

THE ROYAL GRAMMAR SCHOOL,
GUILDFORD

Directors' Report And Financial Statements
For the Year Ended
31 July 2013

	Page
Reference and Administrative Details	3 & 4
Structure, Governance and Management	5
Report of the Directors	6 to 8
Statement of Directors' Responsibilities	9
Report of the Independent Auditors	10
Statement of Financial Activities	11
Balance Sheet	12
Cash Flow Statement	13
Accounting Policies	14
Notes to the Financial Statements	15 to 18

Directors of the Company			Appointed by
☒	Clr S K Creedy MA	Chairman of the Lanesborough Committee (to 11 th December 2012) Chairman of Governors (from 8 th January 2013)	Guildford Borough Council (to 11 th December 2012) Board-co-opted (from 11 th December 2012)
* ☒	P G Peel FCA	Chairman of the Finance and General Purposes Committee	Board – co-opted
+ ☒	HHJ Critchlow LLB DL	Chairman of Nominations Committee and Vice Chairman of Governors	Board – co-opted
^ #	CT Shorter CEng MIStructE FConSE FFB	Chairman of the Estates Committee	Board – co-opted
*^☒	Mrs C Cogley MIPD	Chairman of the Lanesborough Committee (from 11 th December 2012)	Board – co-opted
*☒	B Hartop BSc		Board – co-opted
#	Dr H J Pearson OBE MA PhD CMaths FIMA	Chairman of Governors (to 8 th January 2013)	Board – co-opted
* #	JA Smith CEng FCIBSE		Board – co-opted
+☒	C D Barnett MA PGCE	Chairman of the Academic Committee	Board – co-opted
+ ^	Rev R L Cotton MA Dip Th		Bishop of Guildford
* #	D J Counsell FCA		Old Guildfordians' Association
#	M Brett-Warburton MA(RCA) MA(UCB) RIBA		Surrey County Council
+	Professor SC Price MSc PhD FBTS ERT FHEA		University of Surrey
+	Dr L S K Linton MA MB ChB MRCP		Staff RGS and LPS
+	BJ Creese MA		University of London
+	NEJ Vineall QC MA (Cantab and Pittsburgh)		Board – co-opted
^	Mrs J Jordan (Mayor of Guildford to 30 th April 2013)		Ex Officio (to 1 st May April 2013) Guildford Borough Council (from 01 st May 2013)
	The Earl of Onslow High Steward of Guildford		Ex Officio
*	JD Fairley BA		Royal Grammar School Parents' Association
*^	Mrs EC Rimmer	Resigned 20 th March 2013	Lanesborough Parents' Association
New Joining Governors in Academic Year 2012-13			
	Clr D Lockyer-Nibbs Mayor Of Guildford	Appointed 1 st May 2013	Ex Officio
^	Mrs P Powell	Appointed 11 th December 2012 for 20 th March 2013	Lanesborough Parents' Association
* ^ + # ☒	Members of the Finance and General Purposes Committee Lanesborough Committee Members of the Academic Committee Members of the Estates Committee Members of the Nominations Committee		
Officers			
	The Headmaster	Dr JM Cox BSc PhD	
	Secretary	Mr SN White	Resigned 22/08/12
		Mrs CM Perceval BSc	Appointed 22/8/12, Resigned 23/05/13
		Mr RA Ukiah	Appointed 23/05/13
	The Head (Lanesborough)	Mrs CMA Turnbull BA	
Registered Addresses		The Royal Grammar School High Street, Guildford Surrey GU1 3BB	Lanesborough School Maori Road, Guildford Surrey GU1 2EL



Registered Address

The Royal Grammar School
High Street
Guildford
Surrey GU1 3BB

Advisers

Principal Bankers

National Westminster Bank Plc
Guildford Commercial Office
PO Box 1, 2nd Floor G3
2 Cathedral Hill
Guildford
Surrey GU1 3ZR

Auditors

PKF Littlejohn LLP
Statutory Auditors
1 Westferry Circus
Canary Wharf
London E14 4HD

Solicitors

Barlow Robbins LLP
The Oriel
Sydenham Road
Guildford
Surrey GU1 3SR

Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol BS1 5WS

Registered Company number

4104101

Registered Charity number

1084866

VAT number

948 1936 81

The Status of the Company

1 The Company is limited by guarantee and has no share capital. Every member of the Company undertakes to contribute an amount not exceeding £10 to the assets of the Company in the event of it being wound up whilst he or she is a member, or within one year of his/her ceasing to be a member. If, on the winding up or dissolution of the Company, there remains any property this shall be distributed to the King Edward VI's Grammar School, Guildford or to some other charitable institution or institutions having objects similar to the objects of the Company.

2 Membership is presently limited to 21 members of whom 2 are ex officio, 9 are nominated by external bodies and 10 are co-opted. The Company is also a registered charity.

3 Under a Charity Commission Scheme dated 28 December 2001, the Company was appointed to be the Trustee of The King Edward VI's Grammar School, Guildford, registered charity number 312028 (the School). The primary activity conducted by the Company during the year has been in respect of its role of Trustee of the School but, at the request of the School, the Company purchased an investment property in 2009 to be held for the benefit of the School.

The Directors, Officers and Advisors

4 The names of the Directors of The Royal Grammar School, Guildford and of the Officers and Advisors to the Company are set out on pages 3 and 4. The Directors have elected to be known as the Board of Governors.

Risk Management

5 The Directors have examined the principal areas of the Company's operations and considered the major risks faced in each of these areas. In the opinion of the Directors, the Company has established a review system and allocated sufficient resources to ensure that those risks identified have been mitigated to a level acceptable for the Company's day to day operations.

Administration

6 The Board of Governors has established permanent committees: the Finance and General Purposes Committee to supervise the management and administration of the Company's and School's affairs, the Academic Committee to oversee curricular and educational matters, the Lanesborough Committee to oversee all matters pertaining to the operation of Lanesborough School, the Estates Committee (as of January 2011) to oversee all buildings and developmental aspects and the Nominations Committee to review arrangements for the nomination of Members of the Company, appointments to the Board of Governors and its committees as well as to exercise an annual strategic view of the business. Panels of Directors have been selected to form disciplinary and appeals committees as required. The Chairmen of these Committees in the year were as follows:

Academic Committee
Lanesborough Committee

CD Barnett MA PGCE
Cllr SK Creedy MA (to 11th December 2012)
Mrs C Cobley MIPD (from 11th December 2012)
PG Peel FCA
CT Shorter CEng MStructE FConsE FFB
HHJ Critchlow LLB DL

Finance and General Purposes Committee
Estates Committee
Nominations Committee

7 The Nominations Committee oversees the identification of potential trustees and their induction. New trustees are provided with the opportunity to view the Schools, provided with relevant background material about the Schools and the role of a charity trustee and provided with an experienced trustee as a mentor during their first year of appointment. Opportunities are provided to attend School events that may give insight into the working of the Schools and appropriate training courses are offered to all trustees. Particular attention is given to the identification of suitable courses for new trustees.

8 The day to day running of the Company is delegated to the Secretary.



Object

9 The Company is established to promote and provide for the advancement of education in particular, but without limitation to the following

- (i) to conduct, acquire and carry on in the United Kingdom and any part of the World any boarding or day school or schools for the education of children of either sex or both sexes in all disciplines and fields of study, or otherwise provide education to persons, and
- (ii) To provide scholarships, exhibitions and bursaries for young persons, to enable them to further their education

10 The Trustees have considered the objects in the light of the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging. They are satisfied that the objects are for the advancement of education and that there is an identifiable public benefit to the King Edward VI's Grammar School, 312028 in serving as its Corporate Trustee and in holding and managing tangible fixed assets on its behalf.

Activities

11 The primary purpose of the Company is to act as Corporate Trustee for and thereby to hold assets in trust for or for the benefit of the King Edward VI's Grammar School, Guildford.

12 The Company acts as landlord for the Gillingham House property that was purchased as an investment asset at the request of the School. Funds generated from the ownership of the property will be used for the benefit of the School.

13 In acting as Corporate Trustee to the School, the Company provides a Board of Governors for the School of 1,240 pupils generating a turnover in excess of £16m and it holds assets in trust to the value of £24.7m.

Policy and Organisation

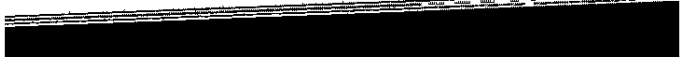
14 There have been no changes in the objectives or policies of the Company during the period of this Report.

15 The Company's Board and its committees are structured so as to enable them to assume accountability for the affairs of the School as well as its own activities as a property landlord.

Review of Activities

16 In acting as Corporate Trustee over the past year the Company has provided a board of 21 Governors who have held three Governors' meetings. In addition there have been five meetings of the School's Finance and General Purposes Committee, three meetings of its Academic Committee, three meetings of its Lanesborough Committee, three meetings of its Nominations Committee and two meetings of the new Estates Committee. Two new governors joined replacing the two who left during the year. One of the new Governors was nominated and the other was ex-officio. The Trustee has taken steps to ensure that the new Governors have received training and induction to enable them to fulfil their roles.

17 During the year, the Governors have carried out risk reviews, reviewed the policies on reserves and reviewed the guidance issued by the Charity Commission on public benefit. The Governors have continued to develop a strategy that places public benefit at the heart of all decision making processes.



Financial Review

18 In recognition of an agreement for the Company to hold an investment asset for the benefit of the School, the Company and the School agreed that each would absorb any costs of governance without re-charging or claiming as expenses

19 In 2009 the School made a donation to the Company to enable it to purchase and hold a property as an investment asset for the benefit of the School. The Company holds that property with a current market value of £415,000 and with rental income for the year totalling £38,675. The property has been fully let for the year. Utility charges are now charged directly to the tenants.

20 The Company had total incoming resources of £42,575 (2012 - £33,393), all of which was restricted. Net incoming resources totalled £33,255 (2012 net incoming - £22,727) of which £33,373 was restricted.

21 Transfers of £2,901 reflect charges to the restricted fund for landlord services.

Investment Powers, Policy and Performance

22 The Company does not intend to build up significant reserves such that an investment policy is required. Day to day surplus funds being retained on deposit at a rate typically available to charities. At the request of the School the Company holds a property as an investment asset. It is expected that the asset will yield a reasonable return for the benefit of the School but the asset's value and yield will vary over time according to market conditions. As the land is contiguous with that of the School the asset has a non-monetary benefit regardless of financial performance.

Reserves Policy

23 Until 23 March 2009, the Governors only provided a Trustee service to the School and recovered the costs of the Company as Trustee expenses. They did not build up any balances or reserves. On 24 March 2009, at the request of the School, and on a receipt of a donation from it, the Company purchased 1 Gillingham House, Pannells Court, Guildford as an investment asset to be held for the benefit of the School. The Governors will hold that investment asset and build up sufficient reserves from the net income deriving from it to fulfil the Company's obligations as landlord, thereafter using any funds that are surplus for the benefit of the School.

Indemnity Insurance

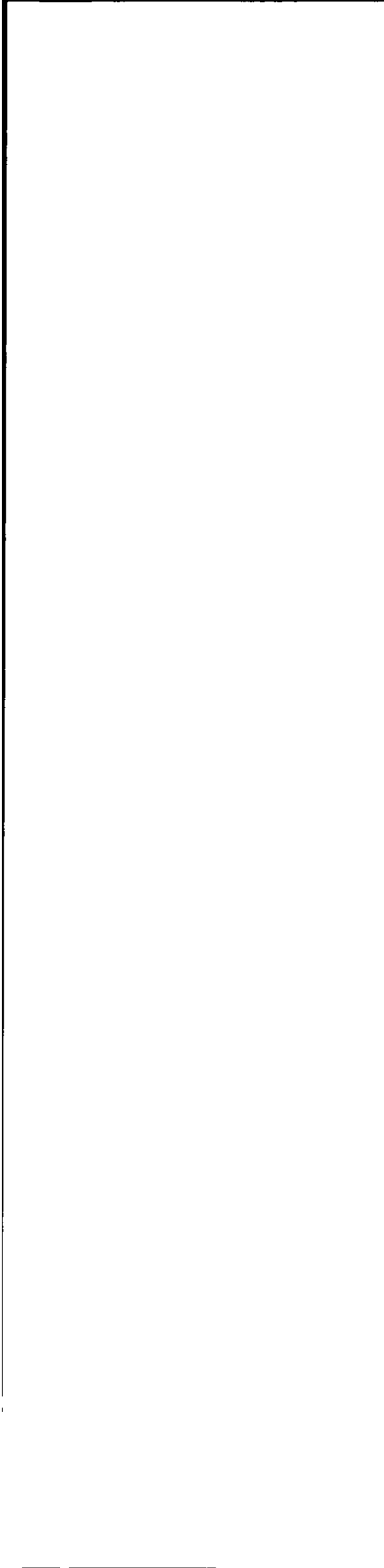
24 Professional Indemnity and Trustees' Liability insurance was purchased by the Company for the year to 31 July 2013. The insurance is in respect of claims arising from any negligent act, error or omission committed in good faith and covers the Company's Directors, Principals, Trustees and Staff and is a joint policy with The King Edward VI's Grammar School, Guildford. The cost of the insurance is included in the premium payable for public liability insurance. The element relating to the indemnity insurance is not separately identified.

Disclosure of Information to Auditors

25 The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all reasonable steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

26 PKF Littlejohn LLP (formerly Littlejohn LLP) has expressed its willingness to continue in office as auditors. A resolution proposing consideration of their re-appointment will be submitted at the annual general meeting although, in light of their long association with the School, consideration will also be given to carrying out a review of this appointment.



Future plans

27 The Company will ensure that the School regularly reviews the actual and potential impacts of the current economic climate on pupil numbers and plans adequately for development (through a master planning process) and budgetary review so as to minimise the risks of financial insecurity

Approved by the Directors and signed on their behalf by



Board Member
11 December 2013

Mr S K Coady MA



Board Member
11 December 2013

Statement of Directors' Responsibilities

The Trustees (who are also the directors of The Royal Grammar School, Guildford for the purposes of company law) are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the Company for that period. In preparing the Financial Statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Observe the methods and principles in the Charities SORP,
- 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 presume that the Company will continue in operation

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

Independent Auditor's Report to the Members of The Royal Grammar School, Guildford

We have audited the Financial Statements of The Royal Grammar School, Guildford for the year ended 31 July 2013 which comprise the Statement of Financial Activities, incorporating an Income and Expenditure Account, 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).

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 Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 9), the Directors 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 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 Directors, and the overall presentation in the Financial Statements. In addition, we read all the financial and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 July 2013 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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 Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Paul Hopper (Senior Statutory Auditor)
For and on behalf of
PKF Littlejohn LLP
Statutory Auditors
11 December 2013



1 Westferry Circus
Canary Wharf
London E14 4HD





		Unrestricted Funds	Restricted Funds	2012-2013 Total £	2011-2012 Total £
	Notes				
INCOMING RESOURCES					
Incoming Resources from Generated Funds					
Investment Income	1 (a)	0	38,714	38,714	31,163
Other incoming resources	1 (b)	0	3,861	3,861	2,230
Total incoming resources		<u>0</u>	<u>42,575</u>	<u>42,575</u>	<u>33,393</u>
RESOURCES EXPENDED					
Cost of generating funds					
Trading costs	2	0	1,662	1,662	4,018
Charitable activities					
Operating costs	3	118	5,488	5,606	3,480
Governance costs	4	0	2,052	2,052	3,168
Total resources expended		<u>118</u>	<u>9,202</u>	<u>9,320</u>	<u>10,666</u>
NET INCOMING/(OUTGOING) RESOURCES		<u>(118)</u>	<u>33,373</u>	<u>33,255</u>	<u>22,727</u>
Investment gains/(losses)		0	20,000	20,000	(30,000)
NET MOVEMENT IN FUNDS		<u>(118)</u>	<u>53,373</u>	<u>53,255</u>	<u>(7,273)</u>
Transfers	5	2,901	(2,901)	0	0
Fund balances at 1 August 2012		(785)	451,010	450,225	457,498
Fund balances at 31 July 2013		<u>£1,998</u>	<u>£501,482</u>	<u>£503,480</u>	<u>£450,225</u>

The Company has no gains or losses that are not shown above

The accounting policies and notes on pages 14 to 18 form part of these Financial Statements

	Notes	2013 £	2012 £
FIXED ASSETS			
Investment Property	6	415,000	395,000
CURRENT ASSETS			
Prepayments/Accrued Income	5,558	2,203	
Cash	109,005	73,589	
	114,563	75,792	
CREDITORS due within one year			
Accruals	(8,927)	(6,372)	
Amounts owed to the School for recharges	(15,231)	(13,370)	
VAT creditor	7 (1,925)	(825)	
	(26,083)	(20,567)	
NET CURRENT ASSETS		88,480	55,225
TOTAL NET ASSETS		503,480	450,225
Represented by			
	8		
RESTRICTED FUNDS		501,482	451,010
UNRESTRICTED FUNDS		1,998	(785)
Total funds		£503,480	£450,225

Approved by the Board of The Royal Grammar School, Guildford on
11 December 2013 and signed on its behalf by

)
) Board Member 
)
)
)
) Board Member 
)

Cur SK Group 4 MA

The accounting policies and notes on pages 14 to 18 form part of these Financial Statements



		2013 £	2012 £
	Notes		
NET CASH OUTFLOW FROM OPERATIONS	9	(3,298)	(18,512)
RETURNS ON INVESTMENT AND SERVICING			
Investment income receipts		38,714	31,163
Capital expenditure and Financial Investment.			
Payment for investment assets		0	0
Proceeds from sale of investment assets			
NET CASH INFLOW BEFORE FINANCING		35,416	12,651
FINANCING			
Net cash (outflow)/inflow from financing activities		0	0
INCREASE IN CASH		£35,416	£12,651
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in the period		35,416	12,651
Change in net debt		35,416	12,651
Net funds at 1 August 2012		73,589	60,938
Net funds at 31 July 2013		£109,005	£73,589

The accounting policies and notes on pages 14 to 18 form part of these Accounts

Basis of Accounting and Consolidation

The financial statements are prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities and in accordance with applicable United Kingdom Generally Accepted Accounting Practice. They are drawn up on the historical cost accounting basis except that investment assets are included at valuation.

Statement of Financial Activities (SOFA)

Unrestricted Funds are the expenses as Trustee of the School, management of Restricted Assets and Company administration. Restricted Funds are the income and expenses associated with the holding of property on behalf of the King Edward VIth Grammar School, Guildford, charity 312028, and the charitable deployment of any surpluses.

Income and Expenditure

Income and expenditure is accounted for on an accruals basis.

Expenditure

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent.

Governance costs are those costs associated with constitutional and statutory requirements and the governance arrangements of the Company.

Investment Property

Investment properties are held for the purpose of providing income and general benefit for the King Edward VI Grammar School, Guildford and are stated in the financial statements at market value on the basis of periodic valuations.

Taxation

As a registered charity the Company is generally exempt from Corporation Tax but not from Value Added Tax (VAT). The Company is registered for VAT with effect from 24 March 2009 (VAT registration number 948193681).

1 Activities to Generate Funds

	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
(a) Investment income is received from the balances on sums held on deposit at banks	0	39	39	13
Rental from 1 Gillingham House	0	38,675	38,675	31,150
Total	0	38,714	38,714	31,163
(b) Other incoming resources				
Re-charges for utilities, insurance and maintenance from the tenants of 1 Gillingham House	0	3,861	3,861	2,230
Total	0	3,861	3,861	2,230

2. Trading costs

	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Insurance	0	1,162	1,162	1,701
Gas	0	0	0	29
Other	0	500	500	2,288
Total	0	1,662	1,662	4,018

3 Charitable activities

	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Operating costs				
Legal Costs	0	5,488	5,488	4,534
Provision for Bad Debts	0	0	0	(1,172)
Bank Charges	118	0	118	118
Total	118	5,488	5,606	3,480

			2013	2012
4. Governance costs	Staff costs	Other	Total	Total
	£	£	£	£
Audit fee	0	2,052	2,052	3,168

The audit fee for 2012 includes an underprovision in the prior year of £348

5 Transfers	Unrestricted	Restricted	2013	2012
	£	£	£	£
Management charge	2,901	(2,901)	0	0

The Trustees have made a transfer from the Restricted Fund to the General Fund to cover the costs of managing the property, being 7.5% of gross rental income over the period

6. Investment property

	Unrestricted	Restricted	Total
	£	£	£
At Market value			
At 31 July 2012	0	395,000	395,000
Additions	0	0	0
Revaluations	0	20,000	20,000
At 31 July 2013	0	415,000	415,000

The investment property was revalued at 31st July 2013 on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The valuation was undertaken by Gascoignes, Chartered Surveyors. The property is held on trust for the King Edward VI's Grammar School, Guildford



7 Creditors due within one year

The Company registered for VAT with effect from 24 March 2009. The net VAT liability relates to the position at 31 July 2013.

8. Allocation of the charity net assets

	Investment Asset	Net current Assets	Total
	£	£	£
Restricted - The King Edward VI's Grammar School	415,000	86,482	501,482
Unrestricted - general	0	1,998	1,998
Total Unrestricted Funds	0	1,998	1,998
Total Funds	£415,000	£88,480	£503,480

9. Net Cash Outflow from Operating Activities

	At 31 July 2013	At 31 July 2012
	£	£
Net incoming resources	33,255	22,727
Increase in Prepayments/Accrued income	(3,355)	(680)
Increase/(decrease) in creditors/accruals	5,516	(9,396)
Investment income	(38,714)	(31,163)
	£(3,298)	£(18,512)



10. Related party transactions

Neither the Directors nor persons connected with them received any remuneration or other benefits from the Company or any connected organisations. Travel expenses are only reimbursed exceptionally, and with the prior approval of the Chairman. No expenses were reimbursed during the period.

At the year end the Company owed £15,231 (2012: £13,370) to the School for recharges.

During 2013 a total of £1,861 for cleaning and insurance was charged to RGS, Guildford by the school. In 2012 the recharge was £6,231 as the audit fee was recharged rather than billed directly.

11. Indemnity Insurance

Professional Indemnity and Trustees' Liability insurance was purchased by the School on behalf of the Company for the year to 31 July 2013. The insurance is in respect of claims arising from any negligent act, error or omission committed in good faith and covers the Foundation's Directors, Proprietors, Principals, Trustees and Staff.

