

Company No. 1196898  
Registered in England  
Charity No. 503975

# **NEWCASTLE SCHOOL FOR BOYS**

A company limited by guarantee

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**



**NEWCASTLE SCHOOL FOR BOYS  
INDEX TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 AUGUST 2016**

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**NEWCASTLE SCHOOL FOR BOYS  
GOVERNORS, OFFICERS AND ADVISERS  
FOR YEAR ENDED 31 AUGUST 2016**

**GOVERNORS, DIRECTORS AND CHARITY TRUSTEES**

The Governors of Newcastle School for Boys ("the School") are the School's charity trustees under charity law and the directors of the charitable company. The members of the Governing Body who served in office as Governors during the year and subsequently are detailed below.

Mr T Care (Chairman) (Appointed Chairman 22 November 2016)	Finance Sub-Committee Fundraising Sub-Committee
Mr G Austin * (Deputy Chairman) (appointed Deputy Chairman 22 November 2016)	Nominations Sub-Committee
Mrs C King	Education Sub-Committee
Dr N Lloyd-Jones	Finance Sub-Committee Health and Safety Sub-Committee
Mr S Morton	Marketing Sub-Committee
Mr P Parkinson	Marketing Sub-Committee
Mr A Richardson (appointed 5 October 2015)	Finance Sub-Committee

\* Parent of pupil at the School

**OFFICERS**

Mr D J Tickner

*Headmaster*

Mrs C Dobson

*Bursar and Clerk to the Governors*

**Website**

[www.newcastleschool.co.uk](http://www.newcastleschool.co.uk)

**Principal address and Registered Office**

30 West Avenue, Gosforth, Newcastle upon Tyne, NE3 4ES

**Auditors**

John Leonard FCA - Director, for and on behalf of Baldwins Audit Services LTD, Churchill House, 59 Lichfield Street, Walsall, West Midlands WS 4 2BX

**Bankers**

Barclays Bank plc, Newcastle Corporate Service, Barclays House, 5 St. Ann's Street, Quayside, Newcastle upon Tyne NE1 3DX

**Solicitors**

Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF

Ward Hadaway LLP, Sandgate House, 102 Quayside, Newcastle upon Tyne NE1 3DX

**Insurance Broker**

Zurich Municipal, Zurich House, 2 Gladiator Way, Farnborough, Hampshire, GU14 6GB

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS  
FOR YEAR ENDED 31 AUGUST 2016**

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The members of the Newcastle School for Boys Governing Body present their Annual Report for the year ended 31 August 2016 under the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006, together with the audited financial statements for the year.

<b>REFERENCE AND ADMINISTRATIVE INFORMATION</b>
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The Charity was founded in 1975 as Newlands Educational Trust and is registered with the Charity Commission under Charity No. 503975. Newlands Educational Trust merged with Ascham House School Trust Limited on 1 September 2005 and changed its name to Newcastle School for Boys ("the School") on 6 September 2005. The School is constituted as a company limited by guarantee registered in England, No. 1196898.

Details of the members of the Governing Body, together with the School's officers and principal advisers, are given on page 1.

<b>STRUCTURE, GOVERNANCE AND MANAGEMENT</b>
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### **Governing documents**

The School is governed by its Memorandum of Association and Articles of Association last amended January 2014.

### **Governing Body**

The Governing Body is self-appointing, with members completing three years of service required to retire at each AGM. Members retiring can be re-elected.

New members of the Governing Body are elected on the basis of nominations from the Governors and the executive officers based on the candidates' professional qualities, experience, personal competence and local availability.

### **Recruitment and training of Governors**

New Governors are introduced into the workings of the School, including Governing Body policy and procedures, at an induction workshop specially organised for them by the Head and Bursar. The new Governors also attend specialist external courses on the role and responsibilities of charity trustees.

Members of the Governing Body attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

### **Organisational management**

The members of the Governing Body, as the charity trustees, are legally responsible for the overall management and control of the School and its senior and preparatory schools. They met six times in the year ended 31 August 2016.

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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**Organisational management (continued)**

The work of implementing their policies is carried out by members of the Sub-Committees:

- The Finance Committee scrutinises revenue, the budget and capital expenditure. This Committee also supervise and finalise the audited financial statements and annual report for approval by the Governing Body. The Finance Committee is chaired by Andrew Richardson.
- The Fundraising Committee is chaired by Tim Care and works with the Parents Association to agree projects that would benefit from increased funding and to agree activities that could be undertaken.
- The Education Committee considers educational and pastoral policy. The Committee is chaired by Claire King.
- The Marketing Committee works closely with the Marketing and Admissions Manager, developing the brand, assessing advertising effectiveness and developing social network activity.
- The Nominations Committee identifies potential new governors when the need arises, considering specific skills that would strengthen the relevant the Governing Body. This Committee is led by Greg Austin.
- Dr Neil Lloyd-Jones is the School Medical Officer, is a member of the Health and Safety Committee and is the responsible governor for Child Protection.

The day to day running of the School is delegated to the Headmaster, supported by the Bursar, Deputy Head - Pastoral, Deputy Head - Academic and Curriculum, Head of Juniors and Head of Infants, who work together as the Senior Leadership Team. The Headmaster and Bursar attend all meetings of the Governors.

**Group structure and relationships**

Newcastle School for Boys has no trading subsidiary company. The School co-operates with a number of local charities in its ongoing endeavours to widen public access to the schooling that it can provide, to optimise the educational use of sporting and cultural facilities and to awaken in it pupils the awareness of the wider social context of the education that they receive at the School.

**Employment policy**

The School is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Consultation with employees, or their representatives, has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests. Employees are made aware of the financial and economic performance of the School. The School's pay policy is in line with national pay scales. Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to apprise staff of current issues.

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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<b>OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES</b>
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**Charitable Objects**

The School's Objects, as set out in the Memorandum of Association, are the advancement of education for boys. In furtherance of these Objects for the public benefit the School has established and administers bursaries, awards and other benefactions, and acts as the trustee and manager of property, bequests and gifts given or established in pursuance of these Objects. The Board is mindful of the long-standing need to provide public benefit and of the requirements of the Charities Act 2011. In this connection the Board has monitored closely the guidance on public benefit produced by the Charity Commission together with its supplemental guidance on fee-charging.

**Public Benefit and Intended impact**

In meeting these Charitable Objects, Newcastle School for Boys' public benefit aims are:

- to make excellent, accessible education available to as many boys as possible,
- to serve and support the local and wider community, and
- to develop boys and young men of excellent character, who recognise and fulfil their obligation to the local community and wider society.

Excellent teaching is combined with an ethos that believes in knowing each boy as an individual to create an environment where the highest possible academic standards are achieved.

**School Aims and Objectives**

The primary objectives of the School to fulfil these aims are:

- to provide a stimulating learning environment in which pupils can develop their academic potential to the full;
- to provide a happy and secure pastoral environment in which pupils can learn to live together and thus foster a sense of community, respect for one other and good citizenship;
- to provide pupils with the opportunity to take advantage of a breadth of co-curricular activities in order to develop positively all aspects of their character;
- to provide pupils with the opportunity to take decisions based on their own judgment and to communicate those decisions appropriately and effectively;
- to provide financial support to enable boys whose parents are unable to afford the full fees to benefit from a Newcastle School for Boys education;

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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**Strategies to achieve the primary objectives**

Emphasis is placed on the provision of outstanding teaching and learning throughout the School.

The Governors and Senior Leadership Team work hard to ensure the best financial position to secure the future development of the School. Additional funding is provided by the NSB Parents Association and is often targeted to provide finance for specific projects.

**Principal activity**

The School's principal activity, as specified in the Memorandum of Association, is the advancement of education and, in this, the School has again had a successful year. The senior school averaged 228 pupils (2015: 220) and 145 in the Junior School (2015: 165).

The School participates in the Government's free early year funding, offering 15 hours of tuition to under 5's, funded by the local government. The School's fees for the current year before the deduction of any means-assisted bursaries and scholarships are:

<b>Reception</b>	After the term of their 5th birthday	£2,760 per term
<b>Junior School</b>	Years 1 and 2	£3,250 per term
	Years 3 to 6	£3,350 per term
<b>Senior School</b>	Years 7 to 13	£4,105 per term

**Public benefit and fee remissions**

Newcastle School for Boys remains committed to the aim of providing public benefit in accordance with its founding principles. Charity legislation includes a requirement to demonstrate that public benefit for any charitable purpose where it had hitherto been presumed in the absence of evidence to the contrary. This calls in turn for commensurate disclosure of our public benefit aims.

This year the School awarded bursaries and scholarships totalling £659,000 to 141 pupils (2015: £574,000 to 140 pupils).

The awarding of bursaries is a measurable means of providing public benefit. The Board takes the view that bursaries awarded to those who would not otherwise be able to afford the fees are important, but not to the exclusion of the much wider benefit that the School provides within the community. Those pupils who attend our schools and who receive financial support contribute to the school community in a variety of ways, and so the benefit is not purely to these pupils but to the whole School and, in some cases, to the wider community.

Means-tested awards, based on a sliding scale according to financial circumstances, totalling £317,000 were awarded to 55 pupils (2015: 49 bursaries totalling £296,000), including four for full fees. This represented 7.7% of gross fee income (2015: 7.4%).

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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The School continues to refine means-testing this year by introducing a more rigorous and detailed process that continues to develop.

In addition, the School awarded scholarships to 109 pupils (2015: 99) based on their educational merit and potential, totalling £342,000 and representing 8.4% of our gross fees (2015: £278,000 and 7%). Of this number, 23 (2015: 18) also qualified for means-tested bursary support and are included in the figures relating to the bursary awards. The fees of four boys were fully discounted through a combination of scholarship and bursary awards. The progress of pupils receiving scholarships is reviewed at least annually to ensure that progress is in line with their abilities. No scholarships were withdrawn in the year as a result of reviews.

The balance of bursary and scholarship awards remains under careful review by Governors to ensure that children can accept offers of places at our School through the availability of means-tested fees assistance. Our approach is designed to widen access to our School.

The School supports actively the attainment of the highest standards of education through rigorous and continuous evaluation of quality and performance, the application of best practice and a widespread desire to improve standards. We cooperate with local charities and educational bodies in our ongoing endeavours to widen public access to the schooling we provide, to optimise the use of our cultural and sporting facilities and to awaken in our pupils an awareness of the social context of the all-round education they receive at the School.



**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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<b>STRATEGIC REPORT - Achievements and Performance</b>
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### **Academic Review**

Our academic results showed further improvements with our GCSE results being the best achieved by the School to date and the A level results being the second best to date. In the case of the latter, results demonstrated the School's best ever 'value-added' compared to baseline data on entry into the Sixth Form.

The School curriculum was broadened to include some more vocational courses, such as BTEC qualifications in Creative Media and Sport. The co-curricular programme makes a significant contribution to our boys' character development.

At GCSE, 59% of our pupils achieved grades A\* and A, improving on the previous year's record of 47%.

One pupil achieved 9 A\* grades and 1 A grade. Two other pupils achieved 8 A\* grades, one with 2 As and the other with an A and a B.

51% of our Sixth Form pupils achieved grades A and B, compared with the previous year's 43%.

The average UCAS points achieved per candidate was 276.

Almost all leavers taking up higher education places in 2016 achieved their preferred courses at their chosen universities.

At our Junior School, our younger pupils performed well, demonstrating good rates of progress in their annual InCAS assessments.

### **Co-Curricular Activities:**

The School continued to offer a rich and varied co-curricular programme and an extensive programme of trips and visits, including a Senior School Science trip to Cern and a rugby tour of South Africa.

### **Music**

All our pupils have the opportunity to learn at least one musical instrument. Both Senior and Junior School's attract many boys to their choirs, performing throughout the year, at local church services and public venues, and in collaboration with St Nicholas's Cathedral in Newcastle, with whom a choral scholarship can be awarded.

### **Sport**

Sporting provision is a key strength of the school, combining excellent standards and achievements as well as high levels of participation and enjoyment. Some of the highlights of the year included our Under 13s becoming county champions in rugby and cricket, as well as city league champions in football. They also became the north of England cricket champions.

**NEWCASTLE SCHOOL FOR BOYS**  
**ANNUAL REPORT OF THE GOVERNORS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

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Our Under 15s were county cricket champions and winners of the School's rugby sevens tournament. The Under 12s won the Tait 10s rugby shield at Barnard Castle School. In tennis, we were HMC north of England finalists at Under 18 and group winners at Under 16.

The Junior School were the winners of athletics' Lindisfarne Plate and Under 11 English Schools Football Association county champions. The Under 10s were the winners of the Newcastle Falcons' 'pitch up and play' event and their cricketers are unbeaten in three seasons. The Under 9s won the Austin Friar's School football tournament.

**Duke of Edinburgh's award scheme**

Eight boys achieved the Duke of Edinburgh's silver award and ten the bronze. The Duke of Edinburgh Award scheme involves boys in skills, service and expeditions. A number of boys are involved in a variety of local community services, for example a local residential home, contributing to Scouts and volunteering in the local Scope shop.

**Community links**

The School continues to enjoy strong and growing community links.

Senior School facilities are used on a weekly basis by the Newcastle Mandarin Chinese School and by Christchurch Gosforth.

Junior School facilities are used by Ladybird Nursery to run a local community holiday club.

In October 2015, the School organised and hosted a successful and well-attended Gosforth community book festival. During the festival, the school welcomed a number of local and national authors for local schools and the local community.

The school continued to run its annual series of Open Lectures open to other schools and the local community. This year's series included talks on Astro-physics, Industrial history and Middle-eastern politics.

The School continues to enjoy strong links with St Nicholas Cathedral, All Saints' Church and South Northumberland Cricket Club. Boys regularly attend the local Abbeyfield residential care home to provide entertainment, companionship and support for their residents.

The School has continued to be strongly supportive of a number of charities at both international and local levels. These include the Senior School designated charities: Medecins San Frontieres and Maggie's, a local cancer care charity, Macmillan Cancer Research as well as Children in Need, Sport Relief, Children North East, Save the Children, the local Snowdogs initiative in support of St Oswald's Hospice and Age UK.

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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<b>FINANCIAL REVIEW</b>
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**Results for the year**

The School's net incoming resources for the year amounted to £246,125 (2015: £455,910 including two donations, with a total value of £200,000, to provide assistance with fees). The surpluses generated were required to cover financing costs. Retained funds will be utilised to maintain and improve the classroom facilities and IT infrastructure throughout the school and to develop digital learning in the classroom.

**Reserves Level and Policy and Financial Viability**

The Governors maintain close control over expenditure and set fee income at a level which will:

- Meet all revenue expenditure, as well as the cost of providing bursaries and scholarships;
- Generate a surplus sufficient to cover the level of interest on the School's financing costs;
- Provide a level of cash flow that is sufficient to cover the capital repayments on the School's loan with Barclays Bank; and
- Maintain, as far as possible, stability in pupil numbers.

Total reserves at 31 August 2016 were £4,712,494 (2015: £4,453,084), which comprised unrestricted funds of £4,503,500 (2015: £4,230,386) and restricted funds of £208,994 (2015: £222,698). Following the adoption of FRS102 the recognition of the Interest Rate Swap agreement is reflected in the reserves as a liability (see Note 19 on page 31 for further details). The School's premises and equipment net of loans at 31 August 2016 were £4,533,270 (2015: £4,505,564).

The reserves policy requires that total free reserves, as defined by the Charities Commission, cover four months average gross expenditure in order to ensure sufficient funds are maintained in the unrestricted general reserve to meet the working capital requirements of the School, through the generation of annual operating surpluses. At 31 August 2016 average monthly gross expenditure was £288,386 (2015: £284,028). The free reserves as at 31 August 2016 were £2,123,159 (2015: £1,832,781). The level of the general reserve is monitored by the Finance Sub-Committee and adjusted as required through efficient financial management. Donations for bursaries were reported as an incoming resource in the previous year, and will be held in a Restricted Fund until released to fund assisted fees in future periods. In the current year £11,699 was released to fund bursaries for two boys in the school.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risk faced by the School. The Governors are fully aware of the need to be responsive to changes to the political and economic landscape, which they continue to monitor closely.

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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Health and Safety is always a significant area for risk management. Other risks range from fire and infrastructure to personal risks (most notably when away from the School on trips and expeditions). The level and breadth of activity at the School is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.

The Governors regularly review the effectiveness of current plans and strategies for managing all identified major risks for the School.

<b>PLANS FOR FUTURE PERIODS</b>
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During the year ended 31st August 2016 the School, during its 10th anniversary year, launched its vision for the next ten years. The key strands of that vision are:

- To continue to grow our School, whilst retaining its distinctive character and ethos that nurtures and supports boys' learning, achievement and personal development.
- To continue to pursue the high standards of teaching and learning informed by the very best practice, research, evidence and validated by our boys, parents and Inspectorate.
- To continue to invest in our buildings and facilities to allow for growth in pupil numbers and to provide the best possible environment for our boys, with the ultimate aim of creating a School housed on a single, purpose-designed site.
- To develop specialisms in STEM subjects, business and entrepreneurship, media and sport, within the context of a rich all-round education. Many of these are already areas of strength in the School and will create future learning and employment opportunities for our boys in the region and beyond.
- To continue to develop a broad co-curricular programme that stimulates boys' interests, enriches their learning and supports their personal development.
- To provide the very best pastoral care that supports boys' personal development and well-being through planned programmes to develop personal qualities in our boys to allow them to be happy and fulfilled in their lives, and able to meet the many and particular challenges and pressures faced by young people growing up in the 21st century.
- To develop a programme of service for our boys to see them make a genuine contribution to their community and that also helps them to understand and appreciate their own position and opportunities.

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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<b>STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES</b>
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The Governors of Newcastle School for Boys, who are also directors of Newcastle School for Boys for the purpose of company law, are responsible for preparing the Annual Report of the Governors, including the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. The Charities Act 2011 and Company Law requires them as charity trustees and directors 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 the incoming resources and application of resources, including the income and expenditure, of the Charity for that period. In preparing these financial statements, the Governors of Newcastle School for Boys are required to follow best practice and:

- select the most suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

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

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan and an annual budget approved by the Governors;
- regular consideration by the Governors of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governors have introduced a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the

**NEWCASTLE SCHOOL FOR BOYS  
ANNUAL REPORT OF THE GOVERNORS (CONTINUED)  
FOR YEAR ENDED 31 AUGUST 2016**

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Governors have reviewed the adequacy of the Charity's current internal controls. The Governors are pleased to report that the Charity's internal financial controls, in particular, conform with guidelines issued by the Charity Commission.

In accordance with company law, as the company's directors, we certify that

- so far as we are aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- each trustee of the company has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

This Trustees Report, including the Strategic Report, is approved by the Board of Governors of Newcastle School for Boys on 6 December 2016 and signed on its behalf by:



**Tim Care**  
(Chairman of Governing Body)

<b>INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWCASTLE SCHOOL FOR BOYS</b>
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We have audited the financial statements of Newcastle School for Boys Charity Ltd for the year ended 31 August 2016 on pages 15 to 31 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out in the Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

<b>INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWCASTLE SCHOOL FOR BOYS (Continued)</b>
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**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

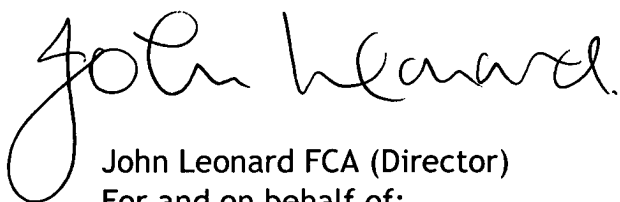
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.


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

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

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



John Leonard FCA (Director)  
For and on behalf of:  
Baldwins Audit Services Ltd  
Churchill House  
59 Lichfield Street  
Walsall  
West Midlands  
WS4 2BX

 May 2017



**NEWCASTLE SCHOOL FOR BOYS**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2016 Total £	2015 Total £
<b>Income and endowments from:</b>						
<b>Charitable activities</b>						
School fees receivable	2	3,438,958	-	-	3,438,958	3,396,953
Catering income		235,403	-	-	235,403	233,432
Government funding		22,918	-	-	22,918	21,401
Rental income from lettings		8,417	-	-	8,417	11,082
Other activities		954	-	-	954	1,255
<b>Investments</b>						
Investment income		104	-	-	104	125
<b>Voluntary sources</b>						
Grants and donations	3	-	-	-	-	200,000
<b>Total income and endowments</b>		<b>3,706,754</b>	<b>-</b>	<b>-</b>	<b>3,706,754</b>	<b>3,864,248</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Financing costs	4	(100,524)	-	-	(100,524)	(119,110)
<b>Charitable activities</b>						
Education and grant making	4	(3,360,105)	-	-	(3,360,105)	(3,289,228)
<b>Total expenditure</b>	<b>4</b>	<b>(3,460,629)</b>	<b>-</b>	<b>-</b>	<b>(3,460,629)</b>	<b>(3,408,338)</b>
<b>Net income/(expenditure) and net movement in funds before gains and losses on investment</b>		<b>246,125</b>	<b>-</b>	<b>-</b>	<b>246,125</b>	<b>455,910</b>
Gains on investments		-	-	-	-	320
Gains on fair value of financial instruments		13,285	-	-	13,285	14,236
Transfers between funds	16	13,704	(13,704)	-	-	-
<b>Net movement in funds</b>		<b>273,114</b>	<b>(13,704)</b>	<b>-</b>	<b>259,410</b>	<b>470,466</b>
Fund balances brought forward at 1 September 2015	16	4,230,386	222,698	-	4,453,084	3,982,618
<b>Fund balances carried forward at 31 August 2016</b>	<b>16</b>	<b>4,503,500</b>	<b>208,994</b>	<b>-</b>	<b>4,712,494</b>	<b>4,453,084</b>

The notes on pages 18 to 31 form part of these financial statements

**NEWCASTLE SCHOOL FOR BOYS**  
**COMPANY NO: 1196898**  
**BALANCE SHEET AS AT 31 AUGUST 2016**

	Note	2016	2015
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	7,870,770	8,068,064
Investments	8	<u>2,113</u>	<u>2,113</u>
		<b>7,872,883</b>	<b>8,070,177</b>
<b>CURRENT ASSETS</b>			
Debtors	9	47,868	52,156
Cash and deposits		<u>1,015,365</u>	<u>806,277</u>
		<b>1,063,233</b>	<b>858,433</b>
<b>CURRENT LIABILITIES</b>			
Creditors payable within one year	10	<u>927,386</u>	<u>884,507</u>
<b>NET CURRENT ASSETS /(LIABILITIES)</b>		<b><u>135,847</u></b>	<b><u>(26,074)</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>8,008,730</b>	<b>8,044,103</b>
<b>LONG-TERM LIABILITIES</b>			
Creditors payable after one year	11	<u>(3,296,236)</u>	<u>(3,591,019)</u>
<b>NET ASSETS</b>		<b><u>4,712,494</u></b>	<b><u>4,453,084</u></b>
<b>REPRESENTED BY:</b>			
<b>RESTRICTED INCOME FUNDS</b>	15	208,994	222,698
<b>UNRESTRICTED FUNDS</b>			
General Reserve	15	4,420,204	4,116,541
Designated Funds	15	<u>83,296</u>	<u>113,845</u>
		<b><u>4,712,494</u></b>	<b><u>4,453,084</u></b>

These financial statements were approved by the Governing Body on 2 May 2017



**Mr Tim Care**  
(Chairman of the Governing Body)

The notes on pages 18 to 31 form part of these financial statement

**NEWCASTLE SCHOOL FOR BOYS**  
**CASH FLOW STATEMENT AS AT 31 AUGUST 2016**

	Note	2016	2015
		£	£
<b>Net cash outflow from operations</b>			
Net cash provided by / (used in) operating activities	(i)	593,047	765,877
<b>Cash flows from investing activities:</b>			
Purchase of Tangible fixed assets		-	(115,947)
Investment income and bank interest received		104	125
<b>Net cash (used in) / provided by investing activities</b>		104	(115,822)
<b>Cash flows from financing activities:</b>			
Interest paid on borrowings	(100,524)		(119,110)
New Hire Purchase	-		112,658
Hire Purchase Capital Repayments	(58,539)		(17,438)
Loan Capital repayments	(225,000)		(225,000)
<b>Net cash provided by financing activities</b>		(384,063)	(248,890)
<b>Change in cash and cash equivalents in the reporting period</b>		209,088	401,165
<b>Cash and cash equivalents at the beginning of period</b>		806,277	405,113
<b>Cash and cash equivalents at the end of the reporting period</b>		1,015,365	806,277

**(i) Reconciliation of net income to net cash flow from operating activities**

	2016	2015
	£	£
<b>Net incoming resources</b>	246,125	455,910
<b>Elimination of non-operating cash flows:</b>		
Depreciation charges	197,292	193,977
Investment income	(104)	(125)
Loan interest	100,524	119,110
(Increase)/decrease in Debtors	4,288	(36,114)
Increase/(decrease) in Creditors	44,922	33,121
<b>Net cash inflow from operations</b>	593,047	765,877

**NEWCASTLE SCHOOL FOR BOYS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 31 AUGUST 2016**

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## **1. ACCOUNTING POLICIES**

These financial statements are the first financial statements of Newcastle School for Boys prepared in accordance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)', the Companies Act 2006 and the Charities SORP 2015. The financial statements of Newcastle School for Boys for the year ended 31 August 2015 were prepared in accordance with UK GAAP and SORP 2005. The date of transition to FRS102 was 1 September 2014. In preparing the financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP 2015 the restatement of comparative items was required. An adjustment has been made to recognise the valuation of derivative financial instruments in the balance sheet, and to reflect the movement in the valuation in the profit and loss account. The basis of valuation is detailed below in note 1.11. The functional currency of the School is GBP because that is the currency of the primary economic environment in which the School operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 12.

The accounts present the statement of financial activities (SOFA), the cash flow statement and the Charity balance sheet.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated in 1975 (company number: 1196898 and registered as a charity in 1975 (charity number: 503975).

### **Critical accounting judgements and key sources of estimation uncertainty.**

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

**1.1 Fees and similar earned income**

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

**1.2 Investment income**

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis.

**1.3 Donations, legacies, grants and other voluntary incoming resources**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the General Reserve. Where donations have been received that are to provide assistance with fees, they are recognised when received and shown as an incoming resource under Restricted Funds, unless it is a condition stipulated by the donor that they are to be used in future periods. Where there is a condition stipulated by the donor that they are to be used in future periods, the donations are included as deferred income within creditors and released to fees receivable as the conditions are satisfied. All donations are held in a separate designated bank account until utilised. When utilised they are transferred to unrestricted funds and netted off against fees receivable. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Expenditure**

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure attributable to more than one cost category in the SoFA is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate.

Governance costs comprise the costs of complying with constitutional and statutory requirements.

**1.5 Tangible fixed assets**

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £10,000 together with vehicles, furniture, machinery, ICT infrastructure and other equipment costing more than £5,000 are capitalised and carried in the balance sheet at historical cost. In certain circumstances, where the original costs of assets are not ascertainable, a reasonable estimate of the cost, if material, has been used.

Other expenditure on equipment incurred in the normal day-to-day running of the School is charged to the Statement of Financial Activities as incurred.

**1.6 Depreciation**

Depreciation is provided to write off the cost of all relevant tangible fixed assets less estimated residual value based on current market prices, in equal annual instalments over their expected useful economic lives as follows:

*Straight-line basis:*

Freehold buildings	2%
Astro- turf	10%
Motor vehicles	20%
Computer equipment	33%
Fixtures, fittings and equipment purchased since 1 September 2008	20%

*Reducing balance basis:*

Computers for teaching	33%
Fixtures, fittings and equipment purchased prior to 1 September 2008	20%

Where the net book value of the reducing balance becomes immaterial the balance will be depreciated to zero.

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Investments**

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the “ownership” of the underlying assets.

**1.8 Fund accounting**

The charitable trust funds of the School are accounted for as unrestricted or restricted income, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded.

**Unrestricted** income belongs to the School’s corporate reserves, spendable at the discretion of the Governors either to further the School’s Objects or to benefit the School itself. Where the Governors decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund. The aim and use of each designated fund is set out in the notes to the financial statements.

**Restricted** income comprises gifts, legacies and grants where there is no capital retention obligation or power but only a trust law restriction to some specific purpose intended by the donor.

**1.9 Pension costs**

Retirement benefits to employees of the School are provided through two pension schemes, one defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows:

- a. The Teachers’ Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the School’s share of the underlying assets and liabilities of the Teachers’ Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The School’s contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.
- b. The NOW Pension scheme - This is a defined contribution multi-employer pension plan. Employer’s pensions costs are charged in the period in which the salaries to which they relate are payable.

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**1.11 Financial instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised, except for investments and other derivative financial instruments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

**2. CHARITABLE ACTIVITIES - FEES RECEIVABLE**

	2016 £	2015 £
<b>Fees receivable consist of:</b>		
Gross School fees	4,098,925	3,970,279
Less: total scholarships and bursaries	(671,666)	(573,326)
	<u>3,427,259</u>	<u>3,396,953</u>
Add back: Bursaries and other awards paid for by restricted funds	<u>11,699</u>	-
	<b>3,438,958</b>	<b>3,396,953</b>

Scholarships, bursaries and other awards were paid to 181 pupils (2015: 184). Within this means tested bursaries totalling £317,000 were paid to 55 pupils (2015: £295,000 to 49 pupils).

**3. GRANTS AND DONATIONS RECEIVABLE**

	2016 £	2015 £
<b>Donations:</b>	<u>-</u>	<u>200,000</u>

Donations received in 2015 for the purposes of providing assistance with fees were recognised as an incoming resource under Restricted Funds. Donated funds are retained in a separate designated deposit account until they are used.



**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**4. ANALYSIS OF EXPENDITURE**

**(a) Total expenditure**

	Staff costs (note 6) £	Depreciation (note 7) £	Other £	Total 2016 £	Total 2015 £
<b>Costs of generating funds:</b>					
Financing costs -loan interest	-	-	100,524	100,524	119,110
<b>Charitable expenditure</b>	£	£		£	£
<i><b>Education and grant making</b></i>					
Teaching	2,002,315	-	172,894	2,175,209	2,075,647
Welfare	8,826	-	242,438	251,264	237,864
Premises	151,792	197,292	192,904	541,988	575,947
Support costs and governance	226,510	-	165,134	391,644	399,770
<b>Total charitable expenditure</b>	<b>2,389,443</b>	<b>197,292</b>	<b>764,590</b>	<b>3,360,105</b>	<b>3,289,228</b>
<b>Total expended</b>	<b>2,389,443</b>	<b>197,292</b>	<b>873,894</b>	<b>3,460,629</b>	<b>3,408,338</b>

	2016 £	2015 £
<b>(b) Governance included in support costs:</b>		
Remuneration paid to auditor for audit services	8,530	7,380
Other governance costs	250	1,045
<b>Total governance costs</b>	<b>8,780</b>	<b>8,425</b>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2016 £	2015 £
Bank Loan interest	43,710	55,954
Rate Swap Interest	56,548	62,639
Finance Lease interest	266	517
	<b>100,524</b>	<b>119,110</b>

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**6. STAFF COSTS AND RELATED PARTY TRANSACTIONS**

	2016 £	2015 £
The aggregate payroll costs for the year were as follows:		
Wages and salaries	1,977,602	1,910,973
Social security costs	160,011	140,341
Other pension costs	248,946	204,097
Private Health Insurance	2,883	2,930
Total Staff Costs	<u>2,389,442</u>	<u>2,258,341</u>

None of the directors (or any persons connected with them) received any remuneration from Newcastle School for Boys during the year.

Aggregate employee-benefits of key management personnel	<u>417,207</u>	<u>400,947</u>
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	2016	2015
Number of higher paid employees in bands of:		
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-

The number with retirement benefits accruing		
- In Defined Contribution schemes was	1	1
of which the contributions amounted to	£3,081	£3,050
- In Defined Benefit schemes was	1	1

The average number of the School's employees during the year calculated on a full time equivalent basis, was 65 (2015: 64). The average number of employees employed during the year was:

	2016	2015
Teaching	57	56
Welfare	2	2
Premises	12	12
Support	7	7
	<u>78</u>	<u>77</u>

During the year there were no redundancy or termination payments made.

Transactions with Related Parties:	£	£
Scholarships awarded to children of directors:	6,187	5,279
Governor's Liability Insurance cost borne by the company:	843	843
Travel and other expenses reimbursed:	-	1,315
Training and expenses borne by the company (6 trustees):	250	1,045

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**7. TANGIBLE FIXED ASSETS**

	Freehold £	Fixtures, Fittings & Equipment £	Computers £	Total £	Assets held under HP contracts included in Computers £
<b>Cost or valuation:</b>					
At 1 September 2015	9,141,515	412,393	336,125	9,890,033	164,993
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 August 2016	9,141,515	412,393	336,125	9,890,033	164,993
<b>Depreciation:</b>					
At 1 September 2015	1,225,281	412,393	184,295	1,821,969	17,431
On Disposals	-	-	-	-	-
Charge for Year	148,581	-	48,711	197,292	50,968
At 31 August 2016	1,373,862	412,393	233,006	2,019,261	68,399
<b>Net Book Value:</b>					
At 31 August 2016	7,767,655	-	103,120	7,870,770	96,594
At 1 September 2015	7,916,234	-	151,830	8,068,064	147,562

Tangible fixed assets with a net book value of £5,485,972 have been pledged as security for liabilities of the charity.

**8. INVESTMENT**

The investment consists of 150 units M&G Charifund stock stated at market value. The cost was £173.

**9. DEBTORS**

Amounts falling due within one year:

	2016 £	2015 £
Fee Debtors	36,061	27,088
Prepayments and Accrued Income	3,494	21,318
Sundry Debtors	8,313	3,750
	<u>47,868</u>	<u>52,156</u>

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**10. CREDITORS: amounts falling due within one year**

Amounts falling due within one year:	2016	2015
	£	£
Loan	225,000	225,000
Trade Creditors	164,865	143,209
Fee payments received in Advance	296,932	271,616
Other Creditors	62,777	46,366
Taxation and Social Security	45,726	40,243
HP contracts	46,465	51,157
Accruals and Deferred income	85,621	106,916
	<u>927,386</u>	<u>884,507</u>

Included within Accruals and Deferred Income is £2,649 of deferred income in relation to donations to be used to provide assistance with fees during the next financial year (2015: £19,704). The donations were received in a previous year and specified by the donor to be used in future years.

**11. CREDITORS: amounts falling due after more than one year**

Amounts falling due after one year:	2016	2015
	£	£
Deferred income	-	2,649
Hire Purchase agreements	37,558	91,407
Interest Rate Swap	146,178	159,463
Loan	3,112,500	3,337,500
	<u>3,296,236</u>	<u>3,591,019</u>

**Maturity of debt:**

**Hire Purchase contracts**

Amounts falling due:

In one year or less or on demand	46,465	51,157
Between one and two years	37,558	51,156
Between two and five years	-	40,251
	<u>84,023</u>	<u>142,564</u>

The Hire Purchase contracts are 0% interest agreements that will end in July 2018

**Bank Loan - repaid by equal monthly instalments over a 20 year period which started in July 2011**

Amounts falling due:

In one year or less or on demand	225,000	225,000
Between one and two years	225,000	225,000
Between two and five years	675,000	675,000
In five years or more	2,212,500	2,437,500
	<u>3,337,500</u>	<u>3,562,500</u>

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

Interest is charged at 0.86% plus LIBOR and is secured by the following charges:

- Charge over The Grove, Gosforth, Newcastle upon Tyne dated 26/09/2006;
- Charge over Land and Buildings at the junction of The Grove and Moor Road South, Gosforth, Newcastle upon Tyne dated 29/06/2007;
- Charge over 39/41/43 Linden Road and 30 West Avenue, Gosforth, Newcastle upon Tyne dated 29/06/2007;
- Charge over Ascham House, 21 North Avenue, Gosforth, Newcastle upon Tyne dated 16/11/2011.

**12. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
Financial assets measured at amortised cost (a)	1,063,233	858,277
Financial liabilities measured at fair value (b)	(146,178)	(159,463)
Financial liabilities measured at amortised cost (c)	(4,077,444)	(4,313,063)
Net financial liabilities	(3,160,389)	(3,614,249)

- (a) Financial assets include cash, trade and fee debtors and other debtors
- (b) Financial liabilities held at fair value include Interest Rate Swap expiring January 2019
- (c) Financial liabilities include deposits, fees in advance, trade creditors, other creditors and bank loans

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £0.

**13. LEASES**

The company has a number of operating leases for computers, telephones and photocopiers.

The future minimum lease payments under non-cancellable operating leases are committed to be paid in the following periods:

	2016 £	2015 £
In less than one year	15,364	38,938
Between 1 year and 5 years	18,864	34,186
In more than 5 years	-	-
	34,228	73,124

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**14. FUNDS OF THE SCHOOL**

The School's funds are analysed under the following headings.

**a) RESTRICTED FUNDS**

The restricted fund relates to a fundraising campaign in which donors can specify whether the funds are to be used for:

- Providing assistance with fees and/or
- For use in capital projects

Once funds have been used for providing Assistance with Fees a transfer is made to the General Fund. Once funds have been used against capital projects, a transfer is made to the Designated Fixed Fund. Restricted funds are held in a separate designated bank account.

**b) UNRESTRICTED FUNDS**

Unrestricted funds represent accumulated income from the School's activities and other sources that are available for the general purposes of the School.

The General Fund represents the free funds of the charity which are not designated for particular purposes.

**c) DESIGNATED FUNDS**

The Designated Fixed Asset Fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of tangible fixed assets that have been purchased using restricted funds but for which the use of the asset, once purchased, is unrestricted.

The depreciation of Designated Fund asset is transferred to the general reserve each year.

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Fixed Assets £	Investments £	Net Current Assets/ (Liabilities) £	Long Term Liabilities £	Total £
General Funds:	7,772,309	2,113	(57,982)	(3,296,236)	4,420,204
Designated Funds:	82,573	-	723	-	83,296
Restricted Funds:	15,888	-	193,106	-	208,994
	<u>7,870,770</u>	<u>2,113</u>	<u>135,847</u>	<u>(3,296,236)</u>	<u>4,712,494</u>

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**16. SUMMARY OF MOVEMENTS ON MAJOR FUNDS**

	At 1 September 2015 £	Incoming Resources £	Resources Expended £	Reval'n £	Transfers £	At 31 August 2016 £
<b>General Funds:</b>						
General Fund	1,832,781	3,706,754	(3,460,629)	-	44,253	2,123,159
Revaluation Fund	2,442,973	-	-	-	-	2,442,973
Music Prize Fund	250	-	-	-	-	250
Derivative valuation	(159,463)	-	-	13,285	-	(146,178)
<b>Designated Funds:</b>						
Fixed Asset Fund	113,122	-	-	-	(30,549)	82,573
Other Fund	723	-	-	-	-	723
<b>Total Unrestricted Funds:</b>	<b>4,230,386</b>	<b>3,706,754</b>	<b>(3,460,629)</b>	<b>13,285</b>	<b>13,704</b>	<b>4,503,500</b>
<b>Restricted Funds:</b>						
Fundraising - Assistance with Fees	204,715	-	-	-	(11,699)	193,016
Fundraising - Capital Projects	17,893	-	-	-	(2,005)	15,888
Fundraising - Assistance with Fees or Capital Projects	90	-	-	-	-	90
<b>Total Restricted Fund:</b>	<b>222,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,704)</b>	<b>208,994</b>
<b>Total Funds:</b>	<b>4,453,084</b>	<b>3,706,754</b>	<b>(3,460,629)</b>	<b>13,285</b>	<b>-</b>	<b>4,712,494</b>

**17. CONTINGENT LIABILITIES**

At the balance sheet date the School was aware of a possible liability that may result from an ongoing dispute that related to a past period. A provision for the probable obligation was included in the financial accounts but it was not possible to reliably estimate the actual liability.

**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

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**18. PENSION SCHEMES**

Retirement benefits to employees of the School are provided through one defined benefit scheme, which are funded by the School's and employees' contributions.

**Defined benefit scheme - Teachers' Pension Scheme**

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £237,126 (2015: £192,684) and at the year-end £30,500 (2015 - £25,425) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015.

The Department of Education has also devolved the scheme administration costs to scheme employers in the form of an administration charge of 0.08% of the employers' salary costs which has resulted in a total employer payment rate of 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

**Defined contribution scheme - NOW Pension**

Newcastle School for Boys contribute to the money purchase group personal pension scheme managed by NOW:Pensions. Contributions range from 3% to 7% for the employee and this is matched by the employer. The employer's contributions are charged in the Statement of Financial Activities in the period in which the salaries to which they relate are due. The employer's contributions in the year amounted to £13,044 (2015: £10,997). At 31 August 2016 there were £2,012 accrued pension contributions for this scheme (2015: £3,837).



**NEWCASTLE SCHOOL FOR BOYS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED 31 AUGUST 2016**

**19. RECONCILIATION OF CHANGES TO FINANCIAL STATEMENTS ON ADOPTION OF FRS102**

Reconciliation of funds changes	Note	At 1 Sept 2014 £	At 31 Aug 2015 £
Net funds as previously stated		4,156,317	4,612,547
Recognition of derivative financial instruments	(i)	173,699	159,463
Net funds as re-stated		3,982,618	4,453,084

Reconciliation of income (expenditure) for the year		Year ended 31 Aug 2015
Net income as previously stated		456,230
Recognition of derivative financial instruments	(i)	14,236
Net income (expenditure) as restated		470,466

Note (i) Newcastle School for Boys was not previously required to recognise derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments were recognised in profit or loss when the instruments were settled. Derivative financial instruments are classified as 'other financial instruments' in FRS 102 and are recognised as a financial asset or a financial liability, at fair value, when an entity becomes party to the contractual provisions of the instrument. Consequently, financial liabilities of £173,699 have been recognised in the opening balance sheet at 1 September 2014. Financial liabilities of £159,463 have been recognised in the balance sheet as at 31 August 2015. Derivatives are measured at fair value with gains (losses) from changes in fair value recognised in income and expenditure. The effect on net income for the year ended 31 August 2015 is an increase of £14,236.