

Charity number: 508285

**The Royal Grammar School  
Educational Trust**

**Annual report**

**31 July 2020**

# The Royal Grammar School Educational Trust

## Contents

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	Page
Reference and administrative details	1
Trustees' report	2
Trustees' responsibilities statement	7
Independent auditor's report on the financial statements	8 - 10
Statement of financial activities	11
Balance sheet	12
Statement of cash flows	13
Notes to the financial statements	14 - 27

# The Royal Grammar School Educational Trust

## Reference and administrative details Year ended 31 July 2020

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<b>Trustees</b>	Mr M Squires, Chair (co-opted) Mrs J Drummond (Chair of the Board of Governors of the Royal Grammar School) Mr J Fern, (appointed by the Governors of the Royal Grammar School) (resigned 29 November 2019) Mrs K Harman (President of Old Novocastrians' Association) Mr J Marks (co-opted) Mr N Paton (co-opted) Mr G Stanford (appointed by the Governors of the Royal Grammar School) (appointed 6 May 2020)
<b>Charity registered number</b>	508285
<b>Principal office</b>	Eskdale Terrace Jesmond NE2 4DX
<b>Secretary to the Trust</b>	Dr M Pitkethly
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St. James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Bank of Scotland Time Central Newcastle upon Tyne NE1 4SR  Barclays Bank plc PO Box 379 71 Grey Street Newcastle upon Tyne NE99 1JA
<b>Investment advisors</b>	Brewin Dolphin Limited Time Central Gallowgate Newcastle upon Tyne NE1 4SR  CCLA Senator House 85 Queen Victoria Street London EC4V 4ET

# **The Royal Grammar School Educational Trust**

## **Trustees' report Year ended 31 July 2020**

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The trustees present their annual report together with the audited financial statements of The Royal Grammar School Educational Trust for the year ended 31 July 2020.

### **Objectives and activities**

#### **Policies and objectives**

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the charity commission relating to public benefit.

The primary objects, and the aims of the charity, are:

- a) the advancement generally of education and in particular at the Newcastle upon Tyne Royal Grammar School (the School) or through the medium of the School; and
- b) the furtherance of the education of or the relief of poverty among persons who are or intend or desire to become or who have been, pupils at the School or who are members of staff at the School.

The trustees have adopted appropriate policies with regard to its operations (for example in the areas of Risk Management and Data Protection).

#### **Strategies for achieving objectives**

The main strategy for generating funds is through the Bursary Campaign, overseen by a Steering Committee. The key strategy for allocation of funds is that any young person capable of benefiting from education at RGS should be able to do so, regardless of his or her family's financial circumstances.

#### **Activities for achieving objectives**

The main activities related to generating funds are the seeking of donations from corporate organisations, charitable trusts and individual donors as part of a structured programme, and the management of the trust's investments. The main activity relating to the allocation of funds is the allocation by trustees of means tested financial assistance to pupils, and the monitoring of these pupils' progress.

#### **Grant making policies**

In accordance with the trust deed, the trustees, at their discretion, receive from the Governors of the School, on an annual basis, a report on how best the objectives of the charity can be implemented in relation to the specific needs of the Royal Grammar School.

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

The Trust achieves its purposes for the public benefit through the provision of means tested financial assistance for pupils who benefit from but would not be able to afford the education offered through the Newcastle upon Tyne Royal Grammar School.

# The Royal Grammar School Educational Trust

## Trustees' report (continued) Year ended 31 July 2020

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### Achievements and performance

#### Review of activities

The Trust continued to make a major contribution in support of the Royal Grammar School's passionate and effective commitment to providing means tested bursaries to pupils from less affluent homes. Seventy-six RGS students were in receipt of bursaries during the school year at a total cost to the school of £896,699, of which £665,575 was contributed by the Bursary Campaign and other funds controlled by the Trust. The trustees continue to recognise their critical role in sustaining and hopefully increasing this level of support for the provision of bursaries. RGS bursaries are strictly means-tested and parents of bursary holders contribute on a sliding scale according to their family income. The average level of fee help during the year was 93% of fees, indicating that the majority came from homes with low family incomes. Sixty students received bursaries of between 90% to 100% of school fees, indicating that their family incomes will have been somewhat below £30,500 per annum.

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.

The Development Office, which was established last year, has been strengthened with the addition of a support officer bringing the number of staff in the Development Office to three. In the FY19/20 the Bursary Campaign had a reasonable year, raising a total income of £353,532. The climate for fundraising was severely impacted on by the Covid-19 pandemic in the second half of the year, but the generosity of parents gave a significant boost to donations in response to an appeal in the summer.

With the approval of both the trustees of the RGS Educational Trust and the Governors of the Royal Grammar School, the trustees are responsible for the management and allocation of funds raised by the means of the RGS Bursary Campaign. Both trustees and the RGS Governors approved criteria for the assessment of applications for financial assistance. The trustees established a sub-committee to undertake a fundamental examination of the investment management of the Trust's funds. The review looked at both active and passive fund managers. After extensive research it was decided that a pooled charity fund was the best option for the Trust and three fund managers were invited to tender for the management of the Trust's investment portfolio. Following a rigorous tender process CCLA were selected to be the Trust's investment manager. The process of transferring the investments from Brewin Dolphin to CCLA was initiated but due to the high volatility in the markets as a result of the Covid-19 pandemic transfer of the funds was delayed until market volatility had subsided. The transfer of funds was undertaken in July and August 2020 in three tranches to minimise any out of market risk.

#### Investment policy and performance

Investment activity has been delegated to the investment advisors, who consider the income requirements of the Charity, risk profile and their view of market prospects of the investment portfolio. The performance of the investments is monitored by the trustees with a view to maintaining an appropriate balance between income and growth.

The charity pools its investments in all its unrestricted and restricted funds in order to reduce transaction charges. Investment values are allocated to the appropriate fund in accordance with the relevant percentages of investments held. The Statement of Investment Principles was reviewed by the trustees and updated during the year.

The total return on the investment portfolios (capital growth with income received) for the year to 31 July 2020 was for the Pooled General Investments Fund 0.3% (2019: +8.6%) and for the Brian Ritchie Fund 2.3% (2019: +6.2%).

This compares with a total return for the Brewin Dolphin's Risk Category 6 Benchmark Index of -2.9% (2019: +5.9%).

# The Royal Grammar School Educational Trust

## Trustees' report (continued) Year ended 31 July 2020

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### Financial review

#### Going concern

The Trust holds substantial investment assets, but maintains sufficient cash reserves to allow it to meet its ongoing commitments. Consequently the trustees have a reasonable expectation that the charity 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.

#### Principal risks and uncertainties

The principal risks and uncertainties to the charity lie in the unpredictable nature of donations receivable and investment gains. The charity mitigates against these risks by utilising a fundraising team within the RGS to promote the Trust and raise funds for the Trust, which will be further strengthened, and uses professional investment managers to manage the investments within clear guidelines from the trustees to provide a sensible balance between risk and returns. This year the impact of the Covid-19 pandemic has raised the level of uncertainty in both the charitable donations and investment portfolio. It is expected that this uncertainty will continue into the next financial year and the Trust will be assessing the risks on a more regular basis than under normal circumstances.

#### Reserves policy

It is currently the policy of the trustees to use the income generated from fundraising activities and investments to advance the objects of the Charity. While the trustees make no commitment to maintain the payments for so long as the recipient requires assistance they aim to maintain reserves sufficient to ensure that having once awarded a bursary, the Charity can continue to do so for so long as is required during the pupil's education at the RGS subject to satisfactory conduct, effort and progress. The Bursary Campaign actively seeks to raise funds for the long term provision of additional bursaries.

Total reserves at the year end amount to £4,840,312. Of this, £393,984 is restricted for payment of bursaries towards specific activities and £4,198,444 is unrestricted. Of these unrestricted funds, £1,020,652 is designated also for payment of bursaries in future periods.

#### Principal funding

The Bursary Campaign provides the principal source of funding although other sources are also actively pursued.

#### Material investments policy

Investments are to be held within several classes by investment advisers, with the majority of investments being held within Overseas and UK equities. Investment managers are expected to select a number of individual securities within this and other asset classes to further diversify risk.

# The Royal Grammar School Educational Trust

## Trustees' report (continued) Year ended 31 July 2020

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### Structure, governance and management

#### Constitution

The Charity is constituted under a Declaration of Trust dated 9 November 1978, and is governed in accordance with this deed.

#### Method of appointment or election of trustees

The trustees who have served during the year and since the year end are set out on page 1. One trustee is appointed by the University of Newcastle upon Tyne and two by the Governors of the Royal Grammar School plus the Chairman of Governors who serves as an ex officio member. Other trustees are appointed by the Board of trustees. The trust deed requires that no more than three Governors of the school or two Governors and the headmaster may serve as trustees at any one time.

#### Policies adopted for the induction and training of trustees

Trustees make arrangements for induction and training of new trustees.

#### Organisational structure and decision making

The Charity is an unincorporated trust and a registered charity. The trust deed requires that there shall be a minimum of four and a maximum of seven trustees who serve for a period of five years.

The trustees meet at least annually to agree the broad strategy and areas of activity for the Charity, including consideration of grant making, investment, reserve and risk management policies and performance. The day to day running of the Charity is delegated to the Secretary to the Trust.

#### Related party relationships

The Charity shares certain trustees with the Newcastle upon Tyne Royal Grammar School, a registered charity. The school's administrative staff provide assistance with the Charity's record keeping at no charge to the Charity. The Charity grants income towards bursaries paid by the school for some pupils of the school. The grant made towards the school's bursaries in the year amounted to £665,575 (2019: £587,886).

#### Risk management

The Trustees monitor the major strategic, business and operational risks which the Charity faces and confirm that systems have been established to enable regular reports to be produced to the trustees' meetings so that the necessary steps can be taken to mitigate these risks. This year particular attention has been made to monitoring the risks arising from the impact of the Covid-19 pandemic and taking appropriate actions to mitigate these exceptional risks. It is recognised that a return to normal pre-Covid economic activity is likely to take a number of years and this will have a potential impact on investment returns and fundraising success.

# The Royal Grammar School Educational Trust

## Trustees' report (continued) Year ended 31 July 2020

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### Future developments

19/20 was certainly a more challenging year for fundraising, raising £693,595 (2019: £1,364,591). While 2019 saw us secure some exceptional, one off gifts, 2020 saw fewer of these major gifts, as well as a number of fundraising activities having to be postponed due to the Covid-19 related lockdown. Despite the decrease in fundraising performance for the year, the Trust still remains committed to its long term commitment to increase the number of transformational bursary places in the school, and to continue to invest in fundraising in order to achieve this. During 19/20, a number of important activities took place to lay the foundations for future fundraising, including increased engagement with the Old Novocastrians' community, and increased raising of awareness and funds amongst parents. Specifically, the Covid-19 Hardship appeal generated over 100 new donors. A new Chairman of the Bursary Campaign Committee was also appointed in the year, which will add even more focus, energy, and crucially new contacts, to our fundraising effort.

This report was approved by the trustees on 24 March 2021 and signed on their behalf by:



**Mr M Squires**  
(Chair of Trustees)

# The Royal Grammar School Educational Trust

## Statement of trustees' responsibilities Year ended 31 July 2020

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The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 24 March 2021 and signed on its behalf by:



**Mr M Squires, Chair (co-opted)**  
(Chair of Trustees)



## Independent Auditor's Report to the Members of The Royal Grammar School Educational Trust

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### Opinion

We have audited the financial statements of The Royal Grammar School Educational Trust (the 'charity') for the year ended 31 July 2020 which comprise the statement of financial activities, the income and expenditure account, the balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## Independent Auditor's Report to the Members of The Royal Grammar School Educational Trust (continued)

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### Other information

The trustees 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report to the Members of The Royal Grammar School Educational Trust (continued)

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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](http://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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, 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

24 March 2021

UNW LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

# The Royal Grammar School Educational Trust

## Statement of financial activities Year ended 31 July 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income and endowments from:</b>						
Donations and legacies	3	693,595	-	-	693,595	1,364,591
Investments	4	103,598	17,838	-	121,436	119,090
<b>Total income and endowments</b>		<b>797,193</b>	<b>17,838</b>	<b>-</b>	<b>815,031</b>	<b>1,483,681</b>
<b>Expenditure on:</b>						
Raising funds	5	24,265	2,220	1,530	28,015	28,116
Charitable activities	6	571,280	97,125	-	668,405	591,981
<b>Total expenditure</b>		<b>595,545</b>	<b>99,345</b>	<b>1,530</b>	<b>696,420</b>	<b>620,097</b>
Net (losses)/gains on investments		(232,056)	(21,532)	(11,356)	(264,944)	157,700
<b>Net expenditure</b>		<b>(30,408)</b>	<b>(103,039)</b>	<b>(12,886)</b>	<b>(146,333)</b>	<b>1,021,284</b>
Transfers between funds	11	177,993	(184,040)	6,047	-	-
<b>Net movement in funds</b>		<b>147,585</b>	<b>(287,079)</b>	<b>(6,839)</b>	<b>(146,333)</b>	<b>1,021,284</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		4,050,859	681,063	254,723	4,986,645	3,965,361
Net movement in funds		147,585	(287,079)	(6,839)	(146,333)	1,021,284
<b>Total funds carried forward</b>		<b>4,198,444</b>	<b>393,984</b>	<b>247,884</b>	<b>4,840,312</b>	<b>4,986,645</b>

The notes on pages 14 to 27 form part of these financial statements.

# The Royal Grammar School Educational Trust

## Balance sheet At 31 July 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	8	4,178,006	4,324,282
		<u>4,178,006</u>	<u>4,324,282</u>
<b>Current assets</b>			
Debtors	9	333,868	61,748
Cash at bank and in hand		331,838	604,616
		<u>665,706</u>	<u>666,364</u>
Creditors: amounts falling due within one year	10	(3,400)	(4,001)
		<u>662,306</u>	<u>662,363</u>
<b>Net current assets</b>		<u>662,306</u>	<u>662,363</u>
<b>Total assets less current liabilities</b>		<u>4,840,312</u>	<u>4,986,645</u>
<b>Total net assets</b>		<u><u>4,840,312</u></u>	<u><u>4,986,645</u></u>
<b>Charity funds</b>			
Endowment funds	11	247,884	254,723
Restricted funds	11	393,984	681,063
Unrestricted funds	11	4,198,444	4,050,859
		<u>4,840,312</u>	<u>4,986,645</u>
<b>Total funds</b>		<u><u>4,840,312</u></u>	<u><u>4,986,645</u></u>

The financial statements were approved and authorised for issue by the trustees on 24 March 2021 and signed on their behalf by:



Mr M Squires, Chair (co-opted)

The notes on pages 14 to 27 form part of these financial statements.

# The Royal Grammar School Educational Trust

## Statement of cash flows Year ended 31 July 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	(275,546)	830,095
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	121,436	119,090
Proceeds from sale of investments	2,841,046	692,567
Purchase of investments	(2,959,714)	(1,291,210)
<b>Net cash provided by/(used in) investing activities</b>	<b>2,768</b>	<b>(479,553)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(272,778)</b>	<b>350,542</b>
Cash and cash equivalents at the beginning of the year	604,616	254,074
<b>Cash and cash equivalents at the end of the year</b>	<b>331,838</b>	<b>604,616</b>

The notes on pages 14 to 27 form part of these financial statements

# The Royal Grammar School Educational Trust

## Notes to the financial statements

Year ended 31 July 2020

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Royal Grammar School Educational Trust 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 accounts are presented in pounds sterling and are rounded to the nearest £1.

#### 1.2 Going concern

The trustees have considered the impact of Covid-19 on the charity in respect of its potential impact on investment returns. The Trust holds substantial investment assets, but maintains sufficient cash reserves to allow it to meet its ongoing commitments. Consequently the trustees have a reasonable expectation that the charity 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.

#### 1.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the charity has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the charity, can be reliably measured.

Grants from charitable trusts are recognised immediately as income when they fulfil the income recognition criteria provided by the Charity Commission SORP. Where a grant has been pledged by a charitable trust for several years, all of the grant is recognised in the year in which the pledge is made, regardless of the timing of payments.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

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### 1. Accounting policies (continued)

#### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All 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 resources.

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

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 company and compliance with constitutional and statutory requirements.

All expenditure is inclusive of irrecoverable VAT.

#### 1.5 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

#### 1.6 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.

#### 1.7 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.

#### 1.8 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 charity 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 Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

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### 1. Accounting policies (continued)

#### 1.9 Financial instruments

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

#### 1.10 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the trustees 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 charity 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.

Investment income, gains and losses are allocated to the appropriate fund.

### 2. 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.

In preparing these financial statements the trustees do not consider there were any other estimates or significant areas of judgement that were required in applying the company's accounting policies as set out above.

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 3. Income from donations and legacies

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Charitable trusts	8,500	-	8,500
Legacies	-	-	-
The Newcastle upon Tyne Royal Grammar School	284,259	-	284,259
Individuals	400,836	-	400,836
	<u>693,595</u>	<u>-</u>	<u>693,595</u>

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Charitable trusts	666,692	-	666,692
Legacies	355,000	-	355,000
The Newcastle upon Tyne Royal Grammar School	-	57,409	57,409
Individuals	24,291	261,199	285,490
	<u>1,045,983</u>	<u>318,608</u>	<u>1,364,591</u>

### 4. Investment income

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Income from listed investments	<u>103,598</u>	<u>17,838</u>	<u>121,436</u>

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Income from listed investments	<u>100,015</u>	<u>19,075</u>	<u>119,090</u>

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 5. Investment management costs

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Fees	24,265	2,220	1,530	<b>28,015</b>
	<u>24,265</u>	<u>2,220</u>	<u>1,530</u>	<u>28,015</u>
	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Fees	23,684	2,787	1,645	28,116
	<u>23,684</u>	<u>2,787</u>	<u>1,645</u>	<u>28,116</u>

### 6. Analysis of expenditure on charitable activities

#### Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Charitable activities	571,280	97,125	<b>668,405</b>
	<u>571,280</u>	<u>97,125</u>	<u>668,405</u>
	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Charitable activities	566,311	25,670	591,981
	<u>566,311</u>	<u>25,670</u>	<u>591,981</u>

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 7. Analysis of expenditure by activities

	Direct costs 2020 £	Support costs 2020 £	Total funds 2020 £
Grants awarded	665,575	2,830	668,405

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £
Grants awarded	587,886	4,095	591,981

### Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Auditor's remuneration	2,700	4,000
Bank charges	130	95
	<u>2,830</u>	<u>4,095</u>

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 8. Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 August 2019	4,324,282	-	4,324,282
Additions	167,714	2,792,000	2,959,714
Disposals	(3,013,657)	-	(3,013,657)
Revaluations	(39,620)	(52,713)	(92,333)
<b>At 31 July 2020</b>	<b>1,438,719</b>	<b>2,739,287</b>	<b>4,178,006</b>
<b>Net book value</b>			
<b>At 31 July 2020</b>	<b>1,438,719</b>	<b>2,739,287</b>	<b>4,178,006</b>
At 31 July 2019	4,324,282	-	4,324,282

### 9. Debtors

	2020 £	2019 £
<b>Due within one year</b>		
Other debtors	333,868	57,409
Prepayments and accrued income	-	4,339
	<b>333,868</b>	<b>61,748</b>

### 10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Accruals and deferred income	3,400	4,001

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 11. Statement of funds

#### Statement of funds - current year

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2020 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
John Cockburn Macdonald Memorial Fund	71,186	1,861	(436)	-	(4,175)	68,436
Stemson Fund	49,603	1,297	(304)	-	(2,909)	47,687
Bursary Campaign Fund	1,248,747	32,654	(576,098)	-	(73,230)	632,073
Wolfson Foundation Bursary Fund	283,400	7,411	(1,736)	-	(16,619)	272,456
	<u>1,652,936</u>	<u>43,223</u>	<u>(578,574)</u>	<u>-</u>	<u>(96,933)</u>	<u>1,020,652</u>
<b>General funds</b>						
General Fund	2,397,923	753,970	(16,971)	177,993	(135,123)	3,177,792
<b>Total Unrestricted funds</b>	<u>4,050,859</u>	<u>797,193</u>	<u>(595,545)</u>	<u>177,993</u>	<u>(232,056)</u>	<u>4,198,444</u>
<b>Endowment funds</b>						
Ritichie Fund	254,723	-	(1,530)	6,047	(11,356)	247,884
<b>Restricted funds</b>						
Red Box Fund	367	10	(2)	-	(22)	353
Stokoe Fund	13,017	340	(13,955)	-	(773)	(1,371)
Coomblea Trust	9,264	242	(57)	-	(550)	8,899
Reece Foundation	302,088	7,899	(43,475)	(177,993)	(17,946)	70,573
Ratcliff Fund	2,265	59	(14)	-	(135)	2,175
Ritchie Fund	22,887	6,643	(14,015)	(6,047)	(1,360)	8,108
Kenneth Halton Imison Fund	11,679	305	(72)	-	(694)	11,218
Dr Carr Fund	888	23	(5)	-	(52)	854

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 11. Statement of funds (continued)

#### Statement of funds - current year (continued)

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2020 £
Advani Fund	207,476	1,508	(13,875)	-	-	195,109
Flagstone Fund	111,132	809	(13,875)	-	-	98,066
	<u>681,063</u>	<u>17,838</u>	<u>(99,345)</u>	<u>(184,040)</u>	<u>(21,532)</u>	<u>393,984</u>
<b>Total of funds</b>	<u><u>4,986,645</u></u>	<u><u>815,031</u></u>	<u><u>(696,420)</u></u>	<u><u>-</u></u>	<u><u>(264,944)</u></u>	<u><u>4,840,312</u></u>

During the year the Reece Foundation fund was reviewed and it was agreed with the funder that the accumulated gains on funds invested could be transferred to unrestricted funds, with only the remaining value of the original gift remaining as a restricted fund for future bursaries.

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 11. Statement of funds (continued)

#### Statement of funds - prior year

	Balance at 1 August 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2019 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
John Cockburn Macdonald Memorial Fund	78,424	2,647	(13,791)	-	3,906	71,186
Stemson Fund	58,357	1,970	(13,630)	-	2,906	49,603
Bursary Campaign Fund	711,988	1,012,607	(511,307)	-	35,459	1,248,747
Wolfson Foundation Bursary Fund	287,967	9,720	(28,630)	-	14,343	283,400
	<u>1,136,736</u>	<u>1,026,944</u>	<u>(567,358)</u>	<u>-</u>	<u>56,614</u>	<u>1,652,936</u>
<b>General funds</b>						
General Fund	<u>2,223,715</u>	<u>119,054</u>	<u>(22,637)</u>	<u>-</u>	<u>77,791</u>	<u>2,397,923</u>
<b>Total Unrestricted funds</b>	<u>3,360,451</u>	<u>1,145,998</u>	<u>(589,995)</u>	<u>-</u>	<u>134,405</u>	<u>4,050,859</u>
<b>Endowment funds</b>						
Ritchie Fund	<u>256,291</u>	<u>-</u>	<u>(1,645)</u>	<u>(5,856)</u>	<u>5,933</u>	<u>254,723</u>
<b>Restricted funds</b>						
Red Box Fund	341	12	(3)	-	17	367
Stokoe Fund	23,730	801	(12,696)	-	1,182	13,017
Coomblea Trust	8,613	291	(69)	-	429	9,264
Reece Foundation	280,866	9,480	(2,245)	-	13,987	302,088
Ratcliff Fund	2,106	71	(17)	-	105	2,265
Ritchie Fund	21,278	8,026	(13,333)	5,856	1,060	22,887
Kenneth Halton Imison Fund	10,858	367	(87)	-	541	11,679

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 11. Statement of funds (continued)

#### Statement of funds - prior year (continued)

	Balance at 1 August 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2019 £
Dr Carr Fund	827	27	(7)	-	41	888
Advani Fund	-	207,476	-	-	-	207,476
Flagstone Fund	-	111,132	-	-	-	111,132
	<u>348,619</u>	<u>337,683</u>	<u>(28,457)</u>	<u>5,856</u>	<u>17,362</u>	<u>681,063</u>
<b>Total of funds</b>	<u><u>3,965,361</u></u>	<u><u>1,483,681</u></u>	<u><u>(620,097)</u></u>	<u><u>-</u></u>	<u><u>157,700</u></u>	<u><u>4,986,645</u></u>

# The Royal Grammar School Educational Trust

## Notes to the financial statements

Year ended 31 July 2020

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The designated funds relate to donations which the trustees wish to record separately in recognition of the generosity of the original gifts. Should a donor specify that their donation was to be used for a particular purpose which is more specific than the general objects of the charity then the donation would be placed into restricted funds.

The Ritchie Endowment Fund is to fund one bursary up to 100% of fees in perpetuity in any subject and at any level at The Newcastle upon Tyne Royal Grammar School. The Fund is treated by the trustees as a permanent endowment fund, the income of which is applied towards one bursary each year.

Red Box Fund - the donation is to be used to finance a bursary for a pupil who is interested in a career in arts and design, architecture, interiors or urban planning.

Stokoe Fund - this bequest is to be applied to encourage the study of local history and architecture.

Coomblea Trust - this bequest is to be used for the setting up of a bursary for chemistry or chemical engineering students.

Reece Foundation - the donation is to be used for the setting up of bursaries for 6th form science and engineering students.

Ratcliff Fund - this donation is to be used for a medical science student (50%) and for a subject of the school's discretion (50%).

Kenneth Halton Imison Fund - this bequest is to be used for the setting up of a bursary for applied science and engineering students.

Dr Carr Fund - this donation is to be used to provide organ music tuition.

Advani Fund - this donation is to fund two bursaries of 100% of fees from Year 7 to Year 13.

Flagstone Fund - this donation is to fund one bursary of 100% of fees from Year 7 to Year 13 for a student starting at the School in September 2019.

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 12. Analysis of net assets between funds

#### Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Fixed asset investments	3,833,642	100,811	243,553	4,178,006
Current assets	368,202	293,173	4,331	665,706
Creditors due within one year	(3,400)	-	-	(3,400)
<b>Total</b>	<b>4,198,444</b>	<b>393,984</b>	<b>247,884</b>	<b>4,840,312</b>

#### Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Fixed asset investments	3,709,064	362,455	252,763	4,324,282
Current assets	345,796	318,608	1,960	666,364
Creditors due within one year	(4,001)	-	-	(4,001)
<b>Total</b>	<b>4,050,859</b>	<b>681,063</b>	<b>254,723</b>	<b>4,986,645</b>

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

	2020 £	2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(146,333)	1,021,284
<b>Adjustments for:</b>		
Losses/(gains) on investments	264,944	(157,700)
Dividends, interests and rents from investments	(121,436)	(119,090)
(Increase)/decrease in debtors	(272,120)	90,820
Decrease in creditors	(601)	(5,219)
<b>Net cash provided by/(used in) operating activities</b>	<b>(275,546)</b>	<b>830,095</b>

# The Royal Grammar School Educational Trust

## Notes to the financial statements Year ended 31 July 2020

### 14. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	331,838	604,616
<b>Total cash and cash equivalents</b>	<b>331,838</b>	<b>604,616</b>

### 15. Analysis of changes in net debt

	At 1 August 2019 £	Cash flows £	At 31 July 2020 £
Cash at bank and in hand	604,616	(272,778)	331,838
	<b>604,616</b>	<b>(272,778)</b>	<b>331,838</b>

### 16. Related party transactions

The charity shares certain trustees with The Newcastle upon Tyne Royal Grammar School, a registered charitable company. The school's administrative staff provide assistance with the charity's record keeping at no charge to the charity. The school maintains a bank account on behalf of the Trust in respect of donations towards the Trust's campaign appeal and the school has met the Trust's campaign appeal costs totalling £116,405 (2019: £109,692). The charity grants income towards bursaries paid by the school for some pupils of the school. The grant made towards the school's bursaries in the year amounted to £665,575 (2019: £587,886).

The Trust received a donation of £88,330 (2019: £57,409) from The Newcastle upon Tyne Royal Grammar School as a grant towards bursary payments.

The Trust has also received donations totalling £nil (2019: £nil) from trustees or charities with which trustees have an association.

The Storrow Scott Charitable Will Trust, a charity controlled by the school, applies its income to the Trust. Grants paid or payable from the school to the Trust in the year amounted to £37,557 (2019: £37,517).

No trustees received any remuneration or repayment of expenses in the year (2019: nil).

