

Charity number: 508285

**The Royal Grammar School
Educational Trust**

Annual report

31 July 2021

The Royal Grammar School Educational Trust

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The Royal Grammar School Educational Trust

Reference and administrative details

Trustees	Mr M Squires, Chair (co-opted) Mrs J Drummond (Chair of the Board of Governors of the Royal Grammar School) Dr P Haggie (ex officio) (appointed 21 October 2020) Mr J Marks (co-opted) Mr N McMinn (appointed by the Governors of the Royal Grammar School) (appointed 13 October 2020) Mr N Paton (co-opted) Mr G Stanford (appointed by the Governors of the Royal Grammar School)
Charity registered number	508285
Principal office	Eskdale Terrace Newcastle upon Tyne NE2 4DX
Secretary to the Trust	C Black
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Bank of Scotland Time Central Newcastle upon Tyne NE1 4SR Barclays Bank plc PO Box 379 71 Grey Street Newcastle upon Tyne NE99 1JA
Investment advisors	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET

The Royal Grammar School Educational Trust

Trustees' report Year ended 31 July 2021

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 2021.

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 funds to the School to deliver 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 to primarily fund the delivery of bursaries for students attending the school although they may also consider requests to support outreach through study or research projects in partnership with other schools or capital projects for premises, equipment or facilities.

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 2021

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. Eighty-two (2020: 76) RGS students were in receipt of bursaries during the school year at a total cost to the school of £1,049,313 (2020: £896,699) of which £828,468 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 six students (2020: 60) received bursaries of between 90% to 100% of school fees, indicating that their family incomes will have been somewhat below £38,000 per annum (2020: £35,100).

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, but demand for places continues to significantly outstrip the funds available.

The Development Office, which was established in 2019, continues to establish itself and has been pivotal in the success of the Bursary Campaign in FY20/21 which raised a total income of £502,708 (2020: £353,532). The climate for fundraising in the year continued to be impacted by the Covid-19 pandemic, but the receipt of a significant legacy donation in appeal in the summer boosted the outcome for the year.

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. Following the rigorous tender process carried out in the last financial year CCLA were selected to be the Trust's investment manager and the completion of the transfer from Brewin Dolphin was completed in August 2021.

Investment policy and performance

Investment activity has been delegated to the investment advisors, who consider the income requirements of the Charity, the 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 2021 was for the Pooled General Investments Fund 0.3% (2020: +4.5%) and for the Brian Ritchie Fund 2.3% (2020: +5.6%).

The Royal Grammar School Educational Trust

Trustees' report (continued) Year ended 31 July 2021

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 and uses professional investment managers to manage the investments within clear guidelines set by 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 £5,748,755 (2020: £4,840,312). Of this, £350,846 (2020: £393,984) is restricted for payment of bursaries towards specific activities and £5,113,684 (2020: £4,198,444) is unrestricted. Of these unrestricted funds, £479,412 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 2021

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 £828,468 (2020: £665,575).

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. The Covid-19 situation has improved since the peak in the spring of 2020, reflected by the gain in investment made in the year, however 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 2021

Future developments

Whilst an improvement on the prior year, fundraising in 20/21 continued to be a challenge, raising £502,708 (2020: £409,336). Fundraising events and visits to the school could not proceed due to Covid-19, and fewer donor meetings (which had to be held virtually) could go ahead. Significant staff support was also redirected to the core running of the school and Covid-19-related parent communications. Despite this, supporters continued to help, and we are as grateful to the regular donors who loyally continued to give in amounts from £1 a month, as we are to the major donors, the single largest gift (excluding legacies) being £32,000. Collectively our community of donors made a significant difference to the lives of our beneficiaries. Despite the challenging year, we continued to lay the foundations and progress towards our long term commitment to increase the number of transformational bursary places in the school, which included embedding the new Chair of the Bursary Campaign Committee (Nigel McMinn) and President of the Old Novocastrians' Association (Dr Paul Haggie), and a broad range of publications, virtual events were delivered.

Approved by order of the members of the board of trustees on 7 February 2022 and signed on their behalf by:



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

The Royal Grammar School Educational Trust

Statement of trustees' responsibilities Year ended 31 July 2021

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 7 February 2022 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

Opinion

We have audited the financial statements of The Royal Grammar School Educational Trust ('the charity') for the year ended 31 July 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.



Independent auditor's report to the Members of The Royal Grammar School Educational Trust (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by auditing standards) and from inspection of the charity's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations within our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities legislation) and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified data protection as the area most likely to have such an effect; recognising the nature of the charity's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.



**Independent auditor's report to the Members of The Royal Grammar School
Educational Trust (continued)**

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.

Anne Hallowell

**Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor**

Chartered Accountants
Newcastle upon Tyne

7 February 2022

The Royal Grammar School Educational Trust

Statement of financial activities Year ended 31 July 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income and endowments from:						
Donations and legacies	3	889,230	10,406	-	899,636	693,595
Investments	4	138,093	18,475	-	156,568	121,436
Total income and endowments		1,027,323	28,881	-	1,056,204	815,031
Expenditure on:						
Raising funds	5	1,114	28	30	1,172	28,015
Charitable activities	6	745,619	93,656	-	839,275	668,405
Total expenditure		746,733	93,684	30	840,447	696,420
Net gains/(losses) on investments		636,281	15,732	40,673	692,686	(264,944)
Net income/(expenditure)		916,871	(49,071)	40,643	908,443	(146,333)
Transfers between funds	11	(1,631)	5,933	(4,302)	-	-
Net movement in funds		915,240	(43,138)	36,341	908,443	(146,333)
Reconciliation of funds:						
Total funds brought forward		4,198,444	393,984	247,884	4,840,312	4,986,645
Net movement in funds		915,240	(43,138)	36,341	908,443	(146,333)
Total funds carried forward		5,113,684	350,846	284,225	5,748,755	4,840,312

The notes on pages 15 to 28 form part of these financial statements.

The Royal Grammar School Educational Trust

Balance sheet At 31 July 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	8	4,870,152	4,178,006
Current assets			
Debtors	9	86,883	333,868
Cash at bank and in hand		796,038	331,838
		<u>882,921</u>	<u>665,706</u>
Creditors: amounts falling due within one year	10	(4,318)	(3,400)
Net current assets		<u>878,603</u>	<u>662,306</u>
Total assets less current liabilities		<u>5,748,755</u>	<u>4,840,312</u>
Total net assets		<u><u>5,748,755</u></u>	<u><u>4,840,312</u></u>
Charity funds			
Endowment funds	11	284,225	247,884
Restricted funds	11	350,846	393,984
Unrestricted funds	11	5,113,684	4,198,444
Total funds		<u><u>5,748,755</u></u>	<u><u>4,840,312</u></u>

The financial statements were approved and authorised for issue by the trustees on 07 February 2022 and signed on their behalf by:



Mr M Squires, Chair (co-opted)

The notes on pages 15 to 28 form part of these financial statements.

The Royal Grammar School Educational Trust

Statement of cash flows Year ended 31 July 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	13	307,093	(275,546)
Cash flows from investing activities			
Dividends, interests and rents from investments		156,568	121,436
Proceeds from sale of investments		1,472,220	2,841,046
Purchase of investments		(1,471,681)	(2,959,714)
Net cash provided by investing activities		157,107	2,768
Change in cash and cash equivalents in the year		464,200	(272,778)
Cash and cash equivalents at the beginning of the year		331,838	604,616
Cash and cash equivalents at the end of the year	14	796,038	331,838

The notes on pages 15 to 28 form part of these financial statements

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

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 2021

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 charity 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 2021

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 estimates or significant areas of judgement that were required in applying the charity's accounting policies as set out above.

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

3. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Charitable trusts	13,000	-	13,000
Legacies	170,888	-	170,888
The Newcastle upon Tyne Royal Grammar School	396,928	-	396,928
Individuals	308,414	10,406	318,820
	<u>889,230</u>	<u>10,406</u>	<u>899,636</u>
		Unrestricted funds 2020 £	Total funds 2020 £
Charitable trusts		8,500	8,500
The Newcastle upon Tyne Royal Grammar School		284,259	284,259
Individuals		400,836	400,836
		<u>693,595</u>	<u>693,595</u>

4. Investment income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Income from listed investments	138,093	18,475	156,568
	<u>138,093</u>	<u>18,475</u>	<u>156,568</u>
	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Income from listed investments	103,598	17,838	121,436
	<u>103,598</u>	<u>17,838</u>	<u>121,436</u>

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

5. Investment management costs

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Fees	1,114	28	30	1,172
	<u>1,114</u>	<u>28</u>	<u>30</u>	<u>1,172</u>
	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Fees	24,265	2,220	1,530	28,015
	<u>24,265</u>	<u>2,220</u>	<u>1,530</u>	<u>28,015</u>

6. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Charitable activities	745,619	93,656	839,275
	<u>745,619</u>	<u>93,656</u>	<u>839,275</u>
	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Charitable activities	571,280	97,125	668,405
	<u>571,280</u>	<u>97,125</u>	<u>668,405</u>

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

7. Analysis of expenditure by activities

	Direct costs 2021 £	Support costs 2021 £	Total funds 2021 £
Grants awarded	828,468	10,807	839,275

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

Analysis of support costs

	Total funds 2021 £	Total funds 2020 £
Special project expenses	6,945	-
Auditor's remuneration	3,620	2,700
Bank charges	242	130
	<u>10,807</u>	<u>2,830</u>

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

8. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 August 2020	4,178,006
Additions	1,471,681
Disposals	(1,438,719)
Revaluations	659,184
	<u>4,870,152</u>
At 31 July 2021	<u><u>4,870,152</u></u>
Net book value	
At 31 July 2021	4,870,152
	<u>4,870,152</u>
At 31 July 2020	<u><u>4,178,006</u></u>

The classification of investments held has been reviewed and it has been deemed more appropriate to show all investments held with CCLA as listed investments, as the funds are invested in listed securities.

9. Debtors

	2021 £	2020 £
Other debtors	10,406	333,868
Prepayments and accrued income	76,477	-
	<u>86,883</u>	<u>333,868</u>

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Other creditors	154	-
Accruals and deferred income	4,164	3,400
	<u>4,318</u>	<u>3,400</u>

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

11. Statement of funds

Statement of funds - current year

	Balance at 1 August 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2021 £
Unrestricted funds						
Designated funds						
John Cockburn Macdonald Memorial Fund	68,436	2,318	(19)	-	10,680	81,415
Stemson Fund	47,687	1,615	(13)	-	7,442	56,731
Bursary Campaign Fund	632,073	21,408	(734,985)	-	98,641	17,137
Wolfson Foundation Bursary Fund	272,456	9,228	(74)	-	42,519	324,129
	<u>1,020,652</u>	<u>34,569</u>	<u>(735,091)</u>	<u>-</u>	<u>159,282</u>	<u>479,412</u>
General funds						
General Fund	3,177,792	992,754	(11,642)	(1,631)	476,999	4,634,272
Total unrestricted funds	<u>4,198,444</u>	<u>1,027,323</u>	<u>(746,733)</u>	<u>(1,631)</u>	<u>636,281</u>	<u>5,113,684</u>
Endowment funds						
Ritchie Fund	247,884	-	(30)	(4,302)	40,673	284,225

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Notes to the financial statements Year ended 31 July 2021

11. Statement of funds (continued)

	Balance at 1 August 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2021 £
Restricted funds						
Red Box Fund	353	12	-	-	55	420
Stokoe Fund	(1,371)	(46)	-	1,631	(214)	-
Coomblea Trust	8,899	301	(2)	-	1,389	10,587
Reece Foundation	70,573	12,797	(52,051)	-	11,014	42,333
Ratcliff Fund	2,175	74	(1)	-	339	2,587
Ritchie Fund	8,108	8,856	(13,877)	4,302	1,265	8,654
Kenneth Halton Imison Fund	11,218	380	(3)	-	1,751	13,346
Dr Carr Fund	854	29	-	-	133	1,016
Advani Fund	195,109	4,311	(13,875)	-	-	185,545
Flagstone Fund	98,066	2,167	(13,875)	-	-	86,358
	<u>393,984</u>	<u>28,881</u>	<u>(93,684)</u>	<u>5,933</u>	<u>15,732</u>	<u>350,846</u>
Total of funds	<u><u>4,840,312</u></u>	<u><u>1,056,204</u></u>	<u><u>(840,447)</u></u>	<u><u>-</u></u>	<u><u>692,686</u></u>	<u><u>5,748,755</u></u>

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

11. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2020 £
Unrestricted funds						
Designated funds						
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>
General funds						
General Fund	2,397,923	753,970	(16,971)	177,993	(135,123)	3,177,792
Total Unrestricted funds	<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>
Endowment funds						
Ritchie Fund	254,723	-	(1,530)	6,047	(11,356)	247,884

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

11. Statement of funds (continued)

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2020 £
Restricted funds						
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
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>
Total of funds	<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>

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Notes to the financial statements Year ended 31 July 2021

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 2021

12. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Fixed asset investments	4,235,081	350,846	284,225	4,870,152
Current assets	882,921	-	-	882,921
Creditors due within one year	(4,318)	-	-	(4,318)
Total	5,113,684	350,846	284,225	5,748,755

Analysis of net assets between funds - prior year

	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)
Total	4,198,444	393,984	247,884	4,840,312

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

	2021 £	2020 £
Net income/(expenditure) for the year (as per statement of financial activities)	908,443	(146,333)
Adjustments for:		
(Gains)/losses on investments	(692,686)	264,944
Dividends, interests and rents from investments	(156,568)	(121,436)
Decrease/(increase) in debtors	246,985	(272,120)
Increase/(decrease) in creditors	919	(601)
Net cash provided by/(used in) operating activities	307,093	(275,546)

The Royal Grammar School Educational Trust

Notes to the financial statements Year ended 31 July 2021

14. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	<u>796,038</u>	<u>331,838</u>

15. Analysis of changes in net debt

	At 1 August 2020 £	Cash flows £	At 31 July 2021 £
Cash at bank and in hand	<u>331,838</u>	<u>464,200</u>	<u>796,038</u>

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 £123,220 (2020: £116,405). 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 £828,468 (2020: £665,575).

The Trust received a donation of £396,928 (2020: £284,259) from The Newcastle upon Tyne Royal Grammar School as a grant towards bursary payments.

The Trust has also received donations totalling £nil (2020: £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 £27,750 (2020: £37,557).

No trustees received any remuneration or repayment of expenses in the year (2020: £nil).