

THE PORTSMOUTH GRAMMAR SCHOOL

England & Wales · Charity number 1063732

Details

Other names	PORTSMOUTH GRAMMAR SCHOOL
Status	Registered
Legal form	Charitable company
Company number	03401010
Registered	1997-07-31
Register	View on the Charity Commission register

Contact

Address	Portsmouth Grammar School High Street Portsmouth PO1 2LN
Phone	02392364213
Email	bursar@pgs.org.uk
Website	www.pgs.org.uk

Activities

Objects: THE ADVANCEMENT OF EDUCATION AND TO ACT AS A TRUSTEE OF THE PORTSMOUTH GRAMMAR SCHOOL ENDOWMENT TRUST AND THE ARTHUR DARBY NOCK TRUST: FOR FULL DETAILS SEE CLAUSE 3

Activities: The Charity principally provides education in Portsmouth and the surrounding areas to boys and girls from 2 years 6 months to 18 years old.

Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** Children/young People

Geography

- Hampshire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£22,421,935	£21,648,161	£22,929,609	357
2023-08-31	£20,674,016	£20,474,656	£21,850,378	346
2022-08-31	£18,351,510	£20,006,786	£21,711,904	258
2021-08-31	£18,875,227	£18,153,179	£23,647,143	254
2020-08-31	£18,498,011	£18,446,537	£22,544,804	263

Trustees

Name	Role	Appointed
Alexandra Louise Aves		2025-10-09
Caroline Madeleine Jean Harries		2023-12-08
Dr Sally Joanne Ross		2018-03-01
His Honour Judge Peter Norman Lodder		2013-07-05
John Dermot Douglas Murphie		2025-06-20
John Millar		2024-10-18
Jonathan Mark Pascoe		2024-10-18
Lisa Marie Sigalet		2025-12-05
Nicholas John Weaver		2025-10-09
Philippa Anne Hardwick		2025-10-14
Philippe Marc Marie Mazas		2025-02-07
Rebecca Jayne Drever		2025-10-09
Ross Daniel Moyler		2024-08-31
Sally Gingell		2018-02-13
The Very Revd Dr Anthony William Nicholas Strephon Cane		2019-03-16
Thomas William Burden		2020-04-21
Vivienne Mary Chapman		2021-03-19

Linked charities

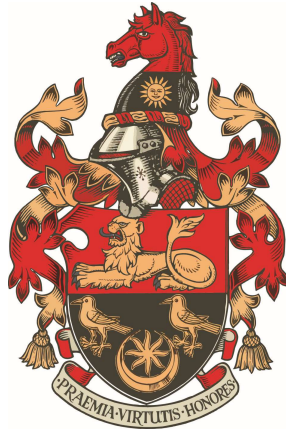
- THE PORTSMOUTH GRAMMAR SCHOOL ENDOWMENT TRUST (1063732-1)
- THE ARTHUR DARBY NOCK TRUST (1063732-2)

THE PORTSMOUTH GRAMMAR SCHOOL

England & Wales - Charity number 1063732

Accounts

COMPANY NUMBER: 03401010
CHARITY NUMBER: 1063732



THE PORTSMOUTH GRAMMAR SCHOOL

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

THE PORTSMOUTH GRAMMAR SCHOOL

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**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED AUGUST 2024**

COMPANY REGISTRATION NUMBER:	3401010
CHARITY REGISTRATION NUMBER:	1063732
REGISTERED OFFICE:	The Portsmouth Grammar School High Street Portsmouth Hampshire PO1 2LN

GOVERNORS

The Trustees of the charity are also the school Governors and Directors of the company. The Governors who served during the year ended 31 August 2024 were as follows:

EX-OFFICIO GOVERNORS

The Dean of Portsmouth:
The Very Rev'd Dr A Cane, BA, MPhil PhD

REPRESENTATIVE GOVERNORS

Nominated by Christ Church, Oxford:
Dr Martin Grossel BSc MA PhD (resigned 8th December 2023) (1)
Professor Brian Young (resigned 8th December 2023)

CO-OPTATIVE GOVERNORS

<i>Mrs S Baker MA (resigned 8th December 2023)</i>	(2)
Mrs K Bishop BA ACA (Vice Chair)	(2)(3)(4)(5)(6)
Mr T W Burden MA (Oxon)	(1)(6)
Mr W J B Cha BA (Chair)	(1)(2)(3)(4)(6)
Mr M R Coffin BA FCA	(2)(3)(5)(6)
Mrs V M Durham MA (Oxon)	(1)(6)
Ms S Gingell MSc DIPSW	(1)(6)
Mrs C M J Harries BSc CA (appointed 8 th December 2023)	(2)
Mr N D Latham CBE MSc CEng FIMarEST FIMechE	(2)(3)
His Honour Judge P Lodder KC LLB	
Mr R D Moyler BSc (appointed 31 st August 2024)	(2)
Mr P G Parkinson BA Dip Arch	(2)(4)(5)
Mr J D Poulton BA (Cantab)	(1)
Dr S Ross MB ChB MRCP	(1)(5)(6)
<i>Mr S Miah (resigned 31st August 2024)</i>	(2)
Mr J Millar BA (Oxon) FCA (appointed 18 th October 2024)	(2)
Mr J Pascoe BA ACA (appointed 18 th October 2024)	(2)(5)

- (1) = Member of the Education Committee
- (2) = Member of the Finance and General Purposes Committee
- (3) = Member of the Nominations Committee
- (4) = Member of the Remuneration Sub Committee
- (5) = Member of the Audit and Risk Committee
- (6) = Member of the Safeguarding Committee

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED AUGUST 2024**

OFFICERS

The key management personnel within the school, known as the Senior Management Team (SMT), consists of the following:

Head	D J Wickes MA
Head of Junior School	A Wilson-Smith BA
Secretary, Bursar and Clerk to the Governing Body	R J Read BA MA
Senior Deputy Head	R J Bristow MA
Deputy Head (Academic & Staff Welfare)	S L Haslam BA MA
Deputy Head (Teaching and Education Development)	J M G Andrews BA MSc
Deputy Head (Pastoral)	L J Ryan BA MA
Assistant Head (Pastoral)	F E A Bush BA
Assistant Head (Head of Sixth Form)	R H Clay BA
Assistant Head (Admissions & Partnerships)	J Jackson BSc
Assistant Head (Co-curriculum)	M G D Murray MA
Assistant Head (Pupil Progress)	M Hill BA MEd
Deputy Head of the Junior School	J Ashcroft BSc

ADVISERS

BANKERS:

Lloyds Bank plc
2/4 Palmerston Road
Southsea
Hampshire PO5 3QH

SOLICITORS:

Blake Morgan
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG

AUDITORS:

Crowe U.K. LLP
4th Floor
St James House
St James Square
Cheltenham
Gloucestershire GL50 3PR

INVESTMENT ADVISERS:

Investec Wealth and Investment Ltd
30 Gresham Street
London
EC2V 7QN

INSURANCE BROKERS:

Hettle Andrews
Eleven Brindley Place
2 Brunswick Square
Birmingham B1 2LP

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

DIRECTORS REPORT & TRUSTEES STRATEGIC REPORT

The Directors, who are also Governors of the school and charity trustees for the purposes of the Charities Act 2011, present their Annual Report in compliance with both that Act and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year ending 31 August 2024.

This report constitutes the following elements:

1. **Constitution and Objects**
2. **Structure, Governance and Management**
3. **Aims and Charitable Objective**
4. **Vision, Strategy and Public Benefit**
5. **Academic Performance**
6. **Co-Curricular Activities**
7. **Financial Performance**

CONSTITUTION AND OBJECTS

The Portsmouth Grammar School is a company limited by guarantee without share capital, governed by its Articles of Association and is a registered charity, with number 1063732. In the event of the company being wound up and unable to meet its liabilities, each member undertakes to contribute a maximum of £1. If, on winding up, there remain after satisfaction of all debts and liabilities any assets, they cannot be paid to or distributed among the members but will be given to some other charitable institution having similar objects.

On incorporation of the school in September 1997, permanently endowed assets remained the property of The Portsmouth Grammar School Endowment Trust, charity number 307355, of which the school is sole trustee. The Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

On 20 May 2004, The Charity Commission directed that "The Arthur Darby Nock Trust shall be treated as forming part of the charity called The Portsmouth Grammar School". This Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

The school also has one wholly owned subsidiary company, PGS Promotions Limited, company number 2937047.

The key charitable object of the School is the advancement of education as a day school for boys and girls.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Body

The charity is governed by its Trust Deed, last amended in 1997 and its Memorandum and Articles. The Governing Body should consist of not more than eighteen men or women. Two of the Governors are Ex-Officio, the Dean and the Lord Mayor..

Recruitment and Training of Governors

The Governors are also Directors of the company. Those who served during the year are listed on page 1. Co-optative and nominative governors are appointed for a term of three years. They may be re-elected by resolution of the Governing Body at an Annual General Meeting. Co-optative Governors are elected by the Governing Body. They are volunteers who are able and willing to devote time and energy to the strategic development of the school and they provide support to and oversight of the leadership of the Head, the Bursar, and the remainder of the School's Senior Management Team. Co-optative Governors are likely to have significant professional, educational or business experience at a senior level. All Governors are elected at a meeting of the Governing Body and receive a suitable programme of induction from the Clerk (Bursar), the Head, and the Chair of Governors. Additionally, Governors are invited to attend relevant staff professional development days and seminars provided by the Association of Governing Bodies in Independent Schools (AGBIS) and other providers of specialist advice.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

The school's 2016 ISI Inspection Report commented favourably on the quality of the school's governance and management awarding an Excellent grading. A compliance inspection was conducted by ISI in February 2019 and the school was confirmed to be compliant with the required standards. In September 2022, a Focussed Compliance and Educational Quality Inspection was conducted and the school was awarded an Excellent grading.

Organisational Management

The Governing Body meets at least three times a year. The work of implementing their policies is carried out by members of the Finance and General Purposes Committee (FGPC), chaired by Mr Latham, and Education Committee (EdCom), chaired by Mr Burden, both of which meet termly prior to the full Governing Body meeting.

In addition, an Audit and Risk Committee (ARC), chaired by Mr Coffin, meets at least three times per year with the specific remit of continuous improvement to the governance and management of the school.

A Remuneration Sub Committee (RemCo), chaired by Mrs Bishop, meets twice a year to review the school's policy on pay for teaching and support staff and to make recommendations, and to provide oversight for Senior Management Team remuneration.

The Remuneration Committee's Terms of Reference are reviewed annually. The committee considers published benchmarking data on salaries and makes comparisons with other independent schools to ensure that it remains sensitive to the broader issues of pay and employment conditions elsewhere. Its policy provides for appropriate incentives to encourage enhanced performance and the rewarding fairly and responsibly for individual contributions to the school's success.

The school also has a Nominations Committee (NomCo), chaired by the Chair of Governors or the Vice-Chair if appropriate, which normally meets twice a year, or more frequently if required, to make recommendations on Governor appointments and to consider succession planning.

The school also has a Safeguarding Committee (SafeCom), chaired by the Chair of Governors or the Vice-Chair if appropriate, which meets three times a year alongside the Education Committee.

Working Groups of Governors with members of the School's Senior Management Team may be established from time to time by one of the Committees to address specific issues.

The day to day running of the school is delegated to the Head supported by the Bursar and the remainder of the Senior Management Team (SMT), previously listed. All Governors' meetings are attended by the Head, the Bursar, and the Senior Deputy Head. Other members of the Senior Management Team also attend as and when necessary, when their areas of responsibility are discussed.

Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel, and staff costs are the largest single element of our charitable expenditure.

Group Structure and Relationships

The Charity has one wholly owned non-charitable subsidiary, PGS Promotions Limited.

The school actively supports the promotion of the highest standards in the Independent School sector through networking with other similar schools. In particular through the Headmasters' and Headmistresses' Conference (HMC) schools within the South Central region and the Trinity Group schools, located in London and on the South Coast. The school is a keen participant in the activities of these highly regarded educational organisations. As well as HMC the school has membership of the IAPS, AGBIS and the ISBA.

The school works closely with the universities of Portsmouth, Chichester and Southampton in the provision of Initial Teacher Training, and our close links with schools in the maintained sector are referred to in the Public Benefit section of this report. The school also has a close working relationship with the Portsmouth Cathedral and is a full member of the Choir Schools Association (CSA). The Head is a Trustee of the PortsFest charity.

Employee Engagement

In line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Board of Governors are pleased to report that they continue to engage with employees throughout the year. Examples of direct engagement include informal meeting time for Governors with staff in the Common room and lesson observations by Governors, prior to Governor Committee or full Board meetings, and presentations to, and discussion with Governors at meetings on the subject or area of responsibility of the staff member. There is

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

also engagement between Governors who are parents of pupils within the school with staff from across the school.

On behalf of the Board, the Head and the Senior Management Team have a strong culture of consultation with staff before introducing significant change and these issues are reported back to the Board at Board and committee meetings. The Head and Bursar also brief staff on the overall performance of the school. This is not only financial reporting but also how the school has performed in public examinations and university offers. It is believed that this culture of openness helps develop a positive culture of mutual trust and commitment amongst staff contributing to the long term success of the school as a charitable institution.

Communication and consultation with employees is a priority at the school. At intervals through the year, usually immediately prior to the start of a term or half-term, Professional Development Days are held during which briefings and staff training takes place. Elements of these days will apply to the whole school staff, both academic and support staff, with other periods being applicable to specific roles, functions or training requirements. Training on these will often include training on safeguarding, data protection, cyber security and health and safety, as well as briefings on the school's development and strategy.

Employment policy

The school is an equal opportunities employer and this is articulated in The PGS Whole School Recruitment Policy and The PGS Equal Opportunities and Dignity at Work Policy for Staff. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs.

Business Relationships

The school continues to engage with a large number of stakeholders (as set out in the Section 172(1) Statement), the most important of which are the pupils and their parents. The work of our teaching and support staff, as directed by the Board of Governors, the Head and the Senior Management Team, focuses on providing the pupils and parents with a high quality academic education underpinned by excellent pastoral care with an outstanding range of co-curricular opportunities, as outlined in this report.

The Governors continue to place a significant emphasis on the need for strong and positive relationships with self-employed staff such as peripatetic music teachers and sports coaches. Although the relationship with self-employed staff is necessarily different to that of employed staff (due to the requirements of HMRC and Employment Law), the school is proud that many of these individuals have remained loyal to the school for so many years reflecting the strong and harmonious relationship that the school fosters.

The Governors also value positive relationships with suppliers whose work in support of the school is invaluable. Governors require the Bursar to seek value for money when engaging any supplier and this is tempered with forging strong relationships that are ultimately beneficial to both parties. The Bursar also takes into account environmental credentials, when appropriate, when choosing a new supplier. The school is also keen to place a priority on local businesses where it can, and a Sustainability Forum involving staff and pupils helps seek more ways of improving the school's performance in this important area.

Fundraising practice

The Portsmouth Grammar School is registered with the Fundraising Regulator and has adopted the Code of Fundraising Practice. Neither the school nor the Fundraising Regulator has received any complaints about PGS's fundraising activity in the period covered by this report.

Fundraising is undertaken by the Development Director, a full-time employee, with support from two members of Development Office staff (Alumni Relations & Events, and a Development Manager).

The Development Director reports to Governors through the Finance and General Purposes Committee, attending its termly meetings and providing written and verbal reports as required. The Development Director has fortnightly meetings with the Head, and separately the Bursar, during term time, and is line-managed by the Head.

PGS takes very seriously its relationship with its alumni, parents, staff, Governors, and other supporters. It has an ethical fundraising and gift acceptance policy which is reviewed at least every three years. None of the school's fundraising activity should compromise donors' privacy, put anyone under undue pressure or be unreasonably persistent.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

AIMS AND OBJECTIVE

The Portsmouth Grammar School has a rich history, stretching back nearly 300 years, but we are very much a school that looks to the future, both as an Institution and, more importantly, for our pupils. We seek to draw out of them skills, qualities and, above all, our core values: curiosity, creativity, commitment, courage, compassion and collaboration. This enables them not just to take their place in society, but to be people who seek to play an active role in shaping the World around them, making it a better place for others.

We do this in many ways throughout the school, but all that we do is underpinned by an inclusive community where people care for each other. As a through school educating pupils from 2 ½ to 18 years on a single site, we have an unparalleled ability to offer continuity of educational excellence.

We wish the members of our community to:

- Be happy and to thrive
- Be curious and pursue success to the best of their ability
- Be courageous, prepared for the changing world beyond school
- Be committed to making an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person

In 2032 we will celebrate the 300th anniversary of the founding of the school. Mindful of the evolving global landscape, we want our pupils to have the best possible preparation for their futures. We are determined to strengthen the school even further, and to preserve its character and diversity, while we respond to the world around us. In partnership with parents, we are committed to providing pupils with the care and the support, the environment and the context, to grow and thrive as the best version of themselves.

VISION AND STRATEGY

Vision

The Portsmouth Grammar School will be recognised nationally for a curriculum design that is the envy of the sector and as a thriving, diverse community centred around core values and educational excellence.

It will be a School that continues to consistently prepare young people for a global world: a welcoming, forward-looking, ambitious, dynamic, and sustainable School built on firm and historic foundations.

Strategy

Our education strategy is to offer an ambitious and holistic curriculum that provides all students the opportunity to find and fulfil their potential, with a focus on academic excellence and our core values of curiosity, creativity, courage, commitment, collaboration and compassion, developing the whole child for success through to the age of 25. Building on the excellent work in our KS5 (Sixth Form/ A Levels), we will implement curriculums in the Junior School and at KS3/4 that will provide a modern, relevant and innovative education experience for all our students and one which will equip them for success.

Our finance strategy is to increase the school's non-fee revenue streams and reform the School's cost base (with a focus on reducing energy consumption and modernising internal ways of working, systems and processes), in order to minimise future school fee inflation (recognising the challenge of fee affordability for parents), and to maximise the opportunity for development and de-carbonisation of the School's estate. As part of our finance strategy all bursaries will continue to be means tested, and they will be funded entirely from non-fee revenue such as donations and lettings.

Our estates and operations strategy is to leverage local supplier relationships wherever possible to benefit the local economy and achieve maximum value for the School across our business relationships. In the short term we are prioritising energy efficiency in all our maintenance, and we are planning for a number of de-carbonisation projects across the estate.

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GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

ACHIEVEMENTS AND PERFORMANCE

PUBLIC BENEFIT

Means-Tested Fee Remission (Bursaries)

PGS is a leading provider of means tested bursaries Nationally, regionally and locally, as demonstrated by Independent School Sector benchmarking, and the School continues to honour its founding member William Smith's commitment and ethos in this regard to provide talented pupils the opportunity to attend the school who would not otherwise have been able to do so. PGS is extremely grateful to our alumni, friends and the school community, whose generosity to The William Smith Fund makes it possible for a large number of just such pupils to join PGS each year regardless of their financial situation. In 23/24 the financial volume of means-tested bursary fee remission was equivalent to £2.64m (2023: £2.66m) of PGS school fees (note 4 of the accounts refers).

Community Action Workplace

The Community, Action, Workplace (CAW) programme is the backbone of the personal enrichment curriculum for Sixth Form pupils. It is focused on personal development through exciting, rewarding and enjoyable opportunities aimed at providing an inspiring platform for the future. In the last year pupils have worked in five local schools, including the nearby secondary school, Charter Academy, where Sixth Form pupils worked with Year 8 pupils as reading mentors - supporting pupils in Year 8 with a reading age of about 5 years-old - and with Year 11 pupils as academic mentor. At local primary schools they have helped in P.E., English and Mathematics classes.

The community work extends beyond the educational sector with pupils also volunteering at a local care home, spending time with residents who are unable to make it to the main social areas as well as helping with organised activities. They have worked in the local food bank, helping to arrange donations and packages ready to be distributed to those that need them, and volunteered at the Tall Ships Trust, fixing and painting the boats as well as learning about other aspects of the work undertaken by the charity.

Education Partnerships

The School works with Universities in the region, supporting the training of student teachers. In the last academic year, we had two student teachers and four ECTs being supported at the school. Having accepted ISTIPs request to become a Regional Centre for ECT induction, we held three very successful ISTIP regional conferences for Year 1 and Year 2 ECTs over the course of last year. Year 1 ECTs attend two regional conferences in the Autumn and Summer terms and Year 2 ECTs attend one conference in the Spring term. The ECTs come from a mixture of phases from Prep to Senior Schools from all over Hampshire.

Volunteering with the Portsmouth Education Partnership is led by the Senior School English Department staff and we lead on the poetry stream of their work across the city. This included half termly meetings with professionals from across the city, from EYFS to Year 6 to develop ways of improving the literacy outcomes of children across Portsmouth. Our staff also worked to develop plans on improving reading fluency in the city, offering PGS as a beacon school for teaching and learning for reading fluency following the success of the 'Sounds of the Sea' project for Years 3 - 6 in the school. Our staff are now working closely with Highbury College to roll out this project in their setting, including training staff. Our staff have also co-ordinated what is now an annual event with Portsmouth Youth News, where Year 7 pupils from across the city attend a workshop day at PGS with the Editor in Chief at The News (Portsmouth's local newspaper), learning about journalism in the modern day. The outcome from this day is pupils writing their own community-based articles which are published on the online platform of The News.

Outside of these organisations we also strive to work with local state schools to enhance the cultural and academic education of their children. This includes drama and music events as well as STEM events (Science, Technology, Engineering and Mathematics) which over 500 children have attended during the last academic year. Every summer we hold a Summer School for more able children in Year 5 across seven state primary schools to provide stretch and challenge.

The School also has a range of active partnerships with schools overseas, including the United World School in Chai Thom, Cambodia, which it helped to build; and Kikaaya College School in Uganda, which receives significant financial support from PGS to support its internet and Wi-Fi provision. This funding is mainly raised by PGS pupils who also participate in a range of collaborative activities with the Ugandan pupils. PGS also continues a growing partnership with the two schools in Suzhou, China.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

Being aware of the importance of living in a global community and the many benefits and challenges that this brings and the commitment to such partnerships is an excellent way of ensuring that pupils are offered a tangible insight to the cultural differences of other international communities.

A number of PGS staff also fulfil voluntary roles as governors and trustees of local state schools and other educational, cultural and charitable organisations in the local area and wider region. We have given some staff approved absence for them, in their role as governors, to work on projects within these organisations.

Portsmouth Festival

The Portsmouth Festival, 'PortsFest', is predominantly funded by PGS through the payment of PortsFest employee salaries and an annual grant to support its programme of activity (£64,482 in 23/24). Ports Fest is an award-winning festival that has been providing cultural experiences in the City of Portsmouth for over 20 years, engaging with multiple audiences in Portsmouth venues and the surrounding areas. It's ambitious multi-arts programme endeavours to respond to the city's identity as a commuter belt, sea city, and area of rich cultural history, delivering work of the highest quality that illuminates the lives of people from all backgrounds. The Portsmouth Festival 2024 consisted of 18 events across 5 days, including 12 free events, run by 42 volunteers, involving 339 artists and other participants, attended by a live audience of 5,568, and supported by 257,969 social and other media interactions.

Economic Contribution

The Oxford Economics economic impact tool for schools in Great Britain demonstrates that PGS is a key contributor to both the local and National economy. PGS employs more than 350 people (teaching and support staff) and educates more than 1,200 children. According to this Oxford Economics model, the total National impact on GDP of this activity is in the region of £32m and total local impact on GDP is in the region of £17m. PGS education delivery supports more than 650 jobs nationally and almost 400 jobs locally.

Charitable Fundraising

Thanks to the efforts of pupils, staff, parents and other members of our school community fundraising remains a core charitable activity within the school. The school continues to support various local, national and international charities.

School Houses support charities of their own choice each year and raise awareness and funds through their own initiatives. Examples of charities supported by Houses are Hounds for Heroes (£401), Rowan's Hospice (£150) and Portsmouth Downs Syndrome Association (£48).

The school has a longstanding relationship with Kikaaya school in Uganda. The Pupils' Uganda Group meet every Thursday morning break to organise fundraising events. Last year, £504 was raised.

Portsmouth Grammar School pupils raise funds, and volunteer time to Second Chance, a charity that provides support to children from difficult backgrounds or with additional needs. For this charity Years 7 and 8 raised £300 and donated toys. In the summer, our pupils from Year 12 visited Second Chance's site in Titchfield, where they spent the day improving the site through tidying, gardening and painting.

Each year, Junior School staff and pupils donate to a local food bank during the Harvest Festival – this food bank provides food parcels and resources to families in need in around the city. The pupils also collect toys for Portsmouth Welfare in December, which are don't as Christmas presents.

The English Department supports a charity called "Read for Good", a reading charity that raises money for books to be sent to hospitals. Last year £605 was raised by organising a Readathon that included Junior and Senior school pupils. The English Department also works with the Portsmouth Education Partnership to develop ways of improving the literacy across Portsmouth, and with The Book Trust to improve literacy and readership nationally, where our Year 5 and 6 pupils contribute by providing them with book reviews.

The Sixth Form pupils also volunteered and raised money in support of several charities. As part of the Community Action Workplace, the Year 12 pupils gave approximately 2650 hours of voluntary time to schools, charities and social initiatives, including being reading mentors at local state school, in a local care home, a local food bank and the Tall Ships Trust. The Sixth Form also raised £400 for Pompey in the Community – a charity that supports the community through education and sport. Year 12 pupils also raised £200 for the Red Cross by organising lunchtime events such as donut sales and guess the name of the bear competition.

Staff also give their time voluntarily to the wider education sector. Staff volunteer to inspect other independent schools, act as school governors and to raise funds. One member of staff runs a local junior school's PTFA,

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

which raised £8,000 last year. Staff also often give their own time to charities and efforts to fundraise and volunteer, often aided by the PGS community. Examples include running marathons, working for Samaritans, working for Macmillan, and taking part in a Bournemouth pier swim event.

ACADEMIC PERFORMANCE

Students this year have been assessed in all subjects very much in line with how they were in 2019, the last year prior to COVID. In this context, PGS students have achieved excellent results this year. The table below includes reference to both 2019 and 2023 for comparison. Results remain substantially better than 2019. Compared with last year we have seen an increase in the % of grades at A*, which is pleasing, yet counteracted by a slight drop in A*-A and A*-B, which is, of course, disappointing. The A* percentage is the highest that has been achieved (outside of Covid) PGS started teaching reformed A Levels in 2015. In Computer Science once again half of all grades were at A* level, while Drama had an impressive 2/3rds. Maths and Further Maths again did well with large numbers of A*s. Art, Politics and Economics also did well. In terms of individual successes, 27% of students received all A*-A grades and all 6 of our Oxbridge candidates made their offers. In all 104 students got into their first-choice university and 36 have either received a revised offer or gained their insurance, with only 8 students going into Clearing.

	% A*	% A*-A	% A*-B	% A*-C	% A*-D	% A*-E	% A*-U
2019	12.9	45.4	73.2	93.9	97	100	100
2023	19.0	54.4	79.4	94.7	99.3	99.8	100
2024	20.3	51.3	77.8	93.0	98.1	99.6	100

In terms of GCSE results, similar to the national picture, PGS' results this year were just a little down on last year's result, but they surpassed those achieved by the 2019 cohort, which was a cohort who had performed particularly well at GCSE. Over 43% of all results this year were again at Grade 9 or 8, with just over 22% of all grades awarded being at 9, and just under 2/3rds of all results were Grade 9-7. The most common grade awarded was a 9 for the second year in a row, with an 8 being the next most commonly awarded grade. In terms of individual successes, 16 candidates achieved 10 or more 9-8 grades with one candidate securing all 9s and an A in Additional Maths.

BROADER CO-CURRICULAR PERFORMANCE

Spending time outdoors, being creative, learning and developing talents and skills – the co-curriculum at The Portsmouth Grammar School exists to provide pupils with experiences and opportunities beyond the classroom.

Whether it is having a go on the climbing wall, conducting environmental investigations, learning outdoor survival skills, taking part in musical theatre, classical singing, chess, wildlife, photography or sport there are a huge range of opportunities for pupils from Pre-School to Year 13 to engage with and to grow with.

In addition to our hugely busy music and sports programmes, PGS encourages students to participate across our Community Action Working scheme, incorporating workplace experience, our Combined Cadet Force and the Duke of Edinburgh Bronze, Silver and Gold Awards.

PGS has 280 sports teams and 217 clubs, including 38 music ensembles, that attract broad participation from across the student body throughout the year, with in excess of 250 students taking individual weekly music lessons. All pupils also engage in the co-curriculum via the House system.

In 2023-2024, notable co-curricular achievements include being the Nation Champions of Dance Live, the introduction of girls' Rugby and a PGS jazz ensemble, Students' Collective, becoming Chamber Champions in the 2024 Pro Corda National Chamber Music Festival.

The Drama department continues to put on many dramatic productions throughout the year.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

FINANCIAL REVIEW

Strategic Overview

This year our operating surplus (EBITDA) has benefited significantly from a non-cash gift of commercial property that will improve future cash generation, and our overall cash position has benefitted from an increase in fees in advance payments. However, where these unique movements are removed, the underlying cashflow trend is negative, requiring some significant decisions to address, one example being the recent decision to consolidate the School from three to two sites. The school is fortunate to be financially resilient with financial levers that will return cashflow to a positive trend, and these levers will need to be applied across the next two years in response to the challenging set of circumstances faced by the whole independent schools sector; the result of VAT being introduced on fees from January 2025, and the loss of Business Rates Relief and increases to employers National Insurance from April 2025.

Headline figures for 23/24 are:

	2023/24	2022/23
Student numbers	1,289	1,352
Incoming resources	22,421,935	20,674,016
Total expenditure	21,648,161	20,474,656
Net investment gains/ (losses)	305,456	(60,886)
Net income/ (expenditure)	1,079,231	138,474
EBITDA (School)	2,132,587	1,580,394
Cash provided/ (utilised) by operating activities	183,781	1,023,155
Cash at bank and in hand	7,683,329	4,309,597
Net debt	2,060,073	2,489,028
Unrestricted funds	15,063,840	14,307,476

Overall, there was a net operating profit for the year of £1,079,231 compared with an operating profit of £138,474 in the previous year. The current year includes a gain on investments of £305,456 reflecting external market conditions and the addition of gifted investment property valued at £1.315m.

Overall interest rate costs increased to £290,277 reflecting underlying market rates. Interest rate exposure is managed by fixing interest rates on a proportion of the loan portfolio within parameters that are agreed and regularly reviewed by the Finance and General Purposes Committee. Further details of the loans and current interest rates are included in note 17.

Net debt has increased by £412,701 during the year and cash balances remain healthy at £7,683,329 reflecting this year's operating performance, prudent management of cash reserves in previous periods, and a significant increase in fees in advance. The School achieves its liquidity objectives by the careful management of working capital and regular forecasting of short and long term cash requirements.

The School's exposure to credit risk is mitigated to a large extent by fees being due and collected at the beginning of each term.

Significant Events

The Independent School sector has faced and continues to face considerable financial pressure across the last few years the result of; decreasing affordability for parents, compounded last year by the prospect of VAT on school fees, and increasing School expenditure across energy and increases in TPS Employer Contributions. From 1st April 2025 Schools also face the loss of Business Rates Relief and increases to National Insurance. The School continues to review its strategy to mitigate to the extent possible the impact of these financial pressures to provide the best possible outcome for its pupils its staff and its stakeholders.

Significant events in 23/24 are the gift of three commercial properties to the school, with a market value of £1,315,000 a significant uplift in donations by 41% over the previous year, generating income of £562,101, and the doubling of revenue from facilities lettings to £60,935. Further, the school has begun drawing down the William Smith Fund, into which all donations are made, in order to fund bursary places.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

Reserves Policy

The Group's consolidated unrestricted funds stood at £15,063,840 at the year-end (22/23: £14,307,476).

After adjusting for designated funds, functional fixed assets for the charity's own use and borrowings against those assets, the school has free reserves of £2,060,073 (22/23: £1,438,470) (as defined by the Charity Commission). This has dropped beneath the planned level for three months operating costs which for 23/24 was £5,412,040 and this is being addressed as part of Governors risk management approach (risk section below refers).

The Governors regularly review the reserves policy in the light of the future plans for the school, the projected budgets and cash flow forecasts. This policy reflects the risks and uncertainties of operating as an independent educational establishment and the significant on-going demands of the school to maintain up to date facilities and invest for both the present and the future. In addition, the policy also recognises the specific financing structure of the school where future external debt re-payments are required to be funded from operational cash flows and the school is required to operate within its banking covenants on existing debt.

Investment Policy, Objectives and Performance

Investec Wealth and Investment Ltd continues to be the school's investment advisers and the delegated authority given to them to act within a framework set by the Governing Body has been reviewed during the year remains appropriate in the current economic climate. This consolidated fund with a market value of £2.547 million represents in the order of 11% of the Group's net assets and is operated within the framework detailed as follows:

1. The overall objectives are to create sufficient income and capital growth to enable the School to carry out its purposes consistently year by year with due and proper consideration for future needs, and the maintenance or enhancement of the value of the invested funds. These objectives are to be achieved by investing prudently in a broad range of quoted fixed interest securities, equities and collective vehicles which are appropriately authorised and compliant with current legislation.
2. The investment portfolio is allocated between various asset classes and performance is benchmarked against comparative indices appropriate to the different asset classes.
3. There will be no investment in unquoted securities or in direct derivatives, and the maximum equity exposure is 75% of the value of the portfolio.

The Governors reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which could damage the school's reputation.

The investment managers may exercise voting rights on behalf of the trustees taking into account the general nature of the investment portfolio of the school. Investment decisions should be based upon long-term considerations and the Governors will assess the performance of the investment advisors on the basis of the total return including both capital growth and income.

The investment managers are expected to take into account the general nature of the school and not knowingly make investments that may compromise the position of the school, its reputation or charitable objectives.

Investment Performance has been satisfactory in comparison to benchmarks. The investment fund achieved an increase of 6.4% over the year.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

Risk Management

Day to day management of risk is undertaken by the school's Deputies, Senior Management Team (SMT), and School Business Meeting, each of which meets formally once a week. The Governing Body undertakes a formal review of the school's Risk Management arrangements at least once every year, and the Audit and Risk Committee provides focus to this important area.

During the year risks and their constituent elements have been considered and discussed in detail at relevant Governing Body sub-committees as follows:

Education Committee

- The risk that high quality staff cannot be retained or recruited
- The risk for receipt of an unfavourable ISI report leading to School brand and reputational damage

Finance and General Purposes Committee

- The risk that VAT on School fees, imposed by the Government, will lead to a significant reduction in pupil numbers following implementation, accelerating the existing trend for declining student numbers at a pace that expenditure reductions cannot match
- The risk that declining student numbers, market share and fee revenue cannot be matched by a commensurate reduction in expenditure, leading to an unsustainable outflow of cash
- The risk that inflation causes the costs of delivery to increase at a faster rate than local household disposable income, leading to increased fee strain, reduced affordability, and market shrinkage
- The risk that 'right-sizing', recovering, modernising and de-carbonising the PGS historic site is not achieved at a speed of relevance
- The risk that hostile alumni activity leads to severe School brand and reputational damage
- The risk that weakened transport links reduce School attractiveness in the broader catchment
- The risk that data and information systems compliance (GDPR), resilience and security leads to cyber-attack, fraud or personal data breaches, leading to a business continuity failure and/or reputational damage
- The risk that a major crisis disrupts education outputs and damages the school's brand and reputation

Safeguarding Committee

- The risk that a serious safeguarding incident occurs, leading to harmful student and staff outcomes, and reputational damage to the school

Risk Summary

The impact of recent significant events has eroded per pupil margins across the last four years, requiring a drawdown of reserves. An efficiency delivery programme across the last two years has successfully reduced non-payroll expenditure, and the recent decision to dispose of the Upper Junior School site will enable a further and significant reduction in non-payroll costs. Additional financial levers remain available to the school to reduce costs associated with payroll, and these will provide the focus for decisions in the coming year. These actions, combined with the depth of free reserves and relatively strong cash position, indicate that financial risks facing the sector can be managed by the School.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

STREAMLINED ENERGY AND CARBON REPORTING (SECR) STATEMENT

This statement and data have been provided by an independent energy consultant, EIC.

SECR Summary

This report covers the period September 2023 to August 2024. Portsmouth Grammar School's total emissions were 20% lower than the previous year. This is attributed to the Scope 1 (combustion of fuel, fugitive and process emissions – direct) and Scope 2 (electricity – indirect) emissions performance, which decreased by 27% and 10% respectively.

Portsmouth Grammar School's intensity ratio was 0.35 which is 19% lower than the previous year. This was calculated by dividing the total emissions by the total number of pupils.

Portsmouth Grammar School's second intensity ratio was 0.02 which is 20% lower than the previous year. The second intensity ratio was total emissions by the square meterage.

The Portsmouth Grammar School's total UK energy use in 23/24 was 2,242,833 KWh (22/23: 2,808,728 KWh).

Annual Energy Efficiency Statement

During 2023/24 The Portsmouth Grammar School has continued to work towards further reductions in energy, including;

- Continuing a lighting replacement programme where 75% of the school lights are now LEDs
- Updating all gas meters in the school to Smart meters, to allow improved tracking of gas consumption across the school site. The data will feed into the School's Stark Energy Management portal
- All electricity meters now feed into the STARK portal, so the School can track electricity consumption across the site. Comparison between different areas will encourage improved behaviours
- The School has started offsetting carbon emissions associated with trips abroad
- The School has implemented an Energy Policy and focused on collective behaviours to drive down consumption, raising awareness of collective responsibilities to reduce carbon footprint through:
 - Power Down Fridays – a weekly reminder to staff to turn off appliances in areas of work
 - Signage raising awareness of carbon footprint and how it can be reduced
 - Assemblies and a podcast to communicate steps being taken to drive down consumption

Total Emissions Performance (tCO₂e)

The carbon emission figures for September 2023 to August 2024 have been derived using the most recently published DEFRA GHG emission factors as specified by the Environment Agency. EIC have collated energy invoices from September 2023 to August 2024 and consumption data has been fed into the reporting tool. The total location-based emissions are expressed in tCO₂e: tonnes of Carbon Dioxide equivalent, as this provides a common unit for reporting all types of energy and carbon use. From September 2023 to August 2024 the total emissions were 437 tCO₂e and it has been calculated that 2023-2024 emissions are 20% lower than those in the same period in 2022-2023.

Methodology

No mandatory emissions have been excluded from this statement. The statement is aligned with the GHG Protocol methodology. The GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. The framework has been in use since 2001, and forms a recognised structured format, to calculate a carbon footprint.

THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS' REPORT
FOR THE YEAR ENDED AUGUST 2024

SECTION 172(1) STATEMENT

Governor involvement

The Governors act in good faith to make decisions, the outcome of which they consider will be most likely to promote the success of the school for the benefit of its pupils and the wider school community as a whole. They regularly attend school events, affording them the opportunity to meet with parents, staff and other members of the community, and also have the regular opportunity to spend time in school attending lessons, speaking with staff and pupils, and observing the day-to-day activities of the school. In discharging their duties, the Governors carefully consider amongst other matters, the impact on and interests of other stakeholders in the school and factor these into their decision-making process.

Staff members

Governors have regular opportunities to meet with staff and observe their day-to-day activities. They also receive information on various staff metrics. The Governors are committed to promoting a healthy and productive school environment and positive physical and mental wellbeing among the staff; the school counsellors are available for consultations with staff as well as pupils, and the school has an Employee Assistance Programme that offers free counselling to staff. The Governors keep staff informed of key issues through structured communication channels, promote diversity and inclusion in school life, and also provide training and development opportunities where they are considered of benefit to the school and staff. Using the School's recruitment and development strategies, the Governors seek to attract and retain talented staff.

Pupils and their parents

The Governors commit considerable time, effort and resources into supporting staff in delivering the best educational provision the school can, whilst striving to achieve excellent individual care to enable each pupil to thrive and their parents to be well-informed on the progress of their child. In normal circumstances the Governors meet with groups of pupils on a regular basis to receive feedback and inform decision making to promote these objectives, with the aim of fostering long term mutually beneficial relationships both while the pupil attends the school and into the future. The school has a policy and procedure in place to deal with any complaints and acts to work quickly to resolve any isolated disagreements that may arise from time to time.

Suppliers

The Governors have established procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the school. The school seeks to pay all suppliers any undisputed amounts due and to conform with the billing requirements within agreed terms.

Community and the environment

The school takes its role within the community very seriously and promotes and encourages community and charitable contribution through the numerous activities set out elsewhere in this report. The school also recognises the importance of its environmental responsibilities and has measures in place to monitor and control its impact on the local environment and its compliance with any regulatory environmental standards. The school seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Standards and conduct

The school has a significant portfolio of policies and codes of practice regarding ethical and professional standards expected of staff in undertaking their duties for the school. These are clearly communicated to every staff member and adherence to which is expected and enforced.

THE PORTSMOUTH GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED AUGUST 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also directors of The Portsmouth Grammar School for the purposes of company law) are responsible for preparing the Report of the Directors, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the reappointment of Crowe U.K. LLP as auditors of the company will be put to the Annual General Meeting.

Provision of Information to the Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that, so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

This Report of the Directors, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Governing Body on 6th December 2024 including in its capacity as company directors approving the Strategic Report contained therein, and is signed as authorised on its behalf by:



K Bishop (Vice Chair)

Opinion

We have audited the financial statements of The Portsmouth Grammar School for the year ended 31 August 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Company Balance Sheets, the Consolidated 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2024 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Annual Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Governors' Annual Report.

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

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

Responsibilities of the Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 28, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the charity were The Education (Independent Schools Standards) Regulation 2014, Health and Safety, Safeguarding, Food Standards, Charity Commission regulations and General Data Protection Regulation (GDPR). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

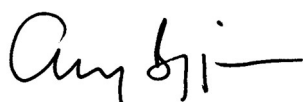
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our

audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

Signed:**Date: 12 December 2024**

Guy Biggins
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP

Crowe U.K. LLP
4th Floor
St James House
St James Square
Cheltenham
Gloucestershire GL50 3PR

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2024 £	Total 2023 £
INCOME AND ENDOWMENTS							
Charitable activities							
School fees receivable	4	18,718,658	-	-	-	18,718,658	18,549,725
Ancillary trading income	5	1,312,263	-	-	-	1,312,263	1,368,080
Other trading activities							
Activities for generating funds:							
Non-charitable trading	7	98,575	-	-	-	98,575	113,177
Other incoming resources		111,948	-	-	-	111,948	83,053
Investments							
Investment Income	6	238,744	28,280	7,716	28,650	303,390	162,163
Voluntary sources							
Donations – Investment Property		1,315,000	-	-	-	1,315,000	-
Donations - Other		280,481	281,620	-	-	562,101	397,820
Total income		22,075,669	309,900	7,716	28,650	22,421,935	20,674,016
EXPENDITURE ON:							
Raising Funds							
Non-charitable trading	7	154,741	-	-	-	154,741	151,610
Financing costs	10	465,449	-	2,347	8,714	476,510	484,394
Fund-raising costs		138,968	-	-	-	138,968	208,453
Charitable activities:							
School operating costs and grant making		20,708,481	160,087	9,374	-	20,877,942	19,630,199
Total expenditure	8	21,467,639	160,087	11,721	8,714	21,648,161	20,474,656
Net investment gains/(losses)		134,297	-	31,011	140,148	305,456	(60,886)
NET INCOME/(EXPENDITURE)		742,327	149,813	27,006	160,084	1,079,231	138,474
Transfer between funds		14,037	(14,037)	-	-	-	-
NET MOVEMENT IN FUNDS		756,364	135,776	27,006	160,084	1,079,231	138,474
Fund balances at 1 September 2023		14,307,476	1,970,689	206,936	5,365,277	21,850,378	21,711,904
Fund balances at 31 August 2024		15,063,840	2,106,465	233,942	5,525,362	22,929,609	21,850,378

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED BALANCE SHEET
31 AUGUST 2024

	Notes	2024 £	2023 £
FIXED ASSETS			
Tangible assets	11	21,484,002	21,672,668
Investments	12a	2,591,536	2,394,706
Investment property	12b	2,090,000	750,000
		26,165,538	24,817,374
CURRENT ASSETS			
Stock		94,067	107,776
Debtors	14	1,251,437	926,765
Cash at bank and in hand	13	7,683,329	4,309,597
		9,028,833	5,344,138
CREDITORS: Amounts falling due within one year	15	(4,553,201)	(2,831,510)
NET CURRENT ASSETS		4,475,632	2,512,628
TOTAL ASSETS LESS CURRENT LIABILITIES		30,641,170	27,330,002
CREDITORS: Amounts falling due in more than one year	16	(7,711,561)	(5,479,624)
TOTAL NET ASSETS		22,929,609	21,850,378
FUNDS			
Permanent Endowment funds	20	5,525,362	5,365,277
Expendable Endowment fund	20	233,942	206,936
Restricted funds	19	2,106,465	1,970,689
Unrestricted funds - General	20	15,063,840	14,307,476
TOTAL FUNDS	21	22,929,609	21,850,378

The surplus for the year in relation to the School only was £936,026 (2023: £173,054).

The financial statements were approved and authorised for issue by the Board on 6th December 2024.

Kathy Bishop

K Bishop (Vice Chair)

The notes on pages 24 to 41 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
COMPANY BALANCE SHEET
31 AUGUST 2024

	Notes	2024 £	2023 £
FIXED ASSETS			
Tangible assets	11	17,859,119	18,045,675
Investments	12a	2,591,538	2,394,708
Investment property	12b	2,090,000	750,000
		22,540,657	21,190,383
CURRENT ASSETS			
Debtors	14	1,403,535	1,061,145
Cash at bank and in hand	13	7,613,885	4,227,728
		9,017,420	5,288,873
CREDITORS: Amounts falling due within one year			
	15	(5,899,123)	(3,988,266)
NET CURRENT ASSETS		3,118,296	1,300,607
TOTAL ASSETS LESS CURRENT LIABILITIES		25,658,953	22,490,990
CREDITORS: Amounts falling due in more than one year			
	16	(7,711,561)	(5,479,624)
TOTAL NET ASSETS		17,947,392	17,011,366
FUNDS			
Permanent endowment fund	20	775,000	750,000
Restricted funds	19	2,106,465	1,970,690
Unrestricted funds - General	20	15,065,927	14,290,677
TOTAL FUNDS	21	17,947,392	17,011,366

The financial statements were approved and authorised for issue by the Board on 6th December 2024.

Kathy Bishop

K Bishop (Vice Chair)

The notes on pages 24 to 41 form part of these financial statements

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	2024 £	2023 £
Cash flows from operating activities			
Net movement in funds per SOFA		1,079,231	138,474
Depreciation	11	826,282	934,428
Loss on disposal of fixed assets	11	69,406	3,639
Investment income		(303,390)	(162,163)
Interest paid	10	290,277	262,234
(Gain)/ Loss on investments	12a	(251,811)	60,886
(Gain) on investment properties		(25,000)	-
Donation of investment properties		(1,315,000)	-
(Decrease)/ increase in stock		13,709	(7,883)
(Increase)/ (decrease) in debtors	14	(324,672)	54,081
Increase/ (decrease) in creditors		124,750	(260,541)
Cash provided by operating activities		183,781	1,023,155
Cash flows from investing activities			
Payments to acquire tangible fixed assets	11	(974,446)	(240,465)
Payments to acquire fixed asset investments	12	(388,031)	(700,309)
Proceeds on disposal of fixed asset investments	12	485,524	489,056
Proceeds on disposal of fixed assets		267,358	-
Interest paid	10	(290,277)	(262,234)
Investment income		303,390	162,163
Cash used in investing activities		(596,482)	(551,789)
Cash flows from financing activities			
Bank loans repaid	23	(321,317)	(388,499)
Cash used in financing activities		(321,317)	(388,499)
Advance fees scheme			
Payments on account utilised	18	(1,265,593)	(1,274,692)
Receipts from new contracts	18	5,415,857	1,025,077
Cash provided/ (used) by advance fees		4,150,264	(249,615)
Increase/ (decrease) in cash and cash equivalents in the year	23	3,416,246	(166,748)
Cash and cash equivalents at the beginning of the year		4,311,407	4,478,155
Total cash and cash equivalents at the end of the year		7,727,653	4,311,407
Analysis of cash and cash equivalents:			
Cash at bank and in hand	13	7,683,329	4,309,597
Cash held with investment manager	12	44,324	1,810
		7,727,653	4,311,407

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

1. CHARITY INFORMATION

The school principally provides education in Portsmouth and the surrounding areas to boys and girls from 2 years 6 months to 18 years old. The incorporated charity (charity number 1063732, company number 3401010) is domiciled in the UK. The address of the registered office is The Portsmouth Grammar School, High Street, Portsmouth, Hampshire, PO1 2LN.

2. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements present the consolidated statement of financial activities (SOFA) and the charity and consolidated balance sheets comprising the consolidation of the School, its wholly owned subsidiary PGS Promotions Limited, the Endowment Trust and the Arthur Darby Nock Trust.

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

The Portsmouth Grammar School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). No separate SOFA or Income and Expenditure Account have been presented for the School alone as permitted by section 408 of the Companies Act 2006.

b) Going concern

The Financial review on pages 10-11 of this report and the risk summary on page 12 sets out the economic environment in which the School is operating. The Governors and the management team regularly review the financial position of the School, including future cash flow forecasts. The School currently holds sufficient and appropriate cash balances. Accordingly, after making appropriate enquiries, the Governors consider the School has sufficient resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

c) Income

Fees receivable and similar income

Fees receivable and other incoming resources are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants.

Ancillary trading income

Ancillary trading income is included in the statement of financial activities when the charitable company is legally entitled to the income, receipt is probable, and the amount can be quantified with reasonable accuracy.

Donations

Donations and legacies are credited to revenue on a receivable basis. No amounts are included in the financial statements for services donated by volunteers.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

d) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the cost of running the charity, including external audit, Governors' legal advice and constitutional and statutory compliance costs.

Redundancy and termination payments are included within the accounts on an accruals basis, in line with expenditure and measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

e) Investments

Listed investments are valued at their market value at the balance sheet date from the appropriate Stock Exchange or from the relevant fund manager. Dividends, other investment income and interest are accounted for on a receivable basis. Investment gains and losses are recognised in the Statement of Financial Activities in the period in which they arise.

In order to optimise future investment performance, the Trustees have adopted a policy of investment pooling with affect from 26 April 2018. The investment pooling arrangement includes the School, together with The PGS Endowment Trust and Arthur Darby Nock Trust.

Unlisted investments are carried at historic cost less any provision for any diminution in value.

f) Investment Properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Where investment properties are held to be sold, the assets are reclassified as being current assets and included in the Balance Sheet at their open market values.

g) Tangible fixed assets

Expenditure on improvements and modernisation which enhances the long-term capability of the School is capitalised and depreciated in line with the policy for freehold buildings. Expenditure on repairs and general maintenance incurred on a regular basis is charged to the statement of financial activities on the accruals basis.

h) Depreciation

Depreciation is provided on all tangible fixed assets in use, other than freehold land and assets in the course of construction, at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected life. The school changed it's policy from reducing balance to straight line during the year as follows: -

Freehold Buildings	Over 50 years
Furniture and Fittings	Over 5 years
Equipment	Over 5 – 15 years
Motor Vehicles	Over 5 years
Computer Equipment	Over 3 years

Individual items costing less than £1,000 are written off as an expense on acquisition.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

i) Fund accounting

Unrestricted funds

Unrestricted funds relate to the School's general operational funds.

Restricted funds

Restricted funds are those which must be applied in accordance with the purpose specified by the donor. Expenditure relating to these purposes is charged directly to the fund.

Permanent Endowment Funds

Endowed funds consist of investments and part of the freehold land and buildings used by The Portsmouth Grammar School. The purpose to which the investments may be applied is restricted in accordance with the terms of The Portsmouth Grammar School Endowment Trust. The fund also includes a property endowment fund consisting of an investment property held by the school. The rental income generated is used to fund the Wilkie Scholarships and is classified within restricted funds.

Expendable Endowment Fund

The expendable endowment fund relates to the Arthur Darby Nock Trust, a linked charity. In accordance with the instructions of the Charity Commission, the assets, liabilities and transactions of the Trust remain separately identifiable within the consolidated accounts, being maintained in an Expendable Endowment Fund within the SOFA and shown on the face of the Balance Sheet.

j) Pension schemes

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set out by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme, and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme. The school has withdrawn from the scheme for new entrants.

The School also operates defined contribution schemes for all staff, including an auto enrolment arrangement. Contributions to the schemes are charged in the SOFA as they become payable, in accordance with the rules of the schemes.

k) Stocks

Stocks are stated at the lower of cost and net realisable value.

l) Leased Assets – Lessee and Lessor

Operating lease expenses/rental income are charged/credited to the statement of financial activities on a straight-line basis over the relevant lease term.

m) Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 27 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments and debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding advance fees, deposits in advance and other taxes and social security.

n) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours and Government Treasury Bills. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

o) Deferred income (Advance fees)

Amounts received under the school's Advance Fee Scheme contracts for education not utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date as long-term liabilities where the education will be provided in subsequent years

p) Parents' deposits

The Governors have reviewed the contract terms under which Pupil fee deposits are held by the School. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2024 have been included within current liabilities.

q) Bad debt provisions

When the school instructs lawyers to assist in the recovery of a parent debt, a full provision will be made. All other ongoing debts are individually considered and either a full or partial provision may be made as deemed appropriate, on the particular circumstances concerned, to ensure that an appropriate level of provision is maintained.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values 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.

The estimates and underlying assumptions are reviewed on an on-going 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 affects the current and future periods. In the opinion of the Governors, the most significant accounting estimate is in relation to the provision for non-collection of parental debt.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

4. SCHOOL FEES RECEIVABLE

	2024	2023
	£	£
School fees receivable consist of:-		
Gross fees	22,290,343	22,155,331
Less:		
Foundation bursaries	(2,637,102)	(2,662,340)
Scholarships, prizes, discounts and allowances	<u>(934,583)</u>	<u>(943,266)</u>
	<u>18,718,658</u>	<u>18,549,725</u>

The above educational awards were made to 552 individuals (2023: 588).

Gross fees are shown net of the standard 3% direct debit discount which is taken up by the majority of parents.

5. ANCILLARY TRADING INCOME

	2024	2023
	£	£
Lunches	661,269	589,388
School trips	478,709	630,605
Registration fees	29,075	27,350
Fee protection insurance	7,965	16,139
Sale of goods	13,595	9,615
Other ancillary income	<u>121,650</u>	<u>94,983</u>
	<u>1,312,263</u>	<u>1,368,080</u>

6. INVESTMENT INCOME

	2024	2023
	£	£
Rental income	49,185	26,548
Dividend income	253,127	130,784
Bank interest	<u>1,078</u>	<u>4,831</u>
	<u>303,390</u>	<u>162,163</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

7. TRADING SUBSIDIARY

	2024	2023
	£	£
PGS PROMOTIONS LIMITED		
Turnover	155,994	170,402
Cost of sales	<u>(98,892)</u>	<u>(108,956)</u>
Gross profit	50,702	61,446
Administrative expenses	<u>(60,931)</u>	<u>(47,736)</u>
Net profit	<u>(3,829)</u>	<u>13,710</u>
Retained earnings at the beginning of the year	16,798	20,168
Profit for the year	(3,829)	13,710
Gift aid donation	<u>(15,055)</u>	<u>(17,080)</u>
Retained earnings at the end of the year	<u>(2,086)</u>	<u>16,798</u>

PGS Promotions Limited had net liabilities totalling £(2,086) (2023: Assets £16,800) at the year-end.

Aggregate non-charitable trading income of £57,419 (2023: £57,225) and expenditure of £5,082 (2023: £5,082) was eliminated on consolidation.

8. TOTAL RESOURCES EXPENDED

	Staff costs	Depreciation	Other	2024	2023
	£	£	£	£	£
Charitable activities					
Teaching costs	10,757,132	328,898	1,957,748	13,043,778	13,002,081
Welfare costs	510,081	-	589,684	1,099,765	1,207,651
Premises costs	20,141	495,455	1,834,708	2,350,304	2,827,066
Support costs	<u>3,073,897</u>	<u>-</u>	<u>1,300,823</u>	<u>4,374,721</u>	<u>2,579,518</u>
School's operating costs	14,361,251	824,353	5,682,963	20,868,568	19,616,316
Raising Funds					
Financing costs	-	-	465,449	465,449	473,260
Fund-raising costs	<u>124,888</u>	<u>-</u>	<u>14,080</u>	<u>138,968</u>	<u>208,453</u>
	124,888	-	479,529	604,417	681,713
TOTAL FOR SCHOOL	<u>14,486,139</u>	<u>824,353</u>	<u>6,162,492</u>	<u>21,472,985</u>	<u>20,298,029</u>
Subsidiary trading and finance costs	31,467	1,929	121,345	154,741	151,610
Endowment fund	-	-	8,714	8,714	8,772
The Arthur Darby Nock Trust	<u>-</u>	<u>-</u>	<u>11,721</u>	<u>11,721</u>	<u>16,245</u>
TOTAL FOR GROUP	<u>14,517,606</u>	<u>826,282</u>	<u>6,304,272</u>	<u>21,648,161</u>	<u>20,474,656</u>

Included in support costs are governance costs of £70,364 (2022: £33,585).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

8. TOTAL RESOURCES EXPENDED (continued)

	2024	2023
	£	£
Total staff costs comprised:		
Wages and salaries	10,393,574	10,603,907
Social security costs	1,026,838	1,002,641
Pension contributions	2,148,073	1,902,719
Other	336,546	106,165
	<u>13,905,031</u>	<u>13,615,432</u>

Included within the wages figure above is £nil (2023: £477,366) in relation to the School's catering contract. Also included within the wages figure above are severance payments of £3,989 (2023: £23,926).

The average number of employees in the period was 357 (2023: 346) broken down as follows:

	2024	2023
Average number of teaching staff:		
Full Time	114	114
Part Time	74	68
Total	188	182
Average number of support staff		
Full Time	45	40
Part Time	124	124
Total	169	164
Total all staff	357	346

The number of employees whose emoluments exceeded £60,000 were:

	2024	2023
	No.	No.
£60,000 - £70,000	18	13
£70,000 - £80,000	6	3
£80,000 - £90,000	2	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	1
£130,000 - £140,000	-	-
£140,000 - £150,000	1	1
£150,000 - £160,000	-	-

In connection with these higher paid employees, retirement benefits are accruing under money purchase schemes for 6 (2023: 2) and under multi-employer defined benefit schemes for 21 employees (2023: 18) with 1 employee not in either scheme. The total employer contributions in the year to the schemes were £457,705 (2023: £229,164).

Key management personnel comprise the Governors and Senior Management Team listed on page 2. Key management personnel received aggregate remuneration (including employers NI and employers' pension) of £1,405,762 (2023: £1,314,930).

None of the Governors or any persons connected with them have received any remuneration in the year. Two Governors (2023: four) were reimbursed expenses during the year totalling £655 (2023: £1,112).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

9. NET INCOME

	2024	2023
	£	£
Net income is stated after charging:		
Auditors' remuneration		
- Audit – School	28,045	26,215
- Audit – Subsidiary	6,690	6,250
- Other services	1,200	1,120
- Corporation tax compliance	1,234	950
Operating leases	33,625	38,322
Depreciation	826,282	934,428

10. FINANCING COSTS

	2024	2023
	£	£
Bank loan and overdraft interest	290,277	262,324
Bank charges	15,062	15,084
Bad debts	131,910	160,396
Other financing costs	39,261	46,590
	<u>476,510</u>	<u>484,394</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

11. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings	Fixtures, fittings, computer equipment & plant	Motor vehicles	Total
	£	£	£	£
COST				
At 1 September 2023	27,357,261	6,578,340	65,012	34,000,613
Additions	-	974,446	-	974,446
Disposals	-	(2,612,093)	(53,787)	(2,665,880)
At 31 August 2024	27,357,256	4,940,693	11,225	32,309,174
DEPRECIATION				
At 1 September 2023	6,643,240	5,621,488	63,217	12,327,945
Charge for the year	462,122	362,877	1,283	826,282
Disposals	-	(2,275,780)	(53,275)	(2,329,055)
At 31 August 2024	7,105,362	3,708,585	11,225	10,825,172
NET BOOK VALUE				
At 31 August 2024	20,251,894	1,232,108	-	21,484,002
<i>At 31 August 2023</i>	<i>20,714,021</i>	<i>956,852</i>	<i>1,795</i>	<i>21,672,668</i>

SCHOOL

COST				
At 1 September 2023	23,732,377	6,554,565	53,787	30,340,729
Additions	-	974,446	-	974,446
Disposals	-	(2,601,484)	(53,787)	(2,655,271)
At 31 August 2024	23,732,372	4,927,527	-	28,659,899
DEPRECIATION				
At 1 September 2023	6,643,240	5,598,617	53,197	12,295,054
Charge for the year	462,122	362,153	78	824,353
Disposals	-	(2,265,352)	(53,275)	(2,318,627)
At 31 August 2024	7,105,362	3,695,418	-	10,800,780
NET BOOK VALUE				
At 31 August 2024	16,627,010	1,232,109	-	17,859,119
<i>At 31 August 2023</i>	<i>17,089,137</i>	<i>955,948</i>	<i>590</i>	<i>18,045,675</i>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

12. FIXED ASSET INVESTMENTS

a. GROUP

	2024 £	2023 £
UK Listed investments		
At 1 September 2023	2,392,894	2,242,529
Additions	388,031	700,309
Disposals	(485,524)	(489,056)
Investment gains/(losses)	251,811	(60,886)
Market value of investments	2,547,212	2,392,896
Cash held for investment	44,324	1,810
Total investment at 31 August 2024	<u>2,591,536</u>	<u>2,394,706</u>
Historical Cost	<u>2,236,602</u>	<u>2,192,779</u>

SCHOOL

	Listed 2024 £	Unlisted 2024 £	Total 2024 £	Total/ 2023 £
At 1 September 2023	2,392,894	2	2,392,896	2,242,531
Additions	388,031	-	388,031	700,308
Disposals	(485,524)	-	(485,524)	(489,056)
Investment gains/ (losses)	251,811	-	251,811	(60,885)
Market value of investments	2,547,212	2	2,547,214	2,392,898
Cash held for investment	44,324	-	44,324	1,810
At 31 August 2024	<u>2,591,536</u>	<u>2</u>	<u>2,591,538</u>	<u>2,394,708</u>
Historical cost	<u>2,236,602</u>	<u>2</u>	<u>2,236,604</u>	<u>2,192,781</u>

The School owns 100% of the ordinary share capital and voting rights of PGS Promotions Limited (Company Number: 02937047), whose principal activity is to operate the School's sports centre, transport and uniform shop. The company's registered office is: The Portsmouth Grammar School, High Street, Old Portsmouth, Hampshire, PO1 2LN.

The results of the subsidiary are included in these consolidated accounts on a line-by-line basis, as required by the Charities SORP.

b. FIXED ASSET INVESTMENT PROPERTY

GROUP AND SCHOOL

	2024 £	2023 £
At 1 September 2023	750,000	750,000
Additions	1,315,000	-
Revaluation gain	25,000	-
Market Value at 31 August 2024	<u>2,090,000</u>	<u>750,000</u>
Historical Cost	<u>2,065,000</u>	<u>750,000</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

13. CASH AND CASH EQUIVALENTS

	Group		School	
	2024	2023	2024	2023
	£	£	£	£
Cash at bank and in hand	7,683,329	4,309,597	7,613,885	4,227,728
	7,683,329	4,309,597	7,613,885	4,227,728

14. DEBTORS

	Group		School	
	2024	2023	2024	2023
	£	£	£	£
Trade and parental debt	493,089	265,761	493,089	263,704
Amounts due from group undertakings	-	-	160,481	151,424
Prepayments and other debtors	758,439	611,538	749,965	596,551
Deferred expenditure	-	49,466	-	49,466
	1,251,437	926,765	1,403,535	1,061,145

15. CREDITORS: Amounts falling due within one year

	Group		School	
	2024	2023	2024	2023
	£	£	£	£
Bank loan (note 17)	295,716	414,119	295,716	414,119
Trade creditors	436,161	562,563	435,499	534,852
Amounts owed to group undertakings	-	-	1,359,420	1,197,331
Deposits in advance	346,157	294,626	346,157	294,626
Other creditors	423,810	159,556	423,810	159,556
Accruals	176,041	197,572	166,012	184,708
Deferred income (note 18)	2,622,105	906,692	2,622,105	906,692
Other taxes and social security	253,211	296,382	250,404	296,382
	4,553,201	2,831,510	5,899,123	3,988,266

16. CREDITORS: Amounts falling due after more than one year

	Group		School	
	2024	2023	2024	2023
	£	£	£	£
Bank loans (note 17)	4,559,636	4,762,550	4,559,636	4,762,550
Deferred income (note 18)	3,151,925	717,074	3,151,925	717,074
	7,711,561	5,479,624	7,711,561	5,479,624

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

17. BANK LOANS – GROUP AND SCHOOL

The bank loans are repayable as follows: -

	2024 £	2023 £
Within one year	295,716	414,119
Between one and two years	311,309	416,593
Between two and five years	1,053,177	1,265,074
Over five years	3,195,150	3,080,883
	<u>4,855,352</u>	<u>5,176,669</u>

The school has the following loans:

Science Centre

A bank loan of £4.8m was agreed during 2010 to finance the construction of a new science centre. At the beginning of the financial year the balance was £2,461,615 split between a variable rate loan at 1.6% above base rate (£1,262,167) and a fixed rate loan refinanced in January 2020 at 2.65% (£1,199,448). In February 2024 the balance on the variable rate loan was refinanced and split 50% to a variable rate loan at 1.6% above base rate and 50% to a fixed rate loan at 5.8%. At year end the balance on these three loans stood at £2,227,474 (2023: £2,461,614).

Sixth Form Centre

In 2014 variable rate bank loan of £3.8m at 2.6% above base rate was agreed to finance the construction of the new Sixth form Centre. In March 2024 the remaining balance of the loan was refinanced and split 50% (£1,334,869) to a variable rate loan at 1.85% above base rate and 50% (£1,334,869) to a fixed rate loan at 5.95%. The balance on these two loans at year end stood at £2,627,878 (2023: £2,715,055).

The above loans are secured by first legal charges dated 29 February 2000 and 23 March 1999 in favour of Lloyds TSB Bank Plc over the freehold land and buildings at Portsmouth Grammar School, High Street, Portsmouth and 8 Penny Street, Portsmouth respectively.

18. DEFERRED INCOME (ADVANCE FEES) – GROUP AND SCHOOL

Parents may enter into a contract to pay to the school up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions and on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:-

	2024 £	2023 £
Within one year	2,622,105	906,692
Within 1 to 2 years	1,394,422	296,940
Within 2 to 5 years	1,558,843	381,594
Over five years	198,660	38,540
	<u>5,774,030</u>	<u>1,623,766</u>

The balance represents the accrued liability under the contracts. The movements during the year were:-

Balance at 1 September 2023	1,623,766	1,873,381
New contracts	5,415,857	1,025,077
Amounts accrued to contracts	7,039,623	2,898,458
Amounts utilised in payment of fees to the school	(1,265,593)	(1,274,692)
Balance at 31 August 2024	<u>5,774,030</u>	<u>1,623,766</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

19. RESTRICTED FUNDS

GROUP AND SCHOOL

Fund name	At 1 September 2023 £	Incoming Resources £	Resources expended £	Transfers between funds £	At 31 August 2024 £
William Smith Fund	1,878,910	280,861	(78,315)	-	2,081,457
Wilkie Scholarship Fund	14,675	28,280	(19,530)	-	23,425
Other	77,104	759	(62,243)	(14,037)	1,583
Total	1,970,689	309,900	(160,088)	(14,037)	2,106,465

GROUP AND SCHOOL (2023 comparative)

<i>Fund name</i>	<i>At 1 September 2022 £</i>	<i>Incoming Resources £</i>	<i>Resources expended £</i>	<i>Transfers between funds £</i>	<i>At 31 August 2023 £</i>
William Smith Fund	1,510,391	368,519	-	-	1,878,910
Geoff Foley Innovation and Creativity	8,564	-	(9,277)	713	-
Wilkie Scholarship Fund	6,032	26,548	(17,905)	-	14,675
Other	74,635	4,953	(2,484)	-	77,104
Total	1,599,622	400,020	(29,666)	713	1,970,689

William Smith Fund

This fund was launched in July 2015 and exists primarily to provide funds for means tested bursary support to pupils.

Geoff Foley Innovation and Creativity

This fund was set up to promote group work and problem solving outside of normal schoolwork and funds an annual prize.

Wilkie Scholarship Fund

This fund was set up to provide 50% bursaries annually for two pupils entering Year 12 under the Wilkie Scholarship. The school provides an additional 50% for each pupil.

Other

Other consists of funds raised by staff and pupils for the United World School in Chai Thom, Cambodia and Kikaaya College School in Uganda.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

20. UNRESTRICTED AND ENDOWMENT FUNDS

GROUP	At 1	Incoming	Resources	Gains/	Transfer	At 31
Fund name	September	resources	expended	(losses)	between	August
	2023				funds	2024
	£	£	£	£	£	£
Permanent Endowment						
- Investment Property	750,000	-	-	25,000	-	775,000
- Trust	4,615,280	28,648	(8,714)	115,148	-	4,750,362
	5,365,280	28,648	(8,714)	140,148	-	5,525,362
Expendable Endowment	206,936	7,716	(11,721)	31,011	-	233,942
Unrestricted Reserves	14,307,476	22,075,671	(21,467,639)	134,297	14,037	15,063,840
SCHOOL	At 1	Incoming	Resources	Gains/	Transfer	At 31
Fund name	September	resources	expended	(losses)	between	August
	2023				funds	2024
	£	£	£	£	£	£
Permanent Endowment						
- Investment Property	750,000	-	-	25,000	-	775,000
Unrestricted Reserves	14,290,677	21,919,676	(21,292,760)	134,297	14,037	15,065,927

The Portsmouth Grammar School Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

The Investment Property Fund is accounted for as a Permanent Endowment until such time as the lease is terminated in accordance with the agreement. On reversion of the lease, the School is able to sell the property and apply any or part of the capital and income of the Funds to support the Wilkie Scholarship Fund. At this point the Fund meets the definition of an Expendable Endowment.

The Arthur Darby Nock Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

20. UNRESTRICTED AND ENDOWMENT FUNDS (continued)

2023 Comparative

GROUP

<i>Fund name</i>	<i>At 1 September 2022</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Gains/ (losses)</i>	<i>Transfer between funds</i>	<i>At 31 August 2023</i>
	£	£	£	£	£	£
<i>Permanent Endowment</i>						
- Investment Property	750,000	-	-	-	-	750,000
- Trust	4,628,931	24,326	(8,772)	(29,205)	-	4,615,280
	<u>5,378,931</u>	<u>24,326</u>	<u>(8,772)</u>	<u>(29,205)</u>	<u>-</u>	<u>5,365,280</u>

*Expendable
Endowment*

224,494	6,552	(16,245)	(7,865)	-	206,936
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*Unrestricted
Reserves*

14,508,860	20,243,118	(20,419,973)	(23,816)	(713)	14,307,476
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SCHOOL

<i>Fund name</i>	<i>At 1 September 2022</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Gains/ (losses)</i>	<i>Transfer between funds</i>	<i>At 31 August 2023</i>
	£	£	£	£	£	£
<i>Permanent Endowment</i>						
- Investment Property	750,000	-	-	-	-	750,000

*Unrestricted
Reserves*

14,488,690	20,152,104	(20,325,588)	(23,816)	(713)	14,290,677
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THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

21. ALLOCATION OF NET ASSETS BETWEEN FUNDS

**2024
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	775,000	1,135,573	(10,095)	-	5,525,362
Expendable endowment	-	-	380,920	(146,978)	-	233,942
Restricted	-	-	2,106,465	-	-	2,106,465
Unrestricted	17,859,118	3,906,535	5,405,875	(4,396,128)	(7,711,561)	15,063,840
Total	21,484,002	4,681,535	9,028,833	(4,553,201)	(7,711,561)	22,929,609

SCHOOL

Permanent endowment	-	775,000	-	-	-	775,000
Restricted	-	-	2,106,465	-	-	2,106,465
Unrestricted	17,859,119	3,906,538	6,910,955	(5,899,123)	(7,711,561)	15,065,927
Total	17,859,119	4,681,538	9,017,420	(5,899,123)	(7,711,561)	17,947,392

**2023
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	750,000	1,029,137	(38,744)	-	5,365,277
Restricted	-	-	1,970,689	-	-	1,970,689
Expendable endowment	-	-	352,256	(145,320)	-	206,936
Unrestricted	18,047,784	2,394,706	1,992,056	(2,647,446)	(5,479,624)	14,307,476
Total	21,672,668	3,144,706	5,344,138	(2,831,510)	(5,479,624)	21,850,378

SCHOOL

Permanent endowment	-	750,000	-	-	-	750,000
Restricted	-	-	1,970,689	-	-	1,970,689
Unrestricted	18,045,675	2,394,708	3,318,184	(3,988,266)	(5,479,624)	14,290,677
Total	18,045,675	3,144,708	5,288,873	(3,988,266)	(5,479,624)	17,011,366

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2024 £	2023 £
(Decrease) / Increase in cash in the year	3,416,246	(166,748)
Net loan repayments	321,317	388,499
Net advance fees movements	<u>(4,150,264)</u>	<u>249,615</u>
Change in net debt	(412,701)	471,366
Net Debt at 1 September 2023	<u>(2,489,028)</u>	<u>(2,960,394)</u>
NET DEBT AT 31 AUGUST 2024	<u>(2,901,729)</u>	<u>(2,489,028)</u>

23. ANALYSIS OF CHANGE IN NET DEBT

	<i>Net debt as at 31 August 2023 £</i>	Cash Change £	Net debt as at 31 August 2024 £
Cash at bank and in hand	4,309,597	3,373,732	7,683,329
Cash at investment manager	1,810	42,514	44,324
Loans	(5,176,669)	321,317	(4,855,352)
Advance fees scheme	<u>(1,623,766)</u>	<u>(4,150,264)</u>	<u>(5,774,030)</u>
	<u>(2,489,028)</u>	<u>(412,701)</u>	<u>(2,901,729)</u>

24. OTHER FINANCIAL COMMITMENTS

a) OTHER FINANCIAL COMMITMENTS: LESSEE

At 31 August 2024 the School had future minimum lease payments under non-cancellable operating leases as follows:

Other operating leases

	2024 £	2023 £
GROUP		
Within one year	116,172	59,445
Between one and five years	323,434	184,643
Over 5 years	<u>-</u>	<u>-</u>
	<u>439,606</u>	<u>244,088</u>
SCHOOL		
Within one year	88,046	30,419
Between one and five years	261,657	95,094
Over 5 years	<u>-</u>	<u>-</u>
	<u>349,703</u>	<u>125,513</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

b) OTHER FINANCIAL COMMITMENTS: LESSOR

At 31 August 2024 the School had future minimum lease receipts under non-cancellable operating leases as follows:

Investment property

	2024	2023
	£	£
GROUP AND SCHOOL		
Within one year	96,850	21,600
Between one and five years	176,233	86,400
Over 5 years	55,542	-
	328,625	108,000

25. PENSION COSTS

Defined Benefit Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,567,342 (2023: £1,706,931) and at the year-end £nil (2022: £Nil) 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 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation have valued the 'greater value' benefits for groups of relevant members.

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

The school closed entry to the TPS scheme for new entrants from 1st September 2023.

Other Pensions

In addition to the above the School also makes contributions to defined contribution schemes for teaching and non-teaching staff. This is a separately administered defined contribution scheme or an auto enrolment arrangement with NEST. Employers' contributions totalling £454,938 (2023: £108,181) were payable to the defined contribution fund for the year and £125,793 (2023: £87,607) payable to NEST for the year.

Total outstanding contributions for all schemes at the year-end were £ nil (2023: £31,241).

26. RELATED PARTY TRANSACTIONS

The Head is a Trustee of The PortsFest charity. At the year-end PortsFest owed the School £8,717 (2023: £43,891). The School contributed £15,000 (2023: £35,000) to PortsFest during the financial year. Further details of PortsFest are described in the Report of the Directors.

The Head's remuneration package includes an interest free loan of £100,000 in respect of accommodation in the year. The loan was made on the 9 May 2023 and the balance of £100,000 remained outstanding at year end.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

During the year, legal services were provided to the School by Blake Morgan LLP which S Miah, is a partner of the firm and also a Governor of the School. Total purchase amounted to £51,887 (2023: £3,063) and £1,806 (2023: £616) remained outstanding at the year end.

27. FINANCIAL INSTRUMENTS

	2024 £	2023 £
Group		
Financial assets measured at amortised cost	8,934,765	4,917,409
Financial liabilities measured at amortised cost	5,891,364	6,096,354
Financial assets measured at fair value	<u>4,681,536</u>	<u>3,141,084</u>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2024 £	2023 £
Interest income and expense:		
Total interest income for financial assets held at amortised cost	303,390	160,363
Total income for financial assets held at fair value	62,650	50,126
Total interest expense for financial liabilities held at amortised cost	<u>290,277</u>	<u>262,234</u>

	2024 £	2023 £
School		
Financial assets measured at amortised cost	9,017,419	4,974,373
Financial liabilities measured at amortised cost	7,240,093	7,253,111
Financial assets measured at fair value	<u>4,681,538</u>	<u>3,141,086</u>

The school's income, expense, gains and losses in respect of financial instruments are summarised below:

	2024 £	2023 £
Interest income and expense:		
Interest income	303,390	162,163
Total income for financial assets held at fair value	26,286	19,248
Interest expense	<u>290,277</u>	<u>262,234</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash and cash equivalents. Included within this figure for the group and school is a parental debt provision totalling £388,617 (2023: £407,116).

Financial assets are measured at fair value comprise listed investments.

Financial liabilities measured at amortised costs comprise bank loans, amounts owed to group undertakings, net obligations under finance lease and hire purchase contracts, other creditors and accruals.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

28. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2023 £
INCOME AND ENDOWMENTS						
Charitable activities						
School fees receivable	4	18,549,725	-	-	-	18,549,725
Ancillary trading income	5	1,368,080	-	-	-	1,368,080
Other trading activities						
Activities for generating funds:						
Non-charitable trading	7	113,177	-	-	-	113,177
Other incoming resources		83,053	-	-	-	83,053
Investments						
Investment Income	6	104,737	26,548	6,552	24,326	162,163
Voluntary sources						
Donations		24,348	373,472	-	-	397,820
Total income		20,243,118	400,020	6,552	24,326	20,674,016
EXPENDITURE ON:						
Raising Funds						
Non-charitable trading	7	151,610	-	-	-	151,610
Financing costs	10	473,260	-	2,362	8,772	484,394
Fund-raising costs		208,453	-	-	-	208,453
Charitable activities:						
School operating costs and grant making		19,586,650	29,666	13,883	-	19,630,199
Total expenditure	8	20,419,973	29,666	16,245	8,772	20,474,656
Net investment gains/(losses)	12	(23,816)	-	(7,865)	(29,205)	(60,886)
NET INCOME/(EXPENDITURE)		(200,671)	370,354	(17,558)	(13,651)	138,474
Transfer between funds		(713)	713	-	-	-
NET MOVEMENT IN FUNDS		(201,384)	371,067	(17,558)	(13,651)	138,474
Fund balances at 1 September 2022		14,508,860	1,599,622	224,494	5,378,928	21,711,904
Fund balances at 31 August 2023		14,307,476	1,970,689	206,936	5,365,277	21,850,378

THE PORTSMOUTH GRAMMAR SCHOOL

England & Wales - Charity number 1063732

Accounts

COMPANY NUMBER: 3401010
CHARITY NUMBER: 1063732

THE PORTSMOUTH GRAMMAR SCHOOL
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

THE PORTSMOUTH GRAMMAR SCHOOL
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THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

COMPANY REGISTRATION NUMBER:	3401010
CHARITY REGISTRATION NUMBER:	1063732
REGISTERED OFFICE:	The Portsmouth Grammar School High Street Portsmouth Hampshire PO1 2LN

GOVERNORS

The Trustees of the charity are also the school Governors and Directors of the company. The Governors who served during the year ended 31 August 2023 were as follows:

EX-OFFICIO GOVERNORS

The Right Worshipful, the Lord Mayor of Portsmouth:
Councillor T Coles (appointed 16/5/23)

The Dean of Portsmouth:
The Very Rev'd Dr A Cane, BA, MPhil PhD

REPRESENTATIVE GOVERNORS

Nominated by Christ Church, Oxford:	
Dr Martin Grossel BSc MA PhD	(1)
Professor Brian Young	

CO-OPTATIVE GOVERNORS

Mrs S Baker MA	(2)
Mrs K Bishop BA ACA (Vice Chair)	(2)(3)(4)(5)
Mr T W Burden MA	(1)
Mr W J B Cha BA (Chair)	(1)(2)(3)(4)
Mr M R Coffin BA (Econ) FCA	(2)(3)(5)
Mrs V M Durham	(1)
Ms S Gingell	(1)
Mr N D Latham CBE MSc CEng FIMarEST FIMechE	(2)(3)
His Honour Judge Lodder KC LLB	
Mr P Parkinson BA	(2)(4)(5)
Mr J Poulton BA (Cantab)	(1)
Dr S Ross	(1)(5)
Mr S Miah (appointed 30/6/23)	(2)

- (1) = Member of the Education Committee
- (2) = Member of the Finance and General Purposes Committee
- (3) = Member of the Nominations Committee
- (4) = Member of the Remuneration Sub Committee
- (5) = Member of the Audit and Risk Committee

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2023**

OFFICERS

The key management personnel within the school, known as the Senior Management Team (SMT), consists of the following:

Head	D J Wickes MA
Head of Junior School	A Wilson-Smith BA
Secretary, Bursar and Clerk to the Governing Body	R J Read BA MA
Senior Deputy Head	D M L Payne MA MEd
Deputy Head (Academic & Staff Welfare)	S L Haslam BA MA
Deputy Head (Teaching and Education Development)	J M G Andrews BA MSc
Deputy Head (Pastoral)	L J Ryan BA MA
Assistant Head (Pastoral)	F E A Bush BA
Assistant Head (Head of Sixth Form)	R H Clay BA
Assistant Head (Admissions & Partnerships)	J Jackson BSc
Assistant Head (Co-curriculum)	M G D Murray MA
Assistant Head (Pupil Progress)	M Hill BA MEd
Deputy Head of the Junior School	J Ashcroft BSc

ADVISERS

BANKERS: Lloyds Bank plc
2/4 Palmerston Road Southsea
Hampshire PO5 3QH

SOLICITORS: Blake Morgan
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG

AUDITORS: Crowe U.K. LLP
4th Floor
St James House
St James Square
Cheltenham
Gloucestershire GL50 3PR

INVESTMENT ADVISERS: Investec Wealth and Investment Ltd
30 Gresham Street
London
EC2V 7QN

INSURANCE BROKERS:	Hettle Andrews Eleven Brindley Place 2 Brunswick Square Birmingham B1 2LP	Marsh Brokers Ltd Education Practice Capital House 1 – 5 Perry Mount Road Haywards Heath West Sussex RH16 3SY
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THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

DIRECTORS REPORT & TRUSTEES STRATEGIC REPORT

The Directors, who are also Governors of the school and charity trustees for the purposes of the Charities Act 2011, present their Annual Report in compliance with both that Act and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year ending 31 August 2023.

This report constitutes the following elements:

- 1. Constitution and Objects**
- 2. Structure, Governance and Management**
- 3. Aims and Charitable Objective**
- 4. Vision, Strategy and Public Benefit**
- 5. Academic Performance 22/23**
- 6. Co-Curricular Activities 22/23**
- 7. Financial Performance 22/23**

CONSTITUTION AND OBJECTS

The Portsmouth Grammar School is a company limited by guarantee without share capital, governed by its Articles of Association and is a registered charity, with number 1063732. In the event of the company being wound up and unable to meet its liabilities, each member undertakes to contribute a maximum of £1. If, on winding up, there remain after satisfaction of all debts and liabilities any assets, they cannot be paid to or distributed among the members but will be given to some other charitable institution having similar objects.

On incorporation of the school in September 1997, permanently endowed assets remained the property of The Portsmouth Grammar School Endowment Trust, charity number 307355, of which the school is sole trustee. The Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

On 20 May 2004, The Charity Commission directed that "The Arthur Darby Nock Trust shall be treated as forming part of the charity called The Portsmouth Grammar School". This Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

The school also has one wholly owned subsidiary company, PGS Promotions Limited, company number 2937047.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Body

The charity is governed by its Trust Deed, last amended in 1997 and its Memorandum and Articles. The Governing Body should consist of not more than eighteen men or women. Two of the Governors are Ex-Officio, the Dean and the Lord Mayor. Two Governors are nominated by Christ Church, Oxford.

Recruitment and Training of Governors

The Governors are also Directors of the company. Those who served during the year are listed on page 1. Co-optative and nominative governors are appointed for a term of three years. They may be re-elected by resolution of the Governing Body at an Annual General Meeting. Co-optative Governors are elected by the Governing Body. They are volunteers who are able and willing to devote time and energy to the strategic development of the school and they provide support to and oversight of the leadership of the Head and the Senior Management Team. Co-optative Governors are likely to have significant professional, educational or business experience at a senior level. All Governors are elected at a meeting of the Governing Body and receive a suitable programme of induction from the Clerk, the Head, and the Chair of Governors. Additionally, Governors are invited to attend relevant staff professional development days and seminars provided by the Association of Governing Bodies in Independent Schools (AGBIS) and other providers of specialist advice.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

The school's 2016 ISI Inspection Report commented favourably on the quality of the school's governance and management awarding an Excellent grading. A compliance inspection was conducted by ISI in February 2019 and the school was confirmed to be compliant with the required standards. More recently, in September 2022, a Focussed Compliance and Educational Quality Inspection was conducted and the School was awarded an Excellent grading.

Organisational Management

The Governing Body meets at least three times a year. The work of implementing their policies is carried out by members of the Finance and General Purposes Committee (F&GP), chaired by Mr Latham, and Education Committee (EC), chaired by Mr Burden, both of which meet termly prior to the full Governing Body meeting.

In addition, an Audit and Risk Committee, chaired by Mr Coffin, meets at least three times per year with the specific remit of continuous improvement to the governance and management of the school.

A Remuneration Sub Committee, chaired by Mrs Bishop, meets twice a year to review the school's policy on pay for teaching and support staff and to make recommendations.

The Remuneration Committee's Terms of Reference are reviewed annually. The committee considers published benchmarking data on salaries and makes comparisons with other independent schools to ensure that it remains sensitive to the broader issues of pay and employment conditions elsewhere. Its policy provides for appropriate incentives to encourage enhanced performance and the rewarding fairly and responsibly for individual contributions to the School's success.

The school also has a Nominations Committee, chaired by the Chair of Governors or the Vice-Chair if appropriate, which normally meets twice a year, or more frequently if required, to make recommendations on Governor appointments and to consider succession planning.

The school also has a Safeguarding Committee, chaired by the Chair of Governors or the Vice-Chair if appropriate, which meets three times a year prior to each Education Committee.

Working Groups of Governors with members of the senior management team may be established from time to time by one of the Committees to address specific issues.

The day to day running of the school is delegated to the Head supported by the Senior Management Team (SMT), previously listed. All Governors' meetings are attended by the Head, the Bursar, and the Head of the Junior School.

The Senior Deputy Head, Deputy Head (Academic), Deputy Head (Teaching and Learning), Deputy Head (Pastoral), Assistant Head (Sixth Form), Assistant Head (Pastoral), Assistant Head (Pupil Progress), Assistant Head (Co-Curricular) and the Deputy Head of the Junior School also attend as and when necessary, though this is not exhaustive and other members of the School's management attend meetings when their areas of responsibility are discussed.

Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Group Structure and Relationships

The Charity has one wholly owned non-charitable subsidiary, PGS Promotions Limited.

The school actively supports the promotion of the highest standards in the Independent School sector through networking with other similar schools. In particular through the Headmasters' and Headmistresses' Conference (HMC) schools within the South Central region and the Trinity Group schools, located in London and on the South Coast. The school is a keen participant in the activities of these highly regarded educational organisations. As well as HMC the school has membership of the IAPS, AGBIS and the ISBA.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

The school works closely with the universities of Portsmouth, Chichester and Southampton in the provision of Initial Teacher Training, and our close links with schools in the maintained sector are referred to in the Public Benefit section of this report. The school also has a close working relationship with the Portsmouth Cathedral and is a full member of the Choir Schools Association (CSA). The Head is also Chair of the Portsmouth Festival.

Employee Engagement

In line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Board of Governors are pleased to report that they continue to engage with employees throughout the year. Examples of direct engagement include informal meeting time for Governors with staff in the Common room and lesson observations by Governors, prior to Governor Committee or full Board meetings, and presentations to, and discussion with Governors at meetings on the subject or area of responsibility of the staff member. There is also engagement between Governors who are parents of pupils within the school with staff from across the school.

On behalf of the Board, the Head and the Senior Management Team have a strong culture of consultation with staff before introducing significant change and these issues are reported back to the Board at Board and committee meetings. The Head and Bursar also brief staff on the overall performance of the school. This is not only financial reporting but also how the school has performed in public examinations and university offers. It is believed that this culture of openness helps develop a positive culture of mutual trust and commitment by staff in the long term success of the school as a charitable institution.

Communication and consultation with employees is a priority at the school. At intervals through the year, usually immediately prior to the start of a term or half-term, Professional Development Days are held during which briefings and staff training takes place. Elements of these days will apply to the whole school staff, both academic and support staff, with other periods being applicable to specific roles, functions or training requirements. Training on these will often include training on safeguarding, data protection, and health and safety, as well as briefings on the school's development and strategy.

Employment policy

The school is an equal opportunities employer and this is articulated in The PGS Whole School Recruitment Policy and The PGS Equal Opportunities and Dignity at Work Policy for Staff. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs.

Business Relationships

The school continues to engage with a large number of stakeholders (as set out in the Section 172(1) Statement), the most important of which are the pupils and their parents. The work of our teaching and support staff, as directed by the Board of Governors, the Head and the Senior Management Team, focuses on providing the pupils and parents with a high quality academic education underpinned by excellent pastoral care with an outstanding range of co-curricular opportunities, as outlined in this report.

The Governors continue to place a significant emphasis on the need for strong and positive relationships with self-employed staff such as peripatetic music teachers and sports coaches. Although the relationship with self-employed staff is necessarily different to that of employed staff (due to the requirements of HMRC and Employment Law), the school is proud that many of these individuals have remained loyal to the school for so many years reflecting the strong and harmonious relationship that the school fosters.

The Governors also value positive relationships with suppliers whose work in support of the school is invaluable. Governors require the Bursar to seek value for money when engaging any supplier and this is tempered with forging strong relationships that are ultimately beneficial to both parties. The Bursar also takes into account environmental credentials, when appropriate, when choosing a new supplier. The school is also keen to place a priority on local businesses where it can, and a Sustainability Forum involving staff and pupils helps seek more ways of improving the school's performance in this important area.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

Fundraising practice

The Portsmouth Grammar School is registered with the Fundraising Regulator and has adopted the Code of Fundraising Practice. Neither the school nor the Fundraising Regulator has received any complaints about PGS's fundraising activity in the period covered by this report.

Fundraising is undertaken by the Development Director, a full-time employee, with support from two part-time members of Development Office staff (Alumni Relations & Events, and Development Manager).

The Development Director reports to Governors through the Finance and General Purposes Committee, attending its termly meetings and providing written and verbal reports as required. The Development Director has fortnightly meetings with the Head, and separately the Bursar, during term time, and is line-managed by the Head.

PGS takes very seriously its relationship with its alumni, parents, staff, Governors, and other supporters. It has an ethical fundraising and gift acceptance policy which is reviewed at least every three years. None of the school's fundraising activity should compromise donors' privacy, put anyone under undue pressure or be unreasonably persistent.

AIMS AND OBJECTIVE

In the spirit of our founder, Dr William Smith, we encourage our pupils to think not only about where they will be at 18 but where they aspire to be at 25. Portsmouth is after all, a city concerned with destinations. As a community we aim to:

- Foster a nurturing environment that enables each individual to grow in confidence and to fulfil their personal potential
- Ignite a love of learning to cultivate academic excellence and to foster individual progress
- Equip each individual to thrive in a changing world
- Prepare each individual to make a positive contribution to their communities, through both leadership and service
- Help each individual understand themselves and develop their unique strengths

We wish the members of our community to:

- Be happy and to thrive
- Enjoy learning and pursue success to the best of their ability
- Be prepared for the changing world beyond school
- Make an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person.

In 2032 we will celebrate the 300th anniversary of the founding of the school. Mindful of the evolving global landscape, we want our pupils to have the best possible preparation for their futures. We are determined to strengthen the school even further, and to preserve its character and diversity, while we respond to the world around us. In partnership with parents, we are committed to providing pupils with the care and the support, the environment and the context, to grow and thrive as the best version of themselves.

The key charitable object of the School is the advancement of education as a day school for boys and girls.

VISION AND STRATEGY

Vision

The Portsmouth Grammar School will be recognised nationally for a curriculum design that is the envy of the sector and as a thriving, diverse community centred around core values and educational excellence.

It will be a School that continues to consistently prepare young people for a global world: a welcoming, forward-looking, ambitious, dynamic, and sustainable School built on firm and historic foundations.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

Strategy

Our education strategy is to offer an ambitious and holistic curriculum that provides all students the opportunity to find and fulfill their potential, with a focus on academic excellence and our core values of curiosity, creativity, courage, commitment, collaboration and compassion, developing the whole child for success through to the age of 25. Building on the excellent work in our KS5 (Sixth Form/ A Levels), we will implement curriculums in the Junior School and at KS3/4 that will provide a modern, relevant and innovative education experience for all our students and one which will equip them for success.

Our finance strategy is to increase the School's non-fee revenue streams and reform the School's cost base (with a focus on reducing energy consumption, modernising catering provision, and updating budgetary architectures, systems and processes), in order to minimise future school fee inflation (recognising the challenge of fee affordability for parents), and to maximise the opportunity for development and decarbonisation of the School's estate. As part of our finance strategy we are also growing our endowment fund for the benefit of future bursary provision.

Our estates and operations strategy is to leverage local supplier relationships wherever possible to benefit the local economy and achieve maximum value for the School across our business relationships. In the short term we are prioritising energy efficiency in all our maintenance and we are planning for a number of decarbonisation projects across the estate.

ACHIEVEMENTS AND PERFORMANCE

PUBLIC BENEFITS

Means-Tested Fee Remission (Bursaries)

PGS is a leading provider of means tested bursaries Nationally, regionally and locally, as demonstrated by Independent School Sector benchmarking, and the School continues to honour its founding member William Smith's commitment and ethos in this regard to provide talented pupils the opportunity to attend the school who would not otherwise have been able to do so. PGS is extremely grateful to our alumni, friends and the school community, whose generosity to The William Smith Fund makes it possible for a large number of just such pupils to join PGS each year regardless of their financial situation. In 22/23 the financial volume of means-tested bursary fee remission was equivalent to £2.66m of PGS school fees (note 4 of the accounts refers).

Community Action Workplace

The Sixth Form Community, Action, Workplace (CAW) scheme runs weekly and is a key part of the personal enrichment curriculum in the Sixth Form. All 142 Year 12 pupils enrolled in some form of community collaboration in 22/23, which included volunteering at care homes, local schools, local charities and at the nearby Theatre Royal. A group also worked on developing stronger links internationally on virtual projects with a school in Uganda. These links will continue to grow and strengthen as the CAW scheme develops.

Education Partnerships

The School works with Universities in the region, supporting the training of student teachers. In the last academic year, we had five student teachers and four ECTs being supported at the school. The School also works closely with the Portsmouth Education Partnership (PEP) and Portsmouth Education Cultural Partnership (PECP) hosting and supporting events which has benefitted over 200 local children in the state sector this past year.

Outside of these organisations we also strive to work with local state schools to enhance the cultural and academic education of their children. This includes drama and music events as well as STEM events (Science, Technology, Engineering and Mathematics) which over 700 children have attended during the last academic year. Every summer we hold a three-day Summer School for more able children in Year 5 across seven state primary schools to provide stretch and challenge.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

The School also has a range of active partnerships with schools overseas, including the United World School in Chai Thom, Cambodia, which it helped to build; and Kikaaya College School in Uganda, which receives significant financial support from PGS to support its internet and Wi-Fi provision. This funding is mainly raised by PGS pupils who also participate in a range of collaborative activities with the Ugandan pupils. PGS also continues a growing partnership with the Suzhou Science and Language School in China.

Being aware of the importance of living in a global community and the many benefits and challenges that this brings and the commitment to such partnerships is an excellent way of ensuring that pupils are offered a tangible insight to the cultural differences of other international communities.

A number of PGS staff also fulfil voluntary roles as governors and trustees of local state schools and other educational, cultural and charitable organisations in the local area and wider region.

Portsmouth Festival

The Portsmouth Festival, 'PortsFest', is predominantly funded by PGS (65% in 22/23) through the payment of PortsFest employee salaries and an annual grant to support its programme of activity (£88,631 in 22/23). Ports Fest is an award-winning festival that has been providing cultural experiences in the City of Portsmouth for over 20 years, engaging with multiple audiences in Portsmouth venues and the surrounding areas. It's ambitious multi-arts programme endeavours to respond to the city's identity as a commuter belt, sea city, and area of rich cultural history, delivering work of the highest quality that illuminates the lives of people from all backgrounds. The Portsmouth Festival 2023 consisted of 78 events across 5 days, including 62 free events, run by 57 volunteers, involving 1,334 artists and other participants, attended by a live audience of 20,839, and supported by 406,596 social and other media interactions.

Economic Contribution

The Oxford Economics economic impact tool for schools in Great Britain demonstrates that PGS is a key contributor to both the local and National economy. PGS employs more than 300 people (teaching and support staff) and educates more than 1200 children. According to this Oxford Economics model, the total National impact on GDP of this activity is in the region of £30m and total local impact on GDP is in the region of £15m. PGS education delivery supports more than 600 jobs Nationally and more than 400 jobs locally.

Charitable Fundraising

Thanks to the efforts of pupils, staff, parents and other members of our school community fundraising remains a core charitable activity within the school. The school continues to support a variety of local, National and International charities and during the last academic year this included Rowan's Hospice, Children in Need, the Portsmouth Down Syndrome Association, the Portsmouth Festival, Hope4, and the Green Light Foundation.

School Houses support charities of their own choice each year and raise awareness and funds through their own initiatives, that are largely pupil-led. The Sixth Form enrichment programme (Ignite!) also includes pupils volunteering in support of several local organisations including the All Saints Church and Second Chance. Pupils involved in the Uganda and Cambodia groups also work throughout the year in partnership with schools in those countries to raise funds in support of the running of those schools.

Total donated funds to other charities in 22/23 were £38,955.

ACADEMIC PERFORMANCE

Much has been made in the mainstream media about a reduction in top grades to be awarded in 2023 and a return to the pre-pandemic grading of 2019. While it is certainly true that we have seen a reduction in grades from our excellent performance last year, our results were significantly better than those that we achieved in 2019, as illustrated below, and it must be borne in mind that these were the first set of public examinations ever sat by these candidates as they received their GCSE grades via the TAGs process in 2021 (Teacher Assessed Grades during the pandemic years).

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	% A*	% A*-A	% A*-B	% A*-C	% A*-D	% A*-E	% A*-U
2019	12.9	45.4	73.2	93.9	97	100	100
2023	19.0	54.4	79.4	94.7	99.3	99.8	100

In Art, Politics, and Design & Technology 1/3 of all grades were A*. Even more impressively, in Computer Science & Further Maths, half of all grades were A*. In terms of individual successes, 37 candidates, or more than a quarter of the entire cohort, received all A*-A grades and all 5 of our Oxbridge candidates made their offers. Several students also received extremely good grades despite facing considerable adversity such as loss of a parent or serious illness during their time in the Sixth Form. 90% of candidates are moving on to university of their choice while a number of others are taking up degree apprenticeships with multi-national companies.

As for A Level, PGS' GCSE results surpassed those achieved by the 2019 cohort, which was a cohort who had performed particularly well at GCSE. Over 43% of all results this year were a Grade 9 or 8, with nearly a quarter of all grades awarded being at 9, and just over 2/3rds of all results were Grade 9-7. The most common grade awarded was a 9. The average points per entry (7.13 out of a maximum of 9) is the best average obtained by PGS pupils since 2001, as far as comparable records are available. It is worth remembering that these pupils faced significant disruption, both educationally and socially, during the pandemic years and their achievements are laudable.

In terms of individual successes, 17 candidates, just over 10% of the cohort, achieved all 9-8 grades. 4 candidates received 10 Grade 9s, with 2 of these also achieving a Grade A in Additional Mathematics.

BROADER CO-CURRICULAR PERFORMANCE

Spending time outdoors, being creative, learning and developing talents and skills – the co-curriculum at The Portsmouth Grammar School exists to provide pupils with experiences and opportunities beyond the classroom.

Whether it is having a go on the climbing wall, conducting environmental investigations, learning outdoor survival skills, taking part in musical theatre, classical singing, chess, wildlife, photography or sport there are a huge range of opportunities for pupils from Pre-School to Year 13 to engage with and to grow with.

In addition to our hugely busy music and sports programmes, PGS encourages students to participate across our Community Action Working scheme, incorporating workplace experience, our Combined Cadet Force and the Duke of Edinburgh Bronze, Silver and Gold Awards.

PGS has 251 sports teams and 230 clubs, including 38 music ensembles, that attract broad participation from across the student body throughout the year, with in excess of 250 students taking individual weekly music lessons.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

FINANCIAL REVIEW

Strategic Overview

As the accounts demonstrate, 22/23 has seen a significant improvement in PGS' financial position following 21/22, which witnessed a number of compound events that negatively impacted the School financially, predominantly the result of post covid circumstances and exposure to increased energy costs following Russia's invasion of Ukraine. The more stable and successful financial performance this year is due in part to a full review of PGS' Vision and Strategy, which has led to rapid and significant modernisation and efficiency delivery across the School's business support functions, delivering long lasting financial benefits, whilst embedding a process for continuous improvement that should see additional financial benefits materialise across the next 2-3 years. A successful efficiency delivery programme initiated by the new Head and new Bursar has considerably reduced expenditure, removing £812,257 of cost in 22/23, achieving an operating surplus of 7.7% (21/22: -3.6%), and these efficiencies will continue to deliver financial benefit into future years.

Headline figures for 22/23 are:

	2022/23	2021/22
Student numbers	1352	1274
Incoming resources	20,613,130	18,071,547
Total expenditure	20,474,656	20,006,786
Net income/ (expenditure)	138,474	(1,935,239)
EBITDA (School)	1,580,394	(651,637)
Cash provided/ (utilised) by operating activities	1,023,155	(503,601)
Cash at bank and in hand	4,309,597	4,380,638
Net debt	2,489,028	2,960,394
Unrestricted funds	14,307,476	14,508,860

Overall there was a net operating profit for the year of £138,474 compared with an operating deficit of £1,935,239 in the previous year. The current year includes a bad debt charge of £160,396 and losses on the investment portfolio of £60,886 reflecting external market conditions.

Overall interest rate costs have almost doubled to £262,324 reflecting underlying market rates. Interest rate exposure is managed by fixing interest rates on a proportion of the loan portfolio within parameters that are agreed and regularly reviewed by the Finance and General Purposes Committee. Further details of the loans and current interest rates are included in note 17.

Net debt has reduced by £471,366 during the year and cash balances remain healthy at £4,309,597 reflecting this year's operating performance and prudent management of cash reserves in previous periods. The School achieves its liquidity objectives by the careful management of working capital and regular forecasting of short and long term cash requirements.

The School's exposure to credit risk is mitigated to a large extent by fees being due and collected at the beginning of each term.

Significant Events

The Independent School sector has faced and continues to face considerable financial pressure across the last few years the result of; decreasing affordability for parents, compounded by the prospect of VAT on school fees, and increasing School expenditure across energy and increases in TPS Employer Contributions. In future Schools also face the prospect of loss of Business Rates Relief. The School continues to review its strategy to mitigate to the extent possible the impact of these financial pressures to provide the best possible outcome for its pupils its staff and its stakeholders.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

Significant events in 22/23 are the success of the School efficiency delivery programme, referred to above, and a full ISI inspection in September 2023 for which the School was awarded two EXCELLENT grades. Further, the school's Giving Day was the most successful yet, raising £291,196.

Reserves Policy

The School's consolidated unrestricted funds stood at £14,307,476 at the year-end (21/22: £14,508,860).

After adjusting for designated funds, functional fixed assets for the charity's own use and borrowings against those assets, the school has free reserves of £1,438,470 (21/22: £1,331,279) (as defined by the Charity Commission). This has dropped beneath the planned level for three months operating costs which for 22/23 was £5,118,664 and this is being addressed as part of Governors risk management approach (risk section below refers).

The Governors regularly review the reserves policy in the light of the future plans for the school, the projected budgets and cash flow forecasts. This policy reflects the risks and uncertainties of operating as an independent educational establishment and the significant on-going demands of the school to maintain up to date facilities and invest for both the present and the future. In addition the policy also recognises the specific financing structure of the school where future external debt re-payments are required to be funded from operational cash flows and the school is required to operate within its banking covenants on existing debt.

Investment Policy, Objectives and Performance

Investec Wealth and Investment Ltd continue to be the school's investment advisers and the delegated authority given to them to act within a framework set by the Governing Body has been reviewed during the year remains appropriate in the current economic climate. This consolidated fund with a market value of

£2.395 million represents in the order of 11% of the School's net assets and is operated within the framework detailed as follows:

1. The overall objectives are to create sufficient income and capital growth to enable the School to carry out its purposes consistently year by year with due and proper consideration for future needs, and the maintenance or enhancement of the value of the invested funds. These objectives are to be achieved by investing prudently in a broad range of quoted fixed interest securities, equities and collective vehicles which are appropriately authorised and compliant with current legislation.
2. The investment portfolio is allocated between various asset classes and performance is benchmarked against comparative indices appropriate to the different asset classes.
3. There will be no investment in unquoted securities or in direct derivatives, and the maximum equity exposure is 75% of the value of the portfolio.

The Governors reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which could damage the School's reputation. The Governors expect the fund manager to have considered the suitability of investments of the same kind as any particular investment proposed to be made or retained.

The investment managers may exercise voting rights on behalf of the trustees taking into account the general nature of the investment portfolio of the School. Investment decisions should be based upon long-term considerations and the Governors will assess the performance of the investment advisors on the basis of the total return including both capital growth and income.

The investment managers should take into account the general nature of the school and not knowingly make investments that may compromise the position of the school, its reputation or charitable objectives.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

Investment Performance has been satisfactory in comparison to benchmarks. The investment fund achieved a small increase of 2.3% over the year.

Risk Management

Day to day management of risk is undertaken by the school's Deputies, Senior Management Team (SMT), and School Business Meeting, each of which meets formally once a week. The Governing Body undertakes a formal review of the school's Risk Management arrangements at least once every year, and the Audit and Risk Committee provides focus to this important area.

During the year risks and their constituent elements have been considered and discussed in detail at relevant Governing Body sub-committees as follows:

Education Committee

- The risk that increasing JCQ exam regs/access arrangements lead to School failure to deliver exams
- The risk that high quality staff cannot be retained or recruited
- The risk that grading changes to exam marking lead to results below parent and student expectation
- The risk for receipt of an unfavourable ISI report leading to School brand and reputational damage

Finance and General Purposes Committee

- The risk that VAT on School fees, imposed by Government, will lead to a significant reduction in pupil numbers following implementation, accelerating the existing trend for declining student numbers
- The risk that student numbers, market share and net fee income fall below a level that sustains an operating surplus
- The risk that inflationary and affordability impacts cause costs per pupil to exceed net fees per pupil, leading to School financial unviability
- The risk that 'right-sizing', recovering, modernising and decarbonising the PGS historic site is not achieved at a speed of relevance
- The risk that hostile alumni activity leads to severe School brand and reputational damage
- The risk that weakened transport links reduce School attractiveness in the broader catchment
- The risk that data and information systems resilience and security leads to cyber attack, fraud or personal data breaches, leading to a business continuity failure and/or reputational damage
- The risk that a major crisis disrupts education outputs and damages the School's brand and reputation

Safeguarding Committee

- The risk that a serious safeguarding incident occurs, leading to harmful student and staff outcomes, and reputational damage to the School

Risk Summary

The impact of recent significant events has eroded per pupil margins across the last four years, requiring a draw down of reserves. Three financial levers are available to address this issue and the first has been successfully 'pulled' in the form of an efficiency delivery programme to reduce expenditure. The remaining two financial levers are a reduction in fee remission and an increase to pupil:teacher ratios, both of which are available to the School as risk mitigations and have yet to be exercised. These two options, combined with the depth of free reserves, indicate that financial risks facing the sector can be managed by Governors assuring the future of The Portsmouth Grammar School.

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STREAMLINED ENERGY AND CARBON REPORTING (SECR) STATEMENT

This report is provided by an independent low carbon energy consultant, MEES Solutions.

GHG Emissions and Energy use data for period 1 September 2022 to 31st August 2023

		Current Year 2022 - 2023	Comparison Year 2018 - 2019	Current Year Change from Comparison	
Energy Consumption - Gas	kWh/year	1,663,818	1,832,882	-9%	Reduction
Energy Consumption - Diesel	kWh/year	47,736	15,620	206%	Increase
Energy Consumption - Petrol	kWh/year	2,554	0		
Energy Consumption - Electricity	kWh/year	1,098,897	1,356,526	-19%	Reduction
Total Energy	kWh/year	2,813,005	3,205,028	-12%	Reduction
Emissions - Gas	tCO ₂ e/year	304.4	337.3	-10%	Reduction
Emissions - Diesel	tCO ₂ e/year	11.4	4.0	189%	Increase
Emissions - Petrol	tCO ₂ e/year	0.6	0		
Emissions - Electricity	tCO ₂ e/year	227.6	347.3	-34%	Reduction
Total Emissions	tCO₂e/year	543.9	688.5	-21%	Reduction
Total Internal Building Area	m²	21,768.8	21,768.8	0%	No Change
Number of Pupils	No.	1,251	1,462	-14%	Reduction
Intensity Ratio 1 Total Emissions	tCO₂e/m²/year	0.025	0.032	-21%	Reduction
Intensity Ratio 2 Building Energy	kWh/m²/year	127	147	-13%	Reduction
Intensity Ratio 3 Total Energy	kWh/pupil/year	2,249	2,192	3%	Increase
Intensity Ratio 4 Total Emissions	tCO₂e/pupil/year	0.435	0.471	-8%	Reduction

The Base Year for comparison is the financial year 2018/2019. This is the most recent financial year that was unaffected by the Covid Pandemic and is the year for which the ESOS Phase II has been conducted.

The latest financial year 2022/23 shows a 12% reduction in total energy consumption and a 21% reduction in carbon emissions compared to the Base Year. However, there was a 14% reduction in pupil numbers. Detailed analysis can be seen below.

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2023**

Key Impacts

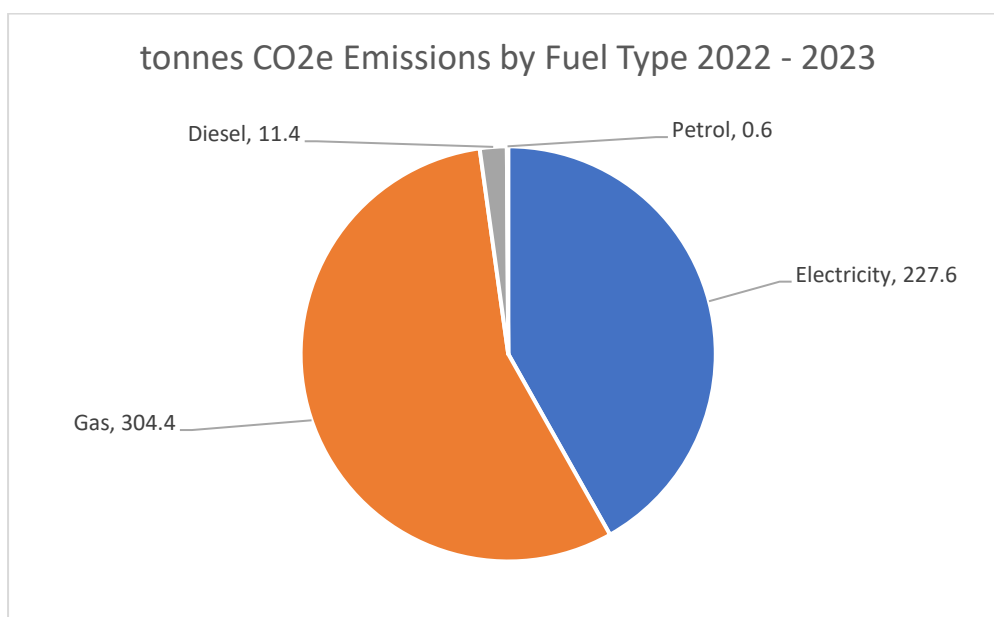
The key impact of Portsmouth Grammar School is the emission of greenhouse gases from the consumption of fossil fuel on site, electricity, and vehicle fuel.

Utility	Energy Consumption		CO ₂ e	Cost
SECR 2022 - 2023	kWh/year	%	tonnes/year	£/year
Electricity	1,098,897	39%	227.6	£732,231
Gas	1,663,818	59%	304.4	£202,380
Diesel	47,736	2%	11.4	£7,323
Petrol	2,554	0%	0.6	£475
Totals	2,813,005	100%	543.3	£942,409

Utility	Energy Consumption		CO ₂ e	Cost
SECR 2021 - 2022	kWh/yr	%	tonnes/yr	£/year
Electricity	1,267,831	40.9%	245.2	£628,204
Gas	1,819,285	58.7%	332.1	£176,080
Diesel	14,270	0.5%	3.4	£2,220
Totals	3,101,387	100%	580.7	£804,284

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)



Measurement

Portsmouth Grammar School records energy consumption in terms of kWh per month for gas and electricity. This is collected from invoices and meter readings. Vehicle fuel is recorded in terms of litres per month. This data is collated in a single spreadsheet (PGS SS1 Utilities 2023).

The above spreadsheet has been used to compile the data required for SECR reporting. This converts the energy consumption in terms of kWh to tCO₂ equivalent (PGS SS2 SECR 2023).

Emissions of CO₂ equivalent were calculated using the DEFRA Conversion Factors 2023 (PGS SS3 DEFRA 2023).

Emissions Factor 2018	kgCO ₂ /kWh
Electricity	0.256
Natural Gas	0.184
DERV	0.253

Emissions Factor 2023	kgCO ₂ e/kWh
Electricity	0.207
Natural Gas	0.183
Diesel AV Biofuel Blend	0.239
Petrol AV Biofuel Blend	0.222

Notes:

Carbon content of grid generated electricity reducing due to the impact of renewables.
Average biofuel blend now adopted for vehicle fuel.

Intensity Ratios

Four intensity ratios have been chosen based on building internal area in square metres and pupil numbers, these being tCO₂/m²/year, kWh/m²/year, kWh/pupil/year, and tCO₂e/pupil/year.

The use of internal building area is a common metric used in commercial buildings and schools, and there are numerous published benchmarks in these terms for comparison. Benchmarks in terms of kWh/pupil/year are listed in a sector specific report for education.

THE PORTSMOUTH GRAMMAR SCHOOL GOVERNORS, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2023

The tCO₂/m²/year intensity ratio has been reported as this highlights the actual emissions of greenhouse gases into the atmosphere as a result of the school's activities.

The kWh/m²/year intensity ratio has been reported as this is a more tangible measure of the school's performance and the metric that should be used as the target for reduction. Reducing the energy consumption will automatically lead to reductions in carbon emissions.

kWh/pupil/year has also been included as there is published data in these terms.

tCO₂e/pupil/year has been added this year as this introduces a 'net-zero' element to the school's reporting activities.

It should be noted that the carbon emissions of electricity generated by the national grid is steadily decreasing due to increased renewable electricity sources. Therefore, the carbon emissions from the consumption of electricity by the school could show a reduction in future years even if the amount of electricity consumed is unchanged.

Setting a Target

The ESOS Phase III survey is now being prepared and targets based on the findings thereof will be adopted for the forthcoming years.

Upstream Impacts – Supply Chain

We are prioritising local suppliers within a 50 miles radius of the school.

Downstream Impacts – pupils/parents/ wider community

We have appointed a Support Staff Energy Administrator and a Teaching Staff Sustainability Coordinator within school who between them will promote, co-ordinate and communicate environmental impact initiatives and projects.

Energy Saving Actions

We are progressing a LED light replacement programme across all areas of the School, and we have implemented a cost and environmental conscious staff behaviours initiative.

Energy Saving Plans

Subject to the imminent ESOS Phase III survey and capital expenditure prioritisation, we will be prioritising solar energy, electric vehicles, and replacement of legacy gas heating systems with more modern electric heat pump systems.

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2023**

SECTION 172(1) STATEMENT

Governor involvement

The Governors act in good faith to make decisions, the outcome of which they consider will be most likely to promote the success of the school for the benefit of its pupils and the wider school community as a whole, both in current periods and in the long term. They regularly attend school events, affording them the opportunity to meet with parents, staff and other members of the community, and also have the regular opportunity to spend time in school attending lessons, speaking with staff and pupils, and observing the day to day activities of the school. In discharging their duties, the Governors carefully consider amongst other matters, the impact on and interests of other stakeholders in the school and factor these into their decision-making process.

Staff members

Governors have regular opportunities to meet with staff and observe their day to day activities. They also receive information on various staff metrics. The Governors are committed to promoting a healthy and productive school environment and positive physical and mental wellbeing among the staff; the school counsellors are available for consultations with staff as well as pupils. The Governors keep staff informed of key issues through structured communication channels, promote diversity and inclusion in school life and also provide training and development opportunities where they are considered of benefit to the school and staff. Using the School's recruitment and development strategies, the Governors seek to attract and retain talented staff.

Pupils and their parents

The Governors commit considerable time, effort and resources into supporting staff in delivering the best educational provision the school can, whilst striving to achieve excellent individual care to enable each pupil to thrive and their parents to be well-informed on the progress of their child. In normal circumstances the Governors meet with groups of pupils on a regular basis to receive feedback and inform decision making to promote these objectives, with the aim of fostering long term mutually beneficial relationships both while the pupil attends the school and into the future. The school has a policy and procedure in place to deal with any complaints and acts to work quickly to resolve any isolated disagreements that may arise from time to time.

Suppliers

The Governors have established procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the school. The school seeks to pay all suppliers any undisputed amounts due and to conform with the billing requirements within agreed terms.

Community and the environment

The school takes its role within the community very seriously and promotes and encourages community and charitable contribution through the numerous activities set out elsewhere in this report. The school also recognises the importance of its environmental responsibilities and has measures in place to monitor and control its impact on the local environment and its compliance with any regulatory environmental standards. The school seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Standards and conduct

The school has a significant portfolio of policies and codes of practice regarding ethical and professional standards expected of staff in undertaking their duties for the School. These are clearly communicated to every staff member and adherence to which is expected and enforced.

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2023**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also directors of The Portsmouth Grammar School for the purposes of company law) are responsible for preparing the Report of the Directors, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the reappointment of Crowe U.K. LLP as auditors of the company will be put to the Annual General Meeting.

Provision of Information to the Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that: so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

This Report of the Directors, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Governing Body on 8 December 2023 including in its capacity as company directors approving the Strategic Report contained therein, and is signed as authorised on its behalf by:



.....
WJB Cha (Chair)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL

Opinion

We have audited the financial statements of The Portsmouth Grammar School for the year ended 31 August 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Company Balance Sheets, the Consolidated 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2023 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Annual Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Governors' Annual Report.

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

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

Responsibilities of the Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 28, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Responsibilities of the Governors (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the charity were The Education (Independent Schools Standards) Regulation 2014, Health and Safety, Safeguarding, Food Standards, Charity Commission regulations and General Data Protection Regulation (GDPR). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of certain income streams, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance. Our audit procedures to respond to revenue recognition risks include testing a sample of income across the year to supporting documentation, and reviewing income received either side of the year end to ensure this has been recognised correctly.

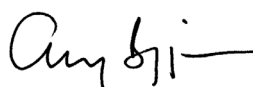
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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



Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Cheltenham

Date: 18 December 2023

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2023 £	Total 2022 £
INCOME AND ENDOWMENTS							
Charitable activities							
School fees receivable	4	18,549,725	-	-	-	18,549,725	16,833,306
Ancillary trading income	5	1,368,080	-	-	-	1,368,080	786,840
Other trading activities							
Activities for generating funds:							
Non-charitable trading	7	113,177	-	-	-	113,177	140,442
Other incoming resources		83,053	-	-	-	83,053	109,952
Investments							
Investment Income	6	104,737	26,548	6,552	24,326	162,163	81,544
Voluntary sources							
Donations		<u>24,348</u>	<u>373,472</u>	<u>-</u>	<u>-</u>	<u>397,820</u>	<u>399,426</u>
Total income		<u>20,243,118</u>	<u>400,020</u>	<u>6,552</u>	<u>24,326</u>	<u>20,674,016</u>	<u>18,351,510</u>
EXPENDITURE ON:							
Raising Funds							
Non-charitable trading	7	151,610	-	-	-	151,610	161,196
Financing costs	10	473,260	-	2,362	8,772	484,394	270,088
Fund-raising costs		208,453	-	-	-	208,453	201,474
Charitable activities:							
School operating costs and grant making		<u>19,586,650</u>	<u>29,666</u>	<u>13,883</u>	<u>-</u>	<u>19,630,199</u>	<u>19,374,028</u>
Total expenditure	8	20,419,973	29,666	16,245	8,772	20,474,656	20,006,786
Net investment gains/(losses)	12	<u>(23,816)</u>	<u>-</u>	<u>(7,865)</u>	<u>(29,205)</u>	<u>(60,886)</u>	<u>(279,963)</u>
NET INCOME/(EXPENDITURE)		(200,671)	370,354	(17,558)	(13,651)	138,474	(1,935,239)
Transfer between funds		<u>(713)</u>	<u>713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		(201,384)	371,067	(17,558)	(13,651)	138,474	(1,935,239)
Fund balances at 1 September 2022		<u>14,508,860</u>	<u>1,599,622</u>	<u>224,494</u>	<u>5,378,928</u>	<u>21,711,904</u>	<u>23,647,143</u>
Fund balances at 31 August 2023		<u>14,307,476</u>	<u>1,970,689</u>	<u>206,936</u>	<u>5,365,277</u>	<u>21,850,378</u>	<u>21,711,904</u>

The notes on pages 27 to 47 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED BALANCE SHEET
31 AUGUST 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	11	21,672,668	22,370,270
Investments	12a	2,394,706	2,340,046
Investment property	12b	<u>750,000</u>	<u>750,000</u>
		24,817,374	25,460,316
CURRENT ASSETS			
Stock		107,776	99,893
Debtors	14	926,765	980,846
Cash at bank and in hand	13	<u>4,309,597</u>	<u>4,380,638</u>
		5,344,138	5,461,377
CREDITORS: Amounts falling due within one year	15	<u>(2,831,510)</u>	<u>(3,145,405)</u>
NET CURRENT ASSETS		<u>2,512,628</u>	<u>2,315,972</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,330,002	27,776,288
CREDITORS: Amounts falling due in more than one year	16	<u>(5,479,624)</u>	<u>(6,064,384)</u>
TOTAL NET ASSETS		<u>£ 21,850,378</u>	<u>£ 21,711,904</u>
FUNDS			
Permanent Endowment funds	21a	5,365,277	5,378,928
Expendable Endowment fund	21b	206,936	224,494
Restricted funds	19	1,970,689	1,599,622
Unrestricted funds - General	20	<u>14,307,476</u>	<u>14,508,860</u>
TOTAL FUNDS	22	<u>£ 21,850,378</u>	<u>£ 21,711,904</u>

The surplus for the year in relation to the School only was £173,054 (2022: £1,791,280 deficit).

The financial statements were approved and authorised for issue by the Board on 8/12/23



W J B CHA
CHAIR

The notes on pages 27 to 47 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
COMPANY BALANCE SHEET
31 AUGUST 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	11	18,045,675	18,742,749
Investments	12a	2,394,708	2,340,048
Investment property	12b	<u>750,000</u>	<u>750,000</u>
		21,190,383	21,832,797
CURRENT ASSETS			
Stock		-	14,865
Debtors	14	1,061,145	1,266,879
Cash at bank and in hand	13	<u>4,227,728</u>	<u>4,112,784</u>
		5,288,873	5,394,528
CREDITORS: Amounts falling due within one year	15	<u>(3,988,266)</u>	<u>(4,324,629)</u>
NET CURRENT ASSETS		<u>1,300,607</u>	<u>1,069,899</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,490,990	22,902,696
CREDITORS: Amounts due in more than one year	16	<u>(5,479,624)</u>	<u>(6,064,384)</u>
TOTAL NET ASSETS		<u>£17,011,366</u>	<u>£16,838,312</u>
FUNDS			
Permanent endowment fund	21a	750,000	750,000
Restricted funds	19	1,970,689	1,599,622
Unrestricted funds - General	20	<u>14,290,677</u>	<u>14,488,690</u>
TOTAL FUNDS	22	<u>£17,011,366</u>	<u>£16,838,312</u>

The financial statements were approved and authorised for issue by the Board on 8/12/23



W J B CHA
CHAIR

The notes on pages 27 to 47 form part of these financial statements

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

		2023 £	2022 £
Cash flows from operating activities			
Net movement in funds per SOFA		138,474	(1,935,239)
Depreciation		934,428	920,851
Loss on disposal of fixed assets		3,639	-
Investment income		(162,163)	(81,544)
Interest paid		262,234	137,869
Loss on investments		60,886	279,963
(Increase)/decrease in stock		(7,883)	11,678
Decrease/(increase) in debtors		54,081	(90,300)
(Decrease)/increase in creditors		<u>(260,541)</u>	<u>253,121</u>
Cash provided by operating activities		1,023,155	(503,601)
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(240,465)	(544,905)
Payments to acquire fixed asset investments		(700,309)	(312,969)
Proceeds on disposal of fixed asset investments		489,056	412,964
Interest paid		(262,234)	(137,869)
Investment income		<u>162,163</u>	<u>81,544</u>
Cash used in investing activities		(551,789)	(501,235)
Cash flows from financing activities			
Bank loans repaid		<u>(388,499)</u>	<u>(3,000,592)</u>
Cash used in financing activities		(388,499)	(3,000,592)
Advance fees scheme			
Payments on account utilised	18	(1,274,692)	(1,306,369)
Receipts from new contracts		<u>1,025,077</u>	<u>1,073,136</u>
Cash (used in) / provided by advance fees		<u>(249,615)</u>	<u>(233,233)</u>
(Decrease)/increase in cash and cash equivalents in the year	23	(166,748)	(4,238,661)
Cash and cash equivalents at the beginning of the year		<u>4,478,155</u>	<u>8,716,816</u>
Total cash and cash equivalents at the end of the year		<u>£ 4,311,407</u>	<u>£ 4,478,155</u>
Analysis of cash and cash equivalents:			
Cash at bank and in hand	13	4,309,597	4,380,638
Cash held with investment manager	12	<u>1,810</u>	<u>97,517</u>
		<u>£ 4,311,407</u>	<u>£ 4,478,155</u>

The notes on pages 27 to 47 form part of these financial statements

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. CHARITY INFORMATION

The school principally provides education in Portsmouth and the surrounding areas to boys and girls from 2 years 6 months to 18 years old. The incorporated charity (charity number 1063732, company number 3401010), is domiciled in the UK. The address of the registered office is The Portsmouth Grammar School, High Street, Portsmouth, Hampshire, PO1 2LN.

2. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements present the consolidated statement of financial activities (SOFA) and the charity and consolidated balance sheets comprising the consolidation of the School, its wholly owned subsidiary PGS Promotions Limited, the Endowment Trust and the Arthur Darby Nock Trust.

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

The Portsmouth Grammar School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). No separate SOFA or Income and Expenditure Account have been presented for the School alone as permitted by section 408 of the Companies Act 2006.

Going concern

At the time of approval of the Annual Report, the financial environment in which the School operates is significantly impacted by cost and wage inflation, higher interest rates than experienced in the recent past and the potential impact of a change in government and the imposition of VAT on school fees. Whilst the long term impact on the School, in common with others in the sector is uncertain, the Governors have reviewed and are continuing to monitor the position carefully with a view to ensuring the ongoing provision of schooling for the pupils. The School currently holds sufficient and appropriate cash balances. Whilst the pupil numbers for the current academic year 2022/23 have fallen slightly and our debt covenant margin has reduced, conservative cash flow modelling with sensitivity analysis indicates that the cash reserves of the charity are adequate to meet the School's obligations as they fall due. Accordingly, the Governors believe the School's financial resources are sufficient to ensure the School will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

b) Income

Fees receivable and similar income

Fees receivable and other incoming resources are accounted for on a receivable basis. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants.

Ancillary trading income

Ancillary trading income is included in the statement of financial activities when the charitable company is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

ACCOUNTING POLICIES (continued)

Donations

Donations and legacies are credited to revenue on a receivable basis. No amounts are included in the financial statements for services donated by volunteers.

c) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the cost of running the charity, including external audit, Governors legal advice and constitutional and statutory compliance costs.

Redundancy and termination payments are included within the accounts on an accruals basis, in line with expenditure and measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

d) Investments

Listed investments are valued at their market value at the balance sheet date from the appropriate Stock Exchange or from the relevant fund manager. Dividends, other investment income and interest are accounted for on a receivable basis. Investment gains and losses are recognised in the Statement of Financial Activities in the period in which they arise.

In order to optimise future investment performance, the Trustees have adopted a policy of investment pooling with affect from 26 April 2018. The investment pooling arrangement includes the School, together with The PGS Endowment Trust and Arthur Darby Nock Trust.

Unlisted investments are carried at historic cost less any provision for any diminution in value.

e) Investment Properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Where investment properties are held to be sold, the assets are reclassified as being current assets and included in the Balance Sheet at their open market values.

f) Tangible fixed assets

Expenditure on improvements and modernisation which enhances the long-term capability of the School is capitalised and depreciated in line with the policy for freehold buildings. Expenditure on repairs and general maintenance incurred on a regular basis is charged to the statement of financial activities on the accruals basis.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

ACCOUNTING POLICIES (continued)

g) Depreciation

Depreciation is provided on tangible fixed assets to write off their cost, less estimated residual value, over their estimated useful economic life, by instalments, as follows: -

Freehold buildings	-	2% per annum on cost
Library Improvements	-	10% per annum on cost
Furniture, fittings and equipment	-	20% per annum, reducing balance
Motor vehicles	-	20% per annum, reducing balance
Computer equipment	-	33% per annum on cost
Gym Equipment	-	33% per annum on cost

Individual items costing less than £500 are written off as an expense on acquisition.

h) Fund accounting

Unrestricted funds

Unrestricted funds relate to the School's general operational funds.

Restricted funds

Restricted funds are those which must be applied in accordance with the purpose specified by the donor. Expenditure relating to these purposes is charged directly to the fund.

Permanent Endowment Funds

Endowed funds consist of investments and part of the freehold land and buildings used by The Portsmouth Grammar School. The purpose to which the investments may be applied is restricted in accordance with the terms of The Portsmouth Grammar School Endowment Trust.

The fund also includes a property endowment fund consisting of an investment property held by the school. The rental income generated is used to fund the Wilkie Scholarships and is classified within restricted funds.

Expendable Endowment Fund

The expendable endowment fund relates to the Arthur Darby Nock Trust, a linked charity. In accordance with the instructions of the Charity Commission, the assets, liabilities and transactions of the Trust remain separately identifiable within the consolidated accounts, being maintained in an Expendable Endowment Fund within the SOFA and shown on the face of the Balance Sheet.

i) Pension schemes

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set out by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme.

The School also operates defined contribution schemes for non-teaching staff, including an auto enrolment arrangement. Contributions to the schemes are charged in the SOFA as they become payable, in accordance with the rules of the schemes.

j) Stocks

Stocks are stated at the lower of cost and net realisable value.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

ACCOUNTING POLICIES (continued)

k) Leased Assets – Lessee and Lessor

Operating lease expenses/rental income are charged/credited to the statement of financial activities on a straight-line basis over the relevant lease term.

l) Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 28 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments and debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding advance fees, deposits in advance and other taxes and social security.

m) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

n) Deferred income (Advance fees)

Amounts received under the school's Advance Fee Scheme contracts for education not utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date as long-term liabilities where the education will be provided in subsequent years.

o) Parents' deposits

The Governors have reviewed the contract terms under which Pupil fee deposits are held by the School. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2023 have been included within current liabilities.

p) Bad debt provisions

When the school instructs lawyers to assist in the recovery of a parent debt, a full provision will be made. All other ongoing debts are individually considered and either a full or partial provision may be made as deemed appropriate, on the particular circumstances concerned, to ensure that an appropriate level of provision is maintained.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values 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.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The estimates and underlying assumptions are reviewed on an on-going 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 affects the current and future periods. In the opinion of the Governors the most significant accounting estimate is in relation to the provision for non-collection of parental debt.

4. SCHOOL FEES RECEIVABLE

	2023 £	2022 £
School fees receivable consist of:-		
Gross fees	22,155,331	19,828,941
Less:		
Foundation bursaries	(2,662,340)	(2,034,414)
Scholarships, prizes, discounts and allowances	<u>(943,266)</u>	<u>(961,221)</u>
	<u>£18,549,725</u>	<u>£16,833,306</u>

The above educational awards were made to 588 individuals (2022: 525).

Gross fees are shown net of the standard 3% direct debit discount which is taken up by the majority of parents.

5. ANCILLARY TRADING INCOME

	2023 £	2022 £
Lunches	589,388	443,904
School trips	630,605	188,174
Registration fees	27,350	23,630
Fee protection insurance	16,139	19,964
Sale of goods	9,615	17,761
Other ancillary income	<u>94,983</u>	<u>93,407</u>
	<u>£ 1,368,080</u>	<u>£ 786,840</u>

6. INVESTMENT INCOME

	2023 £	2022 £
Rental income	26,548	30,365
Dividend income	130,784	46,349
Bank interest	<u>4,831</u>	<u>4,830</u>
	<u>£ 162,163</u>	<u>£ 81,544</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

7. TRADING SUBSIDIARY

PGS PROMOTIONS LIMITED	2023 £	2022 £
Turnover	170,402	190,200
Cost of sales	(108,956)	(115,576)
Gross profit	61,446	74,624
Administrative expenses	(47,736)	(50,702)
Net profit	£ 13,710	£ 23,922
Retained earnings at the beginning of the year	20,168	(3,754)
Profit for the year	13,710	23,922
Gift aid donation	(17,080)	-
Retained earnings at the end of the year	£ 16,798	£ 20,168

PGS Promotions Limited had net assets totalling £16,800 (2022: £20,170) at the year-end.

Aggregate non-charitable trading income of £57,225 (2022: £49,758) and expenditure of £5,082 (2022: £5,082) was eliminated on consolidation.

8. TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	2023 £	2022 £
Charitable activities					
Teaching costs	10,706,075	435,006	1,861,000	13,002,081	12,183,363
Welfare costs	610,068	-	597,583	1,207,651	1,301,144
Premises costs	835,397	498,894	1,492,775	2,827,066	3,258,854
Support costs	<u>1,437,438</u>	<u>-</u>	<u>1,142,080</u>	<u>2,579,518</u>	<u>2,618,468</u>
School's operating costs	<u>13,588,978</u>	<u>933,900</u>	<u>5,093,438</u>	<u>19,616,316</u>	<u>19,361,829</u>
Raising Funds					
Financing costs	-	-	473,260	473,260	258,447
Fund-raising costs	<u>136,317</u>	<u>-</u>	<u>72,136</u>	<u>208,453</u>	<u>201,474</u>
	<u>136,317</u>	<u>-</u>	<u>545,396</u>	<u>681,713</u>	<u>459,921</u>
TOTAL FOR SCHOOL	<u>13,725,295</u>	<u>933,900</u>	<u>5,638,834</u>	<u>20,298,029</u>	<u>19,821,750</u>
Subsidiary trading and finance costs	24,539	528	126,543	151,610	161,196
Endowment fund	-	-	8,772	8,772	9,171
The Arthur Darby Nock Trust	<u>-</u>	<u>-</u>	<u>16,245</u>	<u>16,245</u>	<u>14,669</u>
TOTAL FOR GROUP	<u>£13,749,834</u>	<u>£ 934,428</u>	<u>£ 5,790,394</u>	<u>£20,474,656</u>	<u>£20,006,786</u>

Included in support costs are governance costs of £33,585 (2022: £28,800).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

8. TOTAL RESOURCES EXPENDED (continued)

	2023 £	2022 £
Total staff costs comprised:		
Wages and salaries	10,603,907	10,500,928
Social security costs	1,002,641	1,028,998
Pension contributions	1,902,719	1,744,275
Other	<u>106,165</u>	<u>216,514</u>
	<u>£13,615,432</u>	<u>£13,490,715</u>

Included within the wages figure above is £477,336 (2022: £514,959) in relation to the School's catering contract. Also included within the wages figure above are severance payments of £23,926 (2022: £31,206).

The average number of employees in the period was 346 (2022: 326) broken down as follows:

	2023	2022
Average number of teaching staff:		
Full Time	114	116
Part Time	<u>68</u>	<u>58</u>
Total	<u>182</u>	<u>173</u>
Average number of support staff		
Full Time	40	41
Part Time	<u>124</u>	<u>112</u>
Total	<u>164</u>	<u>153</u>
Total all staff	<u><u>346</u></u>	<u><u>326</u></u>

The comparative in 2022 has been restated to reflect the definition alignment of Part Time support staff that are Term Time Only (previously term time only support staff had been apportioned to Full Time).

The number of employees whose emoluments exceeded £60,000 were:

	2023 No.	2022 No.
£60,000 - £70,000	13	7
£70,000 - £80,000	3	3
£80,000 - £90,000	1	1
£90,000 - £100,000	1	-
£100,000 - £110,000	1	1
£130,000 - £140,000	-	-
£140,000 - £150,000	1	-
£150,000 - £160,000	<u>-</u>	<u>1</u>

In connection with these higher paid employees, retirement benefits are accruing under money purchase schemes for 2 (2022: 2) and under multi-employer defined benefit schemes for 18 employees (2022: 11). The total employer contributions in the year to the schemes were £229,164 (2022: £207,057).

Key management personnel comprise the Governors and Senior Management Team listed on page 2. Key management personnel received aggregate remuneration (including employers NI and employers pension) of £1,314,930 (2022: £1,311,132).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

The Head's remuneration package includes an interest free loan of £100,000 in respect of accommodation in the year. The loan was made on the 9 May 2023 and the balance of £100,000 remained outstanding at year end.

None of the Governors or any persons connected with them have received any remuneration in the year. Four (2022: *four*) Governors were reimbursed expenses during the year totalling £1,112 (2022: £1,256).

9. NET INCOME

	2023 £	2022 £
Net income is stated after charging:		
Auditors' remuneration - Audit – School	26,215	22,400
- Audit – Subsidiary	6,250	5,350
- Other services	1,120	1,050
- Corporation tax compliance	950	850
Operating leases	38,322	76,256
Depreciation	<u>934,428</u>	<u>920,851</u>

10. FINANCING COSTS

	2023 £	2022 £
Bank loan and overdraft interest	262,324	137,869
Bank charges	15,084	12,194
Bad debts	160,396	71,079
Other financing costs	<u>46,590</u>	<u>48,946</u>
	<u>£</u>	<u>£</u>
	<u>484,394</u>	<u>270,088</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

11. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings	Fixtures, fittings, computer equipment & plant	Motor vehicles	Total
	£	£	£	£
COST				
At 1 September 2022	27,310,977	6,387,798	65,012	33,763,787
Additions	46,620	193,845	-	240,465
Disposals	<u>(336)</u>	<u>(3,303)</u>	<u>-</u>	<u>(3,639)</u>
At 31 August 2023	<u>27,357,261</u>	<u>6,578,340</u>	<u>65,012</u>	<u>34,000,613</u>
DEPRECIATION				
At 1 September 2022	6,181,118	5,149,631	62,768	11,393,517
Charge for the year	462,122	471,857	449	934,428
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2023	<u>6,643,240</u>	<u>5,621,488</u>	<u>63,217</u>	<u>12,327,945</u>
NET BOOK VALUE				
At 31 August 2023	<u>£20,714,021</u>	<u>£ 956,852</u>	<u>£ 1,795</u>	<u>£ 21,672,668</u>
<i>At 31 August 2022</i>	<i><u>£21,129,859</u></i>	<i><u>£1,238,167</u></i>	<i><u>£ 2,244</u></i>	<i><u>£ 22,370,270</u></i>
 SCHOOL				
COST				
At 1 September 2022	23,686,093	6,364,023	53,787	30,103,903
Additions	46,620	193,845	-	240,465
Disposals	<u>(336)</u>	<u>(3,303)</u>	<u>-</u>	<u>(3,639)</u>
At 31 August 2023	<u>23,732,377</u>	<u>6,554,565</u>	<u>53,787</u>	<u>30,340,729</u>
DEPRECIATION				
At 1 September 2022	6,181,118	5,126,987	53,049	11,361,154
Charge for the year	462,122	471,630	148	933,900
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2023	<u>6,643,240</u>	<u>5,598,617</u>	<u>53,197</u>	<u>12,295,054</u>
NET BOOK VALUE				
At 31 August 2023	<u>£17,089,137</u>	<u>£955,948</u>	<u>£590</u>	<u>£18,045,675</u>
<i>At 31 August 2022</i>	<i><u>£17,504,975</u></i>	<i><u>£1,237,036</u></i>	<i><u>£738</u></i>	<i><u>£18,742,749</u></i>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

12a. FIXED ASSET INVESTMENTS

GROUP

	2023 £	2022 £
UK Listed investments		
At 1 September 2021	2,242,529	2,622,487
Additions	700,309	312,969
Disposals	(489,056)	(412,964)
Investment gains/(losses)	<u>(60,886)</u>	<u>(279,963)</u>
Market value of investments	2,392,896	2,242,529
Cash held for investment	<u>1,810</u>	<u>97,517</u>
Total investment at 31 August 2023	<u>£ 2,394,706</u>	<u>£ 2,340,046</u>
Historical Cost	<u>£ 2,192,779</u>	<u>£ 1,971,137</u>

SCHOOL

	Listed 2023 £	Unlisted 2023 £	Total 2023 £	Total 2022 £
At 1 September 2021	2,242,529	2	2,242,531	2,622,489
Additions	700,308	-	700,308	312,969
Disposals	(489,056)	-	(489,056)	(412,964)
Investment gains/(losses)	<u>(60,885)</u>	<u>-</u>	<u>(60,885)</u>	<u>(279,963)</u>
Market value of investments	<u>2,392,896</u>	<u>2</u>	<u>2,392,898</u>	<u>2,242,531</u>
Cash held for investment	<u>1,810</u>	<u>-</u>	<u>1,810</u>	<u>97,517</u>
At 31 August 2023	<u>£ 2,394,706</u>	<u>£ 2</u>	<u>£ 2,394,708</u>	<u>£ 2,340,048</u>
Historical cost	<u>£ 2,192,779</u>	<u>£ 2</u>	<u>£ 2,192,781</u>	<u>£ 1,971,139</u>

The School owns 100% of the ordinary share capital and voting rights of PGS Promotions Limited, whose principal activity is to operate the School's sports centre, transport and uniform shop. The company's registered office is: The Portsmouth Grammar School, High Street, Old Portsmouth, Hampshire, PO1 2LN.

The results of the subsidiary are included in these consolidated accounts on a line-by-line basis, as required by the Charities SORP.

12b. FIXED ASSET INVESTMENT PROPERTY

GROUP AND SCHOOL

	2023 £	2022 £
At 1 September 2022	750,000	750,000
Additions	<u>-</u>	<u>-</u>
Market Value at 31 August 2023	<u>£ 750,000</u>	<u>£ 750,000</u>
Historical Cost	<u>£ 750,000</u>	<u>£ 750,000</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

13. CASH AND CASH EQUIVALENTS

	Group		School	
	2023	2022	2023	2022
	£	£	£	£
Cash at bank and in hand	<u>4,309,597</u>	<u>4,380,638</u>	<u>4,227,728</u>	<u>4,112,784</u>
	<u>£ 4,309,597</u>	<u>£4,380,638</u>	<u>£ 4,227,728</u>	<u>£ 4,112,784</u>

14. DEBTORS

	Group		School	
	2023	2022	2023	2022
	£	£	£	£
Trade and parental debt	265,761	388,585	263,704	388,585
Amounts due from group undertakings	-	-	151,424	290,850
Prepayments and other debtors	611,538	494,044	596,551	489,227
Deferred expenditure	<u>49,466</u>	<u>98,217</u>	<u>49,466</u>	<u>98,217</u>
	<u>£ 926,765</u>	<u>£ 980,846</u>	<u>£ 1,061,145</u>	<u>£ 1,266,879</u>

15. CREDITORS: Amounts falling due within one year

	Group		School	
	2023	2022	2023	2022
	£	£	£	£
Bank loan (note 17)	414,119	409,724	414,119	409,724
Trade creditors	562,563	435,231	534,852	391,552
Amounts owed to group undertakings	-	-	1,197,331	1,228,540
Deposits in advance	294,626	203,878	294,626	203,878
Other creditors	159,556	269,925	159,556	269,925
Accruals	197,572	618,353	184,708	614,576
Deferred income (note 18)	906,692	964,441	906,692	964,441
Other taxes and social security	<u>296,382</u>	<u>243,853</u>	<u>296,382</u>	<u>241,993</u>
	<u>£2,831,510</u>	<u>£3,145,405</u>	<u>£ 3,988,266</u>	<u>£4,324,629</u>

16. CREDITORS: Amounts falling due after more than one year

	Group		School	
	2023	2022	2023	2022
	£	£	£	£
Bank loans (note 17)	4,762,550	5,155,444	4,762,550	5,155,444
Deferred income (note 18)	<u>717,074</u>	<u>908,940</u>	<u>717,074</u>	<u>908,940</u>
	<u>£5,479,624</u>	<u>£6,064,384</u>	<u>£5,479,624</u>	<u>£6,064,384</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

17. BANK LOANS – GROUP AND SCHOOL

The bank loans are repayable as follows:-

	2023 £	2022 £
Within one year	414,119	409,724
Between one and two years	416,593	416,279
Between two and five years	1,265,074	1,290,136
Over five years	<u>3,080,883</u>	<u>3,449,029</u>
	<u>£ 5,176,669</u>	<u>£ 5,565,168</u>

The school has the following loans:

- A bank loan of £4.8m was agreed during 2010 to finance the construction of a new science centre. The loan is repayable over 25 years by termly instalments. For the first 10 years of the loan arrangement £2.4m will be paid at a fixed rate of 5.03%. In May 2020, the 10 year fixed agreement transferred to a floating rate. The remaining £2.4m was repayable at 1.6% above the bank base rate. This loan has been transferred to a new loan in January 2020 at a fixed rate of 2.65%. The balance outstanding at the end of the year on these loans was £2,461,614 (2022: £2,744,193).
- A bank loan of £3.8m was agreed to finance the construction of the new Sixth form Centre. The loan is repayable over 25 years at a rate of 1.85% above base. The school made a first drawing on the loan of £1,969,076 on 29 April 2014. The balance outstanding at the year-end was £ 2,715,055 (2022: £2,820,975).

The above loans are secured by first legal charges dated 29 February 2000 and 23 March 1999 in favour of Lloyds TSB Bank Plc over the freehold land and buildings at Portsmouth Grammar School, High Street, Portsmouth and 8 Penny Street, Portsmouth respectively.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

18. DEFERRED INCOME (ADVANCE FEES) – GROUP AND SCHOOL

Parents may enter into a contract to pay to the school up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions and on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:-

	2023	2022
	£	£
Within one year	906,692	964,441
Within 1 to 2 years	296,940	352,111
Within 2 to 5 years	381,594	463,895
Over five years	38,540	92,934
	<u>£ 1,623,766</u>	<u>£ 1,873,381</u>

The balance represents the accrued liability under the contracts. The movements during the year were:-

Balance at 1 September 2022	1,873,381	2,106,614
New contracts	<u>1,025,077</u>	<u>1,073,136</u>
Amounts accrued to contracts	2,898,458	3,179,750
Amounts utilised in payment of fees to the school	<u>(1,274,692)</u>	<u>(1,306,369)</u>
Balance at 31 August 2023	<u>£ 1,623,766</u>	<u>£ 1,873,381</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

19. RESTRICTED FUNDS

GROUP AND SCHOOL

Fund name	<i>At 1 September 2022 £</i>	Incoming Resources £	Resources expended £	Transfers between funds £	At 31 August 2023 £
William Smith Fund	1,510,391	368,519	-	-	1,878,910
Geoff Foley Innovation and Creativity	8,564	-	(9,277)	713	-
Wilkie Scholarship Fund	6,032	26,548	(17,905)	-	14,675
Other	<u>74,635</u>	<u>4,953</u>	<u>(2,484)</u>	<u>-</u>	<u>77,104</u>
Total	<u>£1,599,622</u>	<u>£ 400,020</u>	<u>£ (29,666)</u>	<u>£ 713</u>	<u>£1,970,689</u>

GROUP AND SCHOOL (2022 comparative)

<i>Fund name</i>	<i>At 1 September 2021 £</i>	<i>Incoming Resources £</i>	<i>Resources expended £</i>	<i>Transfers between funds £</i>	<i>At 31 August 2022 £</i>
William Smith Fund	1,128,999	381,392	-	-	1,510,391
Geoff Foley Innovation and Creativity	14,860	-	(6,296)	-	8,564
Wilkie Scholarship Fund	-	30,365	(24,333)	-	6,032
Other	<u>69,007</u>	<u>5,628</u>	<u>-</u>	<u>-</u>	<u>74,635</u>
<i>Total</i>	<u><i>£1,212,866</i></u>	<u><i>£ 417,385</i></u>	<u><i>£ (30,629)</i></u>	<u><i>£ -</i></u>	<u><i>£1,599,622</i></u>

William Smith Fund

This fund was launched in July 2015 and exists primarily to provide funds for means tested bursary support to pupils.

Geoff Foley Innovation and Creativity

This fund was set up to promote group work and problem solving outside of normal school work and funds an annual prize.

Wilkie Scholarship Fund

This fund was set up to provide 50% bursaries annually for two pupils entering Year 12 under the Wilkie Scholarship.

Other

Other consists of Graduate Leader Grant and remaining funds raised for the schools in Cambodia and Uganda and through participation by staff and pupils in The Great South Run and other donations.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

20. UNRESTRICTED FUNDS

GROUP

Fund name	<i>At 1 September 2022</i>	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2023
	£	£	£	£	£	£
General	<u>14,508,860</u>	<u>20,243,118</u>	<u>(20,419,973)</u>	<u>(23,816)</u>	<u>(713)</u>	<u>14,307,476</u>
Total	<u>£ 14,508,860</u>	<u>£ 20,243,118</u>	<u>£ (20,419,973)</u>	<u>£ (23,816)</u>	<u>£ (713)</u>	<u>£ 14,307,476</u>
SCHOOL						
General	<u>14,488,690</u>	<u>20,152,104</u>	<u>(20,325,588)</u>	<u>(23,816)</u>	<u>(713)</u>	<u>14,290,677</u>
Total	<u>£ 14,488,690</u>	<u>£ 20,152,104</u>	<u>£ (20,325,588)</u>	<u>£ (23,816)</u>	<u>£ (713)</u>	<u>£ 14,290,677</u>

21a. PERMANENT ENDOWMENT FUNDS

GROUP

Fund name	<i>At 1 September 2022</i>	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2023
	£	£	£	£	£	£
Investment Property Fund	<u>750,000</u>	-	-	-	-	<u>750,000</u>
Trust	<u>4,628,928</u>	<u>24,326</u>	<u>(8,772)</u>	<u>(29,205)</u>	-	<u>4,615,277</u>
Total	<u>£ 5,378,928</u>	<u>£ 24,326</u>	<u>£ (8,772)</u>	<u>£ (29,205)</u>	<u>£ -</u>	<u>£ 5,365,277</u>

SCHOOL

Investment Property Fund	<u>750,000</u>	-	-	-	-	<u>750,000</u>
Total	<u>£ 750,000</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ 750,000</u>

The Portsmouth Grammar School Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

The Investment Property Fund is accounted for as a Permanent Endowment until such time as the lease is terminated in accordance with the agreement. On reversion of the lease, the School is able to sell the property and apply any or part of the capital and income of the Funds to support the Wilkie Scholarship Fund. At this point the Fund meets the definition of an Expendable Endowment.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

21b. EXPENDABLE ENDOWMENT FUNDS

GROUP

Fund name	<i>At 1 September 2022</i>	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2023
	£	£	£	£	£	£
AD Nock	<u>224,494</u>	<u>6,552</u>	<u>(16,245)</u>	<u>(7,865)</u>	<u>-</u>	<u>206,936</u>
Total	<u>£ 224,494</u>	<u>£ 6,552</u>	<u>£ (16,245)</u>	<u>£ (7,865)</u>	<u>£ -</u>	<u>£ 206,936</u>

The Arthur Darby Nock Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

22. ALLOCATION OF NET ASSETS BETWEEN FUNDS

**2023
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	750,000	1,029,137	(38,744)	-	5,365,277
Restricted	-	-	1,970,689	-	-	1,970,689
Expendable endowment	-	-	352,256	(145,320)	-	206,936
Unrestricted	<u>18,047,784</u>	<u>2,394,706</u>	<u>1,992,056</u>	<u>(2,647,446)</u>	<u>(5,479,624)</u>	<u>14,307,476</u>
Total	<u>£21,672,668</u>	<u>£ 3,144,706</u>	<u>£ 5,344,138</u>	<u>£ (2,831,510)</u>	<u>£ (5,479,624)</u>	<u>£ 21,850,378</u>

SCHOOL

Permanent endowment	-	750,000	-	-	-	750,000
Restricted	-	-	1,970,689	-	-	1,970,689
Unrestricted	<u>18,045,675</u>	<u>2,394,708</u>	<u>3,318,184</u>	<u>(3,988,266)</u>	<u>(5,479,624)</u>	<u>14,290,677</u>
Total	<u>£ 18,045,675</u>	<u>£ 3,144,708</u>	<u>£ 5,288,873</u>	<u>£ (3,988,266)</u>	<u>£ (5,479,624)</u>	<u>£ 17,011,366</u>

**2022
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	750,000	1,067,114	(63,070)	-	5,378,928
Restricted	-	-	1,599,622	-	-	1,599,622
Expendable endowment	-	-	362,483	(137,989)	-	224,494
Unrestricted	<u>18,745,386</u>	<u>2,340,046</u>	<u>2,432,158</u>	<u>(2,944,346)</u>	<u>(6,064,384)</u>	<u>14,508,860</u>
Total	<u>£ 22,370,270</u>	<u>£ 3,090,046</u>	<u>£ 5,461,377</u>	<u>£ (3,145,405)</u>	<u>£ (6,064,384)</u>	<u>£ 21,711,904</u>

SCHOOL

Permanent endowment	-	750,000	-	-	-	750,000
Restricted	-	-	1,599,622	-	-	1,599,622
Unrestricted	<u>18,742,749</u>	<u>2,340,048</u>	<u>3,794,906</u>	<u>(4,324,629)</u>	<u>(6,064,384)</u>	<u>14,488,690</u>
Total	<u>£ 18,742,749</u>	<u>£ 3,090,048</u>	<u>£ 5,394,528</u>	<u>£ (4,324,629)</u>	<u>£ (6,064,384)</u>	<u>£ 16,838,312</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2023 £	2022 £
(Decrease) / Increase in cash in the year	(166,748)	(4,238,661)
Net loan repayments	388,499	3,000,592
Net advance fees movements	<u>249,615</u>	<u>233,233</u>
Change in net debt	471,366	(1,004,836)
Net debt at 1 September 2022	<u>(2,960,394)</u>	<u>(1,955,558)</u>
NET DEBT AT 31 AUGUST 2023	<u>£ (2,489,028)</u>	<u>£ (2,960,394)</u>

24. ANALYSIS OF CHANGE IN NET DEBT

	<i>Net debt as at 31 August 2022 £</i>	Cash Change £	Net debt as at 31 August 2023 £
Cash at bank and in hand	4,380,638	(71,041)	4,309,597
Cash at investment manager	97,517	(95,707)	1,810
Loans	(5,565,168)	388,499	(5,176,669)
Advance fees scheme	<u>(1,873,381)</u>	<u>249,615</u>	<u>(1,623,766)</u>
	<u>£ (2,960,394)</u>	<u>£ 471,366</u>	<u>£ (2,489,028)</u>

25a. OTHER FINANCIAL COMMITMENTS

At 31 August 2023 the School had future minimum lease payments under non-cancellable operating leases as follows:

	Other operating leases	
	2023 £	2022 £
GROUP		
Within one year	59,445	133,023
Between one and five years	184,643	119,408
Over 5 years	<u>-</u>	<u>9,002</u>
	<u>£ 244,088</u>	<u>£ 261,433</u>
SCHOOL		
Within one year	30,419	10,318
Between one and five years	95,094	25,341
Over 5 years	<u>-</u>	<u>5,038</u>
	<u>£ 125,513</u>	<u>£ 40,697</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

25b. OTHER FINANCIAL COMMITMENTS: LESSOR

At 31 August 2023 the School had future minimum lease receipts under non-cancellable operating leases as follows:

	Investment property	
	2023	2022
	£	£
GROUP AND SCHOOL		
Within one year	21,600	<i>21,600</i>
Between one and five years	86,400	<i>86,400</i>
Over 5 years	-	<i>21,600</i>
	<u>£ 108,000</u>	<u>£ 129,600</u>

26. PENSION COSTS

Defined Benefit Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,706,931 (2022: £1,578,144) and at the year-end £nil (2022: £Nil) 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 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation have valued the 'greater value' benefits for groups of relevant members.

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

Other Pensions

In addition to the above the School also makes contributions for non-teaching staff. This is a separately administered defined contribution scheme or an auto enrolment arrangement with NEST. Employers contributions totalling £108,181 (2022: £95,569) were payable to the defined contribution fund for the year and £87,607 (2022: £63,925) payable to NEST for the year.

Total outstanding contributions for all schemes at the year-end were £31,241 (2021: £Nil).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

27. RELATED PARTY TRANSACTIONS

The Head is Chair of The PortsFest and one of the Governors is a trustee. At the year-end PortsFest owed the School £43,891 (2022: £61,288). The School contributed £35,000 (2022: £35,000) to PortsFest during the financial year. Further details of PortsFest are described in the Report of the Directors.

During the year, legal services were provided to the School by Blake Morgan LLP in which S Miah, a Partner of the firm, is also a Governor of the School. Total purchase amounted to £3,063 (2022: £nil) and £616 (2022:£nil) remained outstanding at the year end.

Close Members of Key Management Personnel Family, who are employed by the School, are paid a total salary of £nil (2022: £75,156), in accordance with the terms and conditions associated with their roles.

28. FINANCIAL INSTRUMENTS

	2023	2022
	£	£
Group		
Financial assets measured at amortised cost	4,917,409	5,053,344
Financial liabilities measured at amortised cost	6,096,354	6,888,677
Financial assets measured at fair value	<u>3,141,084</u>	<u>2,895,009</u>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2023	2022
	£	£
Interest income and expense:		
Total interest income for financial assets held at amortised cost	160,363	81,544
Total income for financial assets held at fair value	50,126	44,971
Total interest expense for financial liabilities held at amortised cost	<u>262,234</u>	<u>137,869</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

28. FINANCIAL INSTRUMENTS (Continued)

	2023	2022
	£	£
School		
Financial assets measured at amortised cost	4,974,373	5,259,706
Financial liabilities measured at amortised cost	7,253,111	8,069,761
Financial assets measured at fair value	<u>3,141,086</u>	<u>2,895,011</u>

The school's income, expense, gains and losses in respect of financial instruments are summarised below:

	2023	2022
	£	£
Interest income and expense:		
Interest income	162,163	81,544
Total income for financial assets held at fair value	19,248	17,269
Interest expense	<u>262,234</u>	<u>137,869</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash and cash equivalents. Included within this figure for the group and school is a parental debt provision totalling £407,116 (2022: £257,816).

Financial assets are measured at fair value comprise listed investments.

Financial liabilities measured at amortised costs comprise bank loans, amounts owed to group undertakings, net obligations under finance lease and hire purchase contracts, other creditors and accruals.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

29. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2022 £
INCOME AND ENDOWMENTS						
<i>Charitable activities</i>						
School fees receivable	4	16,833,306	-	-	-	16,833,306
Ancillary trading income	5	786,840	-	-	-	786,840
<i>Other trading activities</i>						
<i>Activities for generating funds:</i>						
Non-charitable trading	7	140,442	-	-	-	140,442
Other incoming resources		109,952	-	-	-	109,952
<i>Investments</i>						
Investment Income	6	23,477	30,365	5,878	21,824	81,544
<i>Voluntary sources</i>						
Donations		12,406	387,020	-	-	399,426
Coronavirus Job Retention scheme income		-	-	-	-	-
Total income		17,906,423	417,385	5,878	21,824	18,351,510
EXPENDITURE ON:						
<i>Raising Funds</i>						
Non-charitable trading	7	161,196	-	-	-	161,196
Financing costs	10	258,447	-	2,470	9,171	270,088
Fund-raising costs		201,474	-	-	-	201,474
<i>Charitable activities:</i>						
School operating costs and grant making		19,331,200	30,629	12,199	-	19,374,028
Total expenditure	8	19,952,317	30,629	14,669	9,171	20,006,786
<i>Net investment gains/(losses)</i>	12	<i>(108,220)</i>	<i>-</i>	<i>(36,439)</i>	<i>(135,304)</i>	<i>(279,963)</i>
NET INCOME/(EXPENDITURE)		(2,154,114)	386,756	(45,230)	(122,651)	(1,935,239)
<i>Transfer between funds</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
NET MOVEMENT IN FUNDS		(2,154,114)	386,756	(45,230)	(122,651)	(1,935,239)
<i>Fund balances at 1 September 2021</i>		<i>16,662,974</i>	<i>1,212,866</i>	<i>269,724</i>	<i>5,501,579</i>	<i>23,647,143</i>
<i>Fund balances at 31 August 2022</i>		<i>14,508,860</i>	<i>1,599,622</i>	<i>224,494</i>	<i>5,378,928</i>	<i>21,711,904</i>

THE PORTSMOUTH GRAMMAR SCHOOL

England & Wales - Charity number 1063732

Accounts

COMPANY NUMBER: 3401010
CHARITY NUMBER: 1063732

**THE PORTSMOUTH GRAMMAR SCHOOL
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

**THE PORTSMOUTH GRAMMAR SCHOOL
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**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022**

COMPANY REGISTRATION NUMBER:	3401010
CHARITY REGISTRATION NUMBER:	1063732
REGISTERED OFFICE:	The Portsmouth Grammar School High Street Portsmouth Hampshire PO1 2LN

GOVERNORS

The Trustees of the charity are also the school Governors and Directors of the company. The Governors who served during the year ended 31 August 2022 were as follows:

EX-OFFICIO GOVERNORS

The Right Worshipful, the Lord Mayor of Portsmouth:
Councillor F Jonas (resigned 30 April 2022)
Councillor Canon Dr H Mason (appointed 1 May 2022)

The Dean of Portsmouth:
The Very Rev'd Dr A Cane, BA, MPhil PhD

REPRESENTATIVE GOVERNORS

Nominated by Christ Church, Oxford:
Dr Martin Grossel BSc MA PhD (1)
Professor Brian Young (appointed 16 March 2022)

CO-OPTATIVE GOVERNORS

Mrs S Baker MA	(2)
Mrs K Bishop BA ACA (Vice Chair)	(2)(3)(4)(5)
T Burden MA	(1)
W J B Cha BA (Chair)	(1)(2)(3)(4)
M R Coffin BA (Econ) FCA	(2)(3)(5)
Mrs V Durham	(1)
Ms S Gingell	(1)
N D Latham CBE MSc CEng FIMarEST FIMechE	(2)(3)
His Honour Judge Lodder KC LLB	
J Nicholls BA ACA FCT (resigned 3 December 2021)	
P Parkinson BA	(2)(4)(5)
J Poulton BA (Cantab)	(1)
Dr S Ross	(1)
Mrs M Scott BSc (resigned 3 December 2021)	

- (1) = Member of the Education Committee
- (2) = Member of the Finance and General Purposes Committee
- (3) = Member of the Nominations Committee
- (4) = Member of the Remuneration Sub Committee
- (5) = Member of the Audit and Risk Committee

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022**

OFFICERS

Head	D J Wickes MA (appointed 01 September 2022) Dr A K Cotton BA MSt DPhil MA(Ed) (resigned 31 August 2022)
Head of Junior School	Mrs A Wilson-Smith BA
Secretary, Bursar and Clerk to the Governing Body	R J Read BA MA (Appointed 01 September 2022) S R Merriam BSc CDir (resigned 31 August 2022)

The key management personnel within the school, known as the Senior Management Team (SMT) consists of the above officers and the following:

Senior Deputy Head	D M L Payne MA MEd
Deputy Head (Academic & Staff Welfare)	S L Haslam BA MA (Appointed 01 January 2022)
Deputy Head (Academic)	B C T Goad BSc (Resigned 31 December 2021)
Deputy Head (Teaching and Education Development)	H R Wiggins MA
Deputy Head (Innovation)	L F Rees MSc
Assistant Head (Pastoral)	F E A Bush BA
Assistant Head (Head of Sixth Form)	R H Clay BA
Assistant Head (Admissions & Partnerships)	J Jackson BSc
Assistant Head (Co-curriculum)	C Ellis BSc
Assistant Head (Pupil Progress)	M Hill BA Med (Appointed 01 January 2022)
Deputy Head of the Junior School	J Ashcroft BSc

ADVISERS

BANKERS:

Lloyds Bank plc
2/4 Palmerston Road
Southsea
Hampshire PO5 3QH

SOLICITORS:

Blake Morgan
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG

AUDITORS:

Crowe U.K. LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire RG1 1PL

INVESTMENT ADVISERS:

Investec Wealth and Investment
Ltd 30 Gresham Street
London
EC2V 7QN

INSURANCE BROKERS:

Hettle Andrews
Eleven Brindley Place
2 Brunswick Square
Birmingham B1 2LP

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022**

ADVISERS (continued)

INSURANCE BROKERS (continued)

Marsh Brokers Ltd
Education Practice Capital
House
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**THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2022**

The Directors, who are also Governors of the school and charity trustees for the purposes of the Charities Act 2011, present their Annual Report in compliance with both that Act and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year ending 31 August 2022.

DIRECTORS' REPORT

CONSTITUTION AND OBJECTS

The Portsmouth Grammar School is a company limited by guarantee without share capital, governed by its Articles of Association and is a registered charity, with number 1063732. In the event of the company being wound up and unable to meet its liabilities, each member undertakes to contribute a maximum of £1. If, on winding up, there remain after satisfaction of all debts and liabilities any assets, they cannot be paid to or distributed among the members, but will be given to some other charitable institution having similar objects.

On incorporation of the school in September 1997, permanently endowed assets remained the property of The Portsmouth Grammar School Endowment Trust, charity number 307355, of which the school is sole trustee. The Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

On 20 May 2004, The Charity Commission directed that "The Arthur Darby Nock Trust shall be treated as forming part of the charity called The Portsmouth Grammar School". This Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

The school also has one wholly owned subsidiary company, PGS Promotions Limited, company number 2937047.

AIMS AND OBJECTIVES

Aims

A new Strategic Plan covering the period 2020-2025 was agreed with Governors in early 2020.

We wish the members of our school community to be both happy and successful and our purpose as a school is to offer outstanding education that prepares each individual to lead a fulfilled and purposeful life. The Main Archway is symbolic of our inclusivity as a school community and our desire to expand horizons.

In the spirit of our founder, Dr William Smith, we encourage our pupils to think not only about where they will be at 18 but where they aspire to be at 25. Portsmouth is after all, a city concerned with destinations.

Our Aims

As a community we aim to:

- Foster a nurturing environment that enables each individual to grow in confidence and to fulfil their personal potential
- Ignite a love of learning to cultivate academic excellence and to foster individual progress
- Equip each individual to thrive in a changing world
- Prepare each individual to make a positive contribution to their communities, through both leadership and service
- Help each individual understand themselves and develop their unique strengths.

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We wish the members of our community to:

- Be happy and to thrive
- Enjoy learning and pursue success to the best of their ability
- Be prepared for the changing world beyond school
- Make an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person.

In 2032 we will celebrate the 300th anniversary of the founding of the school. Mindful of the evolving global landscape, we want our pupils to have the best possible preparation for their futures. We are determined to strengthen the school even further, and to preserve its character and diversity, while we respond to the world around us. In partnership with parents, we are committed to providing pupils with the care and the support, the environment and the context, to grow and thrive as the best version of themselves.

In order to achieve this, over the five years of the Strategic Plan we will focus on:

1. Maximising individual pupils' learning and progress, through challenge, support and care;
2. Placing personal development at the heart of the school, as a learning community;
3. Working in purposeful partnership with our wider communities;
4. Growing our commitment to fee assistance, so we may offer educational opportunities to talented young people according to need;
5. Operating efficiently and sustainably, to further establish our position at the forefront of education in the South of England

Objectives

The key charitable object of the School is the advancement of education as a day school for boys and girls, or if the Governors think fit, a day and boarding school. Currently boarding facilities are not provided. Religious instruction is provided in accordance with the principles of the Christian faith.

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GOVERNANCE AND MANAGEMENT

Governing Body

The charity is governed by its Trust Deed, last amended in 1997 and its Memorandum and Articles. The Governing Body should consist of not more than eighteen men or women. Two of the Governors are Ex-Officio, the Dean and the Lord Mayor.

Two Governors are nominated by Christ Church, Oxford.

The Governors are delighted to welcome David Wickes as the School's Head, alongside John Read as Bursar, effective 1st September and would like to thank Anne Cotton (previous Head) and Simon Merriam (previous Bursar) for their service to the School and its community during their tenure.

Recruitment and Training of Governors

The Governors are also Directors of the company. Those who served during the year are listed on page 1.

Co-optative and nominative governors are appointed for a term of three years. They may be re-elected by resolution of the Governing Body at an Annual General Meeting. Co-optative Governors are elected by the Governing Body. They are volunteers who are able and willing to devote time and energy to the strategic development of the school and they provide support to and oversight of, the leadership of the Head and the Senior Management Team. Co-optative Governors are likely to have significant professional, educational or business experience at a senior level. All Governors are elected at a meeting of the Governing Body and receive a suitable programme of induction from the Clerk, the Head and the Chair of Governors. Additionally, Governors are invited to attend relevant staff professional development days and seminars provided by the Association of Governing Bodies in Independent Schools (AGBIS) and other providers of specialist advice.

The school's 2016 ISI Inspection Report commented favourably on the quality of the school's governance and management awarding an Excellent grading. A compliance inspection was conducted by ISI in February 2019 and the school was confirmed to be compliant with the required standards. More recently, in September 2022, a Focussed Compliance and Educational Quality Inspection was conducted and the School was graded 'Excellent'.

Organisational Management

The Governing Body meets at least three times a year. The work of implementing their policies is carried out by members of the Finance and General Purposes Committee (F&GP), chaired by Mr Latham, and Education Committee (EC), chaired by Mr Burden, both of which meet termly prior to the full Governing Body meeting.

In addition, an Audit and Risk Committee, chaired by Mr Coffin, meets at least three times per year with the specific remit of continuous improvement to the governance and management of the school.

A Remuneration Sub Committee, chaired by Mrs Bishop, meets at least annually to review the school's policy on pay for teaching and support staff and to make recommendations.

The Remuneration Committee's Terms of Reference are reviewed annually. The committee considers published benchmarking data on salaries and makes comparisons with other independent schools to ensure that it remains sensitive to the broader issues of pay and employment conditions elsewhere. Its policy provides for appropriate incentives to encourage enhanced performance and the rewarding fairly and responsibly for individual contributions to the School's success.

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The school also has a Nominations Committee, chaired by the Chair of Governors or the Vice-Chair if appropriate which normally meets annually or more frequently if required to make recommendations on Governor appointments and to consider succession planning.

Working Groups of Governors with members of the senior management team may be established from time to time by one of the Committees to address specific issues.

The day to day running of the school is delegated to the Head supported by the Senior Management Team (SMT) previously listed as key management personnel. All Governors' meetings are attended by the Head, the Bursar, and the Head of the Junior School.

The Senior Deputy Head, Deputy Head (Academic), Deputy Head (Teaching and Education Development), Deputy Head (Innovation), Assistant Head (Sixth Form), Assistant Head (Pastoral), Assistant Head (Pupil Progress), Assistant Head (Co-Curricular) and the Deputy Head of the Junior School attend as and when necessary. Other members of the School's management including the Development Director and Head of Marketing also attend meetings when their areas of responsibility are discussed.

Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Group Structure and Relationships

The Charity has one wholly owned non-charitable subsidiary, PGS Promotions Limited.

The school actively supports the promotion of the highest standards in the Independent School sector through networking with other similar schools. In particular through the Headmasters' and Headmistresses' Conference (HMC) schools within the South Central region and the Trinity Group schools, located in London and on the South Coast. The school is a keen participant in the activities of these highly regarded educational organisations. As well as HMC the school has membership of the IAPS, AGBIS and the ISBA.

The school works closely with the universities of Portsmouth, Chichester and Southampton in the provision of Initial Teacher Training. Our close links with schools in the maintained sector are referred to in the Public Benefit section of this report.

A number of the school's staff continue to engage in voluntary roles as governors and trustees of schools and other educational, cultural and charitable organisations in the local area and wider region.

The school has a close working relationship with the Portsmouth Cathedral and is a full member of the Choir Schools Association (CSA).

The Head is Chair of the Portsmouth Festival.

Employee Engagement

In line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Board of Governors are pleased to report that they continue to engage with employees throughout the year. Examples of direct engagement include informal meeting time for Governors with staff in the Common room and lesson observations by Governors, prior to Governor Committee or full Board meetings, and presentations to, and discussion with Governors at meetings on the subject or area of responsibility of the staff member. There is also engagement between Governors who are parents of pupils within the school with staff from across the school.

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On behalf of the Board, the Head and the Senior Management Team have a strong culture of consultation with staff before introducing significant change and these issues are reported back to the Board at Board and committee meetings. The Head and Bursar also brief staff on the overall performance of the school. This is not only financial reporting but also how the school has performed in public examinations and university offers. It is believed that this culture of openness helps develop a positive culture of mutual trust and commitment by staff in the long term success of the school as a charitable institution.

Employment policy

The school is an equal opportunities employer and this is articulated in The PGS Whole School Recruitment Policy and The PGS Equal Opportunities and Dignity at Work Policy for Staff. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs.

Communication and consultation with employees is a priority at the school. At intervals through the year, usually immediately prior to the start of a term or half-term, Professional Development Days are held during which briefings and staff training takes place. Elements of these days will apply to the whole school staff, both academic and support staff, with other periods being applicable to specific roles, functions or training requirements. Training on these will often include training on safeguarding, data protection, and health and safety, as well as briefings on the school's development and strategy.

Business Relationships

The school continues to engage with a large number of stakeholders (as set out in the Section 172(1) Statement on page 23), the most important of which are the pupils and their parents. The work of our teaching and support staff, as directed by the Board of Governors, the Head and the Senior Management Team, focuses on providing the pupils and parents with a high quality academic education underpinned by excellent pastoral care with an outstanding range of co-curricular opportunities. The success of this is outlined in the Strategic Report below.

The Governors continue to place a significant emphasis on the need for strong and positive relationships with self-employed staff such as peripatetic music teachers and sports coaches. Although the relationship with self-employed staff is necessarily different to that of employed staff (due to the requirements of HMRC and Employment Law), the school is proud that many of these individuals have remained loyal to the school for so many years reflecting the strong and harmonious relationship that the school fosters.

The Governors also value positive relationships with suppliers whose work in support of the school is invaluable. Governors require the Bursar to seek value for money when engaging any supplier and this is tempered with forging strong relationships that are ultimately beneficial to both parties. The Bursar also takes into account environmental credentials, when appropriate, when choosing a new supplier. The school is also keen to place a priority on local businesses where it can, and a Sustainability Forum involving staff and pupils helps seek more ways of improving the school's performance in this important area.

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STREAMLINED ENERGY AND CARBON REPORTING (SECR)

GHG Emissions and Energy use data for period 1 September 2021 to 31st August 2022

		Current Year 2021 - 2022	Comparison Year 2018- 2019	Current Year Change	
Energy Consumption - Gas	kWh/year	1,819,285	1,832,882	-1%	Reduction
Energy Consumption - Diesel	kWh/year	14,270	15,620	-9%	Reduction
Energy Consumption - Electricity	kWh/year	1,267,831	1,356,526	-7%	Reduction
Total Energy	kWh/year	3,101,387	3,205,028	-3%	Reduction
Emissions - Gas	tCO2/year	332.1	337.3	-2%	Reduction
Emissions - Diesel	tCO2/year	3.4	4.0	-13%	Reduction
Emissions - Electricity	tCO2/year	245.2	347.3	-29%	Reduction
Total Emissions	tCO2/year	580.7	688.5	-16%	Reduction
Total Internal Building Area	m2	21,768.8	21,768.8	0%	No Change
Number of Pupils	No.	1,280	1,462	-12%	Reduction
Intensity Ratio 1 Total Emissions	tCO2/m2/year	0.027	0.032	-16%	Reduction
Intensity Ratio 2 Building Energy	kWh/m2/year	142	147	-3%	Reduction
Intensity Ratio 3 Total Energy	kWh/pupil/year	2,423	2,192	11%	Increase
Methodology		GHG Reporting Protocol - Corporate Standard plus findings from ESOS		ESOS Phase 2	

The Base Year for comparison is the financial year 2018/2019. This is the most recent financial year that was unaffected by the Covid Pandemic and is the year for which the ESOS Phase II has been conducted.

The latest financial year 2021/22 shows a 3% reduction in total energy consumption and a 16% reduction in carbon emissions compared to the Base Year. However, there was a 12% reduction in pupil numbers. Detailed analysis can be seen below.

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STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

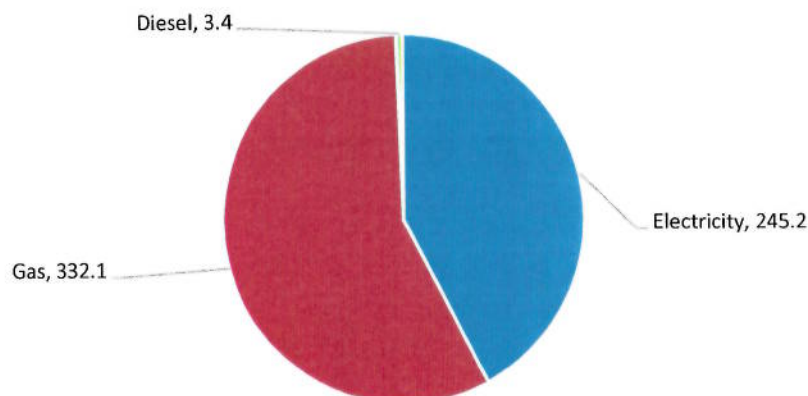
Key Impacts

The key impact of Portsmouth Grammar School is the emission of greenhouse gases from the consumption of fossil fuel on site, electricity, and vehicle fuel.

Utility	Energy Consumption		CO2e	Cost
SECR 2021 - 2022	kWh/yr	%	tonnes/yr	£/year
Electricity	1,267,831	40.9%	245.2	£628,204
Gas	1,819,285	58.7%	332.1	£176,080
Diesel	14,270	0.5%	3.4	£2,220
Totals	3,101,387	100%	580.7	£804,284

Utility	Energy Consumption		CO2e	Cost
SECR 2020 - 2021	kWh/yr	%	tonnes/yr	£/year
Electricity	1,192,113	39.9%	278	£268,526
Gas	1,777,180	59.5%	327	£46,948
Diesel	18,372	0.6%	4	£2,252
Totals	2,987,665	100%	609	£317,726

tonnes CO2e Emissions by Fuel Type 2021 - 2022



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STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

Measurement

Portsmouth Grammar School records energy consumption in terms of kWh per month for gas and electricity. This is collected from invoices and meter readings. Vehicle fuel is recorded in terms of litres per month. This data is collated in a single spreadsheet (PGS SS1 Utilities 2022).

The above spreadsheet has been used to compile the data required for SECR reporting. This converts the energy consumption in terms of kWh to tCO₂ equivalent (PGS SS2 SECR 2022).

Emissions of CO₂ were calculated using the DEFRA Conversion Factors 2022 (PGS SS3 DEFRA 2022).

Emissions Factor 2018	kgCO ₂ /kWh
Electricity	0.256
Natural Gas	0.184
DERV	0.253

Emissions Factor 2022	kgCO ₂ /kWh
Electricity	0.193
Natural Gas	0.183
Diesel AV Biofuel Blend	0.241

Notes:

Carbon content of grid generated electricity reducing due to the impact of renewables.

Average biofuel blend now adopted for vehicle fuel.

Setting a Target

The school occupies an historic site with many parts of the estate being listed buildings. There are therefore limits to the improvements that can easily be made to improve energy efficiency.

The results of the ESOS Phase II process highlights that upgrading the lighting at the school is the most likely area where savings could be made, together with the installation of Solar PV to the Sports Hall roof. We have now installed LED lighting to our all-weather pitches at Hilsea and upgraded to LED lighting with movement sensors in our Music building, Gymnasium, C block staircase and food tech room.

The total energy savings identified by the ESOS Phase II process is 183,053kWh/year and represents 7.5% of the total consumption by the school. As some of this saving has now been realised, a realistic target of 3% has been adopted to be achieved over the next two years.

Energy Saving Actions

We have installed LED lighting to our all-weather pitches at Hilsea and upgraded to LED lighting with movement sensors in our Music building, Gymnasium, C block staircase and food tech room.

Energy Saving Plans

We have reviewed our utilities contracts and renegotiated these to fixed term contracts to ensure best available market prices and to improve forecast costs. Meter reading analysis is underway to flag any in year larger than average usage that could be curtailed. As a continued long-term programme we will continue to upgrade our existing lighting to modern energy efficient lighting when budget allows.

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PUBLIC BENEFIT

Bursaries

The school remains committed to the aim of providing Public Benefit in accordance with its founding principles and the Governors have given careful regard to the Charity Commission's guidance on Public Benefit and means testing.

The school welcomes pupils from all backgrounds.

It is important to the school that access to the education offered is not restricted simply to those that can afford the fees. It is recognised that pupils benefit from learning within a diverse community and that learning occurs through social interaction and shared experience. In this way we expect our pupils to develop a roundedness of experience and perspective of other people that will be vital in their adult lives.

Entrance interviews and assessments are undertaken to ensure that potential pupils can benefit from the education provided and contribute to the school community.

The provision of means-tested bursary support continues as a key feature of the school's admissions process with bursaries equivalent to 100% of the fees being available and regularly awarded. An individual's gender, ethnicity, race, religion or disability do not form part of our assessment process for bursary support.

The school is committed to offering places to those most able to benefit from its education irrespective of financial means. It is against this core ethos that bursaries are an especially highly valued aspect of the school's admissions process. In addition, the school provides continuing support to all pupils already in receipt of fee assistance through bursaries.

The school does not have a large endowment and in funding bursaries and scholarships, a balance has been struck between maintaining an adequate surplus of funds to maintain the financial viability of the school, as well as continuing to develop appropriately the school's infrastructure and maintain its historic Grade II listed buildings.

The school, in line with other independent schools, also makes some scholarship awards on the basis of an individual's educational potential, academic success in examination or excellence in co-curricular activities. The awards are generally low in financial value but highly regarded by pupils and feeder schools.

In 2021/22 £2,350,615 (2020/21: £1,687,217) was awarded on a predominantly means-tested basis for scholarships and bursaries.

The Breakdown of the Bursary awards (excluding the temporary bursary support) was as follows:

- 179 pupils received bursary support of up to 100% of the fees (Senior School Only) (2021/22:136)
- Detailed breakdown as follows:
 - 87 pupils receiving between 75% and 100% (2020/21:59)
 - 55 pupils receiving between 50% and 74% (2020/21:46)
 - 37 pupils receiving between 10% and 49% (2020/21:31)

The total value of these bursaries was £2,034,414 (2020/21: £1,427,258). This included £99,707 (2020/21: £359,631) of temporary bursaries granted as support during the Covid pandemic.

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PUBLIC BENEFIT (continued)

The Breakdown of the Scholarship awards was as follows:

o Academic	242 (2020/21: 234)
o Music	37 (2020/21: 37)
o Sport	29 (2020/21: 19)
o Drama	22 (2020/21: 20)
o Art	16 (2020/21: 14)

- The total value of these scholarships was £316,201 (2020/21: £259,959)

The William Smith Fund

In July 2015 the school launched a significant bursary initiative called 'The William Smith Fund' with the simple aim of creating a source of non-fee income to help sustain our founder's vision of providing a world-class education for the young people of Portsmouth and the surrounding area, right at the heart of their home city. The initiative evidenced our strong belief in the power of means-tested bursaries, not only to break down the financial barriers to a PGS education, but also to enrich the entire community by enhancing its intellectual and social diversity.

The William Smith Fund is a collective fundraising effort made each year by all members of the PGS family – alumni, former staff, and friends of the school, parents and grandparents of current pupils. Our aim is simple: We wish to raise funds to increase our means-tested bursary provision, allowing us to further open our doors to more bright and promising boys and girls from the local area whose families would not otherwise be able to afford the full fees. Since the launch of the William Smith Fund almost £1.5m has been received and pledged by donors.

In addition to bursaries the school is engaged in many other activities that provide public benefit and are within the school's objectives.

The school is a patron of Shaping Portsmouth, a city-wide initiative between the private and public sectors to improve educational opportunities in Portsmouth and to support the economic success and well-being of the city as a whole. Some of our Sixth Form pupils work within this organisation as part of their enrichment curriculum. The school also supports the educational work of local cultural and heritage centres.

The Portsmouth Festival (Ports Fest)

The school's ongoing commitment to support the Ports Fest is a clear demonstration of its belief in the significance and value of the creative & cultural arts. The events that are scheduled during that time have a strong emphasis towards young people throughout the city and therefore merit a considerable investment from PGS in terms of time, energy, imagination, and funds, ensuring the events are easily accessible to all.

2022 saw Ports Fest going ahead with four days of high-quality events over the period of 30th June -2 July.

The festival's theme for 2022 built on the previous year, our audiences were invited to Remember, Reimagine, Reignite. Over the four days the festival provided 63 events and worked in active partnership with over 40 artistic and cultural organisations, and worked directly with 14 regional schools, engaged with 380 artists and 747 participants. Ports Fest also had additional events outside of the festival dates including a three-month exhibition at the Mary Rose Museum showcasing the creative work of Portsmouth Young Carers.

The live event audience reached 9,264 with a total engagement of 395,111 through participation online, broadcast or in writing.

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PUBLIC BENEFIT (continued)

Community Partnering & Volunteering

The school strongly believes in the value of PGS pupils being involved in partnerships, charitable events and volunteering in a wide variety of ways. As such, it is committed to working closely with many local charities and like-minded organisations and aims to optimise the educational use of its cultural and sporting facilities and to awaken in its pupils an awareness of the social context of the all-round education they receive.

Collaboration with other schools this year has been made much easier with the gentle lifting of the COVID - 19, local schools have welcomed our Year 12 pupils back onto their sites and we have begun to plan and host events on our site as well. In November 2021 we were able to host over 300 children from local schools in Years 5 & 6 to a special matinee performance of our Whole School musical.

In June we were able to run the Gifted & Talented Summer School in person, as we did in 2019 and 18 Year 5 pupils from 7 local schools joined us for two days. They participated in a range of activities from Design & Technology to Science and Drama, all based around the theme of 'Our City'.

The Sixth Form Community, Action, Workplace (CAW) scheme on Monday afternoons was able to run in the way we had originally envisaged. All of our Year 12 pupils enrolled in some form of community collaboration which included: care homes, local schools, helping local charities, or helping at the nearby Theatre Royal. They finished the year with Social Action Projects organising and running a range of events or projects within the community. These links will continue to grow and strengthen during the next cycle of the scheme.

We are continuing to build on links within the Portsmouth Education Partnership and Shaping Portsmouth in order to join with them in Outreach and Partnerships work for the benefit of the city. In March the Digital Enablement Programme launched. The initiative saw 12 of our Year 12 pupils work in collaboration with Shaping Portsmouth to set up drop-in centres to help isolated adults with technical IT issues.

We have been able to welcome back some of the local organisations that we provide subsidised facilities for. This has included the Solent Guild of Woodcarvers and Sculptures and Hampshire Cricket.

PGS continues its partnership with Mayfield School. They have recently welcomed a new Head who is keen to continue expanding the projects and activities that currently exist. The Wilkie Scholarships exist as an excellent means of offering a tangible link for successful Mayfield pupils to access a PGS education in the Sixth Form. Other partnership activities have included shared training and mentoring of pupils via our CAW scheme.

This year we have also expanded connections with Portsmouth Academy, Castle View Academy and The Island Free School to offer transformational bursaries to several of their Year 11 pupils for Sixth Form Study at PGS. In collaboration with Hovertravel we have been able to offer free hover travel to pupils from the Isle of Wight who receive such bursaries.

Charitable Fundraising

Thanks to the efforts of pupils, staff, parents and other members of our school community fundraising remains a core charitable activity within the school. The school continues to support a variety of local, National and International charities and during the last academic year this included Save the Children, Support for Uganda and the Salvation Army Appeal.

School Houses also support charities of their own choice each year (including PDSA, Hounds for Heroes and Lifehouse) and raise awareness and funds through their own initiatives, that are largely pupil led. The Sixth Form enrichment programme (Ignite!) also includes pupils volunteering in support of several local organisations including the All Saints Church and Second Chance.

Pupils involved in the Uganda and Cambodia groups also work throughout the year in partnership with schools in those countries to raise funds in support of the running of their school.

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Education Partnerships

The school enjoys a close relationship with many of the region's universities, supporting the training of student teachers at Chichester, Portsmouth and Southampton Universities. A number of the school's staff fulfil voluntary roles as governors and trustees of schools and other educational, cultural and charitable organisations in the local area and wider region.

The school also has a range of active partnerships with schools overseas, including the United World School in Chia Thom, Cambodia, which it helped to build; and Kikaaya College School in Uganda, which enjoys significant financial support from PGS for its internet and wifi provision. This is mainly raised by PGS pupils whom also participate in a range of collaborative activities with the Ugandan pupils. In July during our Enrichment day, half of Year 9 learned a Ugandan dance that had been filmed and sent over in advance by Kikaaya and prepared for teaching by a number of PGS staff. Pupils then linked live in the DRT with Kikaaya and performed for and with each other. Year 9 musicians and music staff also joined in the celebrations with drumming. PGS also continues a growing partnership with the Suzhou Science and Language School in China. PGS believes that pupils should be aware of the importance of living in a global community and the many benefits and challenges that this brings and the commitment to such partnerships is an excellent way of ensuring that pupils are offered a tangible insight to the cultural differences of other international communities.

FUNDRAISING

Fundraising achievements in 21/22

There was a significant drop in major gifts this year, resulting from the inability to engage with major donors and prospects via face-to-face meetings for most of a two-year period from spring 2020 to spring 2022. All but one of the five- and six-figure gifts this year came from donors who had already made gifts at that level, the exception being a five-figure legacy gift. The uncertainty following the invasion of Ukraine by Russian forces, and the news of an increase of 54% in the energy price cap in spring 2022, both had an impact on lower-level donors and our online Giving Day in March. There was a marked increase in the number of direct debit gifts being cancelled at this time, but this settled as the financial year drew to a close. The number of regular, direct debit gifts reduced by 6% across the year as a whole. To list some of the achievements:

- Gifts to the value of £399,426 were received from 741 individuals and organisations
- 98.5% of donors were individuals
- Donors represented the following constituencies:
 - 54.5% alumni
 - 35% current and former parents
 - 5% current and former staff
 - 3% friends
 - 1% widows and other relatives of OPs
 - 1.5% organisations
- Bursaries (i.e., means-tested fee assistance) remained by far the most popular cause

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- The full breakdown of causes supported was as follows:

	By number of gifts	By value of gifts
Unrestricted gifts	6%	9.88%
Bursaries	92.5%	89.6%
Academic projects	0.45%	0.12%
Co-curricular activity	0.75%	0.29%
Prize fund	0.3%	0.11%

- The largest gift received in 2021/22 was specifically in support of the school's second online Giving Day for bursaries in March. Over that 36-hour period:
 - £265,000 was donated
 - 509 individuals made gifts
 - 34% of donors were making their first gift to the school
 - While the number of Giving Day donors was more than 20% lower than in 2020/21, the total raised was only 5% lower
 - The proportion of Giving Day donors who were current or former parents increased from 28% in 2020/21 to 39% in 2021/22

Legacy gifts

- Two legacy gifts were received: A five-figure gift from a former member of staff and a four-figure gift from an alumnus
- Another five-figure legacy gift is due from an alumnus once his estate is settled
- The school is aware of a further 87 OPs, parents and former staff who have declared that they have included a gift to the school in their will

Fundraising practice

The Portsmouth Grammar School is registered with the Fundraising Regulator and has adopted the Code of Fundraising Practice. Neither the school nor the Fundraising Regulator has received any complaints about PGS's fundraising activity in the period covered by this report.

Fundraising is undertaken by the Development Director, a full-time employee, with support from two part-time members of Development Office staff (Alumni Relations & Events, and Development Manager), and a Communications & Events Officer who is shared with the Head's Office and the Marketing Team. During 2021/22, the support of these three individuals equated to approximately 1.3 FTE.

The Development Director reports to Governors through the Finance and General Purposes Committee, attending its termly meetings and providing written and verbal reports. She is line-managed by the Head, with whom she has fortnightly meetings during term-time, accompanied by the Deputy Head (Innovation). In 2021/22 she also had separate weekly meetings with the Deputy Head (Innovation) and the Bursar.

PGS takes very seriously its relationship with its alumni, parents, staff, Governors, and other supporters. It has an ethical fundraising and gift acceptance policy which is reviewed every three years. None of the school's fundraising activity should compromise donors' privacy, put anyone under undue pressure or be unreasonably persistent.

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Looking ahead to 2022/23

Face-to-face meetings with major donors and prospects have resumed, though major donor fundraising is likely to take some time to recover. A new Head has joined the school in September 2022, and it will be important for him to meet as many major donors and prospects as possible in his first few months.

A third online Giving Day is planned for March 2023, to be followed by the school's fifth biennial telephone appeal in July. New legacy fundraising literature is also being planned, which will promote the idea of contributing to the school's endowment fund for bursaries.

STRATEGIC REPORT

Strategies to achieve our Vision and Mission

The School's Strategic Plan runs for 5 years and covers the period to 2025, with operational planning annually in support of the longer term strategy.

Our Vision

As a community we aim to:

- Foster a nurturing environment that enables each individual to grow in confidence and to fulfil their personal potential
- Ignite a love of learning to cultivate academic excellence and to foster individual progress
- Equip each individual to thrive in a changing world
- Prepare each individual to make a positive contribution to their communities, through both leadership and service
- Help each individual understand themselves and develop their unique strengths.

We wish the members of our community to:

- Be happy and to thrive
- Enjoy learning and pursue success to the best of their ability
- Be prepared for the changing world beyond school
- Make an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person.

There are 5 main strands to the Strategic Plan 2020-2025 and they are described below firstly by a summary explanation as to the school's target to achieve over the 5 years, and then an explanation (in *italics*) of how the school will achieve this and the work undertaken so far.

1. Maximising individual pupils' learning and progress, through challenge, support and care

Over the period of this Plan the School will focus on building continued excellence in our teaching and learning, investing in individual needs, creating extended opportunities for intellectual challenge and independent learning, and reviewing our curriculum so that we can be responsive to the changing world around us.

We have an excellent reputation for teaching and learning and are keen to develop this further by realising the potential of the Connected Curriculum in the Junior School, and by ensuring that we engage and challenge all pupils effectively. We have a new Learning Support Centre to transform the learning environment for these pupils and enable us to bring together both Junior and Senior School LS staff in one facility. We have taken significant steps forward in our use of educational technology and software in order to facilitate a fully remote curriculum during the pandemic, now retaining the best elements following the lifting of restrictions. The requirement to learn new teaching and learning methodology and the intensive training that has accompanied that process has focused our attention on teaching and learning as a community. Considerable impetus is now being given to a Key Stage 3 curriculum review in years 7 to 9 in all subjects.

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2. Placing personal development at the heart of the School as a learning community

Over the period of this Plan the School will focus on: constantly developing our staff; embedding the "PGS CORE" which supports pupils to reflect on their key qualities and gain insight into their personal development; creating an extensive programme of Sixth Form enrichment; continuing to build excellence in proactive pastoral care; preparing for future lives; celebrating difference through diversity and inclusion; strengthening our broad co-curriculum; and celebrating opportunities for pupils as a through school.

PGS has recently become a founding member of the School's Inclusion Alliance alongside Eton and St Paul's Girls School. We are building on that work with a comprehensive review of our activities and structures, to ensure that we are even better placed to combat discrimination and diversity, promote antiracism, and prepare pupils to make a positive and active contribution in a multicultural society. Issues relating to Black Lives Matter are prominent in this work. Enhancements that can be made to teaching and other aspects of school life following the digitisation of the curriculum over the pandemic have been embedded where appropriate as the 'new normal'.

3. Working in purposeful partnership with our wider communities

Over the period of this Plan the School will focus on: developing international horizons; learning through community activity for all year groups; widening the cultural reach of the Portsmouth Festival; and working in educational partnership both in the local area and through contribution to the broader educational landscape.

In addition to the many ways in which we already engage with the city and local community, we are ambitious to develop further opportunities for volunteering and outreach. We are keen to strengthen our links with schools in the maintained sector, supporting a shared interest in raising the aspirations of all young people in Portsmouth. We will continue to support the Portsmouth Festival in making a significant and positive impact both culturally and economically as a city-wide festival of the arts. A number of staff have volunteered to join subject specialist hubs in the city, which will extend our links with local schools and allow us to contribute to and learn from good practise in teaching and learning in the city.

4. Growing our commitment to fee assistance so we may offer educational opportunities to talented young people according to need

Over the period of the Strategic Plan and beyond, we commit to making significant steps in broadening access, and increasing the proportion of our pupils who receive means-tested assistance and transformational bursary awards.

The school's second online Giving Day took place in March and was again a great success, raising over £14 million for life-changing bursaries. The Giving Day concept has quickly established itself as the school's primary mass fundraising appeal and an annual celebration in the life of PGS, with the next such appeal planned for March 2023. The arrival of a new Head and Bursar in September 2022 will offer a prime opportunity to establish new relationships with existing and prospective major donors where face-to-face meetings and personal attention are the key to success.

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5. Operating efficiently and sustainably, to further establish our position at the forefront of education in the South of England

Over the period of this Plan the School will focus on: offering value for money; transforming our site; improving our environmental impact; and supporting our staff to flourish.

As a school we aim to provide a stronger, more visible lead on the value of living and operating sustainably, making the most of the resources we have for the future health of our planet. We are committed to ensuring affordability for our parents now and in the future, through careful stewardship and cost control. Ongoing efforts to become a more sustainable school have been recognised through gaining the Eco-Schools Bronze Award, supported by the work of the PGS Eco-Councils which meet regularly and communicate with the wider school community. We are currently working with specialist consultants to further develop our sustainability programme.

ACHIEVEMENTS & PERFORMANCE

2021-22 has been a successful year both through academic achievement, our extensive co-curricular programme and the engagement of our pupils with the wider community. Activities were able to revert to the pre-pandemic format for the most part, with pupils able to spend time in placement hubs when volunteering and participate in a larger number of educational day trips and residential stays than had been possible in the 2020-21 academic year. It is pleasing to see that there is great demand for co-curricular trips after several years of pent up demand, and visits to Vietnam, Spain and a ski trip are planned for the next academic year.

PGS CORE continues to flourish at PGS, underpinning everything that we do. PGS core postcards are awarded where colleagues see the school's core values in action and some of the school's prizes, awarded in September at the annual Prizegiving ceremony, are grouped by these core values.

Results in A Level and GCSE exams in the summer were the best ever achieved by PGS pupils in an examination series. At GCSE, over half of all grades were awarded A*, 9 or 8 and three-quarters of all GCSE grades were 9-7. A Level results were even stronger, with 31.9% awarded an A* grade (or the IB equivalent of Grade 7). 70% of all grades were in the range A*-A (or 7-6 for IB) and 86% were A*-B (7-5). 93% of pupils obtained the grades necessary to meet their firm university offer and only 3 pupils needed to enter Clearing on results day, again an unprecedented achievement.

Residential trips continue to be central to the school's co-curricular offering, providing intellectual and cultural development. This year, we began to see a slow, post-pandemic return to travel and pupils managed to travel abroad to the United States and Croatia, with several more planned for the coming months. A more local focus for our outdoor and adventurous provision has also seen large numbers of pupils enjoy the local wilderness as they undertook the John Muir Awards which is now open to pupils in all years. However, the largest increase in interest and participation is the Duke of Edinburgh Awards, with the Gold Award becoming ever more popular and excursions from the New Forest to northern Scotland being more regular as we expand into kayaking, cycling and sailing expeditions to compliment the usual hiking. The CCF also took part in their annual three-day Contingent Camp in October and held their Summer Activity Week at the start of the holiday.

MUSIC

As a Cathedral School, music continues to feature highly at PGS. We continue to develop and strengthen our involvement in the Cathedral's partnership work Cathedral Sing with staff and pupils involved in supporting the delivery of this programme. Across the year the Director of Music and School Organist have been involved in running workshops in schools in Portsmouth and on the Isle of Wight, assisting the Cathedral Sing Director. In May, 12 PGS Choristers travelled to the Isle of Wight to perform in the final concert of one Cathedral Sing project with 300 primary school pupils. We continue to plan collaboratively in order to support each other's work to bring more singing opportunities to our local community. Our Cathedral Choristers performed a hugely successful Messiah with period instruments in March, featuring 2 PGS year 7 boys and 2 PGS year 13 girls singing solo roles.

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Partnership with professional musicians

The partnership with the London Mozart Players (LMP) is a significant part of our work and the opportunity for the school's musicians to work closely with supportive and encouraging professional players and conductors is of huge educational value to our musicians. Our first "live" Remembrance Concert for two years in November was styled as not only Remembrance but also a celebration of being able to make live music again. With Covid rates rising we were unable to invite other schools to perform as part of our intended partnership project, but we were able to involve over 200 pupils from year 7 to 13 and members of the Community Choir in this concert. The concert opened with Fiddler's Hill, conducted by its composer, Jeff Moore, and performed by forty of our string players with the LMP. Based on folk-inspired material this energetic and uplifting performance was hugely well received by the audience. Peter Maxwell Davies' hauntingly beautiful Farewell to Stromness was sensitively played by the PGS Symphonic Strings with the LMP followed by an exciting performance of Jessie Montgomery's Strum by the LMP strings. The first half finished with Dr Shahov's vibrant arrangements of Hampshire Folk Songs sung by the Chamber Choir with our Boys' and Girls' vocal groups. Mozart's momentous Requiem was performed in the second half of the concert with a massed choir of pupils, parents, staff and Old Portmuthians along with fabulous soloists Stefanie Kembell-Read, Aurore Lacabe, Greg Tassell and James Oldfield. This was an exciting and dramatic performance of a demanding work and a fitting end to a Remembrance concert that was both celebratory and solemn.

Our work with professional musicians continued with inspiring workshops for our guitarists with 3 Colours Guitar who also gave a wonderful concert to pupils and the local community in the evening. The Kate Williams Jazz trio came to work with 35 of our jazz musicians on improvisation skills and techniques, culminating in a wonderful evening concert where the first half was performed by our pupils and the second half by the professional trio. As covid rates were high this concert was performed without an audience but was live-streamed and was shared with Portsmouth Music Hub to share with local schools as a free concert. In July we hosted the world famous Black Dyke Band who worked with 60 of our brass players (from juniors to seniors) and then performed a public concert at the Kings Theatre, featuring a number of items with our school bands playing alongside them.

Partnership with Community

As restrictions allowed we were able to resume some of the partnership work we usually enjoy in the wider community. Chamber Choir and Brass Octet performed for Rowan's Hospice's Tree of Lights service in December. We also ran two jazz improvisation workshops, one for pupils from the Prebendal School in year 6-8 and one for pupils in year 4-6 from Bosmere Junior School. These workshops were devised and run by the Director of Music and our jazz ensemble leader but were led by pupils in year 10 – a fantastic example of collaborative learning. PGS Brass were invited to perform in the Guildhall to support the launch of the new Sea Angling Classic Fishing Competition in July.

Work with PGS Juniors

We were delighted to be able to work with our Junior School more closely this year, and Junior Music Week in May provided the opportunity for our jazz musicians, singers, choirs and concert band to perform to and with members of our Junior school.

Pupil Leadership

The return of live House Music after two years of absence was a wonderful celebration of collaborative, pupil-led live music making. The imagination, ingenuity and creativity of all the house entries was wonderful to see and hear and each House Music Captain was able to make the best use of his or her musicians. From Latter and Eastwood's innovative post-modernist quartet (Morton Feldman's Rothko Chapel) to Grant and Barton's exuberant, all-singing-all-dancing Can't take My Eyes Off You, our musicians really demonstrated the whole gamut of musical styles and skills. Adjudicator, Carl Jackson MVO, commented upon the atmosphere of celebration and enjoyment that was evident throughout the evening and also the evident musical talent on display.

Diversity and Inclusion

As part of Black History month pupils in year 7 studied African drumming and during the D&I day in October a massed group of year 7 drummers ran African Drumming sessions in the Quad for pupils to join in.

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Cathedral Organists Conference

In May Portsmouth Cathedral hosted the Cathedral Organists' Association. During this conference the Cathedral and the School Music Department hosted a number of workshops for the visiting organists including one on Boys' Changing Voices and their emotional well-being, looking at how the model we have established at PGS and the Cathedral could be used in other cathedrals. 8 of our singers from PGS Changing Voices group performed and engaged in this workshop.

DRAMA

After a year of further pandemic-related disruption, it was a tremendous relief to get back to far more straightforward routines in 2021-2022. Having said that, our tremendous production of 'Little Shop of Horrors' at the New Theatre Royal in November 2021, showcasing a superb selection of acting, vocal and choreographic talent and performed in front of upwards of 1300 people, narrowly missed closure due to a return of Covid by a matter of days - a huge stroke of luck for both ourselves and the audiences who saw it, not to mention the 500 pupils from local junior schools attending the matinee. House Drama returned in person in February 2022, once again demonstrating the wide breadth of talent and interest across the Senior School. This strength of ability and engagement was clearly shown in our Senior School Play 'Amadeus' in March, a newly-created opportunity for Y9 - Y13 pupils to work together to create mature, high-quality and accessible drama - playing to full houses and great acclaim, it was an absolute triumph, achieving a level of serious performance not often seen in schools. May brought the Middle School's joyful production of 'Matilda', delighting sell-out audiences with the range and energy of a very special cast and a superb band, but also notable for the number and quality of male performers - not always usual for musicals, but a highly welcome indicator for productions to come. The academic year ended with a lovely, pupil-directed production of '100' by a cast of Sixth Formers as part of PortsFest, playing at both the Wedgewood Rooms and Mayfield School's new theatre. 2021-2022 was a wonderful year for Drama at PGS, and we look forward to equally accomplished performances of 'A Christmas Carol', 'Chicago' and 'Emil and the Detectives', alongside the return of our highly popular New York Drama Trip, in 2022-2023.

SPORT

The 2021/22 sporting school year returned to some normality post Covid-19 restrictions:

Rugby

The Rugby season saw some strong performances from the Under 15's and Under 16's, which resulted in the Under 15A Squad winning the Hampshire County Cup, and the U16A Squad winning the Hampshire County Cup 7's respectively. The Under 14's, 16's and 18's also competed at the Rosslyn Park National School 7's Tournament, which was a great experience for all involved. Twelve boys were involved in the Developing Player Programme for either London Irish or Harlequins respectively.

Hockey

There were weekly fixtures as per the norm for all age groups, both girls and boys. The Year 7's were incredibly enthusiastic with good numbers attending training throughout the first two terms. The 1stXI Girls reached the National Quarter Finals of the Independent Schools Plate Competition, which was a first at this age. The Under 15 Girls also enjoyed a strong season with consistent performances. Meanwhile, the Under 16 Boys won the Hampshire Trophy and the Boys 1stXI reached the T4 Regional Finals, losing to Eton College on shuffles. We also played our first ever U18 Mixed Hockey fixture with Lord Wandsworth College. The scheduled hockey tour was postponed and will now take place in October 2022 instead.

Netball

The Netball season got under way with a talk and workshop with London Pulse Super League player and OP Ashleigh Dekker, and a trip to the London Copper Box Arena to watch England vs Jamaica. PGS fielded up to 20 netball teams from U12 to U18 and all had regular fixtures during the season. Three girls were also involved in the London Pulse Development Programmes. The future is looking promising for netball at PGS.

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Athletics

In cross-country, three pupils were selected for Hampshire at English Schools Championships. Our full summer term athletics programme included meets at Millfield and Dauntseys, with an encouraging number of girls and boys involved. The Year 7 Boys made the County Track Knockout Final. Fifteen pupils across the year groups also represented the district at the county championships. We had students achieve the following positions at the County Championships: 3rd place in javelin, 2nd and 3rd in shot put, 2nd and 3rd in 800m, and a 4th in the 100m. The same girl who finished 4th in the 100m also qualified for English Schools Championships and was part of the relay squad that took bronze. We had one Year 7 girl who won the County and Inter-Counties javelin competitions, and she is currently placed 2nd on the all-time U13 national rankings in this discipline.

Cricket

PGS fielded 20 teams across boys' and girls' year groups, with this being the second year of girls' cricket as a core sport. The U12 boys made the Hampshire County Final, and the U14 boys won Hampshire County Plate Final. One boy was part of the Hampshire Academy and even played one 2ndXI game for Hampshire Cricket Club. There were two county players, one in Year 10 and the other in Year 11, alongside several district players spread throughout the age groups. The girls' cricket is still developing and we are encouraging girls to join cricket clubs outside of school to help accelerate their development.

Tennis

There were Tennis teams in all age groups for both girls and boys, with good attendance at Saturday morning training sessions alongside the weekly early morning slots during the school year. The U13 boys won the Hampshire League, beating Salesian College in the Grand Final. Two students were involved in the County Squads and above. We are trying to establish strong links with the Portsmouth Tennis Academy and now have a number of pupils playing in their squads.

Dance

PGS Dance entered the Dance Live competition run by the Guild Hall Trust that involved around 60 schools and 4000 young people. 43 PGS pupils were involved in the 7-minute production of our original piece 'The Muse' which told the story of a struggling artist and a woman that reignites his inspiration - pupils danced, choreographed, designed and applied hair and make-up, coordinated lighting and follow-spot operation, and, most importantly, had fun, grew in confidence and gained new skills over the many hours of rehearsals. After winning their heat in February, PGS Dance went on to the finals where they placed second. A massive achievement considering a majority of the schools have taken part in the event before, some of which were 6th form Dance Colleges, while this was a first for PGS.

Outside of the 'core' sports, the 'House' Competitions continued to provide another opportunity for students to participate in a competitive yet fun sports environment during their lunch hours. The breadth of options for the older years within their Games lessons was also well received, and included Sailing, Basketball, Football, Dance and Fitness. The return of a traditional whole school Sports Day in the final week of term was a fitting way to end the school year.

PUPIL VOICE

We continue to make excellent progress towards our goal of ensuring that PGS is a true learning community, where all stakeholders can learn from each other. Pupil voice is a very important part of this process, and we are delighted that our pupil leaders across the school have once again demonstrated admirable commitment and energy to this important aim. Following the external pupil voice audit conducted in 2020 we have a clear set of objectives and strategy to reach our goals.

Oversight of pupil voice at PGS was assumed by Luke Rees (Deputy Head Innovation) in September 2021 and he has been able to make a number of changes to both the processes and culture of pupil voice during the last academic year. This has been in pursuit of the aforementioned aims and in context of the social and political landscape of the last two years.

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Aside from a huge number of pupil leadership roles and societies pupil voice is keenly discussed at Governor Education Committee meetings and in September 2022 there was a program of staff training to support this important work. We are delighted that PGS now plays a leading role in the 'City of Portsmouth Student Council' (CoPS) initiative, where our pupils have been able to work closely with their peers from around the city. PGS hosted the CoPS annual summit in May and it was a huge success.

Section 172(1) Statement

Governor involvement

The Governors act in good faith to make decisions, the outcome of which they consider will be most likely to promote the success of the School for the benefit of its pupils and the wider school community as a whole, both in current periods and in the long term. They regularly attend School events, affording them the opportunity to meet with parents, staff and other members of the community, and also have the regular opportunity to spend time in school attending lessons, speaking with staff and pupils, and observing the day to day activities of the school. In discharging their duties, the Governors carefully consider amongst other matters, the impact on and interests of other stakeholders in the School and factor these into their decision-making process.

Staff members

Governors have regular opportunities to meet with staff and observe their day to day activities. They also receive information on various staff metrics. The Governors are committed to promoting a healthy and productive school environment and positive physical and mental wellbeing among the staff; the school counsellors are available for consultations with staff as well as pupils. The Governors keep staff informed of key issues through structured communication channels, promote diversity and inclusion in school life and also provide training and development opportunities where they are considered of benefit to the school and staff. Using the School's recruitment and development strategies, the Governors seek to attract and retain talented staff.

Pupils and their parents

The Governors commit considerable time, effort and resources into supporting staff in delivering the best educational provision the School can, whilst striving to achieve excellent individual care to enable each pupil to thrive and their parents to be well-informed on the progress of their child. In normal circumstances the Governors meet with groups of pupils on a regular basis to receive feedback and inform decision making to promote these objectives, with the aim of fostering long term mutually beneficial relationships both while the pupil attends the School and into the future. The School has a policy and procedure in place to deal with any complaints and acts to work quickly to resolve any isolated disagreements that may arise from time to time.

Suppliers

The Governors have established procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the School. The School seeks to pay all suppliers any undisputed amounts due and to conform with the billing requirements within agreed terms.

Community and the environment

The School takes its role within the community very seriously and promotes and encourages community and charitable contribution through the numerous activities set out elsewhere in this report. The School also recognises the importance of its environmental responsibilities and has measures in place to monitor and control its impact on the local environment and its compliance with any regulatory environmental standards. The School seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Standards and conduct

The School has a significant portfolio of policies and codes of practice regarding ethical and professional standards expected of staff in undertaking their duties for the School. These are clearly communicated to every staff member and adherence to which is expected and enforced.

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Financial review and results for the year

This has been a challenging financial year for the school with the impact of high inflation across energy, estate and catering commodities, combined with increasing fee strain experienced by families which has contributed to an increase in temporary bursaries. The parallel fiscal impact across both income and expenditure has resulted in an overall deficit this year for the school.

Incoming resources of £18,351,510 (2020/21- £18,875,227) decreased compared with the prior year. This reflects:

- A reduction in net fee income of 0.2%, the result of fewer students and increased fee remission in the form of bursaries and scholarships
- Pupil numbers were 20 lower than the previous year totalling 1,258 as at 1st September 2021. The number of pupils at 1st September 2020 was 1,278
- Bursary provision increased by a factor of 42.5% (£607,156) compared to last year, with 525 students receiving fee remission across means tested bursaries and scholarships (compared to 460 in the previous year)
- Ancillary trading income increased to £786,840, compared to £422,074 in the prior year, reflecting an increase in lunch receipts and school trips to post pandemic levels.
- Non charitable trading which represents the income generated by PGS Promotions increased to £140,442 compared with £122,184 in the previous year
- Grants and donations totalled £399,426 compared with £1,367,786 in the previous year, and included £Nil in grants from the Coronavirus Job Retention Scheme compared with £51,074 in the prior period.
- Investment income increased to £81,544 compared with £55,761 in the previous year

Operating costs totalled £19,374,028, an increase of 10.6% on last year's total of £17,520,308. Operating costs were primarily attributable to:

- Total staffing costs of £13,490,715 representing an increase of 3.4% over the prior year (£13,046,872), and reflects no general pay award to teaching and support staff together with a number of teaching staff awarded incremental increases as they move up the seniority scale.
- The average number of employees has increased by 0.6% to 326 (2020/21 – 324)
- An increase in energy costs in comparison to previous years, where utilities have increased by 96.6% (£585,384) compared to last year
- An increase in historic site maintenance costs of £152,824, and catering costs of £435,082 as a result of higher inflation
- An increase in the number and cost of overseas school trips, following a return to pre-pandemic normal levels
- Total financing costs increased to £270,088 (2020/21 - £246,416), largely representing an increase in bad debt provision and increase in bank loan interest of £6,964.

Overall, there was a net operating deficit for the year of £1,935,239 compared with an operating surplus of £1,102,339 in the previous year. This also reflects a £279,963 loss on investment portfolio compared with a £380,291 surplus in the prior year as a result of adverse market conditions.

Overall interest rate costs have increased by £6,964. Interest rate risk exposure is managed by fixing interest rates on a proportion of the loan portfolio within parameters that are agreed and regularly reviewed by the Finance and General Purposes Committee. Further details of the loans and current interest rates are included in note 17.

Net debt has increased by £1,004,836 to £2,960,394, largely reflecting the operating losses for the year. Cash balances amounting to £4,380,638 at the year-end reflect prudent cash management in previous periods.

The School operated outside the covenants set by the bank for its loan facilities during this period (with the agreement of the bank), recognising the temporary nature of combined fiscal pressure on both income and expenditure and high school liquidity.

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The School achieves its liquidity objectives by the careful management of working capital and regular forecasting of short and long term cash requirements.

The school's exposure to credit risk is mitigated by fees being due and collected at the beginning of each term.

The operating performance of PGS Promotions Limited is set out in note 7.

Reserves Policy

The School's consolidated unrestricted funds stood at £14,508,860 at the year-end (2021: £16,662,974).

After adjusting for designated funds, functional fixed assets for the charity's own use and borrowings against those assets, the school has free reserves of £1.3m (2021: £6.11m) (as defined by the Charity Commission) against a planned level of broadly equivalent to three months' operating costs which equates to £5.00m (2021: £4.54m).

The Governors regularly review the reserves policy in the light of the future plans for the school, the projected budgets and cash flow forecasts. This policy reflects the risks and uncertainties of operating as an independent educational establishment and the significant on-going demands of the school to maintain up to date facilities and invest for both the present and the future. In addition the policy also recognises the specific financing structure of the school where future external debt re-payments are required to be funded from operational cash flows and the school is required to operate within its banking covenants on existing debt.

In light of these considerations, the Governors believe the current level of Free Reserves to be appropriate to the needs of the school at the present time.

Investment policy and objectives

Investec Wealth and Investment Ltd continue to be the school's investment advisers and the delegated authority given to them to act within a framework set by the Governing Body has been reviewed during the year remains appropriate in the current economic climate. Following advice received from Investec on the management of Charitable Funds the School has opened a 'Discretionary Account' in which eight previous funds have been consolidated for the purposes of administrative ease and simplicity of investment management. This consolidated fund with a market value of £2.3m represents in the order of 10% of the School's net assets and is operated within the framework detailed below:

1. The overall objectives are to create sufficient income and capital growth to enable the School to carry out its purposes consistently year by year with due and proper consideration for future needs, and the maintenance or enhancement of the value of the invested funds. These objectives are to be achieved by investing prudently in a broad range of quoted fixed interest securities, equities and collective vehicles which are appropriately authorised and compliant with current legislation.
2. The investment portfolio is allocated between various asset classes set out below and performance benchmarked against comparative indices appropriate to the following different asset classes, performance of which is measured against the indices shown in brackets:
 - a) 10 – 30% high quality fixed interest securities (FTSE Government All Stocks Index);
 - b) 30 - 52% UK equities (FTSE All Share Index);
 - c) 15 – 35% Overseas Equities (FTSE World [ex-UK] Index £);
 - d) 0 – 12% Commercial property (Investment Property Databank monthly Index);

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Investment policy and objectives (continued)

- e) 2.5 – 10% Infrastructure alternatives (Bank of England base rate +2%);
 - f) 0 – 15% Cash (Bank of England base rate -0.5%).
3. There will be no investment in unquoted securities or in direct derivatives, and the maximum equity exposure is 75% of the value of the portfolio.
 4. The Governors reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which could damage the School's reputation. The Governors expect the fund manager to have considered the suitability of investments of the same kind as any particular investment proposed to be made or retained.
 5. The investment managers may exercise voting rights on behalf of the trustees taking into account the general nature of the investment portfolio of the School.
 6. Investment decisions should be based upon long-term considerations and the Governors will assess the performance of the investment advisors on the basis of the total return including both capital growth and income.
 7. The investment managers should take into account the general nature of the school and not knowingly make investments that may compromise the position of the school, its reputation or charitable objectives.

Investment Performance

Investment Performance has been unsatisfactory in what has been a further year of national financial uncertainty. The investment fund experienced a decrease of 11.3% over the year.

Charity Funds

A description of the various funds and the restrictions on their use is set out at note 2h) on page 39.

Future Plans

The Governors review the School Strategic Plan annually and this report covers the period of the Strategic Plan for 2020-2025 which together with an associated Operational Plan, underpins all the school's activity. Our Governors and Staff are fully committed to maintaining the momentum of the school's development to ensure that we continue to provide young people with an outstanding educational experience.

RISK MANAGEMENT

Day to day management of risk is undertaken by the school's Senior Management Team (SMT) which meets formally twice a week. The SMT consists of the Head, the Head of the Junior School, the Bursar, four Deputy Heads, and three Assistant Heads. Additional staff are co-opted as necessary for specific matters.

The Governing Body undertakes a formal review of the school's Risk Management arrangements at least once every year and the Audit and Risk Committee provides focus to this important area. This committee has specifically targeted the top risks of the organisation giving direction not only on the important aspects of risk mitigation but also the opportunities that certain types of risk might present.

**THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2021**

RISK MANAGEMENT (continued)

The top risks identified by the Audit and Risk Committee also feature as standing agenda items in the agendas of termly Governing Committee meetings. During the year these top risks and their constituent elements as identified below have been discussed in detail and the threats and opportunities associated with them have been allocated to specific committees and monitored for action as necessary.

The key risks identified and allocated to committees for discussion and where appropriate mitigation are as detailed below. The committees have a standing agenda item to discuss the components making up the key risk areas.

Education Committee

- Maintaining academic reputation and performance
- Recruiting, developing and retaining high quality staff
- Educational risks resulting from the pandemic

Finance and General Purposes Committee

- Affordability, financial sustainability and pupil recruitment
- Financial risks resulting from the pandemic
- Charitable status and moral justification of independent education
- GDPR and Cyber security data breaches

Audit and Risk Committee

- Excellent welfare, health and safety
- Health and safety issues resulting from the pandemic
- Succession planning for governance and staff
- Sustainability review and compliance

Safeguarding Committee

- Inappropriate employee relationship with a pupil
- Major incident (serious accident such as fatality on a school trip)
- Pupils' mental health (serious incident such as self-harm)

PROVISION OF INFORMATION TO AUDITORS

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

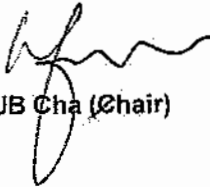
- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

**THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2021**

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the reappointment of Crowe U.K. LLP as auditors of the company will be put to the Annual General Meeting.

This Report of the Directors, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Governing Body on 9 December 2022 including in its capacity as company directors approving the Strategic Report contained therein, and is signed as authorised on its behalf by:



WJB Cha (Chair)

THE PORTSMOUTH GRAMMAR SCHOOL

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also directors of The Portsmouth Grammar School for the purposes of company law) are responsible for preparing the Report of the Directors, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL

Opinion

We have audited the financial statements of The Portsmouth Grammar School for the year ended 31 August 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Company Balance Sheets, the Consolidated 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2022 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Annual Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Governors' Annual Report.

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

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

Responsibilities of the Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 28, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Responsibilities of the Governors (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the charity were The Education (Independent Schools Standards) Regulation 2014, Health and Safety, Safeguarding, Food Standards, Charity Commission regulations and General Data Protection Regulation (GDPR). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of certain income streams, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance. Our audit procedures to respond to revenue recognition risks include testing a sample of income across the year to supporting documentation, and reviewing income received either side of the year end to ensure this has been recognised correctly.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

A handwritten signature in black ink, appearing to read "J. Joyce".

Janette Joyce

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Reading

Date: 13 December 2022

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022

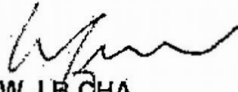
	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2022 £	Total 2021 £
INCOME AND ENDOWMENTS							
Charitable activities							
School fees receivable	4	16,833,306	-	-	-	16,833,306	16,862,848
Ancillary trading income	5	786,840	-	-	-	786,840	422,074
Other trading activities							
Activities for generating funds:							
Non-charitable trading	7	140,442	-	-	-	140,442	122,184
Other incoming resources		109,952	-	-	-	109,952	44,574
Investments							
Investment Income	6	23,477	30,365	5,878	21,824	81,544	55,761
Voluntary sources							
Donations		12,406	387,020	-	-	399,426	1,316,712
Coronavirus Job Retention scheme income		-	-	-	-	-	51,074
Total income		<u>17,906,423</u>	<u>417,385</u>	<u>5,878</u>	<u>21,824</u>	<u>18,351,510</u>	<u>18,875,227</u>
EXPENDITURE ON:							
Raising Funds							
Non-charitable trading	7	161,196	-	-	-	161,196	146,611
Financing costs	10	258,447	-	2,470	9,171	270,088	246,416
Fund-raising costs		201,474	-	-	-	201,474	239,844
Charitable activities:							
School operating costs and grant making		<u>19,331,200</u>	<u>30,629</u>	<u>12,199</u>	<u>-</u>	<u>19,374,028</u>	<u>17,520,308</u>
Total expenditure	8	19,952,317	30,629	14,669	9,171	20,006,786	18,153,179
Net investment gains/(losses)	12	<u>(108,220)</u>	<u>-</u>	<u>(36,439)</u>	<u>(135,304)</u>	<u>(279,963)</u>	<u>380,291</u>
NET INCOME/(EXPENDITURE)		<u>(2,154,114)</u>	<u>386,756</u>	<u>(45,230)</u>	<u>(122,651)</u>	<u>(1,935,239)</u>	<u>1,102,339</u>
Transfer between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		<u>(2,154,114)</u>	<u>386,756</u>	<u>(45,230)</u>	<u>(122,651)</u>	<u>(1,935,239)</u>	<u>1,102,339</u>
Fund balances at 1 September 2021		<u>16,662,974</u>	<u>1,212,866</u>	<u>269,724</u>	<u>5,501,579</u>	<u>23,647,143</u>	<u>22,544,804</u>
Fund balances at 31 August 2022		<u><u>14,508,860</u></u>	<u><u>1,599,622</u></u>	<u><u>224,494</u></u>	<u><u>5,378,928</u></u>	<u><u>21,711,904</u></u>	<u><u>23,647,143</u></u>

The notes on pages 37 to 57 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED BALANCE SHEET
31 AUGUST 2022

	Notes	£	2022 £	2021 £
FIXED ASSETS				
Tangible assets	11		22,370,270	22,746,211
Investments	12a		2,340,046	2,638,731
Investment property	12b		<u>750,000</u>	<u>750,000</u>
			25,460,316	26,134,942
CURRENT ASSETS				
Stock		99,893		111,571
Debtors	14	980,846		890,546
Cash at bank and in hand	13	<u>4,380,638</u>		<u>8,700,572</u>
		5,461,377		9,702,689
CREDITORS: Amounts falling due within one year	15	<u>(3,145,405)</u>		<u>(3,209,043)</u>
NET CURRENT ASSETS			<u>2,315,972</u>	<u>6,493,646</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			27,776,288	32,628,588
CREDITORS: Amounts falling due in more than one year	15	<u>(6,064,384)</u>		<u>(8,981,445)</u>
TOTAL NET ASSETS			<u>£21,711,904</u>	<u>£ 23,647,143</u>
FUNDS				
Permanent Endowment funds	21a		5,378,928	5,501,579
Expendable Endowment fund	21b		224,494	269,724
Restricted funds	19		1,599,622	1,212,866
Unrestricted funds - General	20		<u>14,508,860</u>	<u>16,662,974</u>
TOTAL FUNDS	22		<u>£21,711,904</u>	<u>£ 23,647,143</u>

The deficit for the year in relation to the School only was £1,791,280 (2021: £854,250 surplus). The financial statements were approved and authorised for issue by the Board on 9 December 2022.


W J B CHA
CHAIR

The notes on pages 37 to 57 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
COMPANY BALANCE SHEET
31 AUGUST 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	18,742,749	19,118,031
Investments	12a	2,340,048	2,638,733
Investment property	12b	<u>750,000</u>	<u>750,000</u>
		21,832,797	22,506,764
CURRENT ASSETS			
Stock		14,865	16,506
Debtors	14	1,266,879	1,190,214
Cash at bank and in hand	13	<u>4,112,784</u>	<u>8,481,242</u>
		5,394,528	9,687,962
CREDITORS: Amounts falling due within one year	15	<u>(4,324,629)</u>	<u>(4,583,689)</u>
NET CURRENT ASSETS		<u>1,069,899</u>	<u>5,104,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,902,696	27,611,037
CREDITORS: Amounts due in more than one year	16	<u>(6,064,384)</u>	<u>(8,981,445)</u>
TOTAL NET ASSETS		<u>£16,838,312</u>	<u>£ 18,629,592</u>
FUNDS			
Permanent endowment fund	21a	750,000	750,000
Restricted funds	19	1,599,622	1,212,866
Unrestricted funds - General	20	<u>14,488,690</u>	<u>16,666,726</u>
TOTAL FUNDS	22	<u>£16,838,312</u>	<u>£ 18,629,592</u>

The financial statements were approved and authorised for issue by the Board on 9 December 2022.


W J BCHA
CHAIR

The notes on pages 37 to 57 form part of these financial statements

**THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

		2022 £	2021 £
Cash flows from operating activities			
Net movement in funds per SOFA		(1,935,239)	1,102,339
Depreciation		920,851	934,965
Loss on disposal of fixed assets		-	17,578
Investment income		(81,544)	(55,761)
Interest paid		137,869	130,905
Loss/(gain) on investments		279,963	(380,291)
Decrease/(increase) in stock		11,678	28,378
(Increase)/decrease in debtors		(90,300)	218,423
(Decrease)/increase in creditors		<u>253,121</u>	<u>(264,394)</u>
Cash provided by operating activities		(503,601)	1,732,142
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(544,905)	(622,674)
Payments to acquire fixed asset investments		(312,969)	(335,960)
Payments to acquire fixed asset investment property		-	(750,000)
Proceeds on disposal of fixed asset investments		412,964	346,803
Interest paid		(137,869)	(130,905)
Investment income		<u>81,544</u>	<u>55,761</u>
Cash used in investing activities		(501,235)	(1,436,975)
Cash flows from financing activities			
Bank loans repaid		(3,000,592)	(672,771)
New bank loan		<u>-</u>	<u>2,500,000</u>
Cash used in financing activities		(3,000,592)	1,827,229
Advance fees scheme			
Payments on account utilised	18	(1,306,369)	(1,090,129)
Receipts from new contracts		<u>1,073,136</u>	<u>1,466,116</u>
Cash (used in) / provided by advance fees		(233,233)	375,987
(Decrease)/increase in cash and cash equivalents in the year	23	(4,238,661)	2,498,383
Cash and cash equivalents at the beginning of the year		<u>8,716,816</u>	<u>6,218,433</u>
Total cash and cash equivalents at the end of the year		<u>£ 4,478,155</u>	<u>£ 8,716,816</u>
Analysis of cash and cash equivalents:			
Cash at bank and in hand	13	4,380,638	8,700,572
Cash held with investment manager	12	<u>97,517</u>	<u>16,244</u>
		<u>£ 4,478,155</u>	<u>£ 8,716,816</u>

The notes on pages 37 to 57 form part of these financial statements

**THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. CHARITY INFORMATION

The school principally provides education in Portsmouth and the surrounding areas to boys and girls from 2 years 6 months to 18 years old. The incorporated charity (charity number 1063732, company number 3401010), is domiciled in the UK. The address of the registered office is The Portsmouth Grammar School, High Street, Portsmouth, Hampshire, PO1 2LN.

2. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements present the consolidated statement of financial activities (SOFA) and the charity and consolidated balance sheets comprising the consolidation of the School, its wholly owned subsidiary PGS Promotions Limited, the Endowment Trust and the Arthur Darby Nock Trust.

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

The Portsmouth Grammar School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). No separate SOFA or Income and Expenditure Account have been presented for the School alone as permitted by section 408 of the Companies Act 2006.

Going concern

At the time of approval of the Annual Report, the financial environment in which the School operates is significantly impacted by cost and wage inflation and higher interest rates than experienced in the recent past. Whilst the long term impact on the School, in common with other businesses, is uncertain, the Governors have reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils as well as employment of staff. The School currently holds sufficient and appropriate cash balances supplemented, if needed, by an overdraft facility. Given the current circumstances the pupil numbers for current academic year 2022/23 have remained relatively stable. Conservative cash flow modelling with sensitivity analysis indicates that the cash reserves of the charity are adequate to meet the charity's obligations as they fall due. Accordingly, the Governors believe the School's financial resources are sufficient to ensure the School will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

b) Income

Fees receivable and similar income

Fees receivable and other incoming resources are accounted for on a receivable basis. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants.

Ancillary trading income

Ancillary trading income is included in the statement of financial activities when the charitable company is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

Donations

Donations and legacies are credited to revenue on a receivable basis. No amounts are included in the financial statements for services donated by volunteers.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

ACCOUNTING POLICIES (continued)

Government Grants

Grants are accounted for under the performance model as permitted by the Charity SORP. CJRS grant income is therefore recognised on a straight line basis over the furlough period for each relevant employee.

c) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the cost of running the charity, including external audit, Governors legal advice and constitutional and statutory compliance costs.

Redundancy and termination payments are included within the accounts on an accruals basis, in line with expenditure and measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

d) Investments

Listed investments are valued at their market value at the balance sheet date from the appropriate Stock Exchange or from the relevant fund manager. Dividends, other investment income and interest are accounted for on a receivable basis. Investment gains and losses are recognised in the Statement of Financial Activities in the period in which they arise.

In order to optimise future investment performance, the Trustees have adopted a policy of investment pooling with affect from 26 April 2018. The investment pooling arrangement includes the School, together with The PGS Endowment Trust and Arthur Darby Nock Trust.

Unlisted investments are carried at historic cost.

e) Investment Properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Where investment properties are held to be sold, the assets are reclassified as being current assets and included in the Balance Sheet at their open market values.

f) Tangible fixed assets

Expenditure on improvements and modernisation which enhances the long-term capability of the School is capitalised and depreciated in line with the policy for freehold buildings. Expenditure on repairs and general maintenance incurred on a regular basis is charged to the statement of financial activities on the accruals basis.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

ACCOUNTING POLICIES (continued)

g) Depreciation

Depreciation is provided on tangible fixed assets to write off their cost, less estimated residual value, over their estimated useful economic life, by instalments, as follows: -

Freehold buildings	-	2% per annum on cost
Library Improvements	-	10% per annum on cost
Furniture, fittings and equipment	-	20% per annum, reducing balance
Motor vehicles	-	20% per annum, reducing balance
Computer equipment	-	33% per annum on cost
Gym Equipment	-	33% per annum on cost

Individual items costing less than £500 are written off as an expense on acquisition.

h) Fund accounting

Unrestricted funds

Unrestricted funds relate to the School's general operational funds.

Restricted funds

Restricted funds are those which must be applied in accordance with the purpose specified by the donor. Expenditure relating to these purposes is charged directly to the fund.

Permanent Endowment Funds

Endowed funds consist of investments and part of the freehold land and buildings used by The Portsmouth Grammar School. The purpose to which the investments may be applied is restricted in accordance with the terms of The Portsmouth Grammar School Endowment Trust.

The fund also includes a property endowment fund consisting of an investment property held by the school. The rental income generated will fund the Wilkie Scholarship in restricted funds.

Expendable Endowment Fund

The expendable endowment fund relates to the Arthur Darby Nock Trust, a linked charity. In accordance with the instructions of the Charity Commission, the assets, liabilities and transactions of the Trust remain separately identifiable within the consolidated accounts, being maintained in an Expendable Endowment Fund within the SOFA and shown on the face of the Balance Sheet.

i) Pension schemes

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set out by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme.

The School also operates defined contribution schemes for non-teaching staff, including an auto enrolment arrangement. Contributions to the schemes are charged in the SOFA as they become payable, in accordance with the rules of the schemes.

j) Stocks

Stocks are stated at the lower of cost and net realisable value.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

ACCOUNTING POLICIES (continued)

k) Leased Assets – Lessee and Lessor

Operating lease expenses/rental income are charged/credited to the statement of financial activities on a straight-line basis over the relevant lease term.

l) Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 28 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments and debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding advance fees, deposits in advance and other taxes and social security.

m) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

n) Deferred income (Advance fees)

Amounts received under the school's Advance Fee Scheme contracts for education not utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date as long-term liabilities where the education will be provided in subsequent years.

o) Parents' deposits

The Governors have reviewed the contract terms under which Pupil fee deposits are held by the School. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2022 have been included within current liabilities.

p) Bad debt provisions

When the school instructs lawyers to assist in the recovery of a parent debt, a full provision will be made. All other ongoing debts are individually considered and either a full or partial provision may be made as deemed appropriate by the Bursar, on the particular circumstances concerned, to ensure that an appropriate level of provision is maintained.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values 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.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The estimates and underlying assumptions are reviewed on an on-going 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 affects the current and future periods. In the opinion of the Governors the most significant accounting estimate is in relation to the provision for non-collection of parental debt.

4. SCHOOL FEES RECEIVABLE

	2022 £	2021 £
School fees receivable consist of:-		
Gross fees	19,828,941	19,463,525
Less:		
Foundation bursaries	(2,034,414)	(1,427,258)
Scholarships, prizes, discounts and allowances	<u>(961,221)</u>	<u>(1,173,419)</u>
	<u>£16,833,306</u>	<u>£16,862,848</u>

The above educational awards were made to 525 individuals (2021: 460).

Gross fees are shown net of the standard 3% direct debit discount which is taken up by the majority of parents.

5. ANCILLARY TRADING INCOME

	2022 £	2021 £
Lunches	443,904	251,623
School trips	188,174	74,328
Registration fees	23,630	18,150
Fee protection insurance	19,964	19,960
Sale of goods	17,761	6,478
Other ancillary income	<u>93,407</u>	<u>51,535</u>
	<u>£ 786,840</u>	<u>£ 422,074</u>

6. INVESTMENT INCOME

	2022 £	2021 £
Rental income	30,365	7,896
Dividend income	46,349	44,772
Bank interest	<u>4,830</u>	<u>3,093</u>
	<u>£ 81,544</u>	<u>£ 55,761</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

7. TRADING SUBSIDIARY

PGS PROMOTIONS LIMITED	2022 £	2021 £
Turnover	190,200	171,875
Cost of sales	<u>(115,576)</u>	<u>(109,191)</u>
Gross profit	74,624	62,684
Administrative expenses	<u>(50,702)</u>	<u>(42,502)</u>
Net profit/(loss)	£ 23,922	£ 20,182
Retained earnings at the beginning of the year	(3,754)	(23,936)
Profit / (loss) for the year	23,922	20,182
Gift aid donation	-	-
Retained earnings at the end of the year	£ 20,168	£ (3,754)

PGS Promotions Limited had net assets totalling £20,170 (2021: £3,752 net liabilities) at the year-end.

Aggregate non-charitable trading income of £49,758 (2021: £49,692) and expenditure of £5,082 (2021: £5,083) was eliminated on consolidation.

8. TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	2022 £	2021 £
Charitable activities					
Teaching costs	10,462,896	422,822	1,297,645	12,183,363	11,942,541
Welfare costs	673,759	-	627,385	1,301,144	840,089
Premises costs	712,248	497,369	2,049,237	3,258,854	2,472,519
Support costs	<u>1,455,821</u>	<u>-</u>	<u>1,162,824</u>	<u>2,618,468</u>	<u>2,248,142</u>
School's operating costs	<u>13,304,724</u>	<u>920,191</u>	<u>5,137,091</u>	<u>19,361,829</u>	<u>17,503,291</u>
Raising Funds					
Financing costs	-	-	258,447	258,447	234,975
Fund-raising costs	<u>162,181</u>	<u>-</u>	<u>39,293</u>	<u>201,474</u>	<u>239,844</u>
	<u>162,181</u>	<u>-</u>	<u>297,740</u>	<u>459,921</u>	<u>474,819</u>
TOTAL FOR SCHOOL	<u>13,466,905</u>	<u>920,191</u>	<u>5,434,831</u>	<u>19,821,750</u>	<u>17,978,110</u>
Subsidiary trading and finance costs	23,810	660	136,726	161,196	146,611
Endowment fund	-	-	9,171	9,171	9,013
The Arthur Darby Nock Trust	-	-	14,669	14,669	19,445
TOTAL FOR GROUP	£13,490,715	£ 920,851	£ 5,595,397	£20,006,786	£18,153,179

Included in support costs are governance costs of £28,800 (2021: £28,000).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

8. TOTAL RESOURCES EXPENDED (continued)

	2022 £	2021 £
Total staff costs comprised:		
Wages and salaries	10,500,928	10,276,850
Social security costs	1,028,998	937,695
Pension contributions	1,744,275	1,736,254
Other	<u>216,514</u>	<u>96,073</u>
	<u>£13,490,715</u>	<u>£13,046,872</u>

Included within the wages figure above is £514,959 (2021: £374,745) in relation to the School's catering contract. Also included within the wages figure above are severance payments of £31,206 (2021: £86,852).

The average number of employees in the period was 326 broken down as follows:

	2022	2021
Average number of teaching staff:		
Full Time	113	113
Part Time	<u>63</u>	<u>65</u>
Total	<u>176</u>	<u>178</u>
Average number of support staff:		
Full Time	77	70
Part Time	<u>73</u>	<u>76</u>
Total	<u>150</u>	<u>146</u>
Total all staff	<u><u>326</u></u>	<u><u>324</u></u>

The number of employees whose emoluments exceeded £60,000 were:

	2022 No.	2021 No.
£60,000 - £70,000	7	8
£70,000 - £80,000	3	3
£80,000 - £90,000	1	2
£100,000 - £110,000	1	1
£130,000 - £140,000	-	1
£150,000 - £160,000	<u>1</u>	<u>-</u>

In connection with these higher paid employees, retirement benefits are accruing under money purchase schemes for 2 (2021: 3) and under multi-employer defined benefit schemes for 11 employees (2021: 12). The total employer contributions in the year to the schemes were £207,057 (2021: £218,018).

Key management personnel comprise the Governors and Senior Management Team listed on page 2. Key management personnel received aggregate remuneration (including employers NI and employers Pension) of £1,311,132 (2021: £1,133,437).

None of the Governors or any persons connected with them have received any remuneration in the year. Four trustees were reimbursed expenses during the year totalling £1,256 (2021: £35).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

9. NET INCOME

	2022 £	2021 £
Net income is stated after charging:		
Auditors' remuneration - Audit – School	22,400	21,800
- Audit – Subsidiary	5,350	5,200
- Other services	1,050	1,000
- Corporation tax compliance	850	850
Operating leases	76,256	85,479
Depreciation	<u>920,851</u>	<u>934,965</u>

10. FINANCING COSTS

	2022 £	2021 £
Bank loan and overdraft interest	137,869	130,905
Bank charges	12,194	9,841
Bad debts	71,079	53,615
Other financing costs	<u>48,946</u>	<u>52,055</u>
	<u>£ 270,088</u>	<u>£ 246,416</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

11. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings	Fixtures, fittings, computer equipment & plant	Motor vehicles	Total
	£	£	£	£
COST				
At 1 September 2021	27,136,765	6,017,105	65,012	33,218,882
Additions	174,212	370,693	-	544,905
Disposals	-	-	-	-
At 31 August 2022	<u>27,310,977</u>	<u>6,387,798</u>	<u>65,012</u>	<u>33,763,787</u>
DEPRECIATION				
At 1 September 2021	5,719,920	4,690,540	62,206	10,472,666
Charge for the year	461,198	459,091	562	920,851
Disposals	-	-	-	-
At 31 August 2022	<u>6,181,118</u>	<u>5,149,631</u>	<u>62,768</u>	<u>11,393,517</u>
NET BOOK VALUE				
At 31 August 2022	<u>£21,129,859</u>	<u>£1,238,167</u>	<u>£ 2,244</u>	<u>£ 22,370,270</u>
At 31 August 2021	<u>£21,416,843</u>	<u>£1,326,562</u>	<u>£ 2,806</u>	<u>£ 22,746,211</u>
SCHOOL				
COST				
At 1 September 2021	23,511,881	5,993,330	53,787	29,558,998
Additions	174,212	370,693	-	544,905
Disposals	-	-	-	-
At 31 August 2022	<u>23,686,093</u>	<u>6,364,023</u>	<u>53,787</u>	<u>30,103,903</u>
DEPRECIATION				
At 1 September 2021	5,719,922	4,668,181	52,864	10,440,967
Charge for the year	461,196	458,806	185	920,187
Disposals	-	-	-	-
At 31 August 2022	<u>6,181,118</u>	<u>5,126,987</u>	<u>53,049</u>	<u>11,361,154</u>
NET BOOK VALUE				
At 31 August 2022	<u>£17,504,975</u>	<u>£1,237,036</u>	<u>£738</u>	<u>£18,742,749</u>
At 31 August 2021	<u>£17,791,959</u>	<u>£1,325,149</u>	<u>£923</u>	<u>£19,118,031</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

12a. FIXED ASSET INVESTMENTS

GROUP

	2022 £	2021 £
UK Listed investments		
At 1 September 2021	2,622,487	2,253,039
Additions	312,969	335,960
Disposals	(412,964)	(346,803)
Investment gains/(losses)	<u>(279,963)</u>	<u>380,291</u>
Market value of investments	2,242,529	2,622,487
Cash held for investment	<u>97,517</u>	<u>16,244</u>
Total investment at 31 August 2022	<u>£ 2,340,046</u>	<u>£ 2,638,731</u>
Historical Cost	<u>£ 1,971,137</u>	<u>£ 2,035,203</u>

SCHOOL

	Listed 2022 £	Unlisted 2022 £	Total 2022 £	Total 2021 £
At 1 September 2021	2,622,487	2	2,622,489	2,253,041
Additions	312,969	-	312,969	335,960
Disposals	(412,964)	-	(412,964)	(346,803)
Investment gains/(losses)	<u>(279,963)</u>	<u>-</u>	<u>(279,963)</u>	<u>380,291</u>
Market value of investments	2,242,529	2	2,242,531	2,622,489
Cash held for investment	<u>97,517</u>	<u>-</u>	<u>97,517</u>	<u>16,244</u>
At 31 August 2022	<u>£ 2,340,046</u>	<u>£ 2</u>	<u>£ 2,340,048</u>	<u>£ 2,638,733</u>
Historical cost	<u>£ 1,971,137</u>	<u>£ 2</u>	<u>£ 1,971,139</u>	<u>£ 2,035,205</u>

The School owns 100% of the ordinary share capital and voting rights of PGS Promotions Limited, whose principal activity is to operate the School's sports centre, transport and uniform shop. The company's registered office is: The Portsmouth Grammar School, High Street, Old Portsmouth, Hampshire, PO1 2LN.

The results of the subsidiary are included in these consolidated accounts on a line-by-line basis, as required by the Charities SORP.

12b. FIXED ASSET INVESTMENT PROPERTY

GROUP AND SCHOOL

	2022 £	2021 £
At 1 September 2021	750,000	-
Additions	<u>-</u>	<u>750,000</u>
Market Value at 31 August 2022	<u>£ 750,000</u>	<u>£ 750,000</u>
Historical Cost	<u>£ 750,000</u>	<u>£ 750,000</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

13. CASH AND CASH EQUIVALENTS

	Group		School	
	2022 £	2021 £	2022 £	2021 £
Cash at bank and in hand	<u>4,380,638</u>	<u>8,700,572</u>	<u>4,112,784</u>	<u>8,481,242</u>
	<u>£ 4,380,638</u>	<u>£8,700,572</u>	<u>£ 4,112,784</u>	<u>£ 8,481,242</u>

14. DEBTORS

	Group		School	
	2022 £	2021 £	2022 £	2021 £
Trade and parental debt	388,585	336,141	388,585	253,524
Amounts due from group undertakings	-	-	290,850	387,641
Prepayments and other debtors	494,044	495,197	489,227	489,841
Deferred expenditure	<u>98,217</u>	<u>59,208</u>	<u>98,217</u>	<u>59,208</u>
	<u>£ 980,846</u>	<u>£ 890,546</u>	<u>£ 1,266,879</u>	<u>£ 1,190,214</u>

15. CREDITORS: Amounts falling due within one year

	Group		School	
	2022 £	2021 £	2022 £	2021 £
Bank loan (note 17)	409,724	584,822	409,724	584,822
Trade creditors	435,231	500,858	391,552	500,858
Amounts owed to group undertakings	-	-	1,228,540	1,396,421
Deposits in advance	203,878	123,781	203,878	123,781
Other creditors	269,925	188,597	269,925	188,597
Accruals	618,353	468,088	614,576	447,426
Deferred income (note 18)	964,441	1,106,107	964,441	1,106,107
Other taxes and social security	<u>243,853</u>	<u>236,790</u>	<u>241,993</u>	<u>235,677</u>
	<u>£3,145,405</u>	<u>£3,209,043</u>	<u>£4,324,629</u>	<u>£4,583,689</u>

16. CREDITORS: Amounts falling due after more than one year

	Group		School	
	2022 £	2021 £	2022 £	2021 £
Bank loans (note 17)	5,155,444	7,980,938	5,155,444	7,980,938
Deferred income (note 18)	<u>908,940</u>	<u>1,000,507</u>	<u>908,940</u>	<u>1,000,507</u>
	<u>£6,064,384</u>	<u>£8,981,445</u>	<u>£6,064,384</u>	<u>£8,981,445</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

17. BANK LOANS – GROUP AND SCHOOL

The bank loans are repayable as follows:-

	2022 £	2021 £
Within one year	409,724	584,822
Between one and two years	416,279	916,594
Between two and five years	1,290,136	2,765,074
Over five years	<u>3,449,029</u>	<u>4,299,270</u>
	<u>£ 5,565,168</u>	<u>£ 8,565,760</u>

The school has the following loans:

- A bank loan of £3.1m was taken out in 2005 to finance development and construction of the new theatre facility and the dining hall at the school. This is repayable over fifteen years by termly instalments. On 29 January 2014 the balance of £1,854,934 was changed to a fixed rate of 2.56%. The balance outstanding at the year-end was £nil (2021: £87,370).
- A bank loan of £4.8m was agreed during 2010 to finance the construction of a new science centre. The loan is repayable over 25 years by termly instalments. For the first 10 years of the loan arrangement £2.4m will be paid at a fixed rate of 5.03%. In May 2020, the 10 year fixed agreement transferred to a floating rate. The remaining £2.4m was repayable at 1.6% above the bank base rate. This loan has been transferred to a new loan in January 2020 at a fixed rate of 2.65%. The balance outstanding at the end of the year on these loans was £2,744,193 (2021: £3,024,295).
- A bank loan of £3.8m was agreed to finance the construction of the new Sixth form Centre. The loan is repayable over 25 years at a rate of 1.85% above base. The school made a first drawing on the loan of £1,969,076 on 29 April 2014. The balance outstanding at the year-end was £2,820,975 (2021: £2,954,095).
- A bank loan of £2.5m was received under the corona virus business interruption scheme. The loan is repayable over 5 years at a rate of 1.45% above base. The school received the loan of £2.5mn into their current account on 16 July 2021. The balance outstanding at the year-end was £nil (2021: £2,500,000).

The above loans are secured by first legal charges dated 29 February 2000 and 23 March 1999 in favour of Lloyds TSB Bank Plc over the freehold land and buildings at Portsmouth Grammar School, High Street, Portsmouth and 8 Penny Street, Portsmouth respectively.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

18. DEFERRED INCOME (ADVANCE FEES) – GROUP AND SCHOOL

Parents may enter into a contract to pay to the school up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions and on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:-

	2022 £	2021 £
Within one year	964,441	1,106,107
Within 1 to 2 years	352,111	352,764
Within 2 to 5 years	463,895	510,273
Over five years	<u>92,934</u>	<u>137,470</u>
	<u>£ 1,873,381</u>	<u>£ 2,106,614</u>

The balance represents the accrued liability under the contracts. The movements during the year were:-

Balance at 1 September 2021	2,106,614	1,730,627
New contracts	<u>1,073,136</u>	<u>1,466,116</u>
Amounts accrued to contracts	3,179,750	3,196,743
Amounts utilised in payment of fees to the school	<u>(1,306,369)</u>	<u>(1,090,129)</u>
Balance at 31 August 2022	<u>£ 1,873,381</u>	<u>£ 2,106,614</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

19. RESTRICTED FUNDS

GROUP AND SCHOOL

Fund name	<i>At 1 September 2021 £</i>	Incoming Resources £	Resources expended £	Transfers between funds £	At 31 August 2022 £
William Smith Fund	1,128,999	381,392	-	-	1,510,391
Geoff Foley Innovation and Creativity	14,860	-	(6,296)	-	8,564
Wilkie Scholarship Fund	-	30,365	(24,333)	-	6,032
Other	69,007	5,628	-	-	74,635
Total	<u>£1,212,866</u>	<u>£ 417,385</u>	<u>£ (30,629)</u>	<u>£ -</u>	<u>£1,599,622</u>

GROUP AND SCHOOL (2021 comparative)

<i>Fund name</i>	<i>At 1 September 2020 £</i>	<i>Incoming Resources £</i>	<i>Resources expended £</i>	<i>Transfers between funds £</i>	<i>At 31 August 2021 £</i>
William Smith Fund	732,240	396,759	-	-	1,128,999
Geoff Foley Innovation and Creativity	14,860	-	-	-	14,860
Wilkie Scholarship Fund	-	7,896	(7,896)	-	-
Other	70,406	601	(2,000)	-	69,007
Total	<u>£ 817,506</u>	<u>£ 405,256</u>	<u>£ (9,896)</u>	<u>£ -</u>	<u>£1,212,866</u>

William Smith Fund

This fund was launched in July 2015 and exists primarily to provide funds for means tested bursary support to pupils.

Geoff Foley Innovation and Creativity

This fund was set up to promote group work and problem solving outside of normal school work and funds an annual prize.

Wilkie Scholarship Fund

This fund was set up to provide 50% bursaries annually for two pupils entering Year 12 under the Wilkie Scholarship.

Other

Other consists of Graduate Leader Grant and remaining funds raised for the schools in Cambodia and Uganda and through participation by staff and pupils in The Great South Run and other donations.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

20. UNRESTRICTED FUNDS

GROUP

Fund name	At 1 September 2021	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2022
	£	£	£	£	£	£
General	<u>16,662,974</u>	<u>17,906,423</u>	<u>(19,952,317)</u>	<u>(108,220)</u>	-	<u>14,508,860</u>
Total	<u>£ 16,662,974</u>	<u>£ 17,906,423</u>	<u>£ (19,952,317)</u>	<u>£ (108,220)</u>	<u>£ -</u>	<u>£ 14,508,860</u>
SCHOOL						
General	<u>16,666,726</u>	<u>17,771,063</u>	<u>(19,840,879)</u>	<u>(108,220)</u>	-	<u>14,488,690</u>
Total	<u>£ 16,666,726</u>	<u>£ 17,771,063</u>	<u>£ (19,840,879)</u>	<u>£ (108,220)</u>	<u>£ -</u>	<u>£ 14,488,690</u>

21a. PERMANENT ENDOWMENT FUNDS

GROUP

Fund name	At 1 September 2021	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2022
	£	£	£	£	£	£
Investment Property Fund	<u>750,000</u>	-	-	-	-	<u>750,000</u>
Trust	<u>4,751,579</u>	<u>21,824</u>	<u>(9,171)</u>	<u>(135,304)</u>	-	<u>4,628,928</u>
Total	<u>£ 5,501,579</u>	<u>£ 21,824</u>	<u>£ (9,171)</u>	<u>£ (135,304)</u>	<u>£ -</u>	<u>£ 5,378,928</u>

SCHOOL

Investment Property Fund	<u>750,000</u>	-	-	-	-	<u>750,000</u>
Total	<u>£ 750,000</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ 750,000</u>

The Portsmouth Grammar School Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

The Investment Property Fund is accounted for as a Permanent Endowment until such time as the lease is terminated in accordance with the agreement. On reversion of the lease, the School is able to sell the property and apply any or part of the capital and income of the Funds to support the Wilkie Scholarship Fund. At this point the Fund meets the definition of an Expendable Endowment.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

21b. EXPENDABLE ENDOWMENT FUNDS

GROUP

Fund name	At 1 September 2021	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2022
	£	£	£	£	£	£
AD Nock	<u>269,724</u>	<u>5,878</u>	<u>(14,669)</u>	<u>(36,439)</u>	<u>-</u>	<u>224,494</u>
Total	<u>£ 269,724</u>	<u>£ 5,878</u>	<u>£ (14,669)</u>	<u>£ (36,439)</u>	<u>£ -</u>	<u>£ 224,494</u>

The Arthur Darby Nock Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

22. ALLOCATION OF NET ASSETS BETWEEN FUNDS

**2022
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	750,000	1,067,114	(63,070)	-	5,378,928
Restricted	-	-	1,599,622	-	-	1,599,622
Expendable endowment	-	-	362,483	(137,989)	-	224,494
Unrestricted	<u>18,745,386</u>	<u>2,340,046</u>	<u>2,432,158</u>	<u>(2,944,346)</u>	<u>(6,064,384)</u>	<u>14,508,860</u>
Total	<u>£ 22,370,270</u>	<u>£ 3,090,046</u>	<u>£ 5,461,377</u>	<u>£ (3,145,405)</u>	<u>£ (6,064,384)</u>	<u>£ 21,711,904</u>

SCHOOL

Permanent endowment	-	750,000	-	-	-	750,000
Restricted	-	-	1,599,622	-	-	1,599,622
Unrestricted	<u>18,742,749</u>	<u>2,340,048</u>	<u>3,794,906</u>	<u>(4,324,629)</u>	<u>(6,064,384)</u>	<u>14,488,690</u>
Total	<u>£ 18,742,749</u>	<u>£ 3,090,048</u>	<u>£ 5,394,528</u>	<u>£ (4,324,629)</u>	<u>£ (6,064,384)</u>	<u>£ 16,838,312</u>

**2021
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	750,000	1,211,590	(84,895)	-	5,501,579
Restricted	-	-	1,212,866	-	-	1,212,866
Expendable endowment	-	-	401,393	(131,669)	-	269,724
Unrestricted	<u>19,121,327</u>	<u>2,638,731</u>	<u>6,876,840</u>	<u>(2,992,479)</u>	<u>(8,981,445)</u>	<u>16,662,974</u>
Total	<u>£ 22,746,211</u>	<u>£ 3,388,731</u>	<u>£ 9,702,689</u>	<u>£ (3,209,043)</u>	<u>£ (8,981,445)</u>	<u>£ 23,647,143</u>

SCHOOL

Permanent endowment	-	750,000	-	-	-	750,000
Restricted	-	-	1,212,866	-	-	1,212,866
Unrestricted	<u>19,118,031</u>	<u>2,638,733</u>	<u>8,475,096</u>	<u>(4,583,689)</u>	<u>(8,981,445)</u>	<u>16,666,726</u>
Total	<u>£ 19,118,031</u>	<u>£ 3,388,733</u>	<u>£ 9,687,962</u>	<u>£ (4,583,689)</u>	<u>£ (8,981,445)</u>	<u>£ 18,629,592</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2022 £	2021 £
(Decrease) / Increase in cash in the year	(4,238,661)	2,498,383
Net loan repayments	3,000,592	(1,827,229)
Net advance fees movements	<u>233,233</u>	<u>(375,987)</u>
Change in net debt	(1,004,836)	295,167
Net debt at 1 September 2021	<u>(1,955,558)</u>	<u>(2,250,725)</u>
NET DEBT AT 31 AUGUST 2022	£ (2,960,394)	£ (1,955,558)

24. ANALYSIS OF CHANGE IN NET DEBT

	Net debt as at 31 August 2021 £	Cash Change £	Net debt as at 31 August 2022 £
Cash at bank and in hand	8,700,572	(4,319,934)	4,380,638
Cash at investment manager	16,244	81,273	97,517
Loans	(8,565,760)	3,000,592	(5,565,168)
Advance fees scheme	<u>(2,106,614)</u>	<u>233,233</u>	<u>(1,873,381)</u>
	<u>£(1,955,558)</u>	<u>£(1,004,836)</u>	<u>£(2,960,394)</u>

25a. OTHER FINANCIAL COMMITMENTS

At 31 August 2022 the School had future minimum lease payments under non-cancellable operating leases as follows:

	Other operating leases	
	2022 £	2021 £
GROUP		
Within one year	133,023	75,218
Between one and five years	119,408	13,617
Over 5 years	<u>9,002</u>	<u>-</u>
	<u>£ 261,433</u>	<u>£ 88,835</u>
SCHOOL		
Within one year	10,318	57,096
Between one and five years	25,341	13,433
Over 5 years	<u>5,038</u>	<u>-</u>
	<u>£ 40,697</u>	<u>£ 70,529</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

25b. OTHER FINANCIAL COMMITMENTS: LESSOR

At 31 August 2022 the School had future minimum lease receipts under non-cancellable operating leases as follows:

	Investment property	
	2022	2021
	£	£
GROUP AND SCHOOL		
Within one year	21,600	21,600
Between one and five years	86,400	86,400
Over 5 years	21,600	37,800
	<u>£ 129,600</u>	<u>£ 145,800</u>

26. PENSION COSTS

Defined Benefit Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,578,144 (2021: £1,579,768) and at the year-end £Nil (2021: £Nil) 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 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

26. PENSION COSTS (continued)

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June 2021 on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Other Pensions

In addition to the above the School also makes contributions for non-teaching staff. This is a separately administered defined contribution scheme or an auto enrolment arrangement with NEST. Employers contributions totalling £95,569 (2021: £96,773) were payable to the defined contribution fund for the year and £63,925 (2021: £59,713) payable to NEST for the year.

Total outstanding contributions for all schemes at the year-end were £Nil (2021: £32,309).

27. RELATED PARTY TRANSACTIONS

The Head is Chair of The PortsFest and one of the Governors is a trustee. At the year-end PortsFest owed the School £61,288 (2021: £9,963). The School contributed £35,000 (2021: £15,000) to PortsFest during the financial year. Further details of PortsFest are described in the Report of the Directors.

The previous Head's remuneration package included an interest free loan of £100,000 in respect of accommodation in prior years. The loan has now been settled in full (2021: £50,000).

Close Members of Key Management Personnel Family, who are employed by the School, are paid a total salary of £75,156 (2021 : £86,233), in accordance with the terms and conditions associated with their roles.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

28. FINANCIAL INSTRUMENTS

	2022 £	2021 £
Group		
Financial assets measured at amortised cost	5,053,344	9,278,779
Financial liabilities measured at amortised cost	6,888,677	8,409,933
Financial assets measured at fair value	<u>2,895,009</u>	<u>3,388,729</u>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2022 £	2021 £
Interest income and expense:		
Total interest income for financial assets held at amortised cost	81,544	55,761
Total income for financial assets held at fair value	44,971	43,547
Total interest expense for financial liabilities held at amortised cost	<u>137,869</u>	<u>130,905</u>

	2022 £	2021 £
School		
Financial assets measured at amortised cost	5,259,706	9,359,117
Financial liabilities measured at amortised cost	8,069,761	9,827,016
Financial assets measured at fair value	<u>2,895,011</u>	<u>3,388,731</u>

The school's income, expense, gains and losses in respect of financial instruments are summarised below:

	2022 £	2021 £
Interest income and expense:		
Interest income	81,544	55,761
Total income for financial assets held at fair value	17,269	16,722
Interest expense	<u>137,869</u>	<u>130,905</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash and cash equivalents. Included within this figure for the group and school is a parental debt provision totalling £257,816 (2021: £200,551).

Financial assets are measured at fair value comprise listed investments.

Financial liabilities measured at amortised costs comprise bank loans, amounts owed to group undertakings, net obligations under finance lease and hire purchase contracts, other creditors and accruals.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

29. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Expendable Endowment Fund £</i>	<i>Permanent Endowment Funds £</i>	<i>Total 2021 £</i>
INCOME AND ENDOWMENTS					
<i>Charitable activities</i>					
<i>School fees receivable</i>	16,862,848	-	-	-	16,862,848
<i>Ancillary trading income</i>	422,074	-	-	-	422,074
<i>Other trading activities</i>					
<i>Activities for generating funds:</i>					
<i>Non-charitable trading</i>	122,184	-	-	-	122,184
<i>Other incoming resources</i>	44,574	-	-	-	44,574
<i>Investments</i>					
<i>Investment income</i>	21,040	7,896	5,692	21,333	55,761
<i>Voluntary sources</i>					
<i>Donations</i>	169,352	397,360	-	750,000	1,316,712
<i>Coronavirus Job Retention scheme income</i>	<u>51,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,074</u>
Total income	<u>17,693,146</u>	<u>405,256</u>	<u>5,692</u>	<u>771,133</u>	<u>18,875,227</u>
EXPENDITURE ON:					
<i>Raising Funds</i>					
<i>Non-charitable trading</i>	146,611	-	-	-	146,611
<i>Financing costs</i>	234,975	-	2,428	9,013	246,416
<i>Fund-raising costs</i>	239,844	-	-	-	239,844
<i>Charitable activities:</i>					
<i>School operating costs and grant making before exceptional write-off costs</i>	17,493,395	9,896	17,017	-	17,520,308
<i>Exceptional write-off of fixed assets</i>					
Total charitable activities	<u>17,493,395</u>	<u>9,896</u>	<u>17,017</u>	<u>-</u>	<u>17,520,308</u>
Total expenditure	<u>18,114,825</u>	<u>9,896</u>	<u>19,445</u>	<u>9,013</u>	<u>18,153,179</u>
Net investment gains/(losses)	<u>150,752</u>	<u>-</u>	<u>48,702</u>	<u>180,837</u>	<u>380,291</u>
NET INCOME/(EXPENDITURE)	<u>(270,927)</u>	<u>395,360</u>	<u>34,949</u>	<u>942,957</u>	<u>1,102,339</u>
<i>Transfer between funds</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS	<u>(270,927)</u>	<u>395,360</u>	<u>34,949</u>	<u>942,957</u>	<u>1,102,339</u>
<i>Fund balances at 1 September 2019</i>	<u>16,933,901</u>	<u>817,506</u>	<u>234,775</u>	<u>4,558,622</u>	<u>22,544,804</u>
<i>Fund balances at 31 August 2020</i>	<u>16,662,974</u>	<u>1,212,866</u>	<u>269,724</u>	<u>5,501,579</u>	<u>23,647,143</u>

THE PORTSMOUTH GRAMMAR SCHOOL

England & Wales - Charity number 1063732

Accounts

COMPANY NUMBER: 3401010
CHARITY NUMBER: 1063732

THE PORTSMOUTH GRAMMAR SCHOOL
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

THE PORTSMOUTH GRAMMAR SCHOOL
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**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

COMPANY REGISTRATION NUMBER:	3401010
CHARITY REGISTRATION NUMBER:	1063732
REGISTERED OFFICE:	The Portsmouth Grammar School High Street Portsmouth Hampshire PO1 2LN

GOVERNORS

The Trustees of the charity are also the school Governors and Directors of the company. The Governors who served during the year ended 31 August 2021 were as follows:

EX-OFFICIO GOVERNORS

The Right Worshipful, the Lord Mayor of Portsmouth:
Councillor R Wood (resigned 30 April 2021)
Councillor F Jonas (appointed 1 May 2021)

The Dean of Portsmouth:
The Very Rev'd Dr A Cane, BA, MPhil PhD

REPRESENTATIVE GOVERNORS

Nominated by Christ Church, Oxford: Dr Martin Grossel BSc MA PhD	(1)
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CO-OPTATIVE GOVERNORS

Mrs S Baker MA	(2)
Mrs K Bishop BA ACA	(2)(3)(4)(5)
T Burden MA	(1)
W J B Cha BA (Chair)	(1)(2)(3)(4)
M R Coffin BA (Econ) FCA	(2)(3)(5)
Mrs V Durham (appointed 19 March 2021)	(1)
Ms S Gingell	(1)
N D Latham CBE MSc CEng FIMechE	(2)(3)
His Honour Judge Lodder QC LLB	
J Nicholls BA ACA FCT	(2)
P Parkinson BA	(2)(4)(5)
J Poulton BA (Cantab) (appointed 20 January 2021)	(1)
Dr S Ross MB ChB MRCP	(1)
Mrs M Scott BSc (Vice Chair)	(1)(2)(3)(4)(5)

- (1) = Member of the Education Committee
- (2) = Member of the Finance and General Purposes Committee
- (3) = Member of the Nominations Committee
- (4) = Member of the Remuneration Sub Committee
- (5) = Member of the Audit and Risk Committee

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

ADVISERS (continued)

OFFICERS

Head	Dr A K Cotton BA MSt DPhil MA(Ed)
Head of Junior School	Mrs A Wilson-Smith BA
Secretary, Bursar and Clerk to the Governing Body	S R Merriam BSc CDir

The key management personnel within the school, known as the Senior Management Team (SMT) consists the above officers and the following:

Senior Deputy Head	D M L Payne MA
Deputy Head (Academic)	B C T Goad BSc
Deputy Head (Teaching and Education Development)	H R Wiggins MA
Deputy Head (External Relations)	C J Hamlet MA (resigned 31 st March 2021)
Assistant Head (Sixth Form)	L F Rees BA
Assistant Head (Upper School)	F E A Bush BA
Assistant Head (Middle School and Partnerships)	J Jackson BSc
Deputy Head of the Junior School	J Ashcroft BSc

ADVISERS

BANKERS:

Lloyds Bank plc
2/4 Palmerston Road
Southsea
Hampshire PO5 3QH

SOLICITORS:

Blake Morgan
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG

AUDITORS:

Crowe U.K. LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire RG1 1PL

INVESTMENT ADVISERS:

Investec Wealth and Investment
Ltd 30 Gresham Street
London
EC2V 7QN

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

ADVISERS (continued)

INSURANCE BROKERS

Marsh Brokers Ltd Education Practice Capital House
1 – 5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

Hettie Andrews
Eleven Brindley Place
2 Brunswick Square
Birmingham B1 2LP

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

The Directors, who are also Governors of the school and charity trustees for the purposes of the Charities Act 2011, present their Annual Report in compliance with both that Act and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year ending 31 August 2021.

DIRECTORS' REPORT

CONSTITUTION AND OBJECTS

The Portsmouth Grammar School is a company limited by guarantee without share capital, governed by its Memorandum and Articles and a registered charity, number 1063732. In the event of the company being wound up and unable to meet its liabilities, each member undertakes to contribute a maximum of £1. If, on winding up, there remain after satisfaction of all debts and liabilities, any assets, they cannot be paid to or distributed among the members, but will be given to some other charitable institution having similar objects.

On incorporation of the school in September 1997, permanently endowed assets remained the property of The Portsmouth Grammar School Endowment Trust, charity number 307355, of which the school is sole trustee. The Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

On 20 May 2004, The Charity Commission directed that "The Arthur Darby Nock Trust shall be treated as forming part of the charity called The Portsmouth Grammar School". This Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

The school also has one wholly owned subsidiary company, PGS Promotions Limited, company number 2937047.

AIMS AND OBJECTIVES

Aims

A new Strategic Plan covering the period 2020-2025 was agreed with Governors in early 2020.

We wish the members of our school community to be both happy and successful and our purpose as a school is to offer outstanding education that prepares each individual to lead a fulfilled and purposeful life. The Main Archway is symbolic of our inclusivity as a school community and our desire to expand horizons.

In the spirit of our founder, Dr William Smith, we encourage our pupils to think not only about where they will be at 18 but where they aspire to be at 25. Portsmouth is after all, a city concerned with destinations.

Our Aims

As a community we aim to:

- Foster a nurturing environment that enables each individual to grow in confidence and to fulfil their personal potential
- Ignite a love of learning to cultivate academic excellence and to foster individual progress
- Equip each individual to thrive in a changing world
- Prepare each individual to make a positive contribution to their communities, through both leadership and service
- Help each individual understand themselves and develop their unique strengths.

We wish the members of our community to:

- Be happy and to thrive
- Enjoy learning and pursue success to the best of their ability

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

AIMS AND OBJECTIVES (continued)

- Be prepared for the changing world beyond school
- Make an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person.

In 2032, we will celebrate the 300th anniversary of the founding of the school. Mindful of the evolving global landscape, we want our pupils to have the best possible preparation for their futures. We are determined to strengthen the school even further, and to preserve its character and diversity, while we respond to the world around us. In partnership with parents, we are committed to providing pupils with the care and the support, the environment and the context, to grow and thrive as the best version of themselves.

In order to achieve this, over the next five years we will focus on:

1. Maximising individual pupils' learning and progress, through challenge, support and care;
2. Placing personal development at the heart of the school, as a learning community;
3. Working in purposeful partnership with our wider communities;
4. Growing our commitment to fee assistance, so we may offer educational opportunities to talented young people according to need;
5. Operating efficiently and sustainably, to further establish our position at the forefront of education in the South of England

Objectives

The key charitable object of the School is the advancement of education as a day school for boys and girls, or if the Governors think fit, a day and boarding school. Currently boarding facilities are not provided. Religious instruction is provided in accordance with the principles of the Christian faith.

GOVERNANCE AND MANAGEMENT

Governing Body

The charity is governed by its Trust Deed, last amended in 1997 and its Memorandum and Articles. The Governing Body should consist of not more than eighteen men or women. Two of the Governors are Ex-Officio, the Dean and the Lord Mayor.

Two Governors are nominated by Christ Church, Oxford. A second Governor has been nominated by Christ Church to join the Governing Body and will do so as soon as statutory checks have been completed.

Recruitment and Training of Governors

The Governors are also Directors of the company. Those who served during the year are listed on page 1.

Co-optative and nominative governors are appointed for a term of three years. They may be re-elected by resolution of the Governing Body at an Annual General Meeting. Co-optative Governors are elected by the Governing Body. They are volunteers who are able and willing to devote time and energy to the strategic development of the school and they provide support to and oversight of, the leadership of the Head and the Senior Management Team. Co-optative Governors are likely to have significant professional, educational or business experience at a senior level. All Governors are elected at a meeting of the Governing Body and receive a suitable programme of induction from the Clerk, the Head and the Chair of Governors. Additionally, Governors are invited to attend relevant Staff professional development days and seminars provided by the Association of Governing Bodies in Independent Schools (AGBIS) and other providers of specialist advice.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

GOVERNANCE AND MANAGEMENT (continued)

The school's 2016 ISI Inspection Report commented favourably on the quality of the school's governance and management awarding an Excellent grading. A compliance inspection was conducted by ISI in February 2019 and the school was confirmed to be compliant with the required standards.

Organisational Management

The Governing Body meets at least three times a year. The work of implementing their policies is carried out by members of the Finance and General Purposes Committee (F&GP), chaired by Mr Latham, and Education Committee (EC), chaired by Mrs Scott, both of which meet termly prior to the full Governing Body meeting.

In addition, an Audit and Risk Committee, chaired by Mr Coffin, meets at least two times per year with the specific remit of continuous improvement to the governance and management of the school.

A Remuneration Sub Committee, chaired by Mrs Bishop, meets at least annually to review the school's policy on pay for teaching and support staff and to make recommendations.

The Remuneration Committee's Terms of Reference are reviewed annually. The committee considers published benchmarking data on salaries and makes comparisons with other independent schools to ensure that it remains sensitive to the broader issues of pay and employment conditions elsewhere. Its policy provides for appropriate incentives to encourage enhanced performance and the rewarding fairly and responsibly for individual contributions to the School's success.

The school also has a Nominations Committee, chaired by the Chair of Governors or the Vice-Chair if appropriate which normally meets annually or more frequently if required to make recommendations on Governor appointments and to consider succession planning.

Working Groups of Governors with members of the senior management team may be established from time to time by one of the Committees to address specific issues.

The day to day running of the school is delegated to the Head supported by the Senior Management Team (SMT) previously listed as key management personnel. All Governors' meetings are attended by the Head, the Bursar, and the Head of the Junior School.

The Senior Deputy Head, Deputy Head (Academic), Deputy Head (Teaching and Education Development), Deputy Head (External Relations), Assistant Head (Sixth Form), Assistant Head (School), Assistant Head (Middle School and Partnerships) and the Deputy Head of the Junior School attend as and when necessary. Other members of the School's management including the Development Director and Head of Marketing also attend meetings when their areas of responsibility are discussed.

Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Group Structure and Relationships

The Charity has one wholly owned non-charitable subsidiary, PGS Promotions Limited.

The school actively supports the promotion of the highest standards in the Independent School sector through networking with other similar schools. In particular through the Headmasters' and Headmistresses' Conference (HMC) schools within the South Central region and the Trinity Group schools, located in London and on the South Coast. The school is a keen participant in the activities of these highly regarded educational organisations. As well as HMC the school has membership of the IAPS, AGBIS and the ISBA.

The school works closely with the universities of Portsmouth, Chichester and Southampton in the provision of Initial Teacher Training. Our close links with schools in the maintained sector are referred to in the Public Benefit section of this report.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

GOVERNANCE AND MANAGEMENT (continued)

A number of the school's staff continue to engage in voluntary roles as governors and trustees of schools and other educational, cultural and charitable organisations in the local area and wider region.

The school has a close working relationship with the Portsmouth Cathedral and is a full member of the Choir Schools Association (CSA).

The Head is Chair of the Portsmouth Festivities.

Employee Engagement

In line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Board of Governors are pleased to report that they continue to engage with employees throughout the year. Examples of direct engagement include informal meeting time for Governors with staff in the Common room and lesson observations by Governors, prior to Governor Committee or full Board meetings (although such contact has been prevented by visitor restrictions during the pandemic), and presentations to, and discussion with Governors at meetings on the subject or area of responsibility of the staff member. There is also engagement between Governors who are parents of pupils within the school with staff from across the school.

On behalf of the Board, the Head and the Senior Management Team have a strong culture of consultation with staff before introducing significant change and these issues are reported back to the Board at Board and committee meetings. The Head and Bursar also brief staff on the overall performance of the school. This is not only financial reporting but also how the school has performed in public examinations and university offers. It is believed that this culture of openness helps develop a positive culture of mutual trust and commitment by staff in the long-term success of the school as a charitable institution.

Employment policy

The school is an equal opportunities employer and this is articulated in The PGS Whole School Recruitment Policy and The PGS Equal Opportunities and Dignity at Work Policy for Staff. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs.

Communication and consultation with employees is a priority at the school. At intervals through the year, usually immediately prior to the start of a term or half-term, Professional Development Days are held during which briefings and staff training takes place. Elements of these days will apply to the whole school staff, both academic and support staff, with other periods being applicable to specific roles, functions or training requirements. Training on these will often include training on safeguarding, data protection, and health and safety, as well as briefings on the school's development and strategy.

Business Relationships

The school continues to engage with a large number of stakeholders (as set out in the Section 172(1) Statement on page 20), the most important of which are the pupils and their parents. The work of our teaching and support staff, as directed by the Board of Governors, the Head and the Senior Management Team, focuses on providing the pupils and parents with a high quality academic education underpinned by excellent pastoral care with an outstanding range of co-curricular opportunities. The success of this is outlined in the Strategic Report below.

The Governors continue to place a significant emphasis on the need for strong and positive relationships with self-employed staff such as peripatetic music teachers and sports coaches. Although the relationship with self-employed staff is necessarily different to that of employed staff (due to the requirements of HMRC and Employment Law), the school is proud that many of these individuals have remained loyal to the school for so many years reflecting the strong and harmonious relationship that the school fosters.

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2021

GOVERNANCE AND MANAGEMENT (continued)

The Governors also value positive relationships with suppliers whose work in support of the school is invaluable. Governors require the Bursar to seek value for money when engaging any supplier and this is tempered with forging strong relationships that are ultimately beneficial to both parties. The Bursar also takes into account environmental credentials, when appropriate, when choosing a new supplier. The school is also keen to place a priority on local businesses where it can, and a Sustainability Forum involving staff and pupils helps seek more ways of improving the school's performance in this important area.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

GHG Emissions and Energy use data for period 1 September 2020 to 31st August 2021

		Current Year 2020 - 2021	Comparison Year 2018 - 2019	Current Year Change	
Energy Consumption - Gas	kWh/year	1,777,180	1,832,882	-3%	Reduction
Energy Consumption - Heating Oil	kWh/year	0			
Energy Consumption - Diesel	kWh/year	18,372	15,620	18%	Increase
Energy Consumption - Petrol	kWh/year	0			
Energy Consumption - Electricity	kWh/year	1,192,113	1,356,526	-12%	Reduction
Total Energy	kWh/year	2,987,665	3,205,028	-7%	Reduction
Emissions - Gas	tCO ₂ /year	326.8	337.3	-3%	Reduction
Emissions - Heating Oil	tCO ₂ /year				
Emissions - Diesel	tCO ₂ /year	4.4	4.0	10%	Increase
Emissions - Petrol	tCO ₂ /year				
Emissions - Electricity	tCO ₂ /year	277.9	347.3	-20%	Reduction
Total Emissions	tCO₂/year	609.1	688.6	-12%	Reduction
Total Internal Building Area	m²	21,768.8	21,768.8	0%	No Change
Number of Pupils	No.	1,289	1,462	-12%	Reduction
Intensity Ratio 1	tCO₂/m²/year	0.028	0.032	-12%	Reduction
Intensity Ratio 2	kWh/m²/year	137	147	-7%	Reduction
Intensity Ratio 3	kWh/pupil/year	2,318	2,192	6%	Increase
Methodology		GHG Reporting Protocol - Corporate Standard plus findings from ESOS	ESOS Phase 2		

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (CONTINUED)

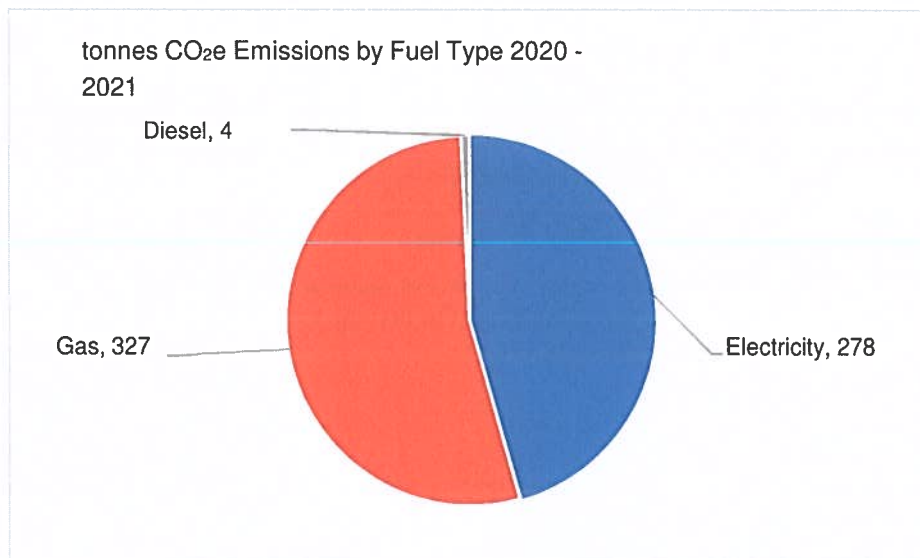
The Base Year for comparison is the financial year 2018/2019. This is the most recent financial year that was unaffected by the Covid Pandemic and is the year for which the ESOS Phase II has been conducted.

The latest financial year 2020/21 shows a 7% reduction in total energy consumption and a 12% reduction in carbon emissions compared to the Base Year. However, there was a 12% reduction in pupil numbers.

Key Impacts

The key impact of Portsmouth Grammar School is the emission of greenhouse gases from the consumption of fossil fuel on site, electricity, and vehicle fuel.

Utility	Energy Consumption		CO ₂ e	Cost
SECR 2020 - 2021	kWh/year	%	tonnes/year	£/year
Electricity	1,192,113	39.9%	278	£ 268,526
Gas	1,777,180	59.5%	327	£ 46,948
Diesel	18,372	0.6%	4	£ 2,252
Totals	2,987,665	100%	609	£ 317,726



Measurement

Portsmouth Grammar School records energy consumption in terms of kWh per month for gas and electricity. This is collected from invoices and meter readings. Vehicle fuel is recorded in terms of litres per month. This data is collated in a single spreadsheet (PGS SS1 Utilities 2021).

The above spreadsheet has been used to compile the data required for SECR reporting. This converts the energy consumption in terms of kWh to tCO₂ equivalent (PGS SS2 SECR 2021).

Emissions of CO₂ were calculated using the DEFRA Conversion Factors 2020 (PGS SS3 DEFRA 2021).

**THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2021**

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (CONTINUED)

Emissions Factor 2018	kgCO₂/kWh
Electricity	0.256
Natural Gas	0.184
DERV	0.253
Petrol	0.241

Emissions Factor 2020	kgCO₂/kWh
Electricity	0.233
Natural Gas	0.184
Diesel AV Biofuel Blend	0.241
Petrol Av Biofuel Blend	0.229

Notes:

The Carbon content of grid generated electricity is reducing due to the impact of renewables.

An average biofuel blend has now been adopted for vehicle fuel.

Setting a Target

The school occupies an historic site with many parts of the estate being listed buildings. There are therefore limits to the improvements that can easily be made to improve energy efficiency.

The results of the ESOS Phase II process highlights that upgrading the lighting at the school is the most likely area where savings could be made, and upgrades are currently taking place.

The school has achieved a 7% reduction in energy consumption in 2020/2021 compared to the Base Year reflecting the efforts thus far. A Real Time energy monitoring system is currently being installed and it is anticipated that this will offer further potential for savings.

Now that the easier improvements have been made, savings will become more difficult and costly to achieve. Therefore, a reduced target of 3% for the coming year is proposed, especially as activities such as sports may increase back to pre-pandemic levels.

Energy Saving Actions

In the last 12 months the school has continued the lighting refurbishment programme with older fluorescent lighting being replaced with LED units. This has proved successful with both gains in energy efficiency and quality of light.

Energy Saving Plans

Continuation of the lighting refurbishment programme to school classrooms and offices.

Smart meters and real time monitoring of all gas and electricity meters is planned for completion by June 2022. This will enable an effective energy monitoring and management system to be implemented.

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2021

PUBLIC BENEFIT

Bursaries

The school remains committed to the aim of providing Public Benefit in accordance with its founding principles and the Governors have given careful regard to the Charity Commission's guidance on Public Benefit and means testing.

The school welcomes pupils from all backgrounds.

It is important to the school that access to the education offered is not restricted simply to those that can afford the fees. It is recognised that pupils benefit from learning within a diverse community and that learning occurs through social interaction and shared experience. In this way we expect our pupils to develop a roundedness of experience and perspective of other people that will be vital in their adult lives.

Entrance interviews and assessments are undertaken to ensure that potential pupils can benefit from the education provided and contribute to the school community.

The provision of means-tested bursary support continues as a key feature of the school's admissions process with bursaries equivalent to 100% of the fees being available and regularly awarded. An individual's gender, ethnicity, race, religion or disability do not form part of our assessment process for bursary support.

The school is committed to offering places to those most able to benefit from its education irrespective of financial means. It is against this core ethos that bursaries are an especially highly valued aspect of the school's admissions process. In addition the school provides continuing support to all pupils already in receipt of fee assistance through bursaries.

The school does not have a large endowment and in funding bursaries and scholarships, a balance has been struck between maintaining an adequate surplus of funds to maintain the financial viability of the school, as well as continuing to develop appropriately the school's infrastructure and maintain its historic Grade II listed buildings.

The school, in line with other independent schools, also makes some scholarship awards on the basis of an individual's educational potential, academic success in examination or excellence in co-curricular activities. The awards are generally low in financial value but highly regarded by pupils and feeder schools.

In 2020/21 £1,789,278 (2019/20: £1,539,187) was awarded on a predominantly means-tested basis for scholarships and bursaries. In addition to this, a further £359,631 (2019/20: £155,380) was provided in emergency temporary bursary support for families significantly financially impacted by the pandemic and ensuing restrictions.

The Breakdown of the Bursary awards (excluding the temporary bursary support) was as follows:

- 136 pupils received bursary support of up to 100% of the fees (Senior School Only) (2019/20: 121)
- Detailed breakdown as follows:
 - 59 pupils receiving between 75% and 100% (2019/20: 53)
 - 46 pupils receiving between 50% and 74% (2019/20: 38)
 - 31 pupils receiving between 10% and 49% (2019/20: 30)

The total value of these bursaries was £1,529,319 (2019/20: £1,337,309)

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

PUBLIC BENEFIT (continued)

The breakdown of the Scholarship awards was as follows:

o Academic	214 (2019/20: 196)
o Music	24 (2019/20: 24)
o Sport	17 (2019/20: 11)
o Drama	18 (2019/20: 21)
o Art	13 (2019/20: 10)

- The total value of these scholarships was £259,959 (2019/20: £201,878)

The William Smith Fund

In July 2015 the school launched a significant bursary initiative called 'The William Smith Fund' with the simple aim of creating a source of non-fee income to help sustain our founder's vision of providing a world-class education for the young people of Portsmouth and the surrounding area, right at the heart of their home city. The initiative evidenced our strong belief in the power of means-tested bursaries, not only to break down the financial barriers to a PGS education, but also to enrich the entire community by enhancing its intellectual and social diversity.

The William Smith Fund is a collective fundraising effort made each year by all members of the PGS family – alumni, former staff, and friends of the school, parents and grandparents of current pupils. Our aim is simple: we wish to raise funds to increase our means-tested bursary provision, allowing us to further open our doors to more bright and promising boys and girls from the local area whose families would not otherwise be able to afford the full fees.

Since the launch of the William Smith Fund over £3.3 million has been received in donations. We have a long-term target of offering means-tested assistance to 1 in 4 Senior School pupils.

In addition to bursaries the school is engaged in many other activities that provide public benefit and are within the school's objectives.

The school is a patron of Shaping Portsmouth, a city-wide initiative between the private and public sectors to improve educational opportunities in Portsmouth and to support the economic success and well-being of the city as a whole. Some of our Sixth Form pupils work within this organisation as part of their enrichment curriculum. The school also supports the educational work of local cultural and heritage centres.

The school's ongoing commitment to support the Portsmouth Festivities (now re-branded as "PortsFest") is a clear demonstration of its belief in the significance and value of the creative arts. The events that are scheduled during that time are for the benefit of young people throughout the city and therefore merit a considerable investment from PGS in terms of time, energy, imagination and funds, ensuring the events are easily accessible to all.

2021 saw Ports Fest going ahead with a reduced festival, with three days of high-quality events over the period of 2-4 July. The festival was planned with Covid-19 restrictions in place, with a mix of utilising outdoor spaces alongside online events.

The festival brought back the use of theme; given the challenging year our audiences were invited to Remember, Reimagine, Reset. Over the three days the festival provided 52 events and worked in active partnership with over 40 artistic and cultural organisations, worked directly with 28 regional schools, engaged with 220 artists and 540 participants.

The live event audience reached 6,899 with a total engagement of 429,192 people through participation online or in writing.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

PUBLIC BENEFIT (continued)

Focus will continue to be on Community outreach and the creation of hybrid events. The festival will also see a full rebrand with the festival renamed as Ports Fest. The festival's key strategic priorities are:

- To be a major cultural landmark for Portsmouth, embedding Ports Fest and its major partners firmly within the city's cultural landscape
- To offer a year-round cultural education and engagement programme for city schools feeding into the Festivals programme
- To offer an active, purposeful forum for individuals and organisations to work in creative collaboration, to innovate and create new work
- To offer at least one major new commission each year
- To create at least one major community initiative each year
- To access major funding

The school strongly believes in the value of PGS pupils being involved in partnerships, charitable events and volunteering in a wide variety of ways. As such, it is committed to working closely with many local charities and like-minded organisations and aims to optimise the educational use of its cultural and sporting facilities and to awaken in its pupils an awareness of the social context of the all-round education they receive.

Collaboration with other schools this year has again been made more difficult by the pandemic restrictions, although it has provided an opportunity to be more innovative in our approach and resulted in more focus on online collaboration between schools.

We were able to run the Gifted & Talented Summer School in the same remote way as last year, providing a resource box containing activities and equipment as well as access to online activities and resources around a central theme of Forests and Earth, sent to participating schools who distributed these to their pupils. Year 5 children from three local schools enjoyed this successful learning experience.

Despite the significant restrictions placed upon us by COVID we have managed to launch a very successful Sixth Form Community, Action, Workplace ("CAW") scheme on Monday afternoons. All of our Year 12 pupils enrolled in some form of community collaboration which included: care homes, local schools, helping local charities, or supporting the Schools of Sanctuary initiative. These links will continue to grow and strengthen during the next cycle of the scheme.

We are continuing to build on links within the Portsmouth Education Partnership and Shaping Portsmouth in order to join with them in Outreach and Partnerships work for the benefit of the city. We have recently become a supporter of the Portsmouth City of Sanctuary project and are working towards becoming an accredited School of Sanctuary. A Christmas hamper appeal headed up by Shaping Portsmouth saw the School donating 12 hampers to local care providers.

Unfortunately, due to the COVID-19 restrictions and the need to ensure appropriate health protection for the school community; most of our usual support in providing subsidised facilities for local organisations have not been able to continue. These would normally include for example: for the very young, our support for the National Childbirth Trust (NCT), and for the more mature the Solent Guild of Woodcarvers and Sculptures.

PGS continues its partnership with Mayfield School, with their Head being a co-opted member of the PGS Education Committee. The Wilkie Scholarships exist as an excellent means of offering a tangible link for successful Mayfield pupils to access a PGS education in the Sixth Form. We have had other partnership activities included shared training and working party groups focusing on particular school issues.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

PUBLIC BENEFIT (continued)

Thanks to the efforts of pupils, staff, parents and other members of our school community fundraising remains a core charitable activity within the school. The school continues to support a variety of local, national and international charities, and although this was hampered by the limitation on activities due to the pandemic, such support during the last academic year included Macmillan Cancer Research, the World Wildlife Fund Bushfire appeal, Portsmouth Down Syndrome Association, The Samaritans and the RNLI.

The Houses also support charities of their own choice each year and raise awareness and funds through their own initiatives, that are largely pupil led. The Sixth Form enrichment programme (Ignite!) also includes pupils volunteering in support of several local organisations including the All Saints Church.

The school enjoys a close relationship with many of the region's universities, supporting the training of student teachers at Chichester, Portsmouth and Southampton Universities.

The school has a range of active partnerships with schools overseas, including the United World School in Chia Thom, Cambodia, which it helped to build; and Kikaaya College School in Uganda, which enjoys significant school support. PGS also continues a growing partnership with the Suzhou Science and Language School in China. PGS believes that pupils should be aware of the importance of living in a global community and the many benefits and challenges that this brings and the commitment to such partnerships is an excellent way of ensuring that pupils are offered a tangible insight to the cultural differences of other international communities.

A number of the school's staff fulfil voluntary roles as governors and trustees of schools and other educational, cultural and charitable organisations in the local area and wider region.

FUNDRAISING

Fundraising achievements in 2020/21

- 2020/21 was the school's most successful fundraising year on record
- Gifts to the value of £1,316,712 were received from 713 individuals and organisations
- This contrasts with gifts to the value of £373,107 from 347 donors in 2019/20
- The large increase in the number of donors was primarily due to the school's first online Giving Day in March 2021, which attracted donations from 653 individuals
 - Of these, 412 (63%) were donating for the first time
 - The Giving Day raised approximately £280,000 and, at the time, was the most successful such event held by any UK school and won the Independent School of the Year Award for an Outstanding Fundraising Achievement
- A single gift of £750,000 from an individual was the largest contributor to the increase in total value of donations
- Across the year, 99.5% of donors in 2020/21 were individuals
- Their gifts represented 85% of funds donated
- If the gift of £750,000 is excluded from calculations, then 66.6% of funds were donated by individuals, which is in line with the outcomes of previous years
- The full breakdown of donors is as follows:
 - 52% alumni
 - 34% current and former parents
 - 7% current and former staff
 - 4% friends
 - 1.5% current and former Governors
 - 1% widows and other relatives of OPs
 - 0.5% organisations

THE PORTSMOUTH GRAMMAR SCHOOL **REPORT OF THE DIRECTORS** **FOR THE YEAR ENDED 31 AUGUST 2021**

FUNDRAISING (continued)

- The breakdown of causes supported was as follows:
 - 86.35% bursaries
 - 12.2% area of greatest need (i.e., unrestricted)
 - 1.15% academic projects
 - 0.2% prize fund
 - 0.1% co-curricular activity

Legacy gifts

- One legacy gift of £50,000 was received from an OP
- The school is now aware of 89 OPs, parents and former staff who have declared that they have included a gift to the school in their will

Fundraising practice

The Portsmouth Grammar School is registered with the Fundraising Regulator and has adopted the Code of Fundraising Practice. Neither the school nor the Fundraising Regulator has received any complaints about PGS's fundraising activity in the period covered by this report.

Fundraising is undertaken by the Development Director, a full-time employee, with support from two part-time members of Development Office staff. During 2020/21 their support ranged from 0.8 to 1.2 FTE per week.

The Development Director reports to Governors through the Finance and General Purposes Committee, attending its termly meetings and providing written and verbal reports. She is line-managed by the Head, with whom she had weekly meetings during term-time. These meetings were conducted primarily by telephone during 2020/21 due to a combination of COVID-related lockdowns and social distancing.

PGS takes very seriously its relationship with its alumni, parents, staff, Governors, and other supporters. It has an ethical fundraising and gift acceptance policy which is reviewed regularly. None of the school's fundraising activity should compromise donors' privacy, put anyone under undue pressure or be unreasonably persistent.

Looking ahead to 2021/22

It had been feared that fundraising in 2020/21 would be negatively affected by the COVID-19 global pandemic and the fact that no face-to-face meetings had been possible with donors for over a year. This has not turned out to be the case.

All the 5- and 6-figure gifts received during 2020/21 were from major donors who were already very close to the school prior to COVID. The inability to hold face-to-face meetings for most of the time since March 2020 has limited the opportunities to further develop our relationships with other individuals who are currently more distant from the school. A focus for 2021/22 will be developing deeper relationships with a number of these people.

Following the success of the school's first Giving Day, a second such appeal is planned for March 2022, to raise more funds for means-tested fee-assistance.

Finally, a legacy fundraising appeal, which was postponed from 2020, will take place in summer 2022. This will promote the idea of contributing to the school's endowment fund, alongside continued fundraising for 'pay as you go' bursaries.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT

Strategies to achieve our Vision and Mission

The School's new Strategic Plan runs for 5 years and covers the period to 2025, with operational planning annually in support of the longer term strategy.

Our Vision

As a community we aim to:

- Foster a nurturing environment that enables each individual to grow in confidence and to fulfil their personal potential
- Ignite a love of learning to cultivate academic excellence and to foster individual progress
- Equip each individual to thrive in a changing world
- Prepare each individual to make a positive contribution to their communities, through both leadership and service
- Help each individual understand themselves and develop their unique strengths.

We wish the members of our community to:

- Be happy and to thrive
- Enjoy learning and pursue success to the best of their ability
- Be prepared for the changing world beyond school
- Make an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person.

There are 5 main strands to the Strategic Plan 2020-2025 and they are described below firstly by a summary explanation as to the school's target to achieve over the 5 years and then an explanation (in *italics*) of how the school will achieve this and the work undertaken so far.

1. Maximising individual pupils' learning and progress, through challenge, support and care

Over the period of this Plan the School will focus on building continued excellence in our teaching and learning, investing in individual needs, creating extended opportunities for intellectual challenge and independent learning, and reviewing our curriculum so that we can be responsive to the changing world around us.

We have an excellent reputation for teaching and learning and are keen to develop this further by realising the potential of the Connected Curriculum in the Junior School, and by ensuring that we engage and challenge all pupils effectively. We have a new Learning Support Centre to transform the learning environment for these pupils and enable us to bring together both Junior and Senior School LS staff in one facility. We have taken significant steps forward in our use of educational technology and software in order to facilitate a fully remote curriculum, necessitated by the pandemic restrictions. The requirement to learn new teaching and learning methodology and the intensive training that has accompanied that process has focused our attention on teaching and learning as a community. In connection with the Black Lives Matter movement, considerable impetus has been given to the planned curriculum review in years 7 to 9 in all subjects and especially in history

2. Placing personal development at the heart of the School as a learning community

Over the period of this Plan the School will focus on: constantly developing our staff; embedding the "PGS CORE" which supports pupils to reflect on their key qualities and gain insight into their personal development; creating an extensive programme of Sixth Form enrichment; continuing to build excellence in proactive pastoral care; preparing for future lives; celebrating difference through diversity and inclusion; strengthening our broad co-curriculum; and celebrating opportunities for pupils as a through school.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT (continued)

PGS has recently become a founding member of the School's Inclusion Alliance alongside Eton and St Paul's Girls School. We are building on that work with a comprehensive review of our activities and structures, to ensure that we are even better placed to combat discrimination, and promote diversity and antiracism, and prepare pupils to make a positive and active contribution in a multicultural society. Issues relating to Black Lives Matter will be prominent in this work. The shift to remote learning since the start of the pandemic has required an intense focus on staff training who needed to learn new digital skills and deliver engaging lessons online. Enhancements that can be made to teaching and other aspects of school life, from the lessons learned during the periods of remote learning, are still being reviewed and considered.

3. Working in purposeful partnership with our wider communities

Over the period of this Plan the School will focus on: developing international horizons; learning through community activity for all year groups; widening the cultural reach of the Portsmouth Festivities; and working in educational partnership both in the local area and through contribution to the broader educational landscape.

In addition to the many ways in which we already engage with the city and local community, we are ambitious to develop further opportunities for volunteering and outreach. We are keen to strengthen our links with schools in the maintained sector, supporting a shared interest in raising the aspirations of all young people in Portsmouth. We will continue to support the PortsFest in making a significant and positive impact both culturally and economically as a city-wide festival of the arts. Despite the challenges of the pandemic we again hosted our Gifted and Talented Summer School in July with Year 5 pupils participating from three local schools who were provided with a resource box and online materials, containing enrichment activities in a variety of subjects based around a central theme of Forests & Earth. A number of staff have volunteered to join subject specialist hubs in the city, which will extend our links with local schools and allow us to contribute to and learn from good practise in teaching and learning in the city.

4. Growing our commitment to fee assistance so we may offer educational opportunities to talented young people according to need

Over the next five years and beyond, we commit to making significant steps in broadening access, and increasing the proportion of our pupils who receive means-tested assistance and transformational bursary awards.

We undertook a very successful Giving Day in March in support of our bursary provision, which resulted in an Independent School of the Year Award for an Outstanding Fundraising Achievement. We also received a very generous donation to secure the long-term future of our Wilkie Scholarships awarded to pupils of Mayfield School. We started a new relationship with Portsmouth Academy, with significant bursary support to enable pupils from that school to join the PGS Sixth Form. We have continued to provide temporary bursaries needed to assist parents who were significantly affected by the pandemic and resulting restrictions.

5. Operating efficiently and sustainably, to further establish our position at the forefront of education in the South of England

Over the period of this Plan the School will focus on: offering value for money; transforming our site; improving our environmental impact; and supporting our staff to flourish.

As a school we aim to provide a stronger, more visible lead on the value of living and operating sustainably, making the most of the resources we have for the future health of our planet. We are committed to ensuring affordability for our parents now and in the future, through careful stewardship and cost control. Ongoing efforts to become a more sustainable school have been recognised during the year through gaining the Eco-Schools Bronze Award, supported by the work of the PGS Eco-

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REPORT OF THE DIRECTORS

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STRATEGIC REPORT (continued)

Councils which meet regularly and communicate with the wider school community. We are currently working with specialist consultants to further develop our sustainability programme.

Achievements and Performance

2020-21 has been another successful year both through academic achievement, our extensive co-curricular programme and the engagement of our pupils with the wider community, although activities have been necessarily affected in their format by the restrictions imposed as a result of the pandemic including the replacement of external examinations by Teacher Assessed Grades.

PGS CORE, introduced last year and providing a new focus for conversations about personal development in all aspects of school life, enabling discussions about identity, relationships, health and wellbeing, has received new impetus through discussions on diversity and inclusion, particularly in the wake of the Black Lives Matter movement and the murder of Sarah Everard.

Results in A Level and GCSE exams in the summer were awarded following the Teacher Assessed Grades procedures required by the examination awarding bodies. At GCSE the percentage A*, 9 or 8 statistic was our highest ever at 58.7%. Almost 78% of pupils' entries in all subjects were graded A*/A or the new 9-7 equivalent.

Unlike A Level pupils, those taking the IB were not awarded grades provided solely through a school generated system. Instead these were generated by the International Baccalaureate (IB) and were based predominantly on performance in the coursework element. The IB cohort achieved an average of exactly 40 points in the IB diploma. The combined A Level and IB Diploma performance was over 90% A*-B grades in all subject entries, with 41.9% at A* and over 74% at A*/A. 100% of all Higher Level IB grades were at 7, 6 or 5 which has only been achieved once in a previous year.

17% of pupils from the 2019/20 Year 6 cohort received scholarships and other awards on entry to the Senior School at the beginning of this year.

Residential trips have unfortunately been severely curtailed as a result of the pandemic, and it was only possible to undertake one Duke of Edinburgh Award excursion to Wales, which took place in the summer holidays.

As a Cathedral School, music continues to feature highly at PGS. We have worked to be more closely involved in the Cathedral's partnership work Cathedral Sing with staff and pupils involved in supporting the delivery of this programme. During the Summer Term the PGS Director of Music devised a programme of singing and delivered this in three schools on the Isle of Wight with the Cathedral Sing Director. This project reached over 150 pupils most of whom had not had any musical education over the last 18 months due to the pandemic. We are planning further closer collaboration in order to support each other's work to bring more singing opportunities to our local community.

The partnership with the London Mozart Players (LMP) is a significant part of our work and the opportunity for the school's musicians to work closely with supportive and encouraging professional players and conductors is of huge educational value to our musicians. Whilst the pandemic meant that our usual pattern of Remembrance Concerts and workshops were not able to happen, we were able to hold a concert entitled Reconnecting in July as part of PortsFest. Using a large outdoor stage, PGS musicians played with the LMP in works by Peter Warlock and a world premiere performance by composer Richard Brown.

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STRATEGIC REPORT (continued)

The same concert also featured a world premiere of a suite of Hampshire Folksongs composed for PGS by the Assistant Director of Music, Dr Pande Shahov, with 40 singers from the PGS Senior and Junior School and 50 pupils from Castle Primary School and the local Choir Church Project. The concert also featured a world premiere arrangement of music by Samuel Coleridge-Taylor, a composer of British and Sierra Leonian heritage from the early twentieth century, and a new composition written by a Year 12 A level music pupil for violin and orchestra performed by the LMP.

The outdoor stage provided over the final weekend of the Summer term also enabled additional concerts as part of PortsFest was used for an evening of Musical Theatre where solo and ensemble performances by current PGS pupils and PGS alumni were performed with a live band.

Despite the restrictions on our activities last year, the Music Department continued to manage rehearsals in small bubbles or remotely and continued to celebrate the music making of our pupils by sharing performances on the Departmental website. We continued to promote live music-making with the whole school community, and hosted a series of live body percussion workshops with Ollie Tunmer from Beat Goes On which all pupils in Years 7 and 8 were able to access from home.

The two major lockdown achievements of the Department were the production of A Chorus Line in collaboration with the Drama Department and House Music in lockdown. A Chorus Line was live streamed from the New Theatre Royal and achieved over 4000 views. The show was fully staged following covid safety guidelines, with a live orchestra performing from behind perspex screens.

House Music prepared and performed entirely during lockdown was a major achievement by our young musicians. Each house was able to use technology to rehearse, video and assemble a 20 minute programme of music which had to include a small ensemble, large ensemble and solo performances. The finished results from each house were remarkable and offered those pupils with technical expertise in video editing the chance to shine. We were fortunate to have as our adjudicator, the broadcaster, performer and conductor Anna Lapwood, with the final concert live streamed with the recorded adjudication to viewers on 600 screens.

Keen to continue our drama and music collaboration in an autumn musical production, despite the considerable challenges of the pandemic, we were able to live-stream a production of 'A Chorus Line' at the New Theatre Royal involving 8 cameras and a full technical team acting in harmony alongside a fantastic cast of performers. Gathering over 4000 viewings online, 'A Chorus Line' was not just an excellent production, but a statement of artistic belief and survival at a time when most, if not all theatres were shutting their doors. House Drama was conducted online in February and again succeeded in capturing the range and talent of our pupils. Middle School and Year 9 & 10 productions were staged during the Summer Term, which meant a thoroughly joyous return of socially-distanced audiences with uplifting performances of 'The 39 Steps' and 'Arabian Nights'. Unfortunately, we were not able to put on the intriguing Sixth Form Play 'Monsters', which was cancelled due to a whole-cast isolation two days before the show.

The 2020-21 Sporting season was heavily impacted like all areas of school by Coronavirus. The Autumn Term and Spring Term saw no inter-school fixtures played in any sports due to restrictions placed upon schools. The inability to safely play fixtures with other schools meant the Saturday sporting programme also took on a new guise. This allowed over 350 pupils to regularly take part in training and internal matches across the first two terms. It was amazing to see so many pupils taking part in rugby, hockey and netball, gaining a much-needed break from the stresses of COVID regulations.

The various lockdowns came and went but the PGS Sporting spirit remained, and even when face to face training was not possible our pupils took part in online classes such as CrossFit, dance, Strava Running Challenges and yoga to mention just a few. The highlights saw over 200 families in the PGS community take on the Family 3 and 5 kilometre challenges and enter a time online for these events. Another major highlight saw PGS Sport named in the Schools Sports Magazine's "Top 200 Sporting Schools" as well as the Cricketer Magazine's "Top 50 Cricket Schools" in the country.

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STRATEGIC REPORT (continued)

Like many schools we were delighted to see the return of competitive fixtures in the Summer Term. Initially these fixtures began with cricket and ran alongside internal sport and training for athletics and tennis. Although the very poor weather caused many fixtures to be postponed or cancelled, we did manage to ensure all teams played at least one fixture in the first half of term. It was particularly pleasing to see the Year 7 pupils and many Year 8 pupils play their first competitive game for the school since joining PGS. Athletics restarted with a superb trip to Millfield School where the Year 9 and 10 teams represented PGS Sport with distinction. All teams were placed in the Top 3 schools at the event which included schools such as Millfield School, Clifton College and Blundell's School.

The second half of term saw the U12 and U14 boys cricket sides progress to the semi finals of the Hampshire Cup while the U13 and U15 sides reached the finals. The U15s were successful in their final against Winchester and went on to the regional finals with victories over Sherbourne and Millfield School, before losing very narrowly to a strong Bradfield side with only a few balls remaining. Girl's cricket at the school continues to grow with our U14 and U15 girl's sides taking part in hard ball matches for the first time. We very much look forward to continuing this progress next year and beyond.

The final week of term saw an amazing five sports days take place at HMS Temeraire to ensure each Year Group had the opportunity to finish the year on a sporting high. We look forward to next year with optimism of a return to a more traditional Saturday Sports programme but we have learnt so much from this unusual and challenging year.

The active Pupil Councils meet regularly and have discussed issues and initiatives across the year groups. It was unfortunately not possible during the year for groups of pupils to meet in person with members of the Governing Body.

Section 172(1) Statement

Governor involvement

The Governors act in good faith to make decisions, the outcome of which they consider will be most likely to promote the success of the School for the benefit of its pupils and the wider school community as a whole, both in current periods and in the long term. They regularly attend School events, affording them the opportunity to meet with parents, staff and other members of the community, and also have the regular opportunity to spend time in school attending lessons, speaking with staff and pupils, and observing the day to day activities of the school.

In discharging their duties above, the Governors carefully consider amongst other matters, the impact on and interests of other stakeholders in the School and factor these into their decision-making process.

Staff members

Governors would normally have regular opportunities to meet with staff and observe their day to day activities, but these have been considerably restricted during the last year. They also receive information on various staff metrics. The Governors are committed to promoting a healthy and productive school environment and positive physical and mental wellbeing among the staff; the school counsellors are available for consultations with staff as well as pupils. The Governors keep staff informed of key issues through structured communication channels, promote diversity and inclusion in school life and also provide training and development opportunities where they are considered of benefit to the school and staff. Using the School's recruitment and development strategies, the Governors seek to attract and retain talented staff.

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REPORT OF THE DIRECTORS

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STRATEGIC REPORT (continued)

Pupils and their parents

The Governors commit considerable time, effort and resources into supporting staff in delivering the best educational provision the School can, whilst striving to achieve excellent individual care to enable each pupil to thrive and their parents to be well-informed on the progress of their child. In normal circumstances the Governors meet with groups of pupils on a regular basis to receive feedback and inform decision making to promote these objectives, with the aim of fostering long term mutually beneficial relationships both while the pupil attends the School and into the future. The School has a policy and procedure in place to deal with any complaints and acts to work quickly to resolve any isolated disagreements that may arise from time to time.

Suppliers

The Governors have established procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the School. The School seeks to pay all suppliers any undisputed amounts due and to conform with the billing requirements within agreed terms.

Community and the environment

The School takes its role within the community very seriously and promotes and encourages community and charitable contribution through the numerous activities set out elsewhere in this report. The School also recognises the importance of its environmental responsibilities and has measures in place to monitor and control its impact on the local environment and its compliance with any regulatory environmental standards. The School seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Standards and conduct

The School has a significant portfolio of policies and codes of practice regarding ethical and professional standards expected of staff in undertaking their duties for the School. These are clearly communicated to every staff member and adherence to which is expected and enforced.

Financial review and results for the year

This has been another challenging financial year for the school with the impact of the COVID-19 pandemic being felt throughout the year, the ongoing costs from the increase in teachers pensions provision, and general affordability issues in the sector impacting pupil numbers, coupled with the financial impact on many families' incomes as a result of the extensive restrictions. Despite these factors, as a result of prudent cash management in prior years and active cost control during the year the school has realised a surplus of £1,102,339 (2019/20: £68,747). It must be noted however that a significant proportion of this surplus is due to a substantial donation being made for the long term provision of bursary-supported places from Mayfield School. In addition, the surplus has benefitted from net investment gains of £380,291 during the year (2019/20: £17,273). We have throughout this challenging period, sought to fund additional bursary support whilst seeking to maintain the quality of educational and pastoral care of our pupils.

Incoming resources of £18,875,227 (2019/20: £18,498,011) increased compared with the prior year.

This reflects:

- a reduction in net fee income of 0.79% represented by a 2% increase in fees for only the third term of the academic year, combined with a 4.5% reduction in overall pupil numbers, and reduced income through temporary bursary support provided in response to the pandemic's effects on parent income.
- pupil numbers were 26 lower than the previous year totalling 1,289 as at 1st September 2020. The number of pupils at 1 September 2021 was 1,263.
- ancillary trading income decreased to £422,074 compared with the previous year (£703,980) largely as a result of a decrease in school trips and school meals income due to the pandemic

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STRATEGIC REPORT (continued)

- non charitable trading which represents the income generated by PGS Promotions increased to £122,184 compared with £116,154 in the previous year, reflecting increased activity.
- grants and donations totalled £1,367,786 compared with £528,516 in the previous year, and included £51,074 (2019/20 £155,409) in grants from the Coronavirus Job Retention Scheme.
- Investment income decreased to £55,761 compared with £86,600 in 2019/20.

Operating costs totalled £18,153,179 a decrease of 1.6% on last year's total of £18,446,537.

Operating costs were primarily attributable to:

- Total staffing costs of £13,046,872 representing a decrease of 1.03% over the prior year (£13,182,094). There was no general pay award for teaching and support staff although a number of teaching staff were awarded incremental increases as they moved up the seniority scale. The average number of employees has reduced by 2.4% to 324 (2019/20 – 332)
- A reduction in the number and cost of overseas school trips.
- Total financing costs were reduced to £246,416 (2019/20: £353,043), including a charge for bad debts of £53,615, a reduction of £41,102 and a reduction in bank loan interest of £67,025.
- Catering and transport costs being lower as a result of the periods of lock-down and restrictions on school activities.
- General cost savings achieved.

Overall, Net Incoming Resources for the year, before investment gains were £722,048 compared with £51,474 in the previous year of which £943,605 reflects an increase in donations.

Overall interest rate costs have reduced by £67,025. Interest rate risk exposure is managed by fixing interest rates on a proportion of the loan portfolio within parameters that are agreed and regularly reviewed by the Finance and General Purposes Committee. Further details of the loans and current interest rates are included in note 17.

Net debt has reduced by £295,167 to £1,955,558 from £2,250,725. Cash balances amounting to £8,700,572 (2020: £6,194,462) at the year-end reflecting prudent cash management in previous periods.

The School continues to operate within the covenants set by the bank for its loan facilities.

The School achieves its liquidity objectives by the careful management of working capital and regular forecasting of short and long term cash requirements.

The School's cost base predominantly comprises staff costs and therefore the impact of commodity price risk is modest although there is exposure to increases in utility and related building operational costs.

The school's exposure to credit risk is mitigated by fees being due and collected at the beginning of each term.

The operating performance of PGS Promotions Limited is set out in note 7.

Reserves Policy

The School's consolidated unrestricted funds stood at £16,662,974 at the year-end (2020: £16,933,901).

After adjusting for designated funds, functional fixed assets for the charity's own use and borrowings against those assets, the school has free reserves of £6.11m (2020: £4.22m) (as defined by the Charity Commission) against a planned level of broadly equivalent to three months' operating costs which equates to £4.54m.

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STRATEGIC REPORT (continued)

The Governors regularly review the reserves policy in the light of the future plans for the school, the projected budgets and cash flow forecasts. This policy reflects the risks and uncertainties of operating as an independent educational establishment and the significant on-going demands of the school to maintain up to date facilities and invest for both the present and the future. In addition, the policy also recognises the specific financing structure of the school where future external debt re-payments are required to be funded from operational cash flows and the school is required to operate within its banking covenants on existing debt.

In light of these considerations, the Governors believe the current level of Free Reserves to be appropriate to the needs of the school at the present time.

Investment policy and objectives

Investec Wealth and Investment Ltd continue to be the school's investment advisers and the delegated authority given to them to act within a framework set by the Governing Body which has been reviewed during the year remains appropriate in the current economic climate. Following advice received from Investec on the management of Charitable Funds the School has opened a 'Discretionary Account' in which eight previous funds have been consolidated for the purposes of administrative ease and simplicity of investment management. This consolidated fund with a market value of £2.6 million represents in the order of 11% of the School's net assets and is operated within the framework detailed below:

1. The overall objectives are to create sufficient income and capital growth to enable the School to carry out its purposes consistently year by year with due and proper consideration for future needs, and the maintenance or enhancement of the value of the invested funds. These objectives are to be achieved by investing prudently in a broad range of quoted fixed interest securities, equities and collective vehicles which are appropriately authorised and compliant with current legislation.
2. The investment portfolio is allocated between various asset classes set out below and performance benchmarked against comparative indices appropriate to the following different asset classes, performance of which is measured against the indices shown in brackets:
 - a) 12.79% high quality fixed interest securities (FTSE Government All Stocks Index);
 - b) 31.35% UK equities (FTSE All Share Index);
 - c) 41.86% Overseas Equities (FTSE World [ex-UK] Index £);
 - d) 4.7% Commercial property (Investment Property Databank monthly Index);
 - e) 8.67% Infrastructure alternatives (Bank of England base rate +2%);
 - f) 0.63% Cash (Bank of England base rate -0.5%.
3. There will be no investment in unquoted securities or in direct derivatives, and the maximum equity exposure is 75% of the value of the portfolio.
4. The Governors reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which could damage the School's reputation. The Governors expect the fund manager to have considered the suitability of investments of the same kind as any particular investment proposed to be made or retained.
5. The investment managers may exercise voting rights on behalf of the trustees taking into account the general nature of the investment portfolio of the School.

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STRATEGIC REPORT (continued)

6. Investment decisions should be based upon long-term considerations and the Governors will assess the performance of the investment advisors on the basis of the total return including both capital growth and income.
7. The investment managers should take into account the general nature of the school and not knowingly make investments that may compromise the position of the school, its reputation or charitable objectives.

Investment Performance

Investment Performance has been satisfactory in what has been a further year of national financial uncertainty through both the Covid-19 pandemic and Britain's exit from the European Union. The investment fund achieved an increase of 16.46% over the year.

Charity Funds

A description of the various funds and the restrictions on their use is set out at note 1g.

Future Plans

The Governors review the School Strategic Plan annually and this report covers the period of the Strategic Plan for 2020-2025 which together with an associated Operational Plan, underpins all the school's activity. Our Governors and Staff are fully committed to maintaining the momentum of the school's development to ensure that we continue to provide young people with an outstanding educational experience.

RISK MANAGEMENT

Day to day management of risk is undertaken by the school's Senior Management Team (SMT) which meets formally twice a week. The SMT consists of the Head, the Head of the Junior School, the Bursar, four Deputy Heads, and three Assistant Heads. Additional staff are co-opted as necessary for specific matters.

The Covid-19 pandemic has presented the need for an additional focus on risk and an extensive risk assessment addressing all aspects relating to Covid-19 and the new risks and resulting operational changes that have been required. A Covid-19 Operations Team, consisting of the Senior Deputy Head, Bursar, Head of the Junior School, Deputy Head of the Junior School and the Estates Manager, also meet at least weekly during term time, to monitor changing guidance, requirements or other feedback, so appropriate changes can be made. A sub-group of Governors was also meeting weekly with the Head and the Bursar to assess and monitor the risks and the actions in response to those risks, as a result of the pandemic.

The Governing Body undertakes a formal review of the school's Risk Management arrangements at least once every year and the Audit and Risk Committee provides focus to this important area. This committee has specifically targeted the top risks of the organisation giving direction not only on the important aspects of risk mitigation but also the opportunities that certain types of risk might present.

The top risks identified by the Audit and Risk Committee also feature as standing agenda items in the agendas of termly Governing Committee meetings. During the year these top risks and their constituent elements as identified below have been discussed in detail and the threats and opportunities associated with them have been allocated to specific committees and monitored for action as necessary.

The key risks identified and allocated to committees for discussion and where appropriate mitigation are as detailed below. The committees have a standing agenda item to discuss the components making up the key risk areas.

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STRATEGIC REPORT (continued)

Education Committee

- Maintaining academic reputation and performance
- Recruiting, developing and retaining high quality staff
- Educational risks resulting from the pandemic
- JCQ exam regulations
- Safeguarding and pupil wellbeing

Finance and General Purposes Committee

- Affordability, financial sustainability and pupil recruitment
- Financial risks resulting from the pandemic
- GDPR and cyber security
- Charitable status and moral justification of independent education

Audit and Risk Committee

- Excellent welfare, health and safety
- Health and safety issues resulting from the pandemic
- Succession planning for governance and staff

PROVISION OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the reappointment of Crowe U.K. LLP as auditors of the company will be put to the Annual General Meeting.

This Report of the Directors, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Governing Body on 18 January 2022 including in its capacity as company directors approving the Strategic Report contained therein, and is signed as authorised on its behalf by:


WJB Cha (Chair)

THE PORTSMOUTH GRAMMAR SCHOOL

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also directors of The Portsmouth Grammar School for the purposes of company law) are responsible for preparing the Report of the Directors, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL

Opinion

We have audited the financial statements of The Portsmouth Grammar School for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Company Balance Sheets, the Consolidated 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2021 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Annual Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Governors' Annual Report.

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

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

Responsibilities of the Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 26, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Responsibilities of the Governors (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context for the charity were The Education (Independent Schools Standards) Regulation 2014, Health and Safety, Safeguarding, Food Standards, Charity Commission regulations and General Data Protection Regulation (GDPR). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance. Our audit procedures to respond to revenue recognition risks include testing a sample of income across the year to supporting documentation, and reviewing income received either side of the year end to ensure this has been recognised correctly.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

A handwritten signature in dark ink, appearing to read 'J. Joyce'.

Janette Joyce

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Reading

Date: 25 January 2022

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2021 £	Total 2020 £
INCOME AND ENDOWMENTS							
Charitable activities							
School fees receivable	4	16,862,848	-	-	-	16,862,848	16,996,395
Ancillary trading income	5	422,074	-	-	-	422,074	703,980
Other trading activities							
Activities for generating funds:							
Non-charitable trading	7	122,184	-	-	-	122,184	116,154
Other incoming resources		44,574	-	-	-	44,574	66,366
Investments							
Investment Income	6	21,040	7,896	5,692	21,133	55,761	86,600
Voluntary sources							
Donations		169,352	397,360	-	750,000	1,316,712	373,107
Coronavirus Job Retention scheme income		51,074	-	-	-	51,074	155,409
Total income		<u>17,693,146</u>	<u>405,256</u>	<u>5,692</u>	<u>771,133</u>	<u>18,875,227</u>	<u>18,498,011</u>
EXPENDITURE ON:							
Raising Funds							
Non-charitable trading	7	146,611	-	-	-	146,611	193,650
Financing costs	10	234,975	-	2,428	9,013	246,416	353,043
Fund-raising costs		239,844	-	-	-	239,844	198,768
Charitable activities:							
School operating costs and grant making		<u>17,493,395</u>	<u>9,896</u>	<u>17,017</u>	<u>-</u>	<u>17,520,308</u>	<u>17,701,076</u>
Total expenditure	8	18,114,825	9,896	19,445	9,013	18,153,179	18,446,537
Net investment gains/(losses)	12	<u>150,752</u>	<u>-</u>	<u>48,702</u>	<u>180,837</u>	<u>380,291</u>	<u>17,273</u>
NET INCOME/(EXPENDITURE)		(270,927)	395,360	34,949	942,957	1,102,339	68,747
Transfer between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		(270,927)	395,360	34,949	942,957	1,102,339	68,747
Fund balances at 1 September 2020		<u>16,933,901</u>	<u>817,506</u>	<u>234,775</u>	<u>4,558,622</u>	<u>22,544,804</u>	<u>22,476,057</u>
Fund balances at 31 August 2021		<u>16,662,974</u>	<u>1,212,866</u>	<u>269,724</u>	<u>5,501,579</u>	<u>23,647,143</u>	<u>22,544,804</u>

The notes on pages 35 to 55 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED BALANCE SHEET
31 AUGUST 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	11	22,746,211	23,076,080
Investments	12a	2,638,731	2,277,010
Investment property	12b	<u>750,000</u>	<u>-</u>
		26,134,942	25,353,090
CURRENT ASSETS			
Stocks		111,571	139,949
Debtors	14	890,546	1,108,969
Cash at bank and in hand	13	<u>8,700,572</u>	<u>6,194,462</u>
		9,702,689	7,443,380
CREDITORS: Amounts falling due within one year	15	<u>-(3,209,043)</u>	<u>-(3,221,190)</u>
NET CURRENT ASSETS		<u>-6,493,646</u>	<u>4,222,190</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,628,588	29,575,280
CREDITORS: Amounts falling due in more than one year	16	<u>-(8,981,445)</u>	<u>-(7,030,476)</u>
TOTAL NET ASSETS		<u>£ 23,647,143</u>	<u>£ 22,544,804</u>
FUNDS			
Permanent Endowment funds	21a	5,501,579	4,558,622
Expendable Endowment fund	21b	269,724	234,775
Restricted funds	19	1,212,866	817,506
Unrestricted funds - General	20	<u>16,662,974</u>	<u>16,933,901</u>
TOTAL FUNDS	22	<u>£23,647,143</u>	<u>£ 22,544,804</u>

The surplus for the year in relation to the School only was £854,250 (2020: £87,991). The financial statements were approved and authorised for issue by the Board on 18 January 2022.


W J B CHA
CHAIR

The notes on pages 35 to 55 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
COMPANY BALANCE SHEET
31 AUGUST 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	11	19,118,031	19,441,866
Investments	12a	2,638,733	2,277,012
Investment property	12b	<u>750,000</u>	<u>-</u>
		22,506,764	21,718,878
CURRENT ASSETS			
Stock		16,506	12,379
Debtors	14	1,190,214	1,478,645
Cash at bank and in hand	13	<u>8,481,242</u>	<u>5,958,242</u>
		9,687,962	7,449,266
CREDITORS: Amounts falling due within one year	15	<u>(4,583,689)</u>	<u>(4,362,326)</u>
NET CURRENT ASSETS		<u>5,104,273</u>	<u>3,086,940</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,611,037	24,805,818
CREDITORS: Amounts due in more than one year	16	<u>(8,981,445)</u>	<u>(7,030,476)</u>
TOTAL NET ASSETS		<u>£18,629,592</u>	<u>£ 17,775,342</u>
FUNDS			
Permanent endowment fund	21a	750,000	-
Restricted funds	19	1,212,866	817,506
Unrestricted funds - General	20	<u>16,666,726</u>	<u>16,957,836</u>
TOTAL FUNDS	22	<u>£18,629,592</u>	<u>£ 17,775,342</u>

The financial statements were approved and authorised for issue by the Board on 18 January 2022.


W J/B CHA
CHAIR

The notes on pages 35 to 55 form part of these financial statements

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

		2021 £	2020 £
Cash flows from operating activities			
Net movement in funds per SOFA		1,102,339	68,747
Depreciation		934,965	897,755
Loss on disposal of fixed assets		17,578	-
Investment income		(55,761)	(86,600)
Interest paid		130,905	197,930
Gain on investments		(380,291)	(17,273)
Decrease/(increase) in stock		28,378	17,732
(Increase)/decrease in debtors		218,423	(1,691)
(Decrease)/increase in creditors		<u>(264,394)</u>	<u>(408,234)</u>
Cash provided by operating activities		1,732,142	668,366
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(622,674)	(947,654)
Payments to acquire fixed asset investments		(335,960)	(282,707)
Payments to acquire fixed asset investment property		(750,000)	-
Proceeds on disposal of fixed asset investments		346,803	242,194
Interest paid		(130,905)	(197,930)
Investment income		<u>55,761</u>	<u>86,600</u>
Cash used in investing activities		(1,436,975)	(1,099,497)
Cash flows from financing activities			
Bank loan repaid		(672,771)	(2,037,599)
New bank loan		<u>2,500,000</u>	<u>1,528,237</u>
Cash used in financing activities		<u>1,827,229</u>	<u>(509,362)</u>
Advance fees scheme			
Payments on account utilised	18	(1,090,129)	(1,193,165)
Receipts from new contracts		<u>1,466,116</u>	<u>902,766</u>
Cash (used in) / provided by advance fees		<u>375,987</u>	<u>(290,399)</u>
Increase/(Decrease) in cash and cash equivalents in the year	23	2,498,383	(1,230,892)
Cash and cash equivalents at the beginning of the year		<u>6,218,433</u>	<u>7,449,325</u>
Total cash and cash equivalents at the end of the year		<u>£ 8,716,816</u>	<u>£ 6,218,433</u>
Analysis of cash and cash equivalents:			
Cash at bank and in hand	13	8,700,572	6,194,462
Cash held with investment manager	12	<u>16,244</u>	<u>23,971</u>
		<u>£ 8,716,816</u>	<u>£ 6,218,433</u>

The notes on pages 35 to 55 form part of these financial statements

**THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

1. CHARITY INFORMATION

The school principally provides education in Portsmouth and the surrounding areas to boys and girls from 2 years 6 months to 18 years old. The incorporated charity (charity number 1063732, company number 3401010), is domiciled in the UK. The address of the registered office is The Portsmouth Grammar School, High Street, Portsmouth, Hampshire, PO1 2LN.

2. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements present the consolidated statement of financial activities (SOFA) and the charity and consolidated balance sheets comprising the consolidation of the School, its wholly owned subsidiary PGS Promotions Limited, the Endowment Trust and the Arthur Darby Nock Trust.

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

The Portsmouth Grammar School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). No separate SOFA or Income and Expenditure Account have been presented for the School alone as permitted by section 408 of the Companies Act 2006.

Going concern

At the time of approval of the Annual Report, the Covid-19 pandemic continues to evolve and the long term impact on the charity, in common with other businesses, is unknown. The Governors have reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils as well as employment of staff. The charity currently holds sufficient and appropriate cash balances supplemented, if needed, by an overdraft facility. Given the current circumstances the pupil numbers for current academic year 2021/22 have remained relatively stable. Conservative cash flow modelling with sensitivity analysis indicates that the cash reserves of the charity are adequate to meet the charity's obligations as they fall due. Accordingly, the Governors believe the School's financial resources are sufficient to ensure the School will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

b) Income

Fees receivable and similar income

Fees receivable and other incoming resources are accounted for on a receivable basis. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants.

Ancillary trading income

Ancillary trading income is included in the statement of financial activities when the charitable company is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

Donations

Donations and legacies are credited to revenue on a receivable basis. No amounts are included in the financial statements for services donated by volunteers.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

ACCOUNTING POLICIES (continued)

Government Grants

Grants are accounted for under the performance model as permitted by the Charity SORP. CJRS grant income is therefore recognised on a straight line basis over the furlough period for each relevant employee.

c) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the cost of running the charity, including external audit, Governors legal advice and constitutional and statutory compliance costs.

Redundancy and termination payments are included within the accounts on an accruals basis, in line with expenditure and measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

d) Investments

Listed investments are valued at their market value at the balance sheet date from the appropriate Stock Exchange or from the relevant fund manager. Dividends, other investment income and interest are accounted for on a receivable basis. Investment gains and losses are recognised in the Statement of Financial Activities in the period in which they arise.

In order to optimise future investment performance, the Trustees have adopted a policy of investment pooling with affect from 26 April 2018. The investment pooling arrangement includes the School, together with The PGS Endowment Trust and Arthur Darby Nock Trust.

Unlisted investments are carried at historic cost.

e) Investment Properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Where investment properties are held to be sold, the assets are reclassified as being current assets and included in the Balance Sheet at their open market values.

f) Tangible fixed assets

Expenditure on improvements and modernisation which enhances the long-term capability of the School is capitalised and depreciated in line with the policy for freehold buildings. Expenditure on repairs and general maintenance incurred on a regular basis is charged to the statement of financial activities on the accruals basis.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

ACCOUNTING POLICIES (continued)

g) Depreciation

Depreciation is provided on tangible fixed assets to write off their cost, less estimated residual value, over their estimated useful economic life, by instalments, as follows: -

Freehold buildings	-	2% per annum on cost
Library Improvements	-	10% per annum on cost
Furniture, fittings and equipment	-	20% per annum, reducing balance
Motor vehicles	-	20% per annum, reducing balance
Computer equipment	-	33% per annum on cost
Gym Equipment	-	33% per annum on cost

Individual items costing less than £500 are written off as an expense on acquisition.

h) Fund accounting

Unrestricted funds

Unrestricted funds relate to the School's general operational funds.

Restricted funds

Restricted funds are those which must be applied in accordance with the purpose specified by the donor. Expenditure relating to these purposes is charged directly to the fund.

Permanent Endowment Funds

Endowed funds consist of investments and part of the freehold land and buildings used by The Portsmouth Grammar School. The purpose to which the investments may be applied is restricted in accordance with the terms of The Portsmouth Grammar School Endowment Trust.

The fund also includes a property endowment fund consisting of an investment property held by the school. The rental income generated will fund the Wilkie Scholarship in restricted funds.

Expendable Endowment Fund

The expendable endowment fund relates to the Arthur Darby Nock Trust, a linked charity. In accordance with the instructions of the Charity Commission, the assets, liabilities and transactions of the Trust remain separately identifiable within the consolidated accounts, being maintained in an Expendable Endowment Fund within the SOFA and shown on the face of the Balance Sheet.

i) Pension schemes

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set out by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme.

The School also operates defined contribution schemes for non-teaching staff, including an auto enrolment arrangement. Contributions to the schemes are charged in the SOFA as they become payable, in accordance with the rules of the schemes.

j) Stocks

Stocks are stated at the lower of cost and net realisable value.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

ACCOUNTING POLICIES (continued)

k) Leased Assets – Lessee and Lessor

Operating lease expenses/rental income are charged/credited to the statement of financial activities on a straight-line basis over the relevant lease term.

l) Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 28 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments and debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding advance fees, deposits in advance and other taxes and social security.

m) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

n) Deferred income (Advance fees)

Amounts received under the school's Advance Fee Scheme contracts for education not utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date as long-term liabilities where the education will be provided in subsequent years.

o) Parents' deposits

The Governors have reviewed the contract terms under which Pupil fee deposits are held by the School. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2021 have been included within current liabilities.

p) Bad debt provisions

When the school instructs lawyers to assist in the recovery of a parent debt, a full provision will be made. All other ongoing debts are individually considered and either a full or partial provision may be made as deemed appropriate by the Bursar, on the particular circumstances concerned, to ensure that an appropriate level of provision is maintained.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values 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.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The estimates and underlying assumptions are reviewed on an on-going 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 affects the current and future periods.

The trustees consider that the provision for doubtful debts is the estimate which gives rise to the most significant risk of a material misstatement in the financial statements, having regard to the Covid-19 pandemic.

4. SCHOOL FEES RECEIVABLE

	2021 £	2020 £
School fees receivable consist of:-		
Gross fees	19,463,525	19,172,792
Less:		
Foundation bursaries	(1,427,258)	(1,301,146)
Scholarships, prizes, discounts and allowances	<u>(1,173,419)</u>	<u>(875,251)</u>
	<u>£16,862,848</u>	<u>£16,996,395</u>

The above educational awards were made to 422 individuals (2020: 383).

Gross fees are shown net of the standard 3% direct debit discount which is taken up by the majority of parents.

Last year a fee reduction was applied to summer term fees due to school closure as a result of the Covid-19 pandemic.

5. ANCILLARY TRADING INCOME

	2021 £	2020 £
Lunches	251,623	363,461
School trips	74,328	227,218
Registration fees	18,150	15,700
Fee protection insurance	19,960	17,697
Events and fundraising	-	9,790
Sale of goods	6,478	14,383
Other ancillary income	<u>51,535</u>	<u>55,731</u>
	<u>£ 422,074</u>	<u>£ 703,980</u>

6. INVESTMENT INCOME

	2021 £	2020 £
Rental income	7,896	-
Dividend income	44,772	46,132
Bank interest	<u>3,093</u>	<u>40,468</u>
	<u>£ 55,761</u>	<u>£ 86,600</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

7. TRADING SUBSIDIARY

PGS PROMOTIONS LIMITED	2021 £	2020 £
Turnover	171,875	164,785
Cost of sales	<u>(109,191)</u>	<u>(125,506)</u>
Gross profit	62,684	39,279
Administrative expenses	(42,502)	(73,635)
Other operating income	<u>-</u>	<u>2,720</u>
Net profit/(loss)	<u>£ 20,182</u>	<u>£ (31,636)</u>
Retained earnings at the beginning of the year	(23,936)	8,927
Profit / (loss) for the year	20,182	(31,636)
Gift aid donation	<u>-</u>	<u>(1,227)</u>
Retained earnings at the end of the year	<u>(3,754)</u>	<u>(23,936)</u>

PGS Promotions Limited had net liabilities totalling £3,752 (2020: £23,934) at the year-end.

Aggregate non-charitable trading income of £49,692 (2020: £48,361) and expenditure of £5,083 (2020: £5,084) was eliminated on consolidation.

8. TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	2021 £	2020 £
Charitable activities					
Teaching costs	10,426,304	435,623	1,080,614	11,942,541	12,177,314
Welfare costs	490,907	-	349,182	840,089	943,272
Premises costs*	679,622	498,518	1,294,379	2,472,519	2,228,085
Support costs	<u>1,255,187</u>	<u>-</u>	<u>992,955</u>	<u>2,248,142</u>	<u>2,336,538</u>
School's operating costs	<u>12,852,020</u>	<u>934,141</u>	<u>3,717,130</u>	<u>17,503,291</u>	<u>17,685,209</u>
Raising Funds					
Financing costs	-	-	234,975	234,975	342,229
Fund-raising costs	<u>167,174</u>	<u>-</u>	<u>72,670</u>	<u>239,844</u>	<u>198,768</u>
	<u>167,174</u>	<u>-</u>	<u>307,645</u>	<u>474,819</u>	<u>540,997</u>
TOTAL FOR SCHOOL	<u>13,019,194</u>	<u>934,141</u>	<u>4,024,775</u>	<u>17,978,110</u>	<u>18,226,206</u>
Subsidiary trading and finance costs	27,678	824	118,109	146,611	193,650
Endowment fund	-	-	9,013	9,013	8,520
The Arthur Darby Nock Trust	<u>-</u>	<u>-</u>	<u>19,445</u>	<u>19,445</u>	<u>18,161</u>
TOTAL FOR GROUP	<u>£13,046,872</u>	<u>£ 934,965</u>	<u>£ 4,171,342</u>	<u>£18,153,179</u>	<u>£18,446,537</u>

Included in support costs are governance costs of £28,000 (2020: £30,460).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

8. TOTAL RESOURCES EXPENDED (continued)

	2021 £	2020 £
Total staff costs comprised:		
Wages and salaries	10,276,850	10,369,731
Social security costs	937,695	963,910
Pension contributions	1,736,254	1,758,840
Other	<u>96,073</u>	<u>89,613</u>
	<u>£13,046,872</u>	<u>£13,182,094</u>

Included within the wages figure above is £374,745 (2020: £342,750) in relation to the School's catering contract. Also included within the wages figure above are severance payments of £86,852 (2020: £nil).

The average number of employees in the period was 324 broken down as follows:

	2021	2020
Average number of teaching staff:		
Full Time	113	117
Part Time	<u>65</u>	<u>64</u>
Total	<u>178</u>	<u>181</u>
Average number of support staff		
Full Time	70	76
Part Time	<u>76</u>	<u>75</u>
Total	<u>146</u>	<u>151</u>
Total all staff	<u>324</u>	<u>332</u>

The number of employees whose emoluments exceeded £60,000 were:

	2021 No.	2020 No.
£60,000 - £70,000	8	8
£70,000 - £80,000	3	3
£80,000 - £90,000	2	2
£100,000 - £110,000	1	1
£130,000 - £140,000	<u>1</u>	<u>1</u>

In connection with these higher paid employees, retirement benefits are accruing under money purchase schemes for 3 (2020: 3) and under multi-employer defined benefit schemes for 12 employees (2020: 12). The total employer contributions in the year to the schemes were £218,018 (2020: £218,775).

Key management personnel comprise the Governors and Senior Management Team listed on page 2. Key management personnel received aggregate remuneration (including employers NI and employers Pension) of £1,133,437 (2020: £1,067,197).

None of the Governors or any persons connected with them have received any remuneration in the year. 2 trustees were reimbursed expenses during the year totalling £(35) (2020: £2,900). Expenses paid totalled £150 for courses in the year and £185 was refunded relating to prior year.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

9. NET INCOME

	2021 £	2020 £
Net income is stated after charging:		
Auditors' remuneration - Audit – School	21,800	21,400
- Audit – Subsidiary	5,200	5,100
- Other services	1,000	1,060
- Corporation tax compliance	850	1,500
Operating leases	85,479	94,805
Depreciation	<u>934,965</u>	<u>897,755</u>

10. FINANCING COSTS

	2021 £	2020 £
Bank loan and overdraft interest	130,905	197,930
Bank charges	9,841	10,196
Bad debts	53,615	94,717
Other financing costs	<u>52,055</u>	<u>50,200</u>
	<u>£ 246,416</u>	<u>£ 353,043</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

11. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings	Fixtures, fittings, computer equipment & plant	Motor vehicles	Total
	£	£	£	£
COST				
At 1 September 2020	26,923,668	8,857,290	65,012	35,845,970
Additions	213,097	409,577	-	622,674
Disposals	-	(3,249,764)	-	(3,249,764)
At 31 August 2021	<u>27,136,765</u>	<u>6,017,103</u>	<u>65,012</u>	<u>33,218,880</u>
DEPRECIATION				
At 1 September 2020	5,250,890	7,457,496	61,504	12,769,890
Charge for the year	469,032	465,231	702	934,965
Disposals	-	(3,232,186)	-	(3,232,186)
At 31 August 2021	<u>5,719,922</u>	<u>4,690,541</u>	<u>62,206</u>	<u>10,472,669</u>
NET BOOK VALUE				
At 31 August 2021	<u>£21,416,843</u>	<u>£1,326,562</u>	<u>£ 2,806</u>	<u>£ 22,746,211</u>
At 31 August 2020	<u>£21,672,778</u>	<u>£1,399,794</u>	<u>£ 3,508</u>	<u>£ 23,076,080</u>
SCHOOL				
COST				
At 1 September 2020	23,298,784	8,713,953	53,787	32,066,524
Additions	213,097	409,577	-	622,674
Disposals	-	(3,130,200)	-	(3,130,200)
At 31 August 2021	<u>23,511,881</u>	<u>5,993,330</u>	<u>53,787</u>	<u>29,558,998</u>
DEPRECIATION				
At 1 September 2020	5,250,890	7,321,135	52,633	12,624,658
Charge for the year	469,032	464,878	231	934,141
Disposals	-	(3,117,832)	-	(3,117,832)
At 31 August 2021	<u>5,719,922</u>	<u>4,668,181</u>	<u>52,864</u>	<u>10,440,967</u>
NET BOOK VALUE				
At 31 August 2021	<u>£17,791,959</u>	<u>£1,325,149</u>	<u>£ 923</u>	<u>£ 19,118,031</u>
At 31 August 2020	<u>£18,047,894</u>	<u>£1,392,818</u>	<u>£ 1,154</u>	<u>£ 19,441,866</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

12a. FIXED ASSET INVESTMENTS

GROUP

	2021 £	2020 £
UK Listed investments		
At 1 September 2020	2,253,039	2,195,253
Additions	335,960	282,707
Disposals	(346,803)	(242,194)
Investment gains	<u>380,291</u>	<u>17,273</u>
Market value of investments	2,622,487	2,253,039
Cash held for investment	<u>16,244</u>	<u>23,971</u>
Total investment at 31 August 2021	£ 2,638,731	£ 2,277,010
Historical Cost	<u>£ 2,035,203</u>	<u>£ 1,975,245</u>

SCHOOL

	Listed £	Unlisted £	Total £
At 1 September 2020	2,253,039	2	2,253,041
Additions	335,960	-	335,960
Disposals	(346,803)	-	(346,803)
Investment gains	<u>380,291</u>	<u>-</u>	<u>380,291</u>
Market value of investments	<u>2,622,487</u>	<u>2</u>	<u>2,622,489</u>
Cash held for investment*	<u>16,244</u>	<u>-</u>	<u>16,244</u>
At 31 August 2021	£ 2,638,731	£ 2	£ 2,638,733
Historical cost	<u>£ 2,035,203</u>	<u>£ 2</u>	<u>£ 2,035,205</u>

The School owns 100% of the ordinary share capital and voting rights of PGS Promotions Limited, whose principal activity is to operate the School's sports centre, transport and uniform shop. The company's registered office is: The Portsmouth Grammar School, High Street, Old Portsmouth, Hampshire, PO1 2LN.

The results of the subsidiary are included in these consolidated accounts on a line-by-line basis, as required by the Charities SORP.

12b. FIXED ASSET INVESTMENT PROPERTY

GROUP AND SCHOOL

	2021 £	2020 £
At 1 September 2020	-	-
Additions	<u>750,000</u>	<u>-</u>
Market Value at 31 August 2021	£ 750,000	£ -
Historical Cost	<u>£ 750,000</u>	<u>£ -</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

13. CASH AND CASH EQUIVALENTS

	Group		School	
	2021 £	2020 £	2021 £	2020 £
Cash at bank and in hand	<u>8,700,572</u>	<u>6,194,462</u>	<u>8,481,242</u>	<u>5,958,242</u>
	<u>£ 8,700,572</u>	<u>£6,194,462</u>	<u>£ 8,481,242</u>	<u>£ 5,958,242</u>

14. DEBTORS

	Group		School	
	2021 £	2020 £	2021 £	2020 £
Trade and parental debt	336,141	449,961	253,524	390,097
Amounts due from group undertakings	-	-	387,641	435,428
Prepayments and other debtors	495,197	557,966	489,841	552,078
Deferred expenditure	<u>59,208</u>	<u>101,042</u>	<u>59,208</u>	<u>101,042</u>
	<u>£ 890,546</u>	<u>£1,108,969</u>	<u>£ 1,190,214</u>	<u>£ 1,478,645</u>

15. CREDITORS: Amounts falling due within one year

	Group		School	
	2021 £	2020 £	2021 £	2020 £
Bank loan (note 17)	584,822	625,367	584,822	625,367
Trade creditors	500,858	477,520	500,858	477,520
Amounts owed to group undertakings	-	-	1,396,421	1,168,513
Deposits in advance	123,781	82,300	123,781	82,300
Other creditors	188,597	211,441	188,597	211,441
Accruals	468,088	773,957	447,426	746,580
Deferred income (note 18)	1,106,107	813,315	1,106,107	813,315
Other taxes and social security	<u>236,790</u>	<u>237,290</u>	<u>235,677</u>	<u>237,290</u>
	<u>£3,209,043</u>	<u>£3,221,190</u>	<u>£4,583,689</u>	<u>£4,362,326</u>

16. CREDITORS: Amounts falling due after more than one year

	Group		School	
	2021 £	2020 £	2021 £	2020 £
Bank loans (note 17)	7,980,938	6,113,164	7,980,938	6,113,164
Deferred income (note 18)	<u>1,000,507</u>	<u>917,312</u>	<u>1,000,507</u>	<u>917,312</u>
	<u>£8,981,445</u>	<u>£7,030,476</u>	<u>£8,981,445</u>	<u>£7,030,476</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

17. BANK LOANS – GROUP AND SCHOOL

The bank loans are repayable as follows:-

	2021 £	2020 £
Within one year	584,822	625,367
Between one and two years	916,594	454,668
Between two and five years	2,765,074	1,116,848
Over five years	<u>4,299,270</u>	<u>4,541,648</u>
	<u>£ 8,565,760</u>	<u>£ 6,738,531</u>

The school has the following loans:

- A bank loan of £3.1m was taken out in 2005 to finance development and construction of the new theatre facility and the dining hall at the school. This is repayable over fifteen years by termly instalments. On 29 January 2014 the balance of £1,854,934 was changed to a fixed rate of 2.56%. The balance outstanding at the year-end was £87,370 (2020: £348,274).
- A bank loan of £4.8m was agreed during 2010 to finance the construction of a new science centre. The loan is repayable over 25 years by termly instalments. For the first 10 years of the loan arrangement £2.4m will be paid at a fixed rate of 5.03%. In May 2020, the 10 year fixed agreement transferred to a floating rate. The remaining £2.4m was repayable at 1.6% above the bank base rate. This loan has been transferred to a new loan in January 2020 at a fixed rate of 2.65%. The balance outstanding at the end of the year on these loans was £3,034,295 (2020: £3,301,562).
- A bank loan of £3.8m was agreed to finance the construction of the new Sixth form Centre. The loan is repayable over 25 years at a rate of 1.85% above base. The school made a first drawing on the loan of £1,969,076 on 29 April 2014. The balance outstanding at the year-end was £2,954,095 (2020: £3,088,695).
- A bank loan of £2.5m was received under the corona virus business interruption scheme. The loan is repayable over 5 years at a rate of 1.45% above base. The school received the loan of £2.5mn into their current account on 16 July 2021. The balance outstanding at the year-end was £2,500,000 (2020: £nil).

The above loans are secured by first legal charges dated 29 February 2000 and 23 March 1999 in favour of Lloyds TSB Bank Plc over the freehold land and buildings at Portsmouth Grammar School, High Street, Portsmouth and 8 Penny Street, Portsmouth respectively.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

18. DEFERRED INCOME (ADVANCE FEES) – GROUP AND SCHOOL

Parents may enter into a contract to pay to the school up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions and on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:-

	2021 £	2020 £
Within one year	1,106,107	813,315
Within 1 to 2 years	352,764	378,542
Within 2 to 5 years	510,273	397,326
Over five years	<u>137,470</u>	<u>141,444</u>
	<u>£ 2,106,614</u>	<u>£ 1,730,627</u>

The balance represents the accrued liability under the contracts. The movements during the year were:-

Balance at 1 September 2020	1,730,627	2,021,026
New contracts	<u>1,466,116</u>	<u>902,766</u>
Amounts accrued to contracts	3,196,743	2,923,792
Amounts utilised in payment of fees to the school	<u>(1,090,129)</u>	<u>(1,193,165)</u>
Balance at 31 August 2021	<u>£ 2,106,614</u>	<u>£ 1,730,627</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

19. RESTRICTED FUNDS

GROUP AND SCHOOL

Fund name	<i>At 1 September 2020 £</i>	Incoming Resources £	Resources expended £	Transfers between funds £	At 31 August 2021 £
William Smith Fund	732,240	396,759	-	-	1,128,999
Geoff Foley Innovation and Creativity	14,860	-	-	-	14,860
Wilkie Scholarship Fund	-	7,896	(7,896)	-	-
Other	<u>70,406</u>	<u>601</u>	<u>(2,000)</u>	<u>-</u>	<u>69,007</u>
Total	<u>£ 817,506</u>	<u>£ 405,256</u>	<u>£ (9,896)</u>	<u>£ -</u>	<u>£1,212,866</u>

GROUP AND SCHOOL (2020 comparative)

<i>Fund name</i>	<i>At 1 September 2019 £</i>	<i>Incoming Resources £</i>	<i>Resources expended £</i>	<i>Transfers between funds £</i>	<i>At 31 August 2020 £</i>
William Smith Fund	495,446	236,794	-	-	732,240
Geoff Foley Innovation and Creativity	14,880	-	(20)	-	14,860
Other	<u>68,206</u>	<u>2,495</u>	<u>(295)</u>	<u>-</u>	<u>70,406</u>
Total	<u>£ 578,532</u>	<u>£ 239,289</u>	<u>£ (315)</u>	<u>£ -</u>	<u>£ 817,506</u>

William Smith Fund

This fund was launched in July 2015 and exists primarily to provide funds for means tested bursary support to pupils.

Geoff Foley Innovation and Creativity

This fund was set up to promote group work and problem solving outside of normal school work and funds an annual prize.

Wilkie Scholarship Fund

This fund was set up to provide 50% bursaries annually for two pupils entering Year 12 under the Wilkie Scholarship.

Other

Other consists of Graduate Leader Grant and remaining funds raised for the schools in Cambodia and Uganda and through participation by staff and pupils in The Great South Run and other donations.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

20. UNRESTRICTED FUNDS

GROUP

Fund name	<i>At 1 September 2020</i>	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2021
	£	£	£	£	£	£
General	<u>16,933,901</u>	<u>17,693,146</u>	<u>(18,114,825)</u>	<u>150,752</u>	<u>-</u>	<u>16,662,974</u>
Total	<u>£ 16,933,901</u>	<u>£ 17,693,146</u>	<u>£(18,114,825)</u>	<u>£ 150,752</u>	<u>£ -</u>	<u>£ 16,662,974</u>
SCHOOL						
General	<u>16,957,836</u>	<u>17,576,044</u>	<u>(18,017,906)</u>	<u>150,752</u>	<u>-</u>	<u>16,666,726</u>
Total	<u>£ 16,957,836</u>	<u>£ 17,576,044</u>	<u>£(18,017,906)</u>	<u>£ 150,752</u>	<u>£ -</u>	<u>£16,666,726</u>

21a. PERMANENT ENDOWMENT FUNDS

GROUP

Fund name	<i>At 1 September 2020</i>	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2021
	£	£	£	£	£	£
Investment Property Fund	-	750,000	-	-	-	750,000
Trust	<u>4,558,622</u>	<u>21,133</u>	<u>(9,013)</u>	<u>180,837</u>	<u>-</u>	<u>4,751,579</u>
Total	<u>£ 4,558,622</u>	<u>£ 771,133</u>	<u>£ (9,013)</u>	<u>£ 180,837</u>	<u>£ -</u>	<u>£ 5,501,579</u>
SCHOOL						
Investment Property Fund	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>
Total	<u>£ -</u>	<u>£ 750,000</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ 750,000</u>

The Portsmouth Grammar School Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

The Investment Property Fund is accounted for as a Permanent Endowment until such time as the lease is terminated in accordance with the agreement. On reversion of the lease, the School is able to sell the property and apply any or part of the capital and income of the Funds to support the Wilkie Scholarship Fund. At this point the Fund meets the definition of an Expendable Endowment.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

21b. EXPENDABLE ENDOWMENT FUNDS

GROUP

Fund name	<i>At 1 September 2020</i>	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2021
	£	£	£	£	£	£
AD Nock	<u>234,775</u>	<u>5,692</u>	<u>(19,445)</u>	<u>48,702</u>	<u>-</u>	<u>269,724</u>
Total	<u>£ 234,775</u>	<u>£ 5,692</u>	<u>£ (19,445)</u>	<u>£ 48,702</u>	<u>£ -</u>	<u>£ 269,724</u>

The Arthur Darby Nock Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

22. ALLOCATION OF NET ASSETS BETWEEN FUNDS

**2021
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	750,000	1,211,590	(84,895)	-	5,501,579
Restricted	-	-	1,212,866	-	-	1,212,866
Expendable endowment	-	-	401,393	(131,669)	-	269,724
Unrestricted	<u>19,121,327</u>	<u>2,638,731</u>	<u>6,876,840</u>	<u>(2,992,479)</u>	<u>(8,981,445)</u>	<u>16,662,974</u>
Total	<u>£ 22,746,211</u>	<u>£ 3,388,731</u>	<u>£ 9,702,689</u>	<u>£ (3,209,043)</u>	<u>£ (8,981,445)</u>	<u>£ 23,647,143</u>

SCHOOL

Permanent endowment	-	750,000	-	-	-	750,000
Restricted	-	-	1,212,866	-	-	1,212,866
Unrestricted	<u>19,118,031</u>	<u>2,638,733</u>	<u>8,475,096</u>	<u>(4,583,689)</u>	<u>(8,981,445)</u>	<u>16,666,726</u>
Total	<u>£ 19,118,031</u>	<u>£ 3,388,733</u>	<u>£ 9,687,962</u>	<u>£ (4,583,689)</u>	<u>£ (8,981,445)</u>	<u>£ 18,629,592</u>

**2020
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Permanent endowment	3,624,884	-	1,039,766	(106,028)	-	4,558,622
Restricted	-	-	817,506	-	-	817,506
Expendable endowment	-	-	355,117	(120,342)	-	234,775
Unrestricted	<u>19,451,196</u>	<u>2,277,010</u>	<u>5,230,991</u>	<u>(2,994,820)</u>	<u>(7,030,476)</u>	<u>16,933,901</u>
Total	<u>£ 23,076,080</u>	<u>£ 2,277,010</u>	<u>£ 7,443,380</u>	<u>£ (3,221,190)</u>	<u>£ (7,030,476)</u>	<u>£ 22,544,804</u>

SCHOOL

Restricted	-	-	817,506	-	-	817,506
Unrestricted	<u>19,441,866</u>	<u>2,277,012</u>	<u>6,631,760</u>	<u>(4,362,326)</u>	<u>(7,030,476)</u>	<u>16,957,836</u>

Total £19,441,866 £ 2,277,012 £ 7,449,266 £ (4,362,326) £ (7,030,476) £ 17,775,342

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2021 £	2020 £
Increase / (Decrease) in cash in the year	2,498,383	(1,230,892)
Net loan repayments	(1,827,229)	509,362
Net advance fees movements	<u>(375,987)</u>	<u>290,399</u>
Change in net debt	295,167	(431,131)
Net debt at 1 September 2020	<u>(2,250,725)</u>	<u>(1,819,594)</u>
NET DEBT AT 31 AUGUST 2021	<u>£ (1,955,558)</u>	<u>£ (2,250,725)</u>

24. ANALYSIS OF CHANGE IN NET DEBT

	Net debt as at 31 August 2020 £	Cash Change £	Net debt as at 31 August 2021 £
Cash at bank and in hand	6,194,462	2,506,110	8,700,572
Cash at investment manager	23,971	(7,727)	16,244
Loans	(6,738,530)	(1,827,230)	(8,565,760)
Advance fees scheme	<u>(1,730,628)</u>	<u>(375,986)</u>	<u>(2,106,614)</u>
	<u>£(2,250,725)</u>	<u>£ 295,167</u>	<u>£(1,955,558)</u>

25a. OTHER FINANCIAL COMMITMENTS

At 31 August 2021 the School had future minimum lease payments under non-cancellable operating leases as follows:

	Other operating leases	
	2021 £	2020 £
GROUP		
Within one year	75,218	85,479
Between one and five years	13,617	89,020
Over 5 years	-	-
	<u>£ 88,835</u>	<u>£ 174,499</u>
SCHOOL		
Within one year	57,096	61,606
Between one and five years	13,433	70,529
Over 5 years	-	-
	<u>£ 70,529</u>	<u>£ 132,135</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

25b. OTHER FINANCIAL COMMITMENTS: LESSOR

At 31 August 2021 the School had future minimum lease receipts under non-cancellable operating leases as follows:

	Investment property	
	2021	2020
	£	£
GROUP AND SCHOOL		
Within one year	21,600	-
Between one and five years	86,400	-
Over 5 years	37,800	-
	<u>£ 145,800</u>	<u>£ -</u>

26. PENSION COSTS

Defined Benefit Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,579,768 (2020: £1,591,820) and at the year-end £nil (2020: £Nil) 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 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

26. PENSION COSTS (continued)

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June 2021 on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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

Until the cost cap mechanism review is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Other Pensions

In addition to the above the School also makes contributions for non-teaching staff. This is a separately administered defined contribution scheme or an auto enrolment arrangement with NEST. Employers contributions totalling £96,773 (2020: £106,520) were payable to the defined contribution fund for the year and £59,713 (2020: £60,500) payable to NEST for the year.

Total outstanding contributions for all schemes at the year-end were £32,309 (2020: £Nil).

27. RELATED PARTY TRANSACTIONS

The Head is Chair of The PortsFest and one of the Governors is a trustee. At the year-end PortsFest owed the School £9,963 (2020: £1,161). The School contributed £15,000 (2020: £48,550) to PortsFest during the financial year. Further details of PortsFest are described in the Report of the Directors.

The Head's remuneration package included an interest free loan of £100,000 in respect of accommodation in prior years. The loan has no fixed repayment date. £50,000 is included within other debtors (2020 - £100,000), £50,000 has been repaid in the year.

The husband of A Cotton, the Head, is employed by the School under a standard contract of employment.

The wife of L Rees, Head of Sixth Form, is employed by the School under a standard contract of employment.

The wife of H Wiggins, Deputy Head of Teaching and Education Development, is employed by the School under a standard contract of employment.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

28. FINANCIAL INSTRUMENTS

	2021 £	2020 £
Group		
Financial assets measured at amortised cost	9,278,779	6,975,975
Financial liabilities measured at amortised cost	8,409,933	6,230,653
Financial assets measured at fair value	<u>3,388,729</u>	<u>2,277,010</u>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2021 £	2020 £
Interest income and expense:		
Total interest income for financial assets held at amortised cost	55,761	86,600
Total income for financial assets held at fair value	43,547	29,119
Total interest expense for financial liabilities held at amortised cost	<u>130,905</u>	<u>198,337</u>

	2021 £	2020 £
School		
Financial assets measured at amortised cost	9,359,117	7,109,431
Financial liabilities measured at amortised cost	9,827,016	7,426,543
Financial assets measured at fair value	<u>3,388,731</u>	<u>2,277,008</u>

The school's income, expense, gains and losses in respect of financial instruments are summarised below:

	2021 £	2020 £
Interest income and expense:		
Interest income	55,761	86,600
Total income for financial assets held at fair value	16,722	18,153
Interest expense	<u>130,905</u>	<u>197,930</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash and cash equivalents.

Financial assets are measured at fair value comprise listed investments.

Financial liabilities measured at amortised costs comprise bank loans, amounts owed to group undertakings, net obligations under finance lease and hire purchase contracts, other creditors and accruals.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

29. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2020 £
INCOME AND ENDOWMENTS					
<i>Charitable activities</i>					
School fees receivable	16,996,395	-	-	-	16,996,395
Ancillary trading income	703,980	-	-	-	703,980
<i>Other trading activities</i>					
Activities for generating funds:					
Non-charitable trading	116,154	-	-	-	116,154
Other incoming resources	66,366	-	-	-	66,366
<i>Investments</i>					
Investment Income	57,481	-	6,178	22,941	86,600
<i>Voluntary sources</i>					
Donations	133,818	239,289	-	-	373,107
Coronavirus Job Retention scheme income	<u>155,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,409</u>
Total income	<u>18,229,603</u>	<u>239,289</u>	<u>6,178</u>	<u>22,941</u>	<u>18,498,011</u>
EXPENDITURE ON:					
<i>Raising Funds</i>					
Non-charitable trading	193,650	-	-	-	193,650
Financing costs	342,229	-	2,294	8,520	353,043
Fund-raising costs	198,768	-	-	-	198,768
<i>Charitable activities:</i>					
School operating costs and grant making before exceptional write-off costs	17,684,894	315	15,867	-	17,701,076
Exceptional write-off of fixed assets	-	-	-	-	-
Total charitable activities	<u>17,684,894</u>	<u>315</u>	<u>15,867</u>	<u>-</u>	<u>17,701,076</u>
Total expenditure	<u>18,419,541</u>	<u>315</u>	<u>18,161</u>	<u>8,520</u>	<u>18,446,537</u>
Net investment gains/(losses)	<u>6,093</u>	<u>-</u>	<u>2,372</u>	<u>8,808</u>	<u>17,273</u>
NET INCOME/(EXPENDITURE)	<u>(183,845)</u>	<u>238,974</u>	<u>(9,611)</u>	<u>23,229</u>	<u>68,747</u>
<i>Transfer between funds</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS	<u>(183,845)</u>	<u>238,974</u>	<u>(9,611)</u>	<u>23,229</u>	<u>68,747</u>
<i>Fund balances at 1 September 2019</i>	<u>17,117,746</u>	<u>578,532</u>	<u>244,386</u>	<u>4,535,393</u>	<u>22,476,057</u>
<i>Fund balances at 31 August 2020</i>	<u>16,933,901</u>	<u>817,506</u>	<u>234,775</u>	<u>4,558,622</u>	<u>22,544,804</u>

THE PORTSMOUTH GRAMMAR SCHOOL

England & Wales - Charity number 1063732

Accounts

COMPANY NUMBER: 3401010
CHARITY NUMBER: 1063732

THE PORTSMOUTH GRAMMAR SCHOOL
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

THE PORTSMOUTH GRAMMAR SCHOOL

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**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2020**

COMPANY REGISTRATION NUMBER:	3401010
CHARITY REGISTRATION NUMBER:	1063732
REGISTERED OFFICE:	The Portsmouth Grammar School High Street Portsmouth Hampshire PO1 2LN

GOVERNORS

The Trustees of the charity are also the school Governors and Directors of the company. The Governors who served during the year ended 31 August 2020 were as follows:

EX-OFFICIO GOVERNORS

The Right Worshipful, the Lord Mayor of Portsmouth:
Councillor D Fuller (resigned 30 April 2020)
Councillor R Wood (appointed 1 May 2020)

The Dean of Portsmouth:
The Very Rev'd Dr A Cane, BA, MPhil PhD

REPRESENTATIVE GOVERNORS

Nominated by Christ Church, Oxford:
The Revd Canon Edmund Newey (resigned 27 March 2020)
Dr Martin Grossel BSc MA PhD (1)

CO-OPTATIVE GOVERNORS

Mrs S Baker MA (appointed 23 March 2020)	(2)
Mrs K Bishop BA ACA	(2)(3)(4)(5)
T Burden MA (appointed 21 April 2020)	(1)
W J B Cha BA (Chair)	(1)(2)(3)(4)
M R Coffin BA (Econ) FCA	(2)(3)(5)
Ms S Gingell	(1)
N D Latham CBE MSc CEng FIMechE	(2)(3)
His Honour Judge Lodder QC LLB	
J Nicholls BA, ACA, FCT	(2)
P Parkinson BA	(2)(4)(5)
Dr S Ross	(1)
Mrs M Scott BSc (Vice Chair)	(1)(2)(3)(4)(5)
Mrs A Stanford (resigned 20 March 2020)	(1)(2)

- (1) = Member of the Education Committee
- (2) = Member of the Finance and General Purposes Committee
- (3) = Member of the Nominations Committee
- (4) = Member of the Remuneration Sub Committee
- (5) = Member of the Audit and Risk Committee

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2020**

OFFICERS

Head	Dr A K Cotton BA MSt DPhil MA(Ed)
Acting Head of Junior School Head of Junior School	J Ashcroft BSc (1 September 2019 to 13 April 2020) Mrs A Wilson-Smith BA (appointed 14 April 2020)
Secretary, Bursar and Clerk to the Governing Body	S R Merriam BSc CDir

The key management personnel within the school, known as the Senior Management Team (SMT) consists the above officers and the following:

Senior Deputy Head	D M L Payne MA
Deputy Head (Academic)	B C T Goad BSc
Deputy Head (Teaching and Education Development)	H R Wiggins MA
Deputy Head (External Relations)	C J Hamlet MA
Assistant Head (Sixth Form)	L F Rees BA
Assistant Head (Upper School)	F E A Bush BA
Assistant Head (Middle School and Partnerships)	J Jackson BSc
Deputy Head of the Junior School	J Ashcroft BSc

ADVISERS

BANKERS: Lloyds Bank plc
2/4 Palmerston Road
Southsea
Hampshire PO5 3QH

SOLICITORS: Blake Morgan
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire SO53 3LG

AUDITORS: Crowe U.K. LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire RG1 1PL

INVESTMENT ADVISERS: Investec Wealth and Investment
Ltd 30 Gresham Street
London
EC2V 7QN

INSURANCE BROKERS: SFTS Trustees Ltd (to 31 March 2020)
Unit 21, Dean House Farm
Church Road
Newdigate
Dorking
Surrey RH5 25DL

**THE PORTSMOUTH GRAMMAR SCHOOL
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2020**

ADVISERS (continued)

INSURANCE BROKERS (continued)

Marsh Brokers Ltd
Education Practice Capital
House
1 – 5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

Hettle Andrews & Associates Ltd (from 1 April 2020)
Eleven Brindley Place
2 Brunswick Square
Birmingham
B1 2LP

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

The Directors, who are also Governors of the school and charity trustees for the purposes of the Charities Act 2011, present their Annual Report in compliance with both that Act and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year ending 31 August 2020.

DIRECTORS' REPORT

CONSTITUTION AND OBJECTS

The Portsmouth Grammar School is a company limited by guarantee without share capital, governed by its Memorandum and Articles and a registered charity, number 1063732. In the event of the company being wound up and unable to meet its liabilities, each member undertakes to contribute a maximum of £1. If, on winding up, there remain after satisfaction of all debts and liabilities, any assets, they cannot be paid to or distributed among the members, but will be given to some other charitable institution having similar objects.

On incorporation of the school in September 1997, permanently endowed assets remained the property of The Portsmouth Grammar School Endowment Trust, charity number 307355, of which the school is sole trustee. The Endowment Trust is a subsidiary charity of the school and its investment income is passed directly to the school.

On 20 May 2004, The Charity Commission directed that "The Arthur Darby Nock Trust shall be treated as forming part of the charity called The Portsmouth Grammar School". This Trust is held as an expendable endowment to provide scholarships at The Portsmouth Grammar School.

The school also has one wholly owned subsidiary company, PGS Promotions Limited, company number 2937047.

AIMS AND OBJECTIVES

A new Strategic Plan covering the period 2020-2025 was agreed with Governors in early 2020.

We wish the members of our school community to be both happy and successful and our purpose as a school is to offer outstanding education that prepares each individual to lead a fulfilled and purposeful life. The Main Archway is symbolic of our inclusivity as a school community and our desire to expand horizons.

In the spirit of our founder, Dr William Smith, we encourage our pupils to think not only about where they will be at 18 but where they aspire to be at 25. Portsmouth is after all, a city concerned with destinations.

Our Aims

As a community we aim to:

- Foster a nurturing environment that enables each individual to grow in confidence and to fulfil their personal potential
- Ignite a love of learning to cultivate academic excellence and to foster individual progress
- Equip each individual to thrive in a changing world
- Prepare each individual to make a positive contribution to their communities, through both leadership and service
- Help each individual understand themselves and develop their unique strengths.

We wish the members of our community to:

- Be happy and to thrive
- Enjoy learning and pursue success to the best of their ability

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

- Be prepared for the changing world beyond school
- Make an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person.

In 2032, we will celebrate the 300th anniversary of the founding of the school. Mindful of the evolving global landscape, we want our pupils to have the best possible preparation for their futures. We are determined to strengthen the school even further, and to preserve its character and diversity, while we respond to the world around us. In partnership with parents, we are committed to providing pupils with the care and the support, the environment and the context, to grow and thrive as the best version of themselves.

In order to achieve this, over the next five years we will focus on:

1. Maximising individual pupils' learning and progress, through challenge, support and care;
2. Placing personal development at the heart of the school, as a learning community;
3. Working in purposeful partnership with our wider communities;
4. Growing our commitment to fee assistance, so we may offer educational opportunities to talented young people according to need;
5. Operating efficiently and sustainably, to further establish our position at the forefront of education in the South of England

Objectives

The key charitable object of the School is the advancement of education as a day school for boys and girls, or if the Governors think fit, a day and boarding school. Currently boarding facilities are not provided. Religious instruction is provided in accordance with the principles of the Christian faith.

GOVERNANCE AND MANAGEMENT

Governing Body

The charity is governed by its Trust Deed, last amended in 1997 and its Memorandum and Articles. The Governing Body should consist of not more than eighteen men or women. Two of the Governors are Ex-Officio, the Dean and the Lord Mayor.

Two Governors are nominated by Christ Church, Oxford.

Recruitment and Training of Governors

The Governors are also Directors of the company. Those who served during the year are listed on page 1.

Co-optative and nominative governors are appointed for a term of three years. They may be re-elected by resolution of the Governing Body at an Annual General Meeting. Co-optative Governors are elected by the Governing Body. They are volunteers who are able and willing to devote time and energy to the strategic development of the school and they provide support to and oversight of, the leadership of the Head and the Senior Management Team. Co-optative Governors are likely to have significant professional, educational or business experience at a senior level. All Governors are elected at a meeting of the Governing Body and receive a suitable programme of induction from the Clerk, the Head and the Chair of Governors. Additionally, Governors are invited to attend relevant Staff professional development days and seminars provided by the Association of Governing Bodies in Independent Schools (AGBIS) and other providers of specialist advice.

The school's 2016 ISI Inspection Report commented favourably on the quality of the school's governance and management awarding an Excellent grading. A compliance inspection was conducted by ISI in February 2019 and the school was confirmed to be compliant with the required standards.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

Organisational Management

The Governing Body meets at least three times a year. The work of implementing their policies is carried out by members of the Finance and General Purposes Committee (F&GP), chaired by Mr Latham, and Education Committee (EC), chaired by Mrs Scott, both of which meet termly prior to the full Governing Body meeting.

In addition, an Audit and Risk Committee, chaired by Mr Coffin, meets at least two times per year with the specific remit of continuous improvement to the governance and management of the school.

A Remuneration Sub Committee, chaired by Mrs Bishop, meets at least annually to review the school's policy on pay for teaching and support staff and to make recommendations.

The Remuneration Committee's Terms of Reference are reviewed annually. The committee considers published benchmarking data on salaries and makes comparisons with other independent schools to ensure that it remains sensitive to the broader issues of pay and employment conditions elsewhere. Its policy provides for appropriate incentives to encourage enhanced performance and the rewarding fairly and responsibly for individual contributions to the School's success.

The school also has a Nominations Committee, chaired by the Chairman of Governors or the Vice-Chair if appropriate which normally meets annually or more frequently if required to make recommendation on Governor appointments and to consider succession planning.

Working Groups of Governors with members of the senior management team may be established from time to time by one of the Committees to address specific issues.

The day to day running of the school is delegated to the Head supported by the Senior Management Team (SMT) previously listed as key management personnel. All Governors' meetings are attended by the Head, the Bursar, and the Head of the Junior School.

The Senior Deputy Head, Deputy Head (Academic), Deputy Head (Teaching and Education Development), Deputy Head (External Relations), Assistant Head (Sixth Form), Assistant Head (School), Assistant Head (Middle School and Partnerships) and the Deputy Head of the Junior School attend as and when necessary. Other members of the School's management including the Development Director and Head of Marketing also attend meetings when their areas of responsibility are discussed.

Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Group Structure and Relationships

The Charity has one wholly owned non-charitable subsidiary, PGS Promotions Limited.

The school actively supports the promotion of the highest standards in the Independent School sector through networking with other similar schools. In particular through the Headmasters' and Headmistresses' Conference (HMC) schools within the South Central region and the Trinity Group schools, located in London and on the South Coast. The school is a keen participant in the activities of these highly regarded educational organisations. As well as HMC the school has membership of the IAPS, AGBIS and the ISBA.

The school works closely with the universities of Portsmouth, Chichester and Southampton in the provision of Initial Teacher Training. Our close links with schools in the maintained sector are referred to in the Public Benefit section of this report.

A number of the school's staff continue to engage in voluntary roles as governors and trustees of schools and other educational, cultural and charitable organisations in the local area and wider region.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

The school has a close working relationship with the Portsmouth Cathedral and is a full member of the Choir Schools Association (CSA).

The Head is Chair of the Portsmouth Festivities.

Employee Engagement

In line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Board of Governors are pleased to report that they continue to engage with employees throughout the year. Examples of direct engagement include informal meeting time for Governors with staff in the Common room and lesson observations by Governors, prior to Governor Committee or full Board meetings (before the lockdown and subsequent visitor restrictions), and presentations to, and discussion with Governors at meetings on the subject or area of responsibility of the staff member. There is also engagement between Governors who are parents of pupils within the school with staff from across the school.

On behalf of the Board, the Head and the Senior Management Team have a strong culture of consultation with staff before introducing significant change and these issues are reported back to the Board at Board and committee meetings. The Head and Bursar also brief staff on the overall performance of the school. This is not only financial reporting but also how the school has performed in public examinations and university offers. It is believed that this culture of openness helps develop a positive culture of mutual trust and commitment by staff in the long term success of the school as a charitable institution.

Employment policy

The school is an equal opportunities employer and this is articulated in The PGS Whole School Recruitment Policy and The PGS Equal Opportunities and Dignity at Work Policy for Staff. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs.

Communication and consultation with employees is a priority at the school. At intervals through the year, usually immediately prior to the start of a term or half-term, Professional Development Days are held during which briefings and staff training takes place. Elements of these days will apply to the whole school staff, both academic and support staff, with other periods being applicable to specific roles, functions or training requirements. Training on these will often include training on safeguarding, data protection, and health and safety, as well as briefings on the school's development and strategy.

Business Relationships

The school continues to engage with a large number of stakeholders (as set out in the Section 172(1) Statement on page 19) the most important of which are the pupils and their parents. The work of our teaching and support staff, as directed by the Board of Governors, the Head and the Senior Management Team, focuses on providing the pupils and parents with a high quality academic education underpinned by excellent pastoral care with an outstanding range of co-curricular opportunities. The success of this is outlined in the Strategic Report below.

The Governors continue to place a significant emphasis on the need for strong and positive relationships with self-employed staff such as peripatetic music teachers and sports coaches. Although the relationship with self-employed staff is necessarily different to that of employed staff (due to the requirements of HMRC and Employment Law), the school is proud that many of these individuals have remained loyal to the school for so many years reflecting the strong and harmonious relationship that the school fosters.

The Governors also value positive relationships with suppliers whose work in support of the school is invaluable. Governors require the Bursar to seek value for money when engaging any supplier and this is tempered with forging strong relationships that are ultimately beneficial to both parties. The Bursar also takes into account environmental credentials, when appropriate, when choosing a new supplier. The school is also keen to place a priority on local businesses where it can, and a Sustainability Forum involving staff and pupils helps seek more ways of improving the school's performance in this important area.

**THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020**

Streamlined Energy and Carbon Reporting (SECR)

In the last 12 months the school has started a lighting refurbishment programme with older fluorescent lighting being replaced with LED units. This has proved successful with both gains in energy efficiency and quality of light.

	2020	2019
UK energy use (1) kWh	2,450,890	3,205,028
Associated Greenhouse gas emissions (2) Tonnes CO ₂ equivalent	535.7	688.5
Intensity ratio Emissions per tCO ₂ /m ² /year	0.025	0.032

Associated Greenhouse gases have been calculated using GHG Reporting Protocol - Corporate Standard plus findings from ESOS methodology for 2020 and ESOS Phase 2 methodology for 2019.

The School records energy consumption in terms of kWh per month for gas and electricity. This is collected from invoices and meter readings. Vehicle fuel is recorded in terms of litres per month.

It should be noted that the energy consumption and hence carbon emissions for the current financial year 2019/2020 are significantly lower than normal due to the Covid-19 pandemic and subsequent closure of the school. Therefore, it is proposed that the base year for comparison is the financial year 2018/2019. This is the most recent financial year under 'normal' operating conditions and is the year for which the ESOS Phase II has been conducted.

The key impacts in relation to energy use covers gas, electricity and diesel activities across The Portsmouth Grammar School and PGS Promotions Ltd. The School has both financial and operational control over the main school site and two satellite sites including the playing fields, all in the Portsmouth area. Energy consumption and carbon emissions have been included for 100% of the organisation's boundaries.

It should be noted that the carbon emissions of electricity generated by the national grid is steadily decreasing due to increased renewable electricity sources. Therefore, the carbon emissions from the consumption of electricity by the school could show a reduction in future years even if the amount of electricity consumed is unchanged.

The school occupies an historic site with many parts of the estate being listed buildings. There are therefore limits to the improvements that can easily be made to improve energy efficiency. The results of the ESOS Phase II process highlights that upgrading the lighting at the school is the most likely area where savings could be made, together with the installation of Solar PV to the Sports Hall roof. The total energy savings identified by the ESOS Phase II process is 183,053kWh/year and represents 7.5% of the total consumption by the school. Therefore, a realistic target of 5% has been adopted to be achieved over the next two years.

Digital measurement devices have already been fitted to the eleven electricity meters and nine gas meters serving the various areas of the school estate. The next stage is to install data acquisition and analysis software package to enable better analysis of energy consumption. It is intended to continue the lighting upgrade to school classrooms and offices, and upgrade the sports field lighting from halogen to LED. Energy management procedures including the compilation of a Formal Energy Policy to provide a framework for improvements, improved monitoring and targeting and staff and pupil involvement is planned for the near future. Pupil Eco-Councils have been set up and it is planned that this body will form an integral part of improved energy efficiency procedures.

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

PUBLIC BENEFIT

Bursaries

The school remains committed to the aim of providing Public Benefit in accordance with its founding principles and the Governors have given careful regard to the Charity Commission's guidance on Public Benefit and means testing.

The school welcomes pupils from all backgrounds.

It is important to the school that access to the education offered is not restricted simply to those that can afford the fees. It is recognised that pupils benefit from learning within a diverse community and that learning occurs through social interaction and shared experience. In this way we expect our pupils to develop a roundedness of experience and perspective of other people that will be vital in their adult lives.

Entrance interviews and assessments are undertaken to ensure that potential pupils can benefit from the education provided and contribute to the school community.

The provision of means tested bursary support continues as a key feature of the school's admissions process with bursaries equivalent to 100% of the fees being available and regularly awarded. An individual's gender, ethnicity, race, religion or disability do not form part of our assessment process for bursary support.

The school is committed to offering places to those most able to benefit from its education irrespective of financial means. It is against this core ethos that bursaries are an especially highly valued aspect of the school's admissions process. In addition the school provides continuing support to all pupils already in receipt of fee assistance through bursaries.

The school does not have a large endowment and in funding bursaries and scholarships, a balance has been struck between maintaining an adequate surplus of funds to maintain the financial viability of the school, as well as continuing to develop appropriately the school's infrastructure and maintain its historic Grade II listed buildings.

The school, in line with other independent schools, also makes some scholarship awards on the basis of an individual's educational potential, academic success in examination or excellence in co-curricular activities. The awards are generally low in financial value but highly regarded by pupils and feeder schools.

In 2019/20 £1,539,187 (2018/19 £1,409,104) was awarded on a predominantly means-tested basis for scholarships and bursaries. In addition to this, a further £155,380 was provided in emergency temporary bursary support for families significantly financially impacted by the pandemic and ensuing lock-down.

The Breakdown of the Bursary awards (excluding the temporary bursary support) was as follows:

- 121 pupils receive bursary support of up to 100% of the fees (Senior School Only) (2018/19: 115)
- Detailed breakdown as follows:
 - 53 pupils receiving between 75% and 100% (2018/19: 47)
 - 38 pupils receiving between 50% and 74% (2018/19: 35)
 - 30 pupils receiving between 10% and 49% (2018/19: 33)

The total value of these bursaries, including externally funded bursaries, was £1,337,309, (2018/19: £1,195,677)

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PUBLIC BENEFIT (continued)

The Breakdown of the Scholarship awards was as follows:

o Academic	196 (2018/19: 203)
o Music	24 (2018/19: 28)
o Sport	11 (2018/19: 13)
o Drama	21 (2018/19: 24)
o Art	10 (2018/19: 12)

- The total value of these scholarships was £201,878 (2018/19: 213,426)

The William Smith Fund

In July 2015 the school launched a significant bursary initiative called 'The William Smith Fund' with the simple aim of creating a source of non-fee income to help sustain our founder's vision of providing a world-class education for the young people of Portsmouth and the surrounding area, right at the heart of their home city. The initiative evidenced our strong belief in the power of means-tested bursaries, not only to break down the financial barriers to a PGS education, but also to enrich the entire community by enhancing its intellectual and social diversity.

The William Smith Fund is a collective fundraising effort made each year by all members of the PGS family – alumni, former staff, and friends of the school, parents and grandparents of current pupils. Our aim is simple: We wish to raise funds to increase our means-tested bursary provision, allowing us to further open our doors to more bright and promising boys and girls from the local area whose families would not otherwise be able to afford the full fees.

Since the launch of the William Smith Fund almost £2,000,000 has been received and pledged by donors. We have set a target of increasing the number of means-tested bursaries we offer by four per annum.

In addition to bursaries the school is engaged in many other activities that provide public benefit and are within the school's objectives.

The school continues to be an active supporter of Shaping Portsmouth, a city-wide initiative between the private and public sectors to improve educational opportunities in Portsmouth and to support the economic success and well-being of the city as a whole. PGS' Director of IB has undergone training as a City Ambassador and this scheme is offered to IB pupils in the Sixth Form too as part of their CAS. The school also supports the educational work of local cultural and heritage centres.

The school's ongoing commitment to support the Portsmouth Festivities is a clear demonstration of its belief in the significance and value of the creative arts. The events that are scheduled during that time are for the benefit of young people throughout the city and therefore merit a considerable investment from PGS in terms of time, energy, imagination and funds, ensuring the events are easily accessible to all.

In 2020, the Portsmouth Festivities had to cancel its ambitious programme in view of the situation with the Covid-19 pandemic. During that time, the Festivities Director has led on the development of a new long-term strategic plan as well as fundraising.

Despite the festival not taking place it still had considerable engagement throughout the year. The creation of a multi schools project with the Multi Story Orchestra had begun and after receiving funding from the Heritage Lottery a project had commenced with young carers and the Mary Rose museum. This project work will recommence as soon as is possible.

The festival was still able to engage with a following of 125,694 through participation, online, or in writing.

Going forwards, its focus will be on Community outreach and the creation of hybrid events. The festival will also see a full rebrand with the festival renamed as Ports Fest. The festivals key strategic priorities are:

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PUBLIC BENEFIT (continued)

- To be a major cultural landmark for Portsmouth, embedding Ports Fest and its major partners firmly within the city's cultural landscape
- To offer a year-round cultural education and engagement programme for city schools feeding into the Festivals programme
- To offer an active, purposeful forum for individuals and organisations to work in creative collaboration, to innovate and create new work
- To offer at least one major new commission each year
- To create at least one major community initiative each year
- To access major funding

The school strongly believes in the value of PGS pupils being involved in partnerships, charitable events and volunteering in a wide variety of ways. As such, it is committed to working closely with many local charities and like-minded organisations and aims to optimise the educational use of its cultural and sporting facilities and to awaken in its pupils an awareness of the social context of the all-round education they receive.

Collaboration with other schools this year has been widespread and has ranged from Year 2 pupils right up to Year 13 pupils. Several ambitious events such as the Bright Sparks run by the Junior School and Top of the Bench Science event involved in excess of 150 pupils from a mixture of local state and independent schools. Many other smaller events were run by departments with individual schools.

Unfortunately due to the school closure resulting from the Covid-19 "lock-down", some events planned for the summer term had to be postponed, however we were able to adapt the Gifted & Talented Summer School to take place in a remote way, whereby a resource box containing activities and equipment as well as access to online activities and resources, were sent to participating schools who distributed these to their pupils. 45 Year 5 children enjoyed this successful learning experience.

Much groundwork was undertaken in the Spring and Summer term to make connections and links ready for the launch of the 6th Form Community and Workplace project on Monday afternoons. With some creativity to enable the placements to take place remotely, all Year 12 pupils will have the opportunity to undertake some community work in the 2020/21 academic year.

We are continuing to build on links within the Portsmouth Education Partnership and Shaping Portsmouth in order to join with them in Outreach and Partnerships work for the benefit of the city. We have recently become a supporter of the Portsmouth City of Sanctuary project and are working towards becoming an accredited School of Sanctuary.

In addition to the school's cooperation with State Schools regarding the use of its facilities, there continues to be subsidised support for the use of our facilities; examples include, for the very young, our support for the National Childbirth Trust (NCT), and for the more mature the Solent Guild of Woodcarvers and Sculptures. Music events abound at the school and many are open to the public either for free or at very low cost. We also allow our music facilities to be used by the Portsmouth Music Club who reach out to children as young as 7 years old as well the city's most senior citizens. They would normally meet twice a month in the Michael Nott Rotunda within the Portsmouth Grammar School. The venue also benefits from free parking in the school grounds and nearby streets. Unfortunately, due to the national lock-down and subsequent Covid-19 restrictions, most of these events have been suspended due to the associated health and safety risks.

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PUBLIC BENEFIT (continued)

PGS continues its growing partnership with Mayfield School, with their Head being a co-opted member of the PGS Education Committee. The Wilkie Scholarships exist as an excellent means of offering a tangible link for successful Mayfield pupils to access a PGS education in the Sixth Form. We have had other partnership activities included shared training and working party groups focusing on particular school issues.

Despite the challenges of the pandemic we hosted our second Gifted and Talented Summer School in July with Year 5 pupils participating from local schools who were provided with a resource box and online materials, containing enrichment activities in a variety of subjects based around a central theme of Water & Oceans. A number of staff have volunteered to join subject specialist hubs in the city, which will extend our links with local schools and allow us to contribute to and learn from good practise in teaching and learning in the city.

Working with the London Mozart Players and conductor and composer Jonathan Willcocks we welcomed over 50 singers from Castle Primary School as part of our Remembrance performance. Using Willcock's work, *Lux Perpetua*, as a Remembrance commemoration, and *Anthem for Peace* commissioned last year by the LMP, we were able to work in partnership with singers from PGS Juniors, the seniors, parents, staff and Castle Primary to perform in a massed choir of some 160 singers and an orchestra of 41 players. Castle Primary also had two workshops with the PGS Director of Music and with Jonathan Willcocks in the lead up to this concert performance.

Thanks to the efforts of pupils, staff, parents and other members of our school community fundraising remains a core charitable activity within the school. The school continues to support a variety of local, national and international charities, and although this was hampered by the limitation on activities due to the pandemic, such support during the last academic year included Macmillan Cancer Research, the World Wildlife Fund Bushfire appeal and the RNLI. Whilst charitable fundraising and outreach work was significantly affected by the restrictions in place as a result of the pandemic, many creative solutions produced some wonderful opportunities for the school to engage with charities and other organisations across the area. Notable examples were the Middle School's virtual trip to Newfoundland which raised £640 for Portsmouth Foodbank and sending STEM themed Gifted and Talented boxes to 45 pupils across 6 different local schools.

The Houses also support charities of their own choice each year and raise awareness and funds through their own initiatives, that are largely pupil led. The Sixth Form enrichment programme (Ignite!) also includes pupils volunteering in support of several local organisations including the All Saints Church.

The school enjoys a close relationship with many of the region's universities, supporting the training of student teachers at Chichester, Portsmouth and Southampton Universities.

The school has a range of active partnerships with schools overseas, including the United World School in Chia Thom, Cambodia, which it helped to build; and Kikaaya College School in Uganda, which enjoys significant school support. PGS also continues a growing partnership with the Suzhou Science and Language School in China. PGS believes that pupils should be aware of the importance of living in a global community and the many benefits and challenges that this brings and the commitment to such partnerships is an excellent way of ensuring that pupils are offered a tangible insight to the cultural differences of other international communities.

A number of the school's staff fulfil voluntary roles as governors and trustees of schools and other educational, cultural and charitable organisations in the local area and wider region.

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FUNDRAISING

Fundraising achievements in 2019/20

- 347 individuals and organisations made charitable gifts to The Portsmouth Grammar School during the period 1 September 2019 to 31 August 2020
- The great majority of donors (97.5%) were individuals
- 74.5% of donors were alumni and 16% current or former parents
- Although organisations only represented 2.5% of donors, they contributed almost 40% of funds raised
- Overall, 47.5% of funds were donated by alumni, 23% by Trusts and Foundations, 14.5% by business, 7% by other friends of the school and 3.5% by current and former parents
- For the third consecutive year, the largest single gift was £60,000 from an Old Portmuthian's personal Foundation in support of four full means-tested bursaries
- The second largest donation was £50,000 to support the creation of a new Learning Support hub in the school
- The two largest gifts from individuals (both alumni) were £40,000 cash and £25,000 from the sale of shares.
- 53% of the value of funds raised were specifically for means-tested bursaries, 14.5% were for a capital project in the shape of a new learning support hub and 28% of funds were unrestricted.

The total donations received in the year increased in 2019/20 to £373,107 (from £370,340 in 2018/19).

Legacy gifts

- One legacy gift of £12,500 was received from an OP (3.5% of total funds raised)
- 54 OPs and former staff declared in a survey that they had included a gift to the school in their will
- A further 48 individuals requested information about leaving a gift to the school in their will

Fundraising practice

The Portsmouth Grammar School is registered with the Fundraising Regulator and has adopted the Code of Fundraising Practice. Neither the school nor the Fundraising Regulator has received any complaints about PGS's fundraising activity in the period covered by this report.

Fundraising is undertaken by the Development Director, a full-time employee, with support from two part-time Development Office staff. The Development Director reports to Governors through the Finance and General Purposes Committee, attending its termly meetings and providing written and verbal reports. She is line-managed by the Head, with whom she has weekly meetings during term-time. These meetings were conducted by telephone during the COVID-19 lockdown which commenced in March 2020.

PGS takes very seriously its relationship with its alumni, parents, staff, Governors, and other supporters. It has an ethical fundraising and gift acceptance policy which is reviewed regularly. None of the school's fundraising activity should compromise donors' privacy, put anyone under undue pressure or be unreasonably persistent.

Looking ahead to 2020/21

It remains to be seen what the medium-term impact of the COVID-19 global pandemic will be on the school's fundraising income. Major donor fundraising is heavily reliant on face-to-face meetings which are difficult in the current circumstances and impossible in many cases. However, to date the impact on 'mass participation' fundraising, in the form of regular direct debit gifts, has been minimal.

The focus next year will remain on generating income for means-tested bursaries through The William Smith Fund. This is a core element of the school's strategic plan and anecdotal evidence suggests it is the cause most likely to succeed in these difficult times.

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FUNDRAISING (continued)

The school is planning its first ever Giving Day in March 2021, intended to involve every area of the school in fundraising for means-tested support. An OP has already generously pledged to match every gift, up to a total value of £100,000, through his Foundation.

It is hoped that the digitally led Giving Day appeal will reach new and different donors, who have not responded to the previous telephone or direct mail appeals.

The school's fourth biennial telephone appeal is scheduled for July 2021, during which those individuals who made one-off gifts on the Giving Day will be encouraged to 'upgrade' to regular direct debit donations. Those who have responded positively to previous telephone appeals will be contacted again, as will those families who have joined the school in the two years since the last such appeal.

STRATEGIC REPORT

Strategies to achieve our Vision and Mission

The School's new Strategic Plan runs for 5 years and covers the period to 2025 and operational planning in support of the plan started during the 2019-20 academic year.

Our Vision

As a community we aim to:

- Foster a nurturing environment that enables each individual to grow in confidence and to fulfil their personal potential
- Ignite a love of learning to cultivate academic excellence and to foster individual progress
- Equip each individual to thrive in a changing world
- Prepare each individual to make a positive contribution to their communities, through both leadership and service
- Help each individual understand themselves and develop their unique strengths.

We wish the members of our community to:

- Be happy and to thrive
- Enjoy learning and pursue success to the best of their ability
- Be prepared for the changing world beyond school
- Make an active contribution and live purposeful lives
- Develop a sense of identity and to be their own person.

There are 5 main strands to the Strategic Plan 2020-2025 and they are described below firstly by a summary explanation as to the school's target to achieve over the 5 years and then an explanation (in *italics*) of how the school will achieve this and the work undertaken so far.

1. Maximising individual pupils' learning and progress, through challenge, support and care

Over the period of this Plan the School will focus on building continued excellence in our teaching and learning, investing in individual needs, creating extended opportunities for intellectual challenge and independent learning, and reviewing our curriculum so that we can be responsive to the changing world around us.

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STRATEGIC REPORT (continued)

We have an excellent reputation for teaching and learning and are keen to develop this further by realising the potential of the Connected Curriculum in the Junior School, and by ensuring that we engage and challenge all pupils effectively. We have developed a new Learning Support Centre to transform the learning environment for these pupils and enable us to bring together both Junior and Senior School LS staff in one facility. We have taken significant steps forward in our use of educational technology and software in order to facilitate a fully remote curriculum, necessitated by the pandemic restrictions. The requirement to learn and the teaching and learning methodology and the intensive training that has accompanied that process has focused our attention on teaching and learning as a community. In connexion with the Black Lives Matter movement, considerable impetus has been given to the planned curriculum review in years 7 to 9 in all subjects and especially in history.

2. Placing personal development at the heart of the School as a learning community

Over the period of this Plan the School will focus on: constantly developing our staff; embedding the "PGS CORE" which supports pupils to reflect on their key qualities and gain insight into their personal development; creating an extensive programme of Sixth Form enrichment; continuing to build excellence in proactive pastoral care; preparing for future lives; celebrating difference through diversity and inclusion; strengthening our broad co-curriculum; and celebrating opportunities for pupils as a through school.

PGS Has recently become a founding member of the School's Inclusion Alliance alongside Eton and St Paul's Girls School. We are building on that work with a comprehensive review of our activities and structures, to ensure that we are even better placed to combat discrimination and diversity, promote antiracism, and prepare pupils to make a positive and active contribution in a multicultural society. Issues relating to Black Lives Matter will be prominent in this work. The shift to remote learning during the year required an intense focus on staff training who needed to learn new digital skills and deliver engaging lessons online. The Professional Development Day at the beginning of the summer term was the first to be done entirely remotely and focused upon best practise in remote teaching and learning as well as managing a balance between the demands of the job and personal circumstances, when working from home.

3. Working in purposeful partnership with our wider communities

Over the period of this Plan the School will focus on: developing international horizons; learning through community activity for all year groups; widening the cultural reach of the Portsmouth Festivities; and working in educational partnership both in the local area and through contribution to the broader educational landscape.

In addition to the many ways in which we already engage with the city and local community, we are ambitious to develop further opportunities for volunteering and outreach. We are keen to strengthen our links with schools in the maintained sector, supporting a shared interest in raising the aspirations of all young people in Portsmouth. We will continue to support the Portsmouth Festivities in making a significant and positive impact both culturally and economically as a city-wide festival of the arts. We hosted our second Gifted and Talented Summer School in July with Year 5 pupils participating from local schools who were provided with a resource box and online materials, containing enrichment activities in a variety of subjects. A number of staff have volunteered to join subject specialist hubs in the city, which will extend our links with local schools.

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4. Growing our commitment to fee assistance so we may offer educational opportunities to talented young people according to need

Over the next five years and beyond, we commit to making significant steps in broadening access, and increasing the proportion of our pupils who receive means-tested assistance and transformational bursary awards.

The adverse circumstances affected much of our fund raising activities for the year which transferred focus onto maintaining contacts with elderly Old Portmuthians who may have been affected by the lockdown. We did however secure a generous commitment to support a Giving Day, currently delayed by ongoing restrictions, to raise funds for the bursaries programme, and ran an emergency bursary appeal to help support the temporary bursaries needed to assist parents who were significantly affected by the pandemic and resulting lockdown.

5. Operating efficiently and sustainably, to further establish our position at the forefront of education in the South of England

Over the period of this Plan the School will focus on: offering value for money; transforming our site; improving our environmental impact; and supporting our staff to flourish.

As a school we aim to provide a stronger, more visible lead on the value of living and operating sustainably, making the most of the resources we have for the future health of our planet. We are committed to ensuring affordability for our parents now and in the future, through careful stewardship and cost control. Ongoing efforts to become a more sustainable school were recognised during the year through gaining the Eco-Schools Bronze Award, supported by the work of the PGS Eco-Councils which meet regularly and communicate with the wider school community.

Achievements and Performance

2019-20 has been another successful year both through academic achievement, our extensive co-curricular programme and the engagement of our pupils with the wider community, although activities have been necessarily affected in their format by the restrictions imposed as a result of the pandemic including the replacement of external examinations by centre assessment grades.

The school has introduced the PGS CORE during the year which has provided a new focus for conversations about personal development in all aspects of school life-enabling discussions about identity, relationships, health and wellbeing.

Results in A Level and GCSE exams in the summer were awarded by the school, following the centre assessment grades procedures required by the examination awarding bodies. At GCSE the % A*, 9 or 8 statistic was our highest ever at 51%. Over 70% of pupils' entries in all subjects were graded A*/A or the new 9-7 equivalent.

Unlike A Level pupils, those taking the IB were not awarded grades provided by the school. Instead these were generated by the International Baccalaureate (IB) and were based predominantly on performance in the coursework element. The IB cohort achieved an average of just under 36 points in the IB diploma. The combined A Level and IB Diploma performance was over 84% A*-B grades in all subject entries, with 22% at A* and over 59% at A*/A. 87.2% of all Higher Level IB grades were at 7, 6 or 5 which was down slightly on the previous year.

18% of pupils from the 2018/19 Year 6 cohort received scholarships and other awards on entry to the Senior School at the beginning of this year.

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STRATEGIC REPORT (continued)

Residential trips continue to be central to the school's co and super-curricular offering, providing intellectual and cultural development. This year, pupils visited Holland, Morocco, Poland, Russia, Spain, Germany, France and Belgium, before pandemic travel restrictions curtailed further trips. A more local focus for our outdoor and adventurous provision has also seen large numbers of pupils enjoy the local wilderness as they undertook both the John Muir Awards, and the Duke of Edinburgh Awards, with the Gold Award becoming ever more popular and excursions to the Brecon Beacons and Wales becoming more regular as we expand into kayaking, cycling and sailing expeditions to compliment the usual hiking. The CCF also took part in their annual three-day Contingent Camp in October.

As a Cathedral School, music continues to feature highly at PGS. We have worked to be more closely involved in the Cathedral's partnership work *Cathedral Sing* with staff and pupils involved in supporting the delivery of this programme; we are planning further closer collaboration in order to support each other's work in the best way possible during the more challenging times caused by the pandemic.

The partnership with the London Mozart Players (LMP) is a significant part of our work and the opportunity for the school's musicians to work closely with supportive and encouraging professional players and conductors is of huge educational value to our musicians. Working with conductor and composer Jonathan Willcocks our Remembrance concert also involved over 150 singers aged from 8 to 80, from our chamber , Middle School and Junior School Choirs, Castle Primary School and our Community Choir, performing with an orchestra of 41 players consisting of both PGS pupils and the LMP. The concert also afforded the opportunity for 37 brass players and 8 advanced string players to play side by side with LMP players. Two of our advanced pianists played concerto movements accompanied by the LMP.

During the Covid-19 lockdown, the Music Department continued to be active working with school musicians remotely all through this period. Rehearsals and individual lessons continued via Google Meet and we continued our weekly Friday Lunchtime Recital series from pupils' homes with recorded performances that we were streamed over the school's on-line channel. There were three evening concerts; an Open Mic Night (for the school's bands and jazz musicians with pre-recorded performances from soloists and virtual ensembles and an ambitious live-streamed performance from a pupil's house), a Musical Theatre Evening and a Baroque Singer's Extravaganza (which included live instrumental backings recorded by staff and pupils). The Chamber Choir contributed a "virtual choir" performance to the streamed Founder's Day Service and staff and pupils collaborated on a group virtual performance of Madness' *It Must Be Love* which was shared with the school community via the Summer Term Senior School Assembly. The whole school (from the Juniors to the Seniors) were involved in a workshop/masterclass session with Harry the Piano which was live streamed to pupils' homes, thus enabling the whole family to engage with this lively and talented improviser and performer.

The Music Department developed a website specifically to support the PGS Community during lockdown where we shared creative work undertaken by pupils and staff (compositions and performances), set musical challenges, curated a twice weekly *Music for Mindfulness* series and set a range of further musical explorations for all to take part in. This website continues to be used to promote music at PGS.

In a year affected by significant disruption, Drama was still able to offer exceptional performances and opportunities to pupils throughout the school. 'Bring It On', our November 2019 musical at the Kings Theatre, was a spectacular success, showcasing some brilliant talent and gaining an audience of over 1400 people over three nights. We were also able to hold our inaugural Performing Arts Christmas event, a joyous occasion uniting both Music and Drama with a showcase of musical numbers. The format of House Drama in February changed to incorporate monologues, duologues and group pieces, encouraging a superb range of mature performances and styles, and involvement from a host of unexpected faces. The Year 9 and 10 production of 'This Changes Everything' was a case of 'just in time', as we were able to film a performance without audience just before lockdown in March – it captured a fascinating piece, along with performances that came across just as well on camera as on the stage.

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STRATEGIC REPORT (continued)

Lockdown sadly meant the cancellation of our original Edinburgh Festival play, as well as the Middle School production of 'We Will Rock You'; however, a series of live online workshops with West End performer Jodie Steele, a remote performance of the Sixth Form play 'Dancing At Lughnasa', a Shakespearean Festival of Monologues, virtual rehearsals for our next musical 'A Chorus Line', and re-showings of past Kings Theatre musicals on-line, meant that pupils still felt very much connected to theatre at PGS.

The 2019-20 Sporting season was heavily impacted like all areas of school by Coronavirus and the eventual Lockdown of the country. The Autumn Term 2019 and beginning of the Spring Term were very much unaffected with over 400 fixtures played during that period. The highlight of the year before "play was stopped" being the Under-18 Boys Hockey team reaching the quarter finals of the English Hockey Cup before the tournament was postponed and ultimately cancelled. Through the second half of the Spring Term and the Summer Term, the Sports Department has endeavoured to provide a wide range of opportunities to ensure our pupils remain active, mindful of the importance of physical activity for wellbeing. Sport provision during this period included remote Games lessons in Athletics, Cricket and Tennis; PE lesson workouts; weekly House Sport Challenges; Co-Curricular Sports Clubs each day, including Saturdays; new dance clubs; Twitter Workouts, and participation in the Strider and Strava Apps, which allow schools from across the country to compete virtually through their running & cycling workouts. The Strider platform now has over 100 schools across the country involved and is sure to continue to be a competitive setting for our pupils. Participation in the co-curricular sports clubs and activities has been excellent, with 36 pupils, parents and staff taking part in a workout to honour Captain Tom on a Saturday morning at 8:30am, and over 100 pupils and staff taking part in a 1500m Inter Schools Competition with 15 other schools. Strava has proved popular, with pupils recording hundreds of activities and hours of cycling, running, walking, swimming, SUP-boarding, sailing and windsurfing. The PGS Sporting community was placed in the top three schools on the Strider App each week in the summer term, and in a number of weeks PGS Sport topped the charts with almost 2000km of activity. We introduced Street Dance as part of our live online programme of co-curricular sports clubs. This has proved popular with a number of pupils across Years 7-9.

The active Pupil Councils meet regularly and have discussed issues and initiatives across the year groups. Further groups of pupils have also had opportunities to meet with members of the Governing Body.

The Junior School hosted 10 Junior Tournaments and Festivals at Hilsea before the pandemic lockdown began in March. Over 100 school teams attended our events allowing 1000 pupils to participate and compete in sport at Hilsea. We are the leading prep school in our area to offer this amount of sporting opportunities of this size. The Saturday sport programme was regularly attended by over 30 pupils across Years 3 to 6, participating in football, netball and fitness activities.

PGS families attended our Remembrance Run in November and the Circuit Training in January. The events served as an opportunity to promote physical activity within our community along with raising funds for the Poppy Appeal. The Reception-year, Year 1, and Year 2 gave highly enjoyable Teddy Gymnastics performances; all pupils took part in the performances demonstrating to parents what they had learnt in their lessons.

With the onset of the March lockdown, we adapted our lessons to be accessed by all pupils from home. Without wanting to be one directional, we ensured that our lesson content was not just fitness. Lessons included football, netball, tennis, cricket, rugby, yoga, gymnastics, basketball and dance. These lessons usually included: a Google Meet at the start with the teacher; live warm up and communication skills activities; pre-recorded Skills and games by staff for pupils to use; and feedback through a live "meet" at the end of the lesson or via pupil video clips sent in. The feedback from pupils and parents was overwhelmingly positive. Our infant pupils enjoyed lessons being taught through a story book and going on a journey with their PE teacher. The Juniors adapted to predominately skills training with fun challenging games to test their skills at home.

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Section 172(1) Statement

Governor involvement

The Governors act in good faith to make decisions, the outcome of which they consider will be most likely to promote the success of the School for the benefit of its pupils and the wider school community as a whole, both in current periods and in the long term. They regularly attend School events, affording them the opportunity to meet with parents, staff and other members of the community, and also have the regular opportunity to spend time in school attending lessons, speaking with staff and pupils, and observing the day to day activities of the school.

In discharging their duties above, the Governors carefully consider amongst other matters, the impact on and interests of other stakeholders in the School and factor these into their decision-making process.

Staff members

Governors have regular opportunities to meet with staff and observe their day to day activities, and receive information on various staff metrics. The Governors are committed to promoting a healthy and productive school environment and positive physical and mental wellbeing among the staff; the school counsellors are available for consultations with staff as well as pupils. The Governors keep staff informed of key issues through structured communication channels, promote diversity and inclusion in school life and also provide training and development opportunities where they are considered of benefit to the school and staff. Using the School's recruitment and development strategies, the Governors seek to attract and retain talented staff.

Pupils and their parents

The Governors commit considerable time, effort and resources into supporting staff in delivering the best educational provision the School can, whilst striving to achieve excellent individual care to enable each pupil to thrive and their parents to be well-informed on the progress of their child. The Governors meet with groups of pupils on a regular basis to receive feedback and inform decision making to promote these objectives, with the aim of fostering long term mutually beneficial relationships both while the pupil attends the School and into the future. The School has a policy and procedure in place to deal with any complaints and acts to work quickly to resolve any isolated disagreements that may arise from time to time.

Suppliers

The Governors have established procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the School. The School seeks to pay all suppliers any undisputed amounts due and to conform with the billing requirements within agreed terms.

Community and the environment

The School takes its role within the community very seriously and promotes and encourages community and charitable contribution through the numerous activities set out elsewhere in this report. The School also recognises the importance of its environmental responsibilities and has measures in place to monitor and control its impact on the local environment and its compliance with any regulatory environmental standards. The School seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Standards and conduct

The School has a significant portfolio of policies and codes of practice regarding ethical and professional standards expected of staff in undertaking their duties for the School. These are clearly communicated to every staff member and adherence to which is expected and enforced.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

Financial review and results for the year

This has been a challenging financial year for the school with the impact of the COVID-19 pandemic in the last five months of the year, a significant increase in teachers pensions costs, and general affordability issues in the sector impacting pupil numbers. Despite these factors, as a result of prudent cash management in prior years and active cost control during the year the school has realised a modest surplus of £69,000 (2018/19: £1,193,000 before exceptional costs), been able to fund additional bursary support and provide a fee rebate in the summer term whilst seeking to maintain the quality of educational and pastoral care of our pupils.

Incoming resources of £18,498,011 (2018/19 - £21,430,593) decreased compared with the prior year.

This reflects:

- a reduction in net fee income of 12% represented by a 3.75% increase in fees combined with a change in mix between junior school and senior school numbers, a 7.7% reduction in overall pupil numbers, and reduced income through fee reduction (£967,870) and temporary bursary support provided in response to the pandemic and the resulting lock-down.
- pupil numbers were 112 lower than the previous year totalling 1,347 as at 1st September 2019. The number of pupils at 1 September 2020 was 1,278.
- ancillary trading income decreased to £703,980 compared with the previous year (£1,417,395) largely as a result of a decrease in school trips and school meals income due to the pandemic
- non charitable trading which represents the income generated by PGS Promotions reduced to £116,154 compared with £148,509 in the previous year, following cessation of all facility lettings activity from the beginning of the lock-down.
- grants and donations totalled £528,516 compared with £370,340 in the previous year, and included £155,409 in grants from the Coronavirus Job Retention Scheme.
- Investment income decreased to £86,600 compared with £119,463 in 2018/19.

Operating costs totalled £18,446,537 a decrease of 12% on last year's total of £20,954,086. 2018/19 costs included an exceptional costs of £633,744 in relation to the Performing Arts Centre Project.

Operating costs were primarily attributable to:

- Total staffing costs of £13,182,094 represents a decrease of 1.8% over the prior year (£13,460,183) and include a pay award of 0.75% to teaching and support staff together with a number of teaching staff awarded incremental increases as they move up the seniority scale. Teachers' Pension costs increased by £434,413 over the prior year as a result of a contribution rate increase from 16.48% to 23.68%. The average number of employees has reduced by 8% to 332 (2018/19 – 361)
- A reduction in the number and cost of overseas school trips.
- Total financing costs were increased at £353,043 (2018-19 £253,557), largely representing an increase in charge for bad debts of £136,854, reflecting the Covid 19 pandemic, offset by a reduction in bank loan interest of £38,236.
- A reduction in catering and transport costs as a result of the period of lock-down and restrictions on school activities.
- General cost savings achieved as a result of and in response to the pandemic.

Overall, Net Incoming Resources for the year, before investment gains were £51,474 compared with £476,507 in the previous year.

Overall interest rate costs have reduced by £38,236. Interest rate risk exposure is managed by fixing interest rates on a proportion of the loan portfolio within parameters that are agreed and regularly reviewed by the Finance and General Purposes Committee. Further details of the loans and current interest rates are included in note 18.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

Net debt has increased by £431,131 to £2,250,724 from £1,819,593. Cash balances amount to £6,194,462 (2019: £7,367,286) at the year-end reflecting prudent cash management in previous periods.

The School continues to operate within the covenants set by the bank for its loan facilities although the margin of headroom was significantly reduced by the reduction in Operating surplus.

The School achieves its liquidity objectives by the careful management of working capital and regular forecasting of short and long term cash requirements.

The School's cost base predominantly comprises staff costs and therefore the impact of commodity price risk is modest although there is exposure to increases in utility and related building operational costs.

The school's exposure to credit risk is mitigated by fees being due and collected at the beginning of each term.

The operating performance of PGS Promotions Limited is set out in note 7 and reflects a reduction in income as a result of the Covid 19 pandemic together with an increase in the stock obsolescence provision of £17,700.

Reserves Policy

The School's consolidated unrestricted funds stood at £16,933,901 at the year-end (2019: £17,117,746).

After adjusting for designated funds, functional fixed assets for the charity's own use and borrowings against those assets, the school has free reserves of £4.22m (2019: £5.03m) (as defined by the Charity Commission) against a planned level of broadly equivalent to three months' operating costs.

The Governors regularly review the reserves policy in the light of the future plans for the school, the projected budgets and cash flow forecasts. This policy reflects the risks and uncertainties of operating as an independent educational establishment and the significant on-going demands of the school to maintain up to date facilities and invest for both the present and the future. In addition the policy also recognises the specific financing structure of the school where future external debt re-payments are required to be funded from operational cash flows and the school is required to operate within its banking covenants on existing debt.

In light of these considerations, the Governors believe the current level of Free Reserves to be appropriate to the needs of the school at the present time.

Investment policy and objectives

Investec Wealth and Investment Ltd continue to be the school's investment advisers and the delegated authority given to them to act within a framework set by the Governing Body has been reviewed during the year remains appropriate in the current economic climate. Following advice received from Investec on the management of Charitable Funds the School has opened a 'Discretionary Account' in which eight previous funds have been consolidated for the purposes of administrative ease and simplicity of investment management. This consolidated fund with a market value of £2.3 million represents in the order of 10% of the School's net assets and is operated within the framework detailed below:

1. The overall objectives are to create sufficient income and capital growth to enable the School to carry out its purposes consistently year by year with due and proper consideration for future needs, and the maintenance or enhancement of the value of the invested funds. These objectives are to be achieved by investing prudently in a broad range of quoted fixed interest securities, equities and collective vehicles which are appropriately authorised and compliant with current legislation.
2. The investment portfolio is allocated between various asset classes set out below and performance benchmarked against comparative indices appropriate to the following different asset classes, performance of which is measured against the indices shown in brackets:

**THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020**

Investment policy and objectives (continued)

- a) 10 – 30% high quality fixed interest securities (FTSE Government All Stocks Index);
 - b) 30 - 52% UK equities (FTSE All Share Index);
 - c) 15 – 35% Overseas Equities (FTSE World [ex-UK] Index £);
 - d) 0 – 12% Commercial property (Investment Property Databank monthly Index);
 - e) 2.5 – 10% Infrastructure alternatives (Bank of England base rate +2%;
 - f) 0 – 15% Cash (Bank of England base rate -0.5%.
3. There will be no investment in unquoted securities or in direct derivatives, and the maximum equity exposure is 75% of the value of the portfolio.
4. The Governors reserve the right to exclude companies that carry out activities contrary to their aims or from holding particular investments which could damage the School's reputation. The Governors expect the fund manager to have considered the suitability of investments of the same kind as any particular investment proposed to be made or retained.
5. The investment managers may exercise voting rights on behalf of the trustees taking into account the general nature of the investment portfolio of the School.
6. Investment decisions should be based upon long-term considerations and the Governors will assess the performance of the investment advisors on the basis of the total return including both capital growth and income.
7. The investment managers should take into account the general nature of the school and not knowingly make investments that may compromise the position of the school, its reputation or charitable objectives.

Investment Performance

Investment Performance has been satisfactory in what has been a further year of national financial uncertainty through both the Covid-19 pandemic and the BREXIT negotiations with the European Union, and the uncertainty caused by the USA's more protectionist approach to trade. The investment fund achieved a small increase of 0.03% over the year.

Charity Funds

A description of the various funds and the restrictions on their use is set out at note 1g.

Future Plans

The Governors review the School Strategic Plan annually and this report covers the period of the new Strategic Plan for 2020-2025 which together with an associated Operational Plan, underpins all the school's activity. Our Governors and Staff are fully committed to maintaining the momentum of the school's development to ensure that we continue to provide young people with an outstanding educational experience.

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

RISK MANAGEMENT

Day to day management of risk is undertaken by the school's Senior Management Team (SMT) which meets formally twice a week. The SMT consists of the Head, the Head of the Junior School, the Bursar, four Deputy Heads, and three Assistant Heads. Additional staff are co-opted as necessary for specific matters.

The current pandemic has presented the need for an additional focus on risk and an extensive risk assessment addressing all aspects relating to Covid-19 and the new risks and resulting operational changes that have been required. A Covid-19 Operations Team, consisting of the Senior Deputy Head, Bursar, Head of the Junior School, Deputy Head of the Junior School and the Estates Manager, also meet at least twice per week during term time, to monitor changing guidance, requirements or other feedback, so appropriate changes can be made. A sub-group of Governors has also been meeting weekly with the Head and the Bursar since the start of the Covid-19 Pandemic to assess and monitor the risks and the actions in response to those risks.

The Governing Body undertakes a formal review of the school's Risk Management arrangements at least once every year and the Audit and Risk Committee provides focus to this important area. This committee has specifically targeted the top risks of the organisation giving direction not only on the important aspects of risk mitigation but also the opportunities that certain types of risk might present.

The top risks identified by the Audit and Risk Committee also feature as standing agenda items in the agendas of termly Governing Committee meetings. During the year these top risks and their constituent elements as identified below have been discussed in detail and the threats and opportunities associated with them have been allocated to specific committees and monitored for action as necessary.

The key risks identified and allocated to committees for discussion and where appropriate mitigation are as detailed below. The committees have a standing agenda item to discuss the components making up the key risk areas.

Education Committee

- Maintaining academic reputation and performance
- Recruiting, developing and retaining high quality staff
- Educational risks resulting from the pandemic

Finance and General Purposes Committee

- Affordability, financial sustainability and pupil recruitment
- Financial risks resulting from the pandemic
- Charitable status and moral justification of independent education

Audit and Risk Committee

- Excellent welfare, health and safety
- Health and safety issues resulting from the pandemic
- Succession planning for governance and staff

PROVISION OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

**THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020**

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the reappointment of Crowe U.K. LLP as auditors of the company will be put to the Annual General Meeting.

This Report of the Directors, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Governing Body on 4 December 2020 including in its capacity as company directors approving the Strategic Report contained therein, and is signed as authorised on its behalf by:



WJB Cha (Chair)

THE PORTSMOUTH GRAMMAR SCHOOL

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also directors of The Portsmouth Grammar School for the purposes of company law) are responsible for preparing the Report of the Directors, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL

Opinion

We have audited the financial statements of The Portsmouth Grammar School for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Company Balance Sheets, the Consolidated 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2020 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Annual Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Governors' Annual Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

Responsibilities of the Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 25, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Janette Joyce

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Reading

Date: 18 December 2020

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2020 £	Total 2019 £
INCOME AND ENDOWMENTS							
Charitable activities							
School fees receivable	4	16,996,395	-	-	-	16,996,395	19,322,718
Ancillary trading income	5	703,980	-	-	-	703,980	1,417,395
Other trading activities							
Activities for generating funds:							
Non-charitable trading	7	116,154	-	-	-	116,154	148,509
Other incoming resources		66,366	-	-	-	66,366	52,168
Investments							
Investment Income	6	57,481	-	6,178	22,941	86,600	119,463
Voluntary sources							
Donations		133,818	239,289	-	-	373,107	370,340
Coronavirus Job Retention scheme income		<u>155,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,409</u>	<u>-</u>
Total income		<u>18,229,603</u>	<u>239,289</u>	<u>6,178</u>	<u>22,941</u>	<u>18,498,011</u>	<u>21,430,593</u>
EXPENDITURE ON:							
Raising Funds							
Non-charitable trading	7	193,650	-	-	-	193,650	200,633
Financing costs	11	342,229	-	2,294	8,520	353,043	253,557
Fund-raising costs		198,768	-	-	-	198,768	211,001
Charitable activities:							
School operating costs and grant making before exceptional write-off costs		17,684,894	315	15,867	-	17,701,076	19,655,121
Exceptional write-off of fixed assets	8	-	-	-	-	-	633,774
Total charitable activities		<u>17,684,894</u>	<u>315</u>	<u>15,867</u>	<u>-</u>	<u>17,701,076</u>	<u>20,288,895</u>
Total expenditure	8	18,419,541	315	18,161	8,520	18,446,537	20,954,086
Net investment gains/(losses)	13	<u>6,093</u>	<u>-</u>	<u>2,372</u>	<u>8,808</u>	<u>17,273</u>	<u>82,549</u>
NET INCOME/(EXPENDITURE)		(183,845)	238,974	(9,611)	23,229	68,747	559,056
Transfer between funds	9	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		(183,845)	238,974	(9,611)	23,229	68,747	559,056
Fund balances at 1 September 2019		<u>17,117,746</u>	<u>578,532</u>	<u>244,386</u>	<u>4,535,393</u>	<u>22,476,057</u>	<u>21,917,001</u>
Fund balances at 31 August 2020	22	<u>16,933,901</u>	<u>817,506</u>	<u>234,775</u>	<u>4,558,622</u>	<u>22,544,804</u>	<u>22,476,057</u>

The notes on pages 33 to 53 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED BALANCE SHEET
31 AUGUST 2020

	Notes	£	2020 £	2019 £
FIXED ASSETS				
Tangible assets	12		23,076,080	23,026,181
Investments	13		<u>2,277,010</u>	<u>2,277,292</u>
			25,353,090	25,303,473
CURRENT ASSETS				
Stocks		139,949		157,681
Debtors	15	1,108,969		1,107,278
Cash at bank and in hand	14	<u>6,194,462</u>		<u>7,367,286</u>
		7,443,380		8,632,245
CREDITORS: Amounts falling due within one year	16	<u>(3,221,190)</u>		<u>(3,603,197)</u>
NET CURRENT ASSETS			<u>4,222,190</u>	<u>5,029,048</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			29,575,280	30,332,521
CREDITORS: Amounts falling due in more than one year	17		<u>(7,030,476)</u>	<u>(7,856,464)</u>
TOTAL NET ASSETS			<u>£ 22,544,804</u>	<u>£ 22,476,057</u>
FUNDS				
Endowed funds			4,558,622	4,535,393
Expendable Endowment Fund			234,775	244,386
Restricted funds	20		817,506	578,532
Unrestricted funds - General	21		<u>16,933,901</u>	<u>17,117,746</u>
TOTAL FUNDS	22		<u>£ 22,544,804</u>	<u>£ 22,476,057</u>

The surplus for the year in relation to the School only was £87,991 (2019: £547,129).

The financial statements were approved and authorised for issue by the Board on 4th December 2020


W J B CHA
 CHAIRMAN

The notes on pages 33 to 53 form part of these financial statements

COMPANY NUMBER: 03401010
THE PORTSMOUTH GRAMMAR SCHOOL
COMPANY BALANCE SHEET
31 AUGUST 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	12	19,441,866	19,389,635
Investments	13	<u>2,277,012</u>	<u>2,277,294</u>
		21,718,878	21,666,929
CURRENT ASSETS			
Stock		12,379	12,362
Debtors	15	1,478,645	1,465,241
Cash at bank and in hand	14	<u>5,958,242</u>	<u>7,134,898</u>
		7,449,266	8,612,501
CREDITORS: Amounts falling due within one year	16	<u>(4,362,326)</u>	<u>(4,735,615)</u>
NET CURRENT ASSETS		<u>3,086,940</u>	<u>3,876,886</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		24,805,818	25,543,815
CREDITORS: Amounts due in more than one year	17	<u>(7,030,476)</u>	<u>(7,856,464)</u>
TOTAL NET ASSETS		<u>£ 17,775,342</u>	<u>£17,687,351</u>
FUNDS			
Restricted funds	20	817,506	578,532
Unrestricted funds - General	21	<u>16,957,836</u>	<u>17,108,819</u>
TOTAL FUNDS	22	<u>£ 17,775,342</u>	<u>£17,687,351</u>

The financial statements were approved and authorised for issue by the Board on 4th December 2020


W J B CHA
 CHAIRMAN

The notes on pages 33 to 53 form part of these financial statements

THE PORTSMOUTH GRAMMAR SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

		2020 £	2019 £
Cash flows from operating activities			
Net movement in funds per SOFA		68,747	559,056
Depreciation		897,755	930,789
Write-off of fixed assets		-	633,774
Investment income		(86,600)	(119,463)
Interest paid		197,930	236,256
Gain on investments		(17,273)	(82,549)
Decrease/(increase) in stock		17,732	(17,963)
(Increase)/decrease in debtors		(1,691)	54,323
(Decrease)/increase in creditors		<u>(408,234)</u>	<u>2,166</u>
Cash provided by operating activities		668,366	2,196,389
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(947,654)	(1,446,825)
Payments to acquire fixed asset investments		(282,707)	(934,039)
Proceeds on tangible fixed assets		-	-
Proceeds on disposal of fixed asset investments		242,194	592,050
Interest paid		(197,930)	(236,256)
Investment income		<u>86,600</u>	<u>119,463</u>
Cash used in investing activities		(1,099,497)	(1,905,607)
Cash flows from financing activities			
Bank loan repaid		(2,037,599)	(570,910)
New bank loan		<u>1,528,237</u>	<u>-</u>
Cash used in financing activities		(509,362)	(570,910)
Advance fees scheme			
Payments on account utilised		(1,193,165)	(1,334,016)
Receipts from new contracts		<u>902,766</u>	<u>1,466,878</u>
Cash (used in) / provided by advance fees		(290,399)	132,862
Decrease in cash and cash equivalents in the year	24	(1,230,892)	(147,266)
Cash and cash equivalents at the beginning of the year		<u>7,449,325</u>	<u>7,596,591</u>
Total cash and cash equivalents at the end of the year		<u>£ 6,218,433</u>	<u>£ 7,449,325</u>
Analysis of cash and cash equivalents:			
Cash at bank and in hand	14	6,194,462	7,367,286
Cash held with investment manager		<u>23,971</u>	<u>82,039</u>
		<u>£ 6,218,433</u>	<u>£ 7,449,325</u>

The notes on pages 33 to 53 form part of these financial statements

**THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. CHARITY INFORMATION

The school principally provides education in Portsmouth and the surrounding areas to boys and girls from 2 years 6 months to 18 years old. The incorporated charity (charity number 1063732, company number 3401010), is domiciled in the UK. The address of the registered office is The Portsmouth Grammar School, High Street, Portsmouth, Hampshire, PO1 2LN.

2. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements present the consolidated statement of financial activities (SOFA) and the charity and consolidated balance sheets comprising the consolidation of the School, its wholly owned subsidiary PGS Promotions Limited, the Endowment Trust and the Arthur Darby Nock Trust. The School has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

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

The Portsmouth Grammar School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). No separate SOFA or Income and Expenditure Account have been presented for the School alone as permitted by section 408 of the Companies Act 2006.

Going concern

At the time of approval of the Annual Report, the Covid-19 pandemic continues to evolve and the long term impact on the charity, in common with other businesses, is unknown. The Governors have reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils as well as employment of staff. The charity currently holds significant cash balances. Given the current circumstances the pupil numbers for current academic year 2020/21 have remained relatively stable. Conservative cash flow modelling with sensitivity analysis indicates that the cash reserves of the charity are adequate to meet the charity's obligations as they fall due. Accordingly, the Governors believe the School's financial resources are sufficient to ensure the School will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

b) Income

Fees receivable and similar income

Fees receivable and other incoming resources are accounted for on a receivable basis. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants.

Ancillary trading income

Ancillary trading income is included in the statement of financial activities when the charitable company is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

Donations

Donations and legacies are credited to revenue on a receivable basis. No amounts are included in the financial statements for services donated by volunteers.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

ACCOUNTING POLICIES (continued)

Government Grants

Grants are accounted for under the performance model as permitted by the Charity SORP. CJRS grant income is therefore recognised on a straight line basis over the furlough period for each relevant employee.

c) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the cost of running the charity, including external audit, Governors legal advice and constitutional and statutory compliance costs.

d) Investments

Listed investments are valued at their market value at the balance sheet date from the appropriate Stock Exchange or from the relevant fund manager. Dividends, other investment income and interest are accounted for on a receivable basis. Investment gains and losses are recognised in the Statement of Financial Activities in the period in which they arise.

In order to optimise future investment performance, the Trustees have adopted a policy of investment pooling with affect from 26 April 2018. The investment pooling arrangement includes the School, together with The PGS Endowment Trust and Arthur Darby Nock Trust.

Unlisted investments are carried at historic cost.

e) Tangible fixed assets

Expenditure on improvements and modernisation which enhances the long-term capability of the School is capitalised and depreciated in line with the policy for freehold buildings. Expenditure on repairs and general maintenance incurred on a regular basis is charged to the statement of financial activities on the accruals basis.

f) Depreciation

Depreciation is provided on tangible fixed assets to write off their cost, less estimated residual value, over their estimated useful economic life, by instalments, as follows: -

Freehold buildings	-	2% per annum on cost
Library Improvements	-	10% per annum on cost
Furniture, fittings and equipment	-	20% per annum, reducing balance
Motor vehicles	-	20% per annum, reducing balance
Computer equipment	-	33% per annum on cost
Gym Equipment	-	33% per annum on cost

Individual items costing less than £500 are written off as an expense on acquisition.

g) Fund accounting

Unrestricted funds

Unrestricted funds relate to the School's general operational funds.

Restricted funds

Restricted funds are those which must be applied in accordance with the purpose specified by the donor. Expenditure relating to these purposes is charged directly to the fund.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

ACCOUNTING POLICIES (continued)

Endowment Funds

Endowed funds consist of investments and part of the freehold land and buildings used by The Portsmouth Grammar School. The purpose to which the investments may be applied is restricted in accordance with the terms of The Portsmouth Grammar School Endowment Trust.

Expendable Endowment Fund

The expendable endowment fund relates to the Arthur Darby Nock Trust, a linked charity. In accordance with the instructions of the Charity Commission, the assets, liabilities and transactions of the Trust remain separately identifiable within the consolidated accounts, being maintained in an Expendable Endowment Fund within the SOFA and shown on the face of the Balance Sheet.

h) Pension schemes

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set out by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme.

The School also operates defined contribution schemes for non-teaching staff, including an auto enrolment arrangement. Contributions to the schemes are charged in the SOFA as they become payable, in accordance with the rules of the schemes.

i) Stocks

Stocks are stated at the lower of cost and net realisable value.

j) Leased Assets

Operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

k) Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 29 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments and debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding advance fees, deposits in advance and other taxes and social security.

l) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

m) Deferred income (Advance fees)

Amounts received under the school's Advance Fee Scheme contracts for education not utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date as long-term liabilities where the education will be provided in subsequent years.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

ACCOUNTING POLICIES (continued)

n) Parents' deposits

The Governors have reviewed the contract terms under which Pupil fee deposits are held by the School. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2020 have been included within current liabilities.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values 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.

The estimates and underlying assumptions are reviewed on an on-going 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 affects the current and future periods.

The trustees consider that the provision for doubtful debts is the estimate which gives rise to the most significant risk of a material misstatement in the financial statements, having regard to the current Covid-19 pandemic.

4. SCHOOL FEES RECEIVABLE

	2020 £	2019 £
School fees receivable consist of:-		
Gross fees	19,172,792	21,215,958
Less:		
Foundation bursaries	(1,301,146)	(1,120,802)
Scholarships, prizes, discounts and allowances	<u>(875,251)</u>	<u>(772,438)</u>
	<u>£16,996,395</u>	<u>£19,322,718</u>

The above educational awards were made to 383 individuals (2019: 395).

Gross fees are shown net of the standard 3% direct debit discount which is taken up by the majority of parents.

A fee reduction was applied to summer term fees due to school closure as a result of the Covid-19 pandemic.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

5. ANCILLARY TRADING INCOME

	2020 £	2019 £
Lunches	363,461	702,356
School trips	227,218	558,069
Registration fees	15,700	18,700
Fee protection insurance	17,697	21,065
Events and fundraising	9,790	19,697
Sale of goods	14,383	26,957
Other ancillary income	<u>55,731</u>	<u>70,551</u>
	£ 703,980	£ 1,417,395

6. INVESTMENT INCOME

	2020 £	2019 £
Dividend income	46,132	44,542
Bank interest	<u>40,468</u>	<u>74,921</u>
	£ 86,600	£ 119,463

7. TRADING SUBSIDIARY

PGS PROMOTIONS LIMITED	2020 £	2019 £
Turnover	164,785	197,816
Cost of sales	<u>(125,506)</u>	<u>(125,098)</u>
Gross profit	39,279	72,718
Administrative expenses	(73,228)	(81,343)
Other operating income	2,720	-
Interest payable and similar charges	<u>(407)</u>	<u>-</u>
Net loss	£ (31,636)	£ (8,625)
Retained earnings at the beginning of the year	<u>8,927</u>	<u>45,832</u>
	8,927	45,832
Loss for the year	(31,636)	(8,625)
Gift aid donation	<u>(1,227)</u>	<u>(28,280)</u>
Retained earnings at the end of the year	<u>(23,936)</u>	<u>8,927</u>

PGS Promotions Limited had net liabilities totalling £23,934 (2019: £8,929 net assets) at the year-end.

Aggregate non-charitable trading income of £48,631 (2019: £49,307) and expenditure of £5,084 (2019: £5,082) was eliminated on consolidation.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

8. TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	2020 £	2019 £
Charitable activities					
Teaching costs	10,569,691	404,611	1,203,012	12,177,314	13,457,595
Welfare costs	469,618	-	473,654	943,272	1,322,881
Premises costs*	617,662	490,812	1,119,611	2,228,085	3,086,112
Support costs	<u>1,311,736</u>	<u>-</u>	<u>1,024,802</u>	<u>2,336,538</u>	<u>2,403,562</u>
School's operating costs	<u>12,968,707</u>	<u>895,423</u>	<u>3,821,079</u>	<u>17,685,209</u>	<u>20,270,150</u>
Raising Funds					
Financing costs	-	-	342,229	342,229	242,120
Fund-raising costs	<u>163,939</u>	<u>-</u>	<u>34,829</u>	<u>198,768</u>	<u>211,001</u>
	<u>163,939</u>	<u>-</u>	<u>377,058</u>	<u>540,997</u>	<u>453,121</u>
TOTAL FOR SCHOOL	<u>13,132,646</u>	<u>895,423</u>	<u>4,198,137</u>	<u>18,226,206</u>	<u>20,723,271</u>
Subsidiary trading and financing costs	49,448	2,332	141,870	193,650	201,360
Endowment fund	-	-	8,520	8,520	8,438
The Arthur Darby Nock Trust	<u>-</u>	<u>-</u>	<u>18,161</u>	<u>18,161</u>	<u>21,017</u>
TOTAL FOR GROUP	<u>£13,182,094</u>	<u>£ 897,755</u>	<u>£ 4,366,688</u>	<u>£18,446,537</u>	<u>£20,954,086</u>

Included in support costs are governance costs of £30,460 (2019: £28,591).

*An amount of £633,744 was included in premises costs last year in relation to a write off of direct capital costs incurred on a project following a decision by the Governors to defer the construction of a new Performing Arts Centre.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

8. TOTAL RESOURCES EXPENDED (continued)

	2020 £	2019 £
Total staff costs comprised:		
Wages and salaries	10,369,731	11,124,327
Social security costs	963,910	973,661
Pension contributions	1,758,840	1,320,651
Other	<u>89,613</u>	<u>41,544</u>
	<u>£13,182,094</u>	<u>£13,460,183</u>

Included within the wages figure above is £342,750 (2019: £498,006) in relation to the School's catering contract. Also included within the wages figure above are severance payments of £nil (2019: £83,334).

The average number of employees in the period was 332 broken down as follows:

	2020	2019
Average number of teaching staff:		
Full Time	117	133
Part Time	<u>64</u>	<u>59</u>
Total	<u>181</u>	<u>192</u>
Average number of support staff		
Full Time	76	81
Part Time	<u>75</u>	<u>88</u>
Total	<u>151</u>	<u>169</u>
Total all staff	<u><u>332</u></u>	<u><u>361</u></u>

The number of employees whose emoluments exceeded £60,000 were:

	2020 No.	2019 No.
£60,000 - £70,000	8	8
£70,000 - £80,000	3	2
£80,000 - £90,000	2	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-
£120,000 - £130,000	-	1
£130,000 - £140,000	1	-
£140,000 - £150,000	<u>-</u>	<u>1</u>

In connection with these higher paid employees, retirement benefits are accruing under money purchase schemes for 3 (2019: 1) and under multi-employer defined benefit schemes for 12 employees (2019: 13). The total employer contributions in the year to the schemes were £218,775 (2019: £142,780).

Key management personnel comprise the Governors and Senior Management Team. Key management personnel received aggregate remuneration (including employers NI and employers Pension) of £1,505,215 (2019: £1,461,532).

None of the Governors or any persons connected with them have received any remuneration in the year. Ten trustees were reimbursed expenses during the year totalling £2,900 (2019: £1,586).

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

9. TRANSFERS

The transfer in 2019 to restricted funds (see note 20) relates to donations to the Sixth Form Centre. No such transfers occurred in 2020.

10. NET INCOME

	2020 £	2019 £
Net income is stated after charging:		
Auditors' remuneration - Audit – School	21,400	20,950
- Audit – Subsidiary	5,100	4,995
- Other services	1,060	1,060
- Corporation tax compliance	1,500	930
Operating leases	94,805	106,715
Depreciation	<u>897,755</u>	<u>930,789</u>

11. FINANCING COSTS

	2020 £	2019 £
Bank loan and overdraft interest	197,930	236,256
Bank charges	10,196	12,326
Bad debts/(credit)	94,717	(42,137)
Other financing costs	<u>50,200</u>	<u>47,112</u>
	<u>£ 353,043</u>	<u>£ 253,557</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

12. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings	Fixtures, fittings, computer equipment & plant	Motor vehicles	Total
	£	£	£	£
COST				
At 1 September 2019	26,542,377	8,290,927	65,012	34,898,316
Additions	<u>381,291</u>	<u>566,363</u>	<u>-</u>	<u>947,654</u>
At 31 August 2020	<u>26,923,668</u>	<u>8,857,290</u>	<u>65,012</u>	<u>35,845,970</u>
DEPRECIATION				
At 1 September 2019	4,797,133	7,014,374	60,628	11,872,135
Charge for the year	<u>453,757</u>	<u>443,122</u>	<u>876</u>	<u>897,755</u>
At 31 August 2020	<u>5,250,890</u>	<u>7,457,496</u>	<u>61,504</u>	<u>12,769,890</u>
NET BOOK VALUE				
At 31 August 2020	<u>£21,672,778</u>	<u>£1,399,794</u>	<u>£ 3,508</u>	<u>£ 23,076,080</u>
At 31 August 2019	<u>£21,745,244</u>	<u>£1,276,553</u>	<u>£ 4,384</u>	<u>£ 23,026,181</u>
 SCHOOL				
COST				
At 1 September 2019	22,917,493	8,147,590	53,787	31,118,870
Additions	381,291	566,363	-	947,654
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2020	<u>23,298,784</u>	<u>8,713,953</u>	<u>53,787</u>	<u>32,066,524</u>
DEPRECIATION				
At 1 September 2019	4,797,133	6,879,757	52,345	11,729,235
Charge for the year	<u>453,757</u>	<u>441,378</u>	<u>288</u>	<u>895,423</u>
At 31 August 2020	<u>5,250,890</u>	<u>7,321,135</u>	<u>52,633</u>	<u>12,624,658</u>
NET BOOK VALUE				
At 31 August 2020	<u>£18,047,894</u>	<u>£1,392,818</u>	<u>£ 1,154</u>	<u>£ 19,441,866</u>
At 31 August 2019	<u>£18,120,360</u>	<u>£1,267,833</u>	<u>£ 1,442</u>	<u>£ 19,389,635</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

13. FIXED ASSET INVESTMENTS

GROUP

	2020 £	2019 £
UK Listed investments		
At 1 September 2019	2,195,253	1,770,715
Additions	282,707	934,039
Disposals	(242,194)	(592,050)
Investment gains	<u>17,273</u>	<u>82,549</u>
Market value of investments	2,253,039	2,195,253
Cash held for investment	<u>23,971</u>	<u>82,039</u>
Total investment at 31 August 2020	£ 2,277,010	£ 2,277,292
Historical Cost	<u>£ 1,975,245</u>	<u>£ 1,988,431</u>

SCHOOL

	Listed £	Unlisted £	Total £
At 1 September 2019	2,195,253	2	2,195,255
Additions	282,707	-	282,707
Disposals	(242,194)	-	(242,194)
Investment gains	<u>17,273</u>	<u>-</u>	<u>17,273</u>
Market value of investments	<u>2,253,039</u>	<u>2</u>	<u>2,253,041</u>
Cash held for investment*	<u>23,971</u>	<u>-</u>	<u>23,971</u>
At 31 August 2020	£ 2,277,010	£ 2	£ 2,277,012
Historical cost	<u>£ 1,975,245</u>	<u>£ 2</u>	<u>£ 1,975,247</u>

The School owns 100% of the ordinary share capital and voting rights of PGS Promotions Limited, whose principal activity is to operate the School's sports centre, transport and uniform shop. The company's registered office is: The Portsmouth Grammar School, High Street, Old Portsmouth, Hampshire, PO1 2LN.

The results of the subsidiary are included in these consolidated accounts on a line-by-line basis, as required by the Charities SORP.

14. CASH AND CASH EQUIVALENTS

	Group 2020 £	2019 £	School 2020 £	2019 £
Cash at bank and in hand	<u>6,194,462</u>	<u>7,367,286</u>	<u>5,958,242</u>	<u>7,134,898</u>
	£ 6,194,462	£ 7,367,286	£ 5,958,242	£ 7,134,898

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

15. DEBTORS

	Group		School	
	2020	2019	2020	2019
	£	£	£	£
Trade and parental debt	449,961	298,258	390,097	267,694
Amounts due from group undertakings	-	-	435,428	417,011
Prepayments and other debtors	557,966	698,202	552,078	669,718
Deferred expenditure	101,042	110,818	101,042	110,818
	<u>£ 1,108,969</u>	<u>£1,107,278</u>	<u>£ 1,478,645</u>	<u>£ 1,465,241</u>

Trade and Parental debt are stated after an impairment provision of £151,485 (2019: £65,008).

16. CREDITORS: Amounts falling due within one year

	Group		School	
	2020	2019	2020	2019
	£	£	£	£
Bank loan (note 18)	625,367	612,309	625,367	612,309
Trade creditors	477,520	537,517	477,520	537,517
Amounts owed to group undertakings	-	-	1,168,513	1,154,894
Deposits in advance	82,300	172,620	82,300	172,620
Other creditors	211,441	286,316	211,441	285,081
Accruals	773,957	917,343	746,580	896,102
Deferred income (note 19)	813,315	800,145	813,315	800,145
Other taxes and social security	237,290	276,947	237,290	276,947
	<u>£3,221,190</u>	<u>£3,603,197</u>	<u>£4,362,326</u>	<u>£4,735,615</u>

17. CREDITORS: Amounts falling due after more than one year

	Group		School	
	2020	2019	2020	2019
	£	£	£	£
Bank loans (note 18)	6,113,164	6,635,583	6,113,164	6,635,583
Deferred income (note 19)	917,312	1,220,881	917,312	1,220,881
	<u>£7,030,476</u>	<u>£7,856,464</u>	<u>£7,030,476</u>	<u>£7,856,464</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

18. BANK LOANS – GROUP AND SCHOOL

The bank loans are repayable as follows:-

	2020 £	2019 £
Within one year	625,367	612,309
Between one and two years	454,668	604,102
Between two and five years	1,116,848	1,116,964
Over five years	<u>4,541,648</u>	<u>4,914,517</u>
	<u>£ 6,738,531</u>	<u>£ 7,247,892</u>

The school has the following loans:

- A £250,000 bank loan was taken out in 2004 to finance the conversion of the science labs and the library, as well as the construction of the all-weather pitches. This is repayable over fifteen years by termly instalments. The interest rate applied to this loan is 0.75% above bank base rate. The balance outstanding at the year-end was £nil (2019: £16,702).
- A bank loan of £3.1m was taken out in 2005 to finance development and construction of the new theatre facility and the dining hall at the school. This is repayable over fifteen years by termly instalments. On 29 January 2014 the balance of £1,854,934 was changed to a fixed rate of 2.56% until 28 September 2021. The balance outstanding at the year-end was £348,274 (2019: £602,582).
- A bank loan of £4.8m was agreed during 2010 to finance the construction of a new science centre. The loan is repayable over 25 years by termly instalments. For the first 10 years of the loan arrangement £2.4m will be paid at a fixed rate of 5.03%. In May 2020, the 10 year fixed agreement transferred to a floating rate. The remaining £2.4m was repayable at 1.6% above the bank base rate. This loan has been transferred to a new loan in January 2020 at a fixed rate of 2.65%. The balance outstanding at the end of the year on these loans was £3,301,562 (2019: £3,413,250).
- A bank loan of £3.8m was agreed to finance the construction of the new Sixth form Centre. The loan is repayable over 25 years at a rate of 1.85% above base. The school made a first drawing on the loan of £1,969,076 on 29 April 2014. The balance outstanding at the year-end was £3,088,695 (2019: £3,215,358).

The above loans are secured by first legal charges dated 29 February 2000 and 23 March 1999 in favour of Lloyds TSB Bank Plc over the freehold land and buildings at Portsmouth Grammar School, High Street, Portsmouth and 8 Penny Street, Portsmouth respectively.

THE PORTSMOUTH GRAMMAR SCHOOL
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FOR THE YEAR ENDED 31 AUGUST 2020

19. DEFERRED INCOME (ADVANCE FEES) – GROUP AND SCHOOL

Parents may enter into a contract to pay to the school up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions and on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:-

	2020 £	2019 £
Within one year	813,315	800,145
Within 1 to 2 years	378,542	458,494
Within 2 to 5 years	397,326	551,286
Over five years	<u>141,444</u>	<u>211,101</u>
	£ 1,730,627	£ 2,021,026

The balance represents the accrued liability under the contracts. The movements during the year were:-

Balance at 1 September 2019	2,021,026	1,888,164
New contracts	<u>902,766</u>	<u>1,466,878</u>
Amounts accrued to contracts	2,923,792	3,355,042
Amounts utilised in payment of fees to the school	<u>(1,193,165)</u>	<u>(1,334,016)</u>
Balance at 31 August 2020	£ 1,730,627	£ 2,021,026

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

20. RESTRICTED FUNDS

GROUP AND SCHOOL

Fund name	<i>At 1 September 2019 £</i>	Incoming Resources £	Resources expended £	Transfers between funds £	At 31 August 2020 £
William Smith Fund	495,446	236,794	-	-	732,240
Geoff Foley Innovation and Creativity	14,880	-	(20)	-	14,860
Other	<u>68,206</u>	<u>2,495</u>	<u>(295)</u>	<u>-</u>	<u>70,406</u>
Total	<u>£ 578,532</u>	<u>£ 239,289</u>	<u>£ (315)</u>	<u>£ -</u>	<u>£ 817,506</u>

GROUP AND SCHOOL (2019 comparative)

<i>Fund name</i>	<i>At 1 September 2018 £</i>	<i>Incoming Resources £</i>	<i>Resources expended £</i>	<i>Transfers between funds £</i>	<i>At 31 August 2019 £</i>
William Smith Fund	433,196	154,660	(92,410)	-	495,446
Geoff Foley Innovation and Creativity	14,900	-	(20)	-	14,880
Other	<u>6,645</u>	<u>61,342</u>	<u>(3,106)</u>	<u>3,325*</u>	<u>68,206</u>
Total	<u>£ 454,741</u>	<u>£ 216,002</u>	<u>£ (95,536)</u>	<u>£ 3,325</u>	<u>£ 578,532</u>

William Smith Fund

This fund was launched in July 2015 and exists primarily to provide funds for means tested bursary support to pupils.

Geoff Foley Innovation and Creativity

This fund was set up to promote group work and problem solving outside of normal school work and funds an annual prize.

Other

Other consists of Graduate Leader Grant and remaining funds raised for the schools in Cambodia and Uganda and through participation by staff and pupils in The Great South Run and other donations.

*The transfer to restricted funds in 2019 relates to donations to the Sixth Form Centre.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

21. UNRESTRICTED FUNDS

GROUP

Fund name	<i>At 1 September 2019</i>	Incoming resources	Resources expended	Gains/ (losses)	Transfer between funds	At 31 August 2020
	£	£	£	£	£	£
General						
General	<u>£ 17,117,746</u>	<u>18,229,603</u>	<u>(18,419,541)</u>	<u>6,093</u>	<u>-</u>	<u>£ 16,933,901</u>
Total	<u>£ 17,117,746</u>	<u>£ 18,229,603</u>	<u>(18,419,541)</u>	<u>£ 6,093</u>	<u>£ -</u>	<u>£ 16,933,901</u>

SCHOOL

General						
General	<u>£ 17,108,819</u>	<u>18,115,811</u>	<u>(18,272,887)</u>	<u>6,093</u>	<u>-</u>	<u>£16,957,836</u>
Total	<u>£ 17,108,819</u>	<u>£ 18,115,811</u>	<u>£(18,272,887)</u>	<u>£ 6,093</u>	<u>£ -</u>	<u>£16,957,836</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

22. ALLOCATION OF NET ASSETS BETWEEN FUNDS

**2020
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Endowed	3,624,884	-	1,039,766	(106,028)	-	4,558,622
Restricted	-	-	817,506	-	-	817,506
Expendable endowment	-	-	355,117	(120,342)	-	234,775
Unrestricted	<u>19,451,196</u>	<u>2,277,010</u>	<u>5,230,991</u>	<u>(2,994,820)</u>	<u>(7,030,476)</u>	<u>16,933,901</u>
Total	<u>£ 23,076,080</u>	<u>£ 2,277,010</u>	<u>£ 7,443,380</u>	<u>£ (3,221,190)</u>	<u>£ (7,030,476)</u>	<u>£ 22,544,804</u>

SCHOOL

Restricted	-	-	817,506	-	-	817,506
Unrestricted	<u>19,441,866</u>	<u>2,277,012</u>	<u>6,631,760</u>	<u>(4,362,326)</u>	<u>(7,030,476)</u>	<u>16,957,836</u>
Total	<u>£ 19,441,866</u>	<u>£ 2,277,012</u>	<u>£ 7,449,266</u>	<u>£ (4,362,326)</u>	<u>£ (7,030,476)</u>	<u>£ 17,775,342</u>

**2019
GROUP**

Fund name	Fixed assets £	Investments £	Current assets £	Current liabilities £	Long term liabilities £	Total £
Endowed	3,624,884	-	1,039,478	(128,969)	-	4,535,393
Restricted	-	-	578,532	-	-	578,532
Expendable endowment	-	-	355,040	(110,654)	-	244,386
Unrestricted	<u>19,401,297</u>	<u>2,277,292</u>	<u>6,659,195</u>	<u>(3,363,574)</u>	<u>(7,856,464)</u>	<u>17,117,746</u>
Total	<u>£ 23,026,181</u>	<u>£ 2,277,292</u>	<u>£ 8,632,245</u>	<u>£ (3,603,197)</u>	<u>£ (7,856,464)</u>	<u>£ 22,476,057</u>

SCHOOL

Restricted	-	-	578,532	-	-	578,532
Unrestricted	<u>19,389,635</u>	<u>2,277,294</u>	<u>8,033,969</u>	<u>(4,735,615)</u>	<u>(7,856,464)</u>	<u>17,108,819</u>
Total	<u>£ 19,389,635</u>	<u>£ 2,277,294</u>	<u>£ 8,612,501</u>	<u>£ (4,735,615)</u>	<u>£ (7,856,464)</u>	<u>£ 17,687,351</u>

23. CAPITAL COMMITMENTS

At 31 August 2020 the group had capital commitments amounting to £nil (2019: £nil) of which £nil (2019: £nil) related to the School.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2020 £	2019 (Restated) £
Decrease in cash in the year	(1,230,892)	(147,266)
Net loan repayments	509,362	570,910
Net advance fees movements	<u>290,399</u>	<u>(132,862)</u>
Change in net debt	(431,131)	290,782
Net debt at 1 September 2019	<u>(1,819,594)</u>	<u>(2,110,375)</u>
NET DEBT AT 31 AUGUST 2020	<u>£ (2,250,725)</u>	<u>£ (1,819,593)</u>

The 2019 figures have been restated to incorporate the movements on the advances fees scheme.

25. ANALYSIS OF CHANGE IN NET DEBT

	Net debt as at 1 September 2019 (Restated) £	Cash Change £	Net funds as at 31 August 2020 £
Cash at bank and in hand	7,367,286	(1,172,824)	6,194,462
Cash at investment manager	82,039	(58,068)	23,971
Loans	(7,247,892)	509,362	(6,738,530)
Advance fees scheme	<u>(2,021,026)</u>	<u>290,399</u>	<u>(1,730,627)</u>
	<u>£ (1,819,593)</u>	<u>£ (431,131)</u>	<u>£ (2,250,724)</u>

26. OTHER FINANCIAL COMMITMENTS

At 31 August 2020 the School had future minimum lease payments under non-cancellable operating leases as follows:

	Other operating leases	
	2020 £	2019 £
GROUP		
Within one year	85,479	89,943
Between one and five years	89,020	174,564
Over 5 years	<u>-</u>	<u>-</u>
	<u>£ 174,499</u>	<u>£ 264,507</u>
SCHOOL		
Within one year	61,606	66,069
Between one and five years	70,529	132,135
Over 5 years	<u>-</u>	<u>-</u>
	<u>£ 132,135</u>	<u>£ 198,204</u>

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

27. PENSION COSTS

Defined Benefit Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,591,820 (2019: £1,157,737) and at the year-end £Nil (2019: £Nil) 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 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

Other Pensions

In addition to the above the School also makes contributions for non-teaching staff. This is a separately administered defined contribution scheme or an auto enrolment arrangement with NEST. Employers contributions totalling £106,520 (2019: £117,040) were payable to the defined contribution fund for the year and £60,500 (2019: £45,874) payable to NEST for the year.

Total outstanding contributions for all schemes at the year-end were £Nil (2019: £Nil).

28. RELATED PARTY TRANSACTIONS

The Head is Chair of The Portsmouth Festivities and one of the Governors is a trustee. At the year-end Portsmouth Festivities owed the School £1,161 (2019: £178). The School contributed £48,550 (2019: £48,550) to the Festivities during the financial year. Further details of the Festivities are described in the Report of the Directors.

The Head's remuneration package included an interest free loan of £100,000 in respect of accommodation in the prior year. The loan has no fixed repayment date. This amount is included within other debtors (2019 - £100,000).

The husband of A Cotton, the Head, is employed by the School under a standard contract of employment, approved by the Governors.

The wife of L Rees, Head of Sixth Form, is employed by the School under a standard contract of employment, approved by the Governors.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

29. FINANCIAL INSTRUMENTS

	2020 £	2019 £
Group		
Financial assets measured at amortised cost	7,202,389	8,363,746
Financial liabilities measured at amortised cost	6,230,653	6,581,750
Financial assets measured at fair value	<u>2,277,010</u>	<u>2,277,292</u>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2020 £	2019 £
Interest income and expense:		
Total interest income for financial assets held at amortised cost	86,600	74,921
Total income for financial assets held at fair value	29,119	44,542
Total interest expense for financial liabilities held at amortised cost	<u>198,337</u>	<u>236,256</u>

	2020 £	2019 £
School		
Financial assets measured at amortised cost	7,335,847	8,489,323
Financial liabilities measured at amortised cost	7,426,543	7,759,122
Financial assets measured at fair value	<u>2,277,008</u>	<u>2,277,292</u>

The school's income, expense, gains and losses in respect of financial instruments are summarised below:

	2020 £	2019 £
Interest income and expense:		
Interest income	86,600	74,921
Total income for financial assets held at fair value	18,153	17,105
Interest expense	<u>197,930</u>	<u>236,256</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash and cash equivalents.

Financial assets are measured at fair value comprise listed investments.

Financial liabilities measured at amortised costs comprise bank loans, amounts owed to group undertakings, net obligations under finance lease and hire purchase contracts, other creditors and accruals.

THE PORTSMOUTH GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

30. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Permanent Endowment Funds £	Total 2019 £
INCOME AND ENDOWMENTS					
Charitable activities					
School fees receivable	19,322,718	-	-	-	19,322,718
Ancillary trading income	1,417,395	-	-	-	1,417,395
Other trading activities					
Activities for generating funds:					
Non-charitable trading	148,509	-	-	-	148,509
Other incoming resources	52,168	-	-	-	52,168
Investments					
Investment Income	92,026	-	5,821	21,616	119,463
Voluntary sources					
Donations	<u>154,338</u>	<u>216,002</u>	<u>-</u>	<u>-</u>	<u>370,340</u>
Total income	<u>21,187,154</u>	<u>216,002</u>	<u>5,821</u>	<u>21,616</u>	<u>21,430,593</u>
EXPENDITURE ON:					
Raising Funds					
Non-charitable trading	200,633	-	-	-	200,633
Financing costs	242,847	-	2,272	8,438	253,557
Fund-raising costs	211,001	-	-	-	211,001
Charitable activities:					
School operating costs and grant making before exceptional write-off costs	19,540,840	95,536	18,745	-	19,655,121
Exceptional write-off of fixed assets	633,774	-	-	-	633,774
Total charitable activities	<u>20,174,614</u>	<u>95,536</u>	<u>18,745</u>	<u>-</u>	<u>20,288,895</u>
Total expenditure	<u>20,829,095</u>	<u>95,536</u>	<u>21,017</u>	<u>8,438</u>	<u>20,954,086</u>
Net investment gains/(losses)	<u>31,699</u>	<u>-</u>	<u>10,789</u>	<u>40,061</u>	<u>82,549</u>
NET INCOME/(EXPENDITURE)	<u>389,758</u>	<u>120,466</u>	<u>(4,407)</u>	<u>53,239</u>	<u>559,056</u>
Transfer between funds	<u>(3,325)</u>	<u>3,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS	<u>386,433</u>	<u>123,791</u>	<u>(4,407)</u>	<u>53,239</u>	<u>559,056</u>
Fund balances at 1 September 2018	<u>16,731,313</u>	<u>454,741</u>	<u>248,793</u>	<u>4,482,154</u>	<u>21,917,001</u>
Fund balances at 31 August 2019	<u>17,117,746</u>	<u>578,532</u>	<u>244,386</u>	<u>4,535,393</u>	<u>22,476,057</u>

