

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

CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Governors, Officers and Advisers	1 - 3
Report of the Directors	4 – 24
Statement of Directors' Responsibilities	25
Report of the Auditors	26 – 28
Consolidated Statement of Financial Activities	29
Consolidated Balance Sheet	30
Company Balance Sheet	31
Consolidated Cash Flow Statement	32
Notes to the Financial Statements	33 - 53

**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)

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

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:

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE PORTSMOUTH GRAMMAR SCHOOL
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2020

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
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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>

