they can continue with for life.

Fostering a strong sense of team work, mutual trust and reliance are central to the CCF and Duke of Edinburgh Award which operate in the Senior School.

Everyone has their own particular interests and skills and the House System is very good at allowing these to be used and acknowledged in a community setting.

4. Ambition to Succeed

The RGS seeks to foster throughout its student and staff community, an ambition to succeed and discover new ways to move forward.

The Governing Board instigated a strategic review for the school. This became the catalyst for staff, students and the wider community to create the longer term vision for RGS in which they have invested time, energy and subsequently, ownership.

The Governing Board has seen significant change over the year. Last year's six new Governors have established themselves and two further Governors have been appointed to strengthen the Governing Board and ensure that Board has the skills, experience and diversity necessary to deliver the school's vision.

Success is not just about numbers and grades and the school is very aware of the pressures that an obsession with grades can create for its students

In order to encourage the whole community to strive to succeed the school has begun a review of its curriculum and reporting systems. More emphasis is being placed upon the importance and power of the conversations around reporting, rather than more simple number and letter grading systems, seeking to encourage and nurture our students into being ambitious for themselves but in a sensible and controlled way. The School is examining the skills which universities and businesses have identified as being important for the future of our students and is looking carefully at how these are developed and integrating them into the curriculum in order to create confident, independent and resilient learners.

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Governors' report (continued)

Year ended 31 July 2019

Main activities undertaken to further the charity's purposes for the public benefit

The school is dedicated to providing education to children in the North East of England. The school was founded in the Sixteenth Century in order to provide education in Newcastle and continuing our role in the community of the city and the North East is a key aspect of what we do. In particular we are committed to providing a first-class education to boys and girls in the city and wish to be as inclusive as possible. To this end the Governors are fully committed to funding bursaries from voluntary income as much as possible. The RGS is committed to increasing access to the opportunities it provides for bright boys and girls from those families whose means would not allow them to afford school fees.

The aim is to increase the number of bursaries in a sustainable manner. In the school year 2018/19, 72 students were in receipt of bursaries, to a value of £874,427 all funded through voluntary donations. The average level of fee help was 93.5% of fees. RGS bursaries are strictly means-tested and parents of bursary holders contribute on a sliding scale according to their family income. The school's Bursary Outreach Officer makes home visits before recommending the award of bursaries. The school has seen a significant increase in bursary applications which is encouraging and shows that more and more people are aware of the opportunity. Looking ahead, the School is committed to extending this further.

The voluntary funding to support bursaries is generated by the Development Office, and interest on charitable funds held in the RGS Educational Trust; income will always fluctuate year on year. In the FY18/19 the Bursary Campaign had a very successful year, raising a total income of £1.3m. This will enable RGS to increase the number of bursary students to 78 in FY19/20. Looking ahead, the School is committed to sustainably increasing the number of bursaries, allowing greater access for boys and girls from those families whose means would not allow them to afford school fees. This will both transform the lives of the families in receipt of a bursary, and adds value to the diverse social mix of the school. The impact of the Bursary Campaign, launched in 2002, was celebrated in a special 'Bursary Impact Report' during the year. The report documents the stories of some of the 375 students who have now received a bursary since the Campaign began, as well as the impact of (the now defunct) government-funded fee assistance schemes including 'Direct Grants' and 'Assisted Places'.

The school has strong links with the local and regional communities and is very aware of its role in providing public benefit above and beyond its significant bursary and accessibility provision. One of the most important ways in which the school community reaches far and wide is through its charitable work.

Every year the students and staff vote to support local charities which this year were Josie's Dragonfly Cancer Trust, The Great North Air Ambulance, and the North East End Foodbank. We also supported the Lord Mayor's nominated charity, Mental Health Concern. In addition, the School supported Children in Need. In total, over £15,000 was raised.

Some 76 of our Sixth Formers volunteer on a weekly basis to work in eight primary schools in our local community. In particular, they listened to children read and over time they are able to build good relationships and act as positive role models. Many other RGS students volunteer and work with a range of other charities in the city and region and a further 130 students perform voluntary work as part of their Duke of Edinburgh Silver or Gold Awards.

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Governors' report (continued)

Year ended 31 July 2019

STRATEGIC REPORT

Achievements and performance

Review of activities

1. Sense of belonging

"Proud of our heritage, we have a deep sense of belonging. Our school community reaches far and wide. With an open mind and with care and respect for those around us, we inspire collaboration, forging connections that last a lifetime."

The role of the school in the community of the city and the North East is a key priority. The school has strong links with the local and regional communities and is very aware of its role in providing public benefit above and beyond its significant bursary and accessibility provision. We are very proud to be part of that community and two recent key appointments (Director of Community Partnerships & Outreach and Director of Development) have been specifically made to extend the projects that we run with other schools and businesses locally, and to enhance the quality of the work that we do in those areas. The school is committed to making a very positive impact to the region.

Examples of the work that we have done over the last year include provision of educational opportunities such as Author Visits, which local primary schools enjoy attending with our Junior School, and Ancient History Education Days, allowing students from around the region access to exciting new learning that is not normally available to them. The school is committed to providing first-class well-being and mental health support for its staff and students, but is also committed to sharing the resources and expertise widely, and we have been proud to be working closely with Schools North East in the development of region wide initiatives over the last year.

We are indebted to a broad range of donors for their support and are especially grateful to the parents of existing and former RGS students, and Old Novocastrians, who have seen first-hand how the bursary programme changes lives, and have personally supported this important element of RGS's work.

RGS has the benefit of outstanding facilities and work is almost complete on the next phase of our modernisation programme (XL3), including a new library, an additional assembly space, a new art block, a new pastoral suite, a new Sixth Form centre and new Maths, Science, Design Technology and Computer Science classrooms. The Miller Theatre is used by many external organisations, which this year this has included Newcastle University Gilbert & Sullivan Society, Jesmond Community Festival, Cleveland Philharmonic Choir, National Children's Orchestra auditions and the Salvation Army Creative Arts Day. The School also hosts teacher training programmes, academic events, sporting competitions, performing arts shows (like the very popular annual 'Battle of the Bands'), and other inter-school competitions like public speaking / debating. These are all open to visitors from around the region and nationally. The excellent sports facilities are also regularly used by local rugby, hockey and swimming clubs and this year it was used by Down Syndrome Swimming GB for a swimming camp prior to the European Championships

2. Love for learning

"In a happy environment where people can be themselves, we teach and learn in diverse and surprisingly different ways. By exploring our passions, we have the freedom to bring specialist knowledge to life, supporting creativity, encouraging self-expression and truly nurturing academic promise."

The RGS firmly believes that happy students will do their best in all areas, not least in their enjoyment of their lessons and learning. Although examination results are certainly not the only measure, they remain an important bench mark and the school is rightly proud of the academic results achieved by its students this year. The Year 6 SATs results were well above the national average, with 73% exceeding expectation in Reading, 78% in SPAG, 78% in Writing and 79% in Maths. At GCSE, we have seen, once again, a really impressive set of

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Governors' report (continued)

Year ended 31 July 2019

results from Year 11 students. In total, the students achieved 62.6% of grades at the old A* equivalent with 83.7% of grades at A*A equivalent. Most of the students were awarded number grades this year, the old letter grades only existing for three subjects. In the new grading system 40.7% achieved grade 9 (the top grade) with 22.6% achieving grade 8. In total, 83.7% of grades were at grade 7 or better. Finally at A-Level, our students also produced a superb set of results with over 28% of all grades coming out at A*, with over 86% at A* to B. There were 13 students who achieved all A* grades in their A-Levels with a further 52 achieving all A* or A grades. These are outstanding outcomes given the changes that have been imposed on the A-Level system over the past few years.

Learning at the school extends beyond examinations and normal lessons, with significant participation in visits and trips e.g. the MFL trip to Stuttgart in Germany to explore the language and culture. Students also regularly take part, and are hugely successful, in national competitions, e.g. first prize at the Salters Festival of Chemistry for a group of four Year 8 students, first prize in the National Artefact Competition for a Year 12 student, and a significant number of Gold certificates achieved in the very challenging Biology, Linguistics and Mathematics Olympiad competitions.

Students' passion and commitment to their wider learning has also led to considerable other successes at national level in, for example, The Green Plan It Royal Horticultural Society Celebration Day, the F1 in Schools Competition and the Young Enterprise Competition.

3. Belief in each other

"There are no limits to what we can achieve when we work hard, support and look out for each other. Through a shared belief, we appreciate and celebrate everyone's achievements. With well-being at the heart of everything we do, our warm and caring culture helps nurture confidence and develop all of the skills needed for a successful and happy life."

Supporting each other and working closely together is a major factor in the success of the school and its students, and the residential trips run for Year 3 / 4 children to Kirknewton / Patterdale and Year 7 to Lakeside demonstrate the wonderful spirit of togetherness that the students and staff enjoy and celebrate.

This is also very much evident through the regular performing arts events that the school runs e.g. the Junior School production of the Beauty and the Beast and the Senior School productions of the Addams Family and Coram Boy. The school continued its excellent reputation in debating competitions across the country. Team spirit and support is also evident, of course, through the vast array of sporting events that the students participate in and notable successes this year include: winners at the St Joseph's College National Schools Rugby Festival and overall champions, for both boys and girls, in the annual HMC Junior School Athletics Competition.

Health and well-being are also a regular feature in our curriculum provision, but this is also backed by a determination to support this in practical terms by encouraging the students to be healthy and active. This is also a major factor for instilling the confidence and self-belief in the children to allow them to be so successful.

The school has a very active House system which encourages the vast majority of students to play their part in supporting the many inter-House events, examples include Music, Dance, and even Mathematics. We believe that wider participation is as important as inspiring our elite performers, and the House system is a fantastic way of encouraging this: the range and breadth of opportunity is an important feature of the school.

Finally, activities and participation in the CCF, which has been expended this year to include an RAF contingent, the D of E awards and the National Citizens Service give the students amazing opportunities to play their part in the wider community, but also to foster in them a strong sense of team work, mutual trust and reliance.

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Governors' report (continued)

Year ended 31 July 2019

4. Ambition to succeed

"Excellence and success are built on our freedom to explore, courage to innovate and spirit to push boundaries both in and outside the classroom. We don't stand still, challenging, provoking and stretching minds to help our students evolve new ways of thinking and discover future opportunities."

Teachers at RGS are ambitious in their teaching practice, encouraging the students to develop the higher order thinking skills, initiative and independence that leads to positive success. We pride ourselves in challenging the students to think, as well as to learn, something that encourages in them the resilience to manage the difficulty that they regularly face in and out of the classroom.

Supporting and promoting their longer-term ambitions, we put significant time in to giving students access and information about careers / university opportunities via presentations, visiting speakers and trips; something which very much encourages them to aim high for the future. The school is also pleased to have completed a Curriculum Review for our Key Stage 3 students (Years 7 – 9): this has now been implemented and includes attention to the skills which universities and businesses identify as being important for the future of our students.

Individuals also pursue their own interests alongside commitments to school, and notable successes include national honours in Photography, Public Speaking, Music, Chess, and, of course, in Sport, e.g. Gymnastics, Fencing, Biathlon, Rowing, and Trampolining (as well as in the traditional school sports).

Within the organisation, the School Governing Board seeks to encourage the very highest standards for the school, and the ambitious Development Plan (detailed later in this report) demonstrates the school's commitment to this aim. The Board has continued to be strengthened with the appointment of two Governors with experience in education, HR and business engagement. Most importantly, however, this focus is not just inwards on the needs of our students and staff, but also sets out our commitment to playing a leading role in supporting the local and regional community.

Financial review

Going concern

After making appropriate enquiries, the Governors have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Student numbers were above budget for the year and are anticipated to maintain a high level in 2019-20. Careful management of expenditure and cashflow, led to a surplus of £636k compared with £432k in the budget. Full details of the school's financial performance are set out in other sections of these Accounts.

The school generated a surplus before gains on investment assets of £521,156 (2018: £1,095,050). Investments gains amounted to £40,328 (2018: £40,754) resulting in a surplus of £561,484 (2018: £1,135,804).

The school's subsidiary trading company, RGS Trading Limited, generated a surplus of £8,139 (2018: deficit of £32) which is included in the above figures.

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Governors' report (continued)

Year ended 31 July 2019

Principal risks and uncertainties

The main risk areas for the School are risks associated with the protection of the School's pupils, staff and assets. Procedures and systems to minimise these risks are regularly reviewed and updated. Within financial risks, liquidity risk is managed by a combination of loans to finance long term projects and overdraft facilities to deal with month on month fluctuations in cash flow. External financial pressures that are out of the control of the school such as increases to contribution rates for the Teachers Pension Scheme, the removal of charitable relief and the possibility of VAT on school fees are carefully monitored and contingency plans drawn up to manage the risks.

Reserves policy and performance

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. Note 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 £33.0 million. Of this, designated bursary funds totalling £4.0 million have been set aside; the purpose of which is to provide fee assistance for pupils from lower income families who would not otherwise be able to attend the School. The fund is available for use to supplement the funds generated for bursaries by the activities of the bursary campaign as and when the school's cash availability allows. This year none of this fund has been used to support bursary students. Also within unrestricted funds are fixed assets totalling £43.5 million. Once the value of the designated bursary fund and the fixed assets are removed from the overall value of unrestricted funds held, there is a deficit on free reserves at the year-end of £14.4 million (2018: deficit of £10.0 million). Free reserves are those reserves that are freely available to spend on any of the school's purposes and include long-term loans of £15.1 million (2018: £7.5 million) that fall due for repayment after more than one year which were taken out to fund building projects.

The net current assets of the school excluding long-term liabilities total £3.5 million (2018: £2.0 million). The school's forecasts indicate that liabilities will continue to be met as they fall due. The Governors are satisfied with the reserves position of the school.

The Governors are confident that the current value of the assets is not materially different from the amounts shown in the financial statements.

Principal funding

The school's day to day charitable activities are self-funding.

Investments policy and performance

The Governors 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 total returns (capital growth with income received), for the year to 31 July 2019 across the school's investment portfolio was 6.0% (2018: 7.9%).

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Governors' report (continued) **Year ended 31 July 2019**

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 resolutions of the Governors dated 1 January 1997 and 15 June 2012.

On 1 August 2006, the assets, liabilities and undertaking of the school were transferred to a charitable company (company number 5664801) and its associated Property Trust pursuant to a Charity Commission scheme sealed on 12 July 2006. At the same time the Company was appointed sole corporate trustee of the Property Trust (The Newcastle Upon Tyne Royal Grammar School Property Trust) within which the permanent endowment is held.

By a linking direction made by the Charity Commission on 12 July 2006 the Company and Property Trust are linked for registration and accounting purposes. The Company's charity registration number is 1114424 and the Property Trust's charity registration number is 1114424 1.

Method of appointment or election of Governors

The Governing Body consists of thirteen Co-opted Governors and five Nominated Governors, the former serving for five years and the latter for three. They can be re-elected. The Governors are trustees of the Charitable Body.

The Nominated Governors are appointed by:
Durham County Council
Northumberland County Council
Newcastle University (two)

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

Policies adopted for the induction and training of Governors

During the identification/selection process for Governors the new Governors are introduced to the school early on through meeting with Governors and the Head. Once appointed they are sent a pack which includes RGS policies and The Charity Commission and AGBIS Guidelines for Governors. New Governors also meet with key members of staff, Head, Deputy Head, Bursar, etc. so that they can get an understanding of how the school operates and are able to ask questions.

Pay policy for senior staff

The Nominations and Remuneration Committee review the pay of the Headmaster, Deputy Head, Head of Junior School and Bursar on an annual basis. The pay of senior staff is guided by the current pay scales and for the few staff who are beyond the highest point due consideration is taken of benchmarked information for schools of a similar size and location.

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Governors' report (continued)

Year ended 31 July 2019

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 the Finance and General Purposes Committee. Governors who served on the Finance and General Purposes Committee during the period were:

Mr I Simpson
Mr P A Campbell
Mrs J Drummond
Mr I Evbuomwan
Mr H Fell
Mrs T Hartley
Mr A Lamb
Mrs C Murphy

The Nominations and Remuneration Committee is responsible for identifying and nominating for the approval of the Governing body candidates to fill Governing body vacancies as and when they arise; to manage the process for the appointment of the Chair and Vice-Chair and consider the remuneration of the Head, Deputy Head and Bursar annually.

Governors who served on the Nominations and Remuneration Committee during the period were:

Mr I Simpson (Chair until March 2018)
Mr P Campbell
Mrs J Drummond
Mr H Fell (Chair from March 2018)
Professor S Hambleton

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

The Headmaster: Mr J Fern

The Bursar & Clerk to Governors: Dr M J Pitkethly

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.

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Governors' report (continued) **Year ended 31 July 2019**

Plans for future periods

At the end of each academic year the school reviews the progress it has made on its five-year School Development Plan and then sets targets for the next five-year period ahead. This is done in consultation with all stakeholders. For the next period (2019-2024), the following key areas for regular review are as follows:

- Facilities, including IT and XL3 building project (due for completion in December 2019)
- Financial and Regulatory Management
- Governance
- Leadership
- Pastoral Care and Emotional Wellbeing
- Teaching and Learning

They are, of course, central to the effective running of the school and will be continuously reviewed. These all fall within specific areas of management oversight for members of the Senior Leadership Team (both Senior and Junior) and will be appraised and reviewed within SLT meetings.

A fundamental part of the process for the School Development Plan is to consider a longer timeframe and how we will strive to fully realise our Vision. To this end, a range of key areas continue to emerge from consultations and these form the main focus points for additional specific development (listed alphabetically):

1. Bursaries
2. Coherent Sense of Purpose
3. Culture
4. Environmental Impact
5. Outreach and Partnership
6. Parental Engagement
7. Staff Appraisal and Development
8. Teaching and Learning
9. Well-being

Information on fundraising practices

The school seeks to raise funds principally in support of bursaries from a range of supporters. The school publishes an annual Review and a termly magazine for former students and staff of the school, the Old Novocastrian Association (ONA) Magazine to keep in touch with former students and other supporters of the school. The Bursary Campaign raises funds from individuals, including former students, in the form of gifts, regular and one-off, and legacies and also through applications to other charitable foundations and trusts. The staff involved in fundraising activities are all part of the school and the school did not use any professional fundraisers or commercial partners. The school abides by the guidance issued by the Fundraising Regulator.

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Governors' report (continued)

Year ended 31 July 2019

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The company and the group carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Governors.

The company and the group has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the company and the group's equal opportunities policy, the company and the group has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the company and the group's offices.

Disclosure of information to auditor

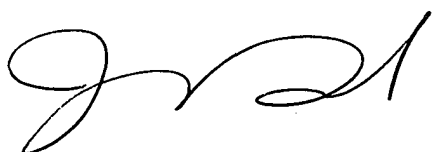
Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Auditor

UNW LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed in accordance with section 485 of the Companies Act 2006.

This report was approved by the Governors, on 29 November 2019 and signed on their behalf by:



Mrs J Drummond
Chair of Governors

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Governors' responsibilities statement

Year ended 31 July 2019

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 law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the 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.



Independent auditor's report to the members of The Newcastle upon Tyne Royal Grammar School

Opinion

We have audited the financial statements of The Newcastle upon Tyne Royal Grammar School (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2019 set out on pages 19 to 52. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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



Independent auditor's report to the members of The Newcastle upon Tyne Royal Grammar School

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' report including the Group strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Group strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the Group strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Independent auditor's report to the members of The Newcastle upon Tyne Royal Grammar School

Responsibilities of trustees

As explained more fully in the governors' responsibilities statement, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Anne Hallowell'.

Anne Hallowell BSc DChA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne
29 November 2019

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Consolidated statement of financial activities incorporating income and expenditure account

Year ended 31 July 2019

	Note	Endowment funds 2019 £	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations	2	-	599,256	238,500	837,756	811,493
Charitable activities	3	-	-	17,054,826	17,054,826	16,519,300
Other trading activities	4,5	-	-	165,499	165,499	151,053
Investments	6	-	54,676	10,409	65,085	71,487
Other income		-	-	22,060	22,060	11,281
Total income		-	653,932	17,491,294	18,145,226	17,564,614
Expenditure on:						
Raising funds	7	-	-	145,204	145,204	214,023
Charitable activities	8	-	613,876	16,864,990	17,478,866	16,255,541
Total expenditure		-	613,876	17,010,194	17,624,070	16,469,564
Net income before investment gains		-	40,056	481,100	521,156	1,095,050
Net gains on investments		40,328	-	-	40,328	40,754
Net income before transfers		40,328	40,056	481,100	561,484	1,135,804
Transfers between Funds	22	(9,359)	-	9,359	-	-
Net income before other recognised gains and losses		30,969	40,056	490,459	561,484	1,135,804
Net movement in funds		30,969	40,056	490,459	561,484	1,135,804
Reconciliation of funds:						
Total funds brought forward		1,298,651	23,932	32,542,154	33,864,737	32,728,933
Total funds carried forward		1,329,620	63,988	33,032,613	34,426,221	33,864,737

The notes on pages 24 to 52 form part of these financial statements.

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Consolidated balance sheet At 31 July 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	13	43,470,334		38,459,620	
Investment property	14	440,000		440,000	
Total tangible assets			43,910,334		38,899,620
Investments	15		889,620		849,292
			44,799,954		39,748,912
Current assets					
Stocks	17	13,114		11,694	
Debtors	18	338,157		578,520	
Cash at bank and in hand		6,460,247		4,269,669	
		6,811,518		4,859,883	
Creditors: amounts falling due within one year	19	(3,324,198)		(2,887,875)	
Net current assets			3,487,320		1,972,008
Total assets less current liabilities			48,287,274		41,720,920
Creditors: amounts falling due after more than one year	20		(13,861,053)		(7,856,183)
Net assets			34,426,221		33,864,737
Charity funds					
Endowment funds	22		1,329,620		1,298,651
Restricted funds	22		63,988		23,932
Unrestricted funds:					
Unrestricted funds	22	21,831,584		21,341,125	
Revaluation reserve	22	11,201,029		11,201,029	
Total unrestricted funds			33,032,613		32,542,154
Total funds			34,426,221		33,864,737

The financial statements were approved and authorised for issue by the Governors on 29 November 2019 and signed on their behalf, by:



Mrs J Drummond

The notes on pages 24 to 52 form part of these financial statements.
Company registered number: 05664801

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Company balance sheet At 31 July 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	13	43,470,334		38,459,322	
Investment property	14	440,000		440,000	
Total tangible assets			43,910,334		38,899,322
Investments	15		889,621		849,293
			44,799,955		39,748,615
Current assets					
Stocks	17	9,928		9,482	
Debtors	18	355,214		594,611	
Cash at bank		6,433,889		4,251,965	
		6,799,031		4,856,058	
Creditors: amounts falling due within one year	19	(3,322,946)		(2,886,849)	
Net current assets			3,476,085		1,969,209
Total assets less current liabilities			48,276,040		41,717,824
Creditors: amounts falling due after more than one year	20	(13,861,053)		(7,856,183)	
Net assets			34,414,987		33,861,641
Charity funds					
Endowment funds	22		1,319,418		1,298,651
Restricted funds	22		78,003		23,932
Unrestricted funds:					
Unrestricted income funds	22	21,816,537		21,338,029	
Revaluation reserve	22	11,201,029		11,201,029	
Total unrestricted funds			33,017,566		32,539,058
Total funds			34,414,987		33,861,641

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Company balance sheet (continued)

At 31 July 2019

The financial statements were approved and authorised for issue by the Governors on 29 November 2019 and signed on their behalf, by:



Mrs J Drummond

Company registered number: 05664801

The notes on pages 24 to 52 form part of these financial statements.

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Consolidated statement of cash flows Year ended 31 July 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	24	<u>2,955,559</u>	<u>2,449,624</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		65,085	71,487
Proceeds from the sale of tangible fixed assets		223,823	206,268
Purchase of tangible fixed assets		(6,461,742)	(1,828,761)
Proceeds from sale of investments		190,669	28,024
Purchase of investments		(190,669)	(28,024)
Net cash used in investing activities		<u>(6,172,834)</u>	<u>(1,551,006)</u>
Cash flows from financing activities:			
Repayments of borrowings		(9,193,003)	(999,999)
Interest paid		(399,144)	(223,505)
New bank borrowings		15,000,000	-
Net cash provided by/(used in) financing activities		<u>5,407,853</u>	<u>(1,223,504)</u>
Change in cash and cash equivalents in the year		2,190,578	(324,886)
Cash and cash equivalents brought forward		<u>4,269,669</u>	<u>4,594,555</u>
Cash and cash equivalents carried forward	25	<u><u>6,460,247</u></u>	<u><u>4,269,669</u></u>

The notes on pages 24 to 52 form part of these financial statements.

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 July 2019

1. Accounting policies

1.1 General information

The Newcastle upon Tyne Royal Grammar School is a charitable company incorporated and domiciled in England and Wales. The address of the registered office and principal place of business is Eskdale Terrace, Newcastle upon Tyne, NE2 4DX.

The principal activity of the charitable company is the education of children and young persons in the North of England.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Newcastle upon Tyne Royal Grammar School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1.

1.3 Company status

The company is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.4 Basis of consolidation

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

The accounts of The Newcastle upon Tyne Royal Grammar School include the results of the School's Property Trust, charity reference number 1114424-1, the Newcastle upon Tyne Royal Grammar School Prize Funds Charity and the Storrow Scott Charitable Will Trust reference 1114424-2 which are linked to the School for reporting purposes.

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was £539,259 (2018 - £1,135,772).

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2019

1. Accounting policies (continued)

1.5 Going concern

The group recorded a net surplus of income over expenditure in 2019 and has net assets at the year end of £34.4 million. The trustees have a reasonable expectation that the charitable group has adequate resources to continue to meet its liabilities as they fall due for the foreseeable future. Consequently, they continue to believe the going concern basis of accounting is appropriate in preparing these financial statements.

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are funds which are held for the permanent benefit of the charity. There is no power to convert capital into income.

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 July 2019

1. Accounting policies (continued)

1.7 Income

All income is recognised when the School has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 and other remissions granted by the School from its unrestricted funds, but before deducting grants of bursaries.

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.

Investment income

Investment income is accounted for in the period in which the charity is entitled to receipt. Incoming resources from endowment funds are restricted.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2019

1. Accounting policies (continued)

1.8 Expenditure

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity, including those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. They are apportioned against the activities of the charity in line with the estimated usage of those costs.

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

Costs of raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.9 Investment properties

Investment properties are included in the balance sheet at their open market value. Revaluation gains are recognised in the income and expenditure account.

1.10 Tangible fixed assets and depreciation

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.

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 the completion of the project or occupancy by the School.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
Leasehold land and buildings	-	over the life of the lease
All weather pitch	-	20 years
Motor vehicles	-	4 years
Fixtures and fittings	-	3 - 10 years
Trading subsidiary equipment	-	4 years

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 July 2019

1. Accounting policies (continued)

1.11 Revaluation of fixed assets

The charitable company has adopted the revaluation model to revalue items of property whose fair value can be measured reliably. The revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the statement of financial activities.

1.12 Fixed asset investments

Listed investments are stated at their fair value at the balance sheet date. Any gain or loss on revaluation is taken to the statement of financial activities.

In the company balance sheet, investments in subsidiary undertakings are measured at cost less accumulated impairment losses.

1.13 Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.14 Stocks

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.15 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.16 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.17 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2019

1. Accounting policies (continued)

1.18 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade, intercompany and other accounts receivable and payable, cash and bank balances and loans with related parties.

All such instruments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future receipts discounted at a market rate of interest. All financial instruments are subsequently carried at amortised cost using the effective interest method.

1.19 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. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of 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 the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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.

1.20 Critical accounting estimates and areas of judgment

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

Significant judgments in applying the entity's accounting policies

In preparing these financial statements, the trustees do not consider there to have been any other significant judgments that were required in the process of applying the company's accounting policies.

Key sources of estimation and uncertainty

Estimates included within these financial statements include the valuation of land and buildings owned by the school, depreciation rates, accruals for employment costs (holiday pay), and asset impairments (for example provisions against stock and debtors). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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

The Newcastle upon Tyne Royal Grammar School

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2019

2. Income from donations

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hospital of St Mary the Virgin	-	238,500	238,500	231,386
The Royal Grammar School Educational Trust	597,106	-	597,106	580,107
Other income for bursaries	2,150	-	2,150	-
	<u>599,256</u>	<u>238,500</u>	<u>837,756</u>	<u>811,493</u>
Total donations and legacies				
	<u>599,256</u>	<u>238,500</u>	<u>837,756</u>	<u>811,493</u>
Total 2018	<u>580,107</u>	<u>231,386</u>	<u>811,493</u>	

3. Income from charitable activities

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Provision of school services	-	17,054,826	17,054,826	16,519,300
	<u>-</u>	<u>17,054,826</u>	<u>17,054,826</u>	<u>16,519,300</u>
Total 2018	<u>-</u>	<u>16,519,300</u>	<u>16,519,300</u>	

School services comprise:

	2019 £	2018 £
School fees		
Gross fees	16,719,094	16,148,707
Less: Grants and allowances	(376,904)	(365,204)
	<u>16,342,190</u>	<u>15,783,503</u>
Net fees	16,342,190	15,783,503
Catering income	712,636	735,797
	<u>17,054,826</u>	<u>16,519,300</u>
Total	<u>17,054,826</u>	<u>16,519,300</u>

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Notes to the financial statements Year ended 31 July 2019

4. Fundraising income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Facilities lettings income	100,623	100,623	90,278
Total 2018	90,278	90,278	

5. Trading activities

	Total funds 2019 £	Total funds 2018 £
Charity trading income		
Subsidiary trading	64,876	60,775
Fundraising trading expenses		
Subsidiary trading costs	56,737	60,807
Net income/(expenditure) from trading activities	8,139	(32)

6. Investment income

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Property rental income	39,184	-	39,184	35,363
Dividend income	3,935	-	3,935	19,107
Prize fund dividend income	3,346	-	3,346	3,353
Bank interest	8,211	10,409	18,620	13,664
	54,676	10,409	65,085	71,487
Total 2018	57,823	13,664	71,487	

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Notes to the financial statements Year ended 31 July 2019

7. Costs of raising funds

	Endowment funds 2019 £	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Fundraising costs	-	-	19,449	19,449	52,275
Marketing costs	-	-	67,022	67,022	76,074
Cost of letting facilities	-	-	1,996	1,996	768
Allocation of support costs	-	-	-	-	24,099
Subsidiary trading costs (note 5)	-	-	56,737	56,737	60,807
	-	-	145,204	145,204	214,023

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Grant funding of activities 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Provision of school services	14,829,303	94,926	1,557,936	16,482,165	15,423,021
Fundraising costs	-	-	138,561	138,561	-
Bursaries provided	836,911	-	21,229	858,140	832,520
Total 2019	15,666,214	94,926	1,717,726	17,478,866	16,255,541
Total 2018	14,652,340	200,628	1,402,573	16,255,541	

Grant funding relates to a grant paid from the School's linked charity, The Storrow Scott Trust, to the Royal Grammar School Educational Trust of £37,517 and from the School to the same charity of £57,409.

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9. Direct costs

	Provision of school services £	Bursaries provided £	Total 2019 £	Total 2018 £
Teachers' salaries	8,569,329	-	8,569,329	7,948,277
Teaching resources	746,893	-	746,893	575,329
Other educational costs	219,087	-	219,087	267,426
Other teaching staff costs	148,740	-	148,740	149,285
Premises costs - salary	653,592	-	653,592	577,777
Premises costs - maintenance	588,589	-	588,589	496,758
Premises costs - occupancy	770,678	-	770,678	741,245
Premises costs - insurance	129,981	-	129,981	184,689
Catering costs - staff salaries	245,933	-	245,933	281,585
Catering costs - food	400,384	-	400,384	366,421
Catering costs - kitchen overheads	99,074	-	99,074	92,919
Academic support expenditure - educational support salaries	750,005	-	750,005	680,507
Academic support expenditure - PE and sport	232,329	-	232,329	227,466
Academic support expenditure - clubs, school magazines and miscellaneous costs	41,833	-	41,833	35,355
Bursaries provided	-	836,911	836,911	815,168
Prizes and awards	9,504	-	9,504	10,182
Depreciation	1,223,352	-	1,223,352	1,201,951
	<u>14,829,303</u>	<u>836,911</u>	<u>15,666,214</u>	<u>14,652,340</u>
Total 2018	<u>13,837,172</u>	<u>815,168</u>	<u>14,652,340</u>	

10. Support costs

	Provision of school services £	Fundraising costs £	Bursaries provided £	Total 2019 £	Total 2018 £
Administration costs	945,248	138,561	21,229	1,105,038	965,119
Financial costs	483,686	-	-	483,686	272,867
Other central costs	104,729	-	-	104,729	161,049
Governance	24,273	-	-	24,273	27,637
	<u>1,557,936</u>	<u>138,561</u>	<u>21,229</u>	<u>1,717,726</u>	<u>1,426,672</u>
Total 2018	<u>1,385,221</u>	<u>24,099</u>	<u>17,352</u>	<u>1,426,672</u>	

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Year ended 31 July 2019

11. Net income/(expenditure)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	1,229,705	1,205,000
Bank interest payable on loans	399,144	223,505

During the year, no governors received any remuneration (2018: £nil). Expenses of £533 were reimbursed to 1 governor (2018: £229).

12. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor for the audit of the charitable company's annual accounts	7,500	7,500
Fees payable to the company's auditor in respect of:		
The auditing of accounts of associates of the company	4,500	4,500
All assurance services not included in the above	1,750	1,750
All other non-audit services not included above	1,250	1,250

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Notes to the financial statements Year ended 31 July 2019

13. Tangible fixed assets

Group	Land and buildings £	Motor vehicles £	Fixtures and fittings £	Trading subsidiary equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 August 2018	39,926,601	206,662	3,932,134	3,447	1,376,771	45,445,615
Additions	88,559	15,600	322,581	-	6,035,002	6,461,742
Disposals	-	(100,972)	(1,384,998)	-	(221,323)	(1,707,293)
At 31 July 2019	40,015,160	121,290	2,869,717	3,447	7,190,450	50,200,064
Depreciation						
At 1 August 2018	3,765,789	155,713	3,061,344	3,149	-	6,985,995
Charge for the year	712,259	22,835	494,313	298	-	1,229,705
On disposals	-	(100,972)	(1,384,998)	-	-	(1,485,970)
At 31 July 2019	4,478,048	77,576	2,170,659	3,447	-	6,729,730
Net book value						
At 31 July 2019	35,537,112	43,714	699,058	-	7,190,450	43,470,334
At 31 July 2018	36,160,812	50,949	870,790	298	1,376,771	38,459,620

Company	Land and buildings £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation					
At 1 August 2018	39,926,601	206,662	3,932,134	1,376,771	45,442,168
Additions	88,559	15,600	322,581	6,035,002	6,461,742
Disposals	-	(100,972)	(1,384,998)	(221,323)	(1,707,293)
At 31 July 2019	40,015,160	121,290	2,869,717	7,190,450	50,196,617
Depreciation					
At 1 August 2018	3,765,789	155,713	3,061,344	-	6,982,846
Charge for the year	712,259	22,835	494,313	-	1,229,407
On disposals	-	(100,972)	(1,384,998)	-	(1,485,970)
At 31 July 2019	4,478,048	77,576	2,170,659	-	6,726,283
Net book value					
At 31 July 2019	35,537,112	43,714	699,058	7,190,450	43,470,334
At 31 July 2018	36,160,812	50,949	870,790	1,376,771	38,459,322

The Newcastle upon Tyne Royal Grammar School

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Year ended 31 July 2019

13. Tangible fixed assets (continued)

Included in land and buildings is freehold land at valuation of £6,700,000 (2018: £6,700,000), cost unknown, which is not depreciated.

The freehold land and buildings were revalued by Storeys Edward Symmons, external Chartered Surveyors as at 16 April 2012 on a depreciated replacement cost basis of £29,000,000. Subsequent additions are included at cost.

At 31 July 2019, included within the net book value of land and buildings is £35,375,787 (2018: £36,147,707) relating to freehold land and buildings, £22,275 (2018: £24,236) relating to long term leasehold land and buildings and £21,292 (2018: £22,484) relating to short term leasehold land and buildings.

14. Investment property

Group and Company Valuation	Freehold investment property £
At 1 August 2018 and 31 July 2019	440,000

The Storrow Scott Charitable Will Trust owns the freehold property situated at 3 St Mary's Place, Newcastle upon Tyne. The property is valued at open market value and the formal valuation was undertaken on 1 March 2013 by Sanderson Weatherall, property advisors and asset valuers.

15. Fixed asset investments

Group	Listed securities £	Unlisted securities £	Total £
Market value			
At 1 August 2018	756,513	92,779	849,292
Additions	391,945	-	391,945
Disposals	(409,445)	-	(409,445)
Revaluations	47,449	10,379	57,828
At 31 July 2019	786,462	103,158	889,620

The Newcastle upon Tyne Royal Grammar School

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Notes to the financial statements Year ended 31 July 2019

15. Fixed asset investments (continued)

Company	Listed securities £	Unlisted securities £	Shares in group undertaking £	Total £
Market value				
At 1 August 2018	756,513	92,779	1	849,293
Additions	391,945	-	-	391,945
Disposals	(409,445)	-	-	(409,445)
Revaluations	47,449	10,379	-	57,828
At 31 July 2019	<u>786,462</u>	<u>103,158</u>	<u>1</u>	<u>889,621</u>

All investments are held or managed in the UK.

Unlisted securities are funds held with COIF Charity funds and with the City of Newcastle investment pool.

All investments are carried at their fair value. Investments in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value.

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Notes to the financial statements

Year ended 31 July 2019

16. Principal subsidiaries

RGS Trading Limited

Subsidiary name	RGS Trading Limited
Basis of control	100% owned
Total assets as at 31 July 2019	£ 29,570
Total liabilities as at 31 July 2019	£ (18,334)
Total equity as at 31 July 2019	£ 11,236
Turnover for the year ended 31 July 2019	£ 64,876
Expenditure for the year ended 31 July 2019	£ (56,737)
Profit for the year ended 31 July 2019	£ 8,139

17. Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Teaching and other stock	4,096	3,565	4,096	3,565
Kitchen	5,832	5,461	5,832	5,461
Goods for resale	3,186	2,212	-	-
Materials and chemicals	-	456	-	456
	13,114	11,694	9,928	9,482

18. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	138,942	104,945	138,942	104,945
Amounts owed by group undertakings	-	-	17,083	16,568
School field trip debtors	-	17,990	-	17,990
Other debtors	10,824	277,038	10,798	277,038
Prepayments and accrued income	188,391	173,027	188,391	172,550
Educational Trust debtor	-	5,520	-	5,520
	338,157	578,520	355,214	594,611

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Notes to the financial statements Year ended 31 July 2019

19. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	840,000	999,999	840,000	999,999
Trade creditors	850,242	307,674	850,242	307,675
Amounts owed to group undertakings	-	-	-	1,822
Other taxation and social security	230,353	218,003	230,353	216,504
School field trip creditors	148,718	161,171	148,718	161,171
Deposits repayable with one year	67,600	32,000	67,600	32,000
Fees received in advance	80,528	80,528	80,528	80,528
Pension creditor	178,890	-	178,890	-
Other creditors	104,670	193,543	104,670	193,543
Accruals and deferred income	823,197	894,957	821,945	893,607
	3,324,198	2,887,875	3,322,946	2,886,849

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	13,467,000	7,500,004	13,467,000	7,500,004
Fees received in advance	162,579	90,754	162,579	90,754
Other creditors	231,474	265,425	231,474	265,425
	13,861,053	7,856,183	13,861,053	7,856,183

Included within the above are amounts falling due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Between one and two years				
Bank loans	840,000	999,999	840,000	999,999
Between two and five years				
Bank loans	2,520,000	2,999,997	2,520,000	2,999,997
Over five years				
Bank loans	10,107,000	3,500,008	10,107,000	3,500,008

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Notes to the financial statements

Year ended 31 July 2019

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

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Repayable by instalments	10,107,000	3,500,008	10,107,000	3,500,008

The bank loans and overdrafts are secured by a first legal charge over the freehold land and buildings of the School. At 31 July 2019, bank loans, including amounts falling due within 1 year, comprise the following loans:

- £11.5million term loan, secured on the school freehold land and buildings, repayable by instalments over a 15 year term and bearing interest at market rates;

- £3.5million facility, secured on the school premises and repayable by instalments over 15 years and bearing interest at market rates.

Total bank borrowings represent 43.3% (2018 - 25.6%) of the value of the assets on which they are charged.

21. Financial instruments

	2019	2018
	£	£
Financial assets measured at fair value through income and expenditure	889,621	849,292
Financial assets measured at amortised cost	149,741	593,434
	1,039,362	1,442,726
Financial liabilities measured at amortised cost	16,962,658	9,919,388

Financial assets measured at fair value through income and expenditure are based upon market values and comprise listed and unlisted investments.

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and School field trip debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdrafts, School field trip creditors, deposits received, fees received in advance, deferred income and other creditors.

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Notes to the financial statements Year ended 31 July 2019

22. Statement of funds

Statement of funds - current year

	Balance at 1 August 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2019 £
Designated funds						
Bursary fund	4,000,000	-	(57,409)	57,409	-	4,000,000
Revaluation reserve	11,201,029	-	-	-	-	11,201,029
	<u>15,201,029</u>	<u>-</u>	<u>(57,409)</u>	<u>57,409</u>	<u>-</u>	<u>15,201,029</u>
General funds						
School general fund	17,338,030	17,426,418	(16,896,048)	(48,050)	-	17,820,350
RGS Trading	3,095	64,876	(56,737)	-	-	11,234
	<u>17,341,125</u>	<u>17,491,294</u>	<u>(16,952,785)</u>	<u>(48,050)</u>	<u>-</u>	<u>17,831,584</u>
Total Unrestricted funds	<u>32,542,154</u>	<u>17,491,294</u>	<u>(17,010,194)</u>	<u>9,359</u>	<u>-</u>	<u>33,032,613</u>
Endowment funds						
Prize Funds Charity	94,752	-	-	-	8,406	103,158
J R Howarth Bursary Funds	172,538	-	-	(9,359)	(10,556)	152,623
Peter Taylor Bursary Fund	96,434	-	-	-	(1,864)	94,570
The Storrow Scott Trust	934,927	-	-	-	44,342	979,269
	<u>1,298,651</u>	<u>-</u>	<u>-</u>	<u>(9,359)</u>	<u>40,328</u>	<u>1,329,620</u>
Restricted funds						
J R Howarth Bursary Funds	7,412	5,153	(13,164)	-	-	(599)
Peter Taylor Bursary Fund	9,589	3,058	-	-	-	12,647
School Bursary Fund	8,656	599,256	(559,849)	-	-	48,063
Cricket Fund	432	-	-	-	-	432
The Storrow Scott Trust	(2,157)	43,119	(37,517)	-	-	3,445
Prize Fund	-	3,346	(3,346)	-	-	-
	<u>23,932</u>	<u>653,932</u>	<u>(613,876)</u>	<u>-</u>	<u>-</u>	<u>63,988</u>
Total of funds	<u>33,864,737</u>	<u>18,145,226</u>	<u>(17,624,070)</u>	<u>-</u>	<u>40,328</u>	<u>34,426,221</u>

The Newcastle upon Tyne Royal Grammar School

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Notes to the financial statements

Year ended 31 July 2019

22. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2018 £
Designated funds						
Bursary fund	4,000,000	-	(150,000)	150,000	-	4,000,000
Revaluation reserve	11,201,029	-	-	-	-	11,201,029
	<u>15,201,029</u>	<u>-</u>	<u>(150,000)</u>	<u>150,000</u>	<u>-</u>	<u>15,201,029</u>
General funds						
School general fund	16,240,191	16,865,909	(15,618,070)	(150,000)	-	17,338,030
RGS Trading	3,127	60,775	(60,807)	-	-	3,095
Total Unrestricted funds	<u>31,444,347</u>	<u>16,926,684</u>	<u>(15,828,877)</u>	<u>-</u>	<u>-</u>	<u>32,542,154</u>
Endowment funds						
Prize Funds Charity	91,779	-	-	-	2,973	94,752
J R Howarth Bursary Funds	167,295	-	-	-	5,243	172,538
Peter Taylor Bursary Fund	93,500	-	-	-	2,934	96,434
The Storrow Scott Trust	905,323	-	-	-	29,604	934,927
	<u>1,257,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,754</u>	<u>1,298,651</u>
Restricted funds						
J R Howarth Bursary Funds	17,092	2,977	(12,657)	-	-	7,412
Peter Taylor Bursary Fund	4,405	5,184	-	-	-	9,589
School Bursary Fund	2,598	580,107	(574,049)	-	-	8,656
Cricket Fund	432	-	-	-	-	432
The Storrow Scott Trust Prize Fund	2,162	46,309	(50,628)	-	-	(2,157)
	-	3,353	(3,353)	-	-	-
	<u>26,689</u>	<u>637,930</u>	<u>(640,687)</u>	<u>-</u>	<u>-</u>	<u>23,932</u>
Total of funds	<u>32,728,933</u>	<u>17,564,614</u>	<u>(16,469,564)</u>	<u>-</u>	<u>40,754</u>	<u>33,864,737</u>

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22. Statement of funds (continued)

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

Unrestricted designated funds - Bursary fund

The bursary fund is to be used to provide fee assistance for pupils from lower income families who would not otherwise be able to attend the school.

Unrestricted general funds

Unrestricted general funds may be used for any of the charitable objects of the charitable company. The transfer from the revaluation reserve to the school general fund is in respect of the additional depreciation charged against revalued assets, compared to the charge that would arise had the assets not been revalued.

ENDOWMENT FUNDS

Endowment funds are all permanent.

J R Howarth Bursary Fund - 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 Peter Taylor Bursary 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 6th form of the RGS, who, for financial reasons, might not otherwise be able to attend the school.

The Prize Funds Charity - This 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 control of the school.

The Storrow Scott Trust - This is described below within the information on linked charities.

RESTRICTED FUNDS

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;
- A donation to be expended on the cricket equipment and facilities;

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Notes to the financial statements

Year ended 31 July 2019

22. Statement of funds (continued)

LINKED CHARITIES

The charitable company is the trustee of, or is required to manage, the following two charities which have been linked by the Charity Commission for administration and reporting purposes:

The Newcastle upon Tyne Royal Grammar School Property Trust

The Newcastle upon Tyne Royal Grammar School Property Trust is the charity under which the school operated prior to the incorporation of the school under a charity commission scheme in 2006. The object of the charity is to advance education by the provision of a school in or near the city of Newcastle upon Tyne and by ancillary or incidental educational activities and other associated activities for the benefit of the community.

Under the 2006 Scheme of the Property Trust retains the school's permanent endowments. Land and buildings must be managed by the charitable company in accordance with the objects of this charity and various prize funds held by the charity must be managed by the charitable company in accordance with their trusts.

The Storrow Scott Charitable Will Trust

The Storrow Scott Charitable Will Trust represents the capital and unapplied income of The Storrow Scott Charitable Will Trust which was established by the Will of W J S Scott who died on 10 May 1989. The school became the sole Trustee of the Trust under a Charity Commission Order dated 18 August 2014 at the request of the retiring Trustees. The Charity Commission has linked The Storrow Scott Charitable Will Trust to the school for administration and reporting purposes. Accordingly, the Charitable Will Trust's capital is reported as an endowment fund of the school and the income is restricted income of the school to be applied as stated below.

Under the terms of the Will of W J S Scott ("the Will") the Trust Fund as defined in the Will was held for the benefit of Northumberland County Cricket Club in the event of various conditions being satisfied.

By a Deed of Variation dated 1 October 2007 and confirmed by the Charity Commission with effect from 29 October 2007 the Central Register of Charities was amended to reflect the terms of the Deed of Variation. Following the 2014 Charity Commission Order the Will and Deed of Variation now determine the Objects of The Storrow Scott Charitable Will Trust Endowment and Restricted Funds.

The Endowment Fund

The principal object of The Storrow Scott Charitable Will Trust Endowment Fund is for the fund to be used either to enlarge the existing cricket ground at Osborne Avenue, Jesmond, Newcastle upon Tyne by acquiring part of the adjoining cemetery land or to create an entirely new playing field on the adjoining cemetery land and for cricket and if possible hockey to be placed there on grass.

The capital of The Endowment Fund is now to be held at the discretion of the Trustees subject to various conditions being satisfied for the benefit of one of a number of possible beneficiaries each of which must be a charity as defined by the Charities Act 2006. The beneficiaries include The Newcastle upon Tyne Royal Grammar School, The National Playing Fields Association and the Northumberland Playing Fields Association.

However if residential, commercial or other buildings are built on the adjoining cemetery land making it impossible for the condition of the Trust Deed to be satisfied and for the principal object of the Charity to be achieved the capital of the Endowment Fund is to be held for the benefit of the Northumberland Playing Fields Association, failing them the National Playing Fields Association, failing them then for such a similar Charity or Charities as the Trustees in its discretion shall select in the hope that it will be used for the development and promotion of hockey in Northumberland.

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22. Statement of funds (continued)

The Restricted Fund

Until such time as the conditions are satisfied the income from the Endowment Fund is restricted to be payable to such registered charities as the Trustee shall in its absolute discretion from time to time determine with preference being given to those based in the North of England. Such income is received into the Storrow Scott Charitable Will Trust Restricted Fund in order that it will be separately identified from the school's other funds. In the Deed of Retirement and indemnity it was acknowledged that the school may indirectly benefit from the application of the income of the Endowment to be applied to The Royal Grammar School Educational Trust for the benefit of the Newcastle upon Tyne Royal Grammar School bursary fund (payments to benefit such bursary fund being a preference expressed by the retiring trustees, Mr Scott having been a pupil at the school).

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Year ended 31 July 2019

22. Statement of funds (continued)

Summary of funds - current year

	Balance at 1 August 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2019 £
Designated funds	15,201,029	-	(57,409)	57,409	-	15,201,029
General funds	17,341,125	17,491,294	(16,952,785)	(48,050)	-	17,831,584
	<u>32,542,154</u>	<u>17,491,294</u>	<u>(17,010,194)</u>	<u>9,359</u>	<u>-</u>	<u>33,032,613</u>
Endowment funds	1,298,651	-	-	(9,359)	40,328	1,329,620
Restricted funds	23,932	653,932	(613,876)	-	-	63,988
	<u>33,864,737</u>	<u>18,145,226</u>	<u>(17,624,070)</u>	<u>-</u>	<u>40,328</u>	<u>34,426,221</u>

Summary of funds - prior year

	Balance at 1 August 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2018 £
Designated funds	15,201,029	-	(150,000)	150,000	-	15,201,029
General funds	16,243,318	16,926,684	(15,678,877)	(150,000)	-	17,341,125
	<u>31,444,347</u>	<u>16,926,684</u>	<u>(15,828,877)</u>	<u>-</u>	<u>-</u>	<u>32,542,154</u>
Endowment funds	1,257,897	-	-	-	40,754	1,298,651
Restricted funds	26,689	637,930	(640,687)	-	-	23,932
	<u>32,728,933</u>	<u>17,564,614</u>	<u>(16,469,564)</u>	<u>-</u>	<u>40,754</u>	<u>33,864,737</u>

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23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Endowment funds 2019 £	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	43,470,334	43,470,334
Fixed asset investments	889,620	-	-	889,620
Investment property	440,000	-	-	440,000
Current assets	-	63,988	6,747,530	6,811,518
Creditors due within one year	-	-	(3,324,198)	(3,324,198)
Creditors due in more than one year	-	-	(13,861,053)	(13,861,053)
	<u>1,329,620</u>	<u>63,988</u>	<u>33,032,613</u>	<u>34,426,221</u>

Analysis of net assets between funds - prior year

	Endowment funds 2018 £	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	38,459,621	38,459,621
Fixed asset investments	849,292	-	-	849,292
Investment property	440,000	-	-	440,000
Current assets	9,359	23,932	4,826,591	4,859,882
Creditors due within one year	-	-	(2,887,875)	(2,887,875)
Creditors due in more than one year	-	-	(7,856,183)	(7,856,183)
	<u>1,298,651</u>	<u>23,932</u>	<u>32,542,154</u>	<u>33,864,737</u>

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Year ended 31 July 2019

24. Reconciliation of net movement in funds to net cash flow from operating activities

	Group	
	2019	2018
	£	£
Net income for the year (as per Statement of Financial Activities)	561,484	1,135,804
Adjustment for:		
Depreciation charges	1,229,705	1,205,000
Interest paid	399,144	223,505
Loss/(gain) on investments	(40,328)	(40,754)
Dividends, interest and rents from investments	(65,085)	(71,487)
(Increase)/decrease in stocks	(1,420)	885
Decrease/(increase) in debtors	240,363	(319,126)
Increase in creditors	634,196	319,197
Loss/(gain) on disposal of tangible fixed assets	(2,500)	(3,400)
Net cash provided by operating activities	2,955,559	2,449,624

25. Analysis of cash and cash equivalents

	Group	
	2019	2018
	£	£
Cash in hand	6,460,247	4,269,669
Total	6,460,247	4,269,669

26. Capital commitments

At 31 July 2019 the group and company had capital commitments as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Contracted for but not provided in these financial statements	4,125,191	-	4,125,191	-

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27. Operating lease commitments

At 31 July 2019 the total of the group's future minimum lease payments under non-cancellable operating leases was:

Group	2019 £	2018 £
Amounts payable:		
Within 1 year	17,292	21,364
Between 1 and 5 years	66,660	66,660
After more than 5 years	252,467	269,132
Total	<u>336,419</u>	<u>357,156</u>

At 31 July 2019 the company had annual commitments under non-cancellable operating leases as follows:

Company

Amounts payable:

Within 1 year	17,292	21,364
Between 1 and 5 years	66,660	66,660
After more than 5 years	252,467	269,132
Total	<u>336,419</u>	<u>357,156</u>

28. Related party transactions

Some Governors are also trustees of 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 costs totalling £109,692 (2018: £52,274). The contribution towards bursaries by the Trust this year amounted to £597,106 (2018: £580,107). The school made a donation to the Trust during the year of £57,409 (2018: £150,000), to be invested to provide future bursaries.

The Storrow Scott Charitable Will Trust, a charity controlled by the School, applies its income to the RGS Educational Trust. Grants paid or payable from the charity to the Educational Trust in the year amount to £37,517 (2018: £50,628).

As at the balance sheet date £nil (2018: £5,220) is included within debtors in respect of accountancy and audit fees and prizes paid by the school on behalf of the Trust.

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29. Pupils and employee details

	2019 £	2018 £
Staff costs		
Wages and salaries	8,730,182	8,159,808
Social security costs	899,665	850,529
Pension contributions	1,225,327	1,164,284
Total	10,855,174	10,174,621

The number of employees receiving remuneration of more than £60,000 per annum is as follows:	2019 No.	2018 No.
£60,001 - £70,000	9	7
£70,001 - £80,000	5	4
£90,001 - £100,000	1	2
£100,001 - £110,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
Total	17	14

During the year it was noted that the banding disclosures in the 2018 financial statements were incorrectly calculated and consequently the comparative figures have been restated in these financial statements.

Key management personnel has been determined to be the Governors and the 9 (2018 - 7) members of the senior management team. Governors received no remuneration of benefits, The total remuneration of the senior management team excluding employers national insurance costs was £901,900 (2018 - £713,415).

Staff numbers	2019 Head count No.	2019 FTE No.	2018 Head count No.	2018 FTE No.
Teachers:	-	-	-	-
- Senior school	118	111	115	109
- Junior school	18	17	17	17
Academic support	39	29	35	22
Property management	33	24	31	25
Clerical and administrative	26	23	25	23
Catering	19	12	19	15
Total	253	216	242	211

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Pupil numbers at 31 July 2019

	2019 No.	2018 No.
Senior School		
- full fees	981	982
- receiving bursaries	66	71
	<u>1,047</u>	<u>1,053</u>
Junior School		
- full fees	260	250
- receiving bursaries	6	6
	<u>266</u>	<u>256</u>
Total	<u><u>1,313</u></u>	<u><u>1,309</u></u>

30. 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 Support Staff Pension Plan.

The pension costs included in these financial statements comprise:	2019 £	2018 £
Teachers' Pension Scheme	1,046,515	1,003,132
RGS Support Staff Pension Plan	178,812	161,152
Total	<u><u>1,225,327</u></u>	<u><u>1,164,284</u></u>

Pensions payable to the pension scheme included within creditors at the year end (including employees' contributions) is £178,890 (2018 - £nil).

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Teachers' Pension Scheme

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

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

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

The RGS Support Staff Pension

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