

COMPANY NUMBER: 3401010
CHARITY NUMBER: 1063732

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

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

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

GOVERNORS

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

EX-OFFICIO GOVERNORS

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

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

REPRESENTATIVE GOVERNORS

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

CO-OPTATIVE GOVERNORS

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

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

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

OFFICERS

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

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

ADVISERS

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

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

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

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

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

DIRECTORS REPORT & TRUSTEES STRATEGIC REPORT

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

This report constitutes the following elements:

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

CONSTITUTION AND OBJECTS

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Body

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

Recruitment and Training of Governors

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

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

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

Organisational Management

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

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

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

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

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

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

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

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

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

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

Group Structure and Relationships

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

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

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

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

Employee Engagement

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

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

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

Employment policy

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

Business Relationships

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

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

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

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

Fundraising practice

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

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

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

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

AIMS AND OBJECTIVE

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

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

We wish the members of our community to:

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

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

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

VISION AND STRATEGY

Vision

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

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

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

Strategy

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

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

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

ACHIEVEMENTS AND PERFORMANCE

PUBLIC BENEFITS

Means-Tested Fee Remission (Bursaries)

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

Community Action Workplace

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

Education Partnerships

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

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

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

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

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

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

Portsmouth Festival

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

Economic Contribution

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

Charitable Fundraising

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

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

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

ACADEMIC PERFORMANCE

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

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

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

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

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

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

BROADER CO-CURRICULAR PERFORMANCE

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

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

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

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

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

FINANCIAL REVIEW

Strategic Overview

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

Headline figures for 22/23 are:

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

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

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

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

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

Significant Events

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

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

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

Reserves Policy

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

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

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

Investment Policy, Objectives and Performance

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

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

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

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

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

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

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

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

Risk Management

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

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

Education Committee

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

Finance and General Purposes Committee

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

Safeguarding Committee

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

Risk Summary

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

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

STREAMLINED ENERGY AND CARBON REPORTING (SECR) STATEMENT

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

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

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

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

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

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

Key Impacts

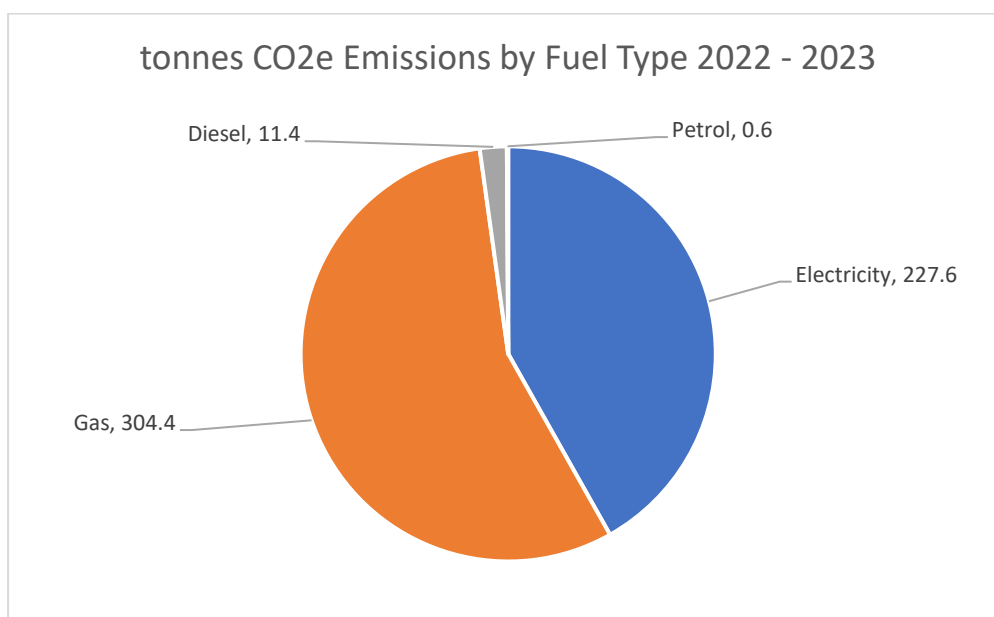
The key impact of Portsmouth Grammar School is the emission of greenhouse gases from the consumption of fossil fuel on site, electricity, and vehicle fuel.

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

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

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

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)



Measurement

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

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

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

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

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

Notes:

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

Intensity Ratios

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

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

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

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

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

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

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

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

Setting a Target

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

Upstream Impacts – Supply Chain

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

Downstream Impacts – pupils/parents/ wider community

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

Energy Saving Actions

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

Energy Saving Plans

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

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

SECTION 172(1) STATEMENT

Governor involvement

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

Staff members

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

Pupils and their parents

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

Suppliers

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

Community and the environment

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

Standards and conduct

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

Provision of Information to the Auditors

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

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



.....
WJB Cha (Chair)

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

Opinion

We have audited the financial statements of The Portsmouth Grammar School for the year ended 31 August 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Governors

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

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

Responsibilities of the Governors (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

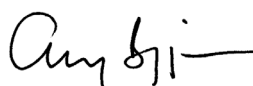
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PORTSMOUTH GRAMMAR SCHOOL (CONTINUED)

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

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

Use of our report

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



Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Cheltenham

Date: 18 December 2023

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

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

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

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

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

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

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



W J B CHA
CHAIR

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

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

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

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



W J B CHA
CHAIR

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

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

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

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

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

1. CHARITY INFORMATION

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

2. ACCOUNTING POLICIES

a) Basis of Preparation

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

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

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

Going concern

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

b) Income

Fees receivable and similar income

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

Ancillary trading income

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

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

ACCOUNTING POLICIES (continued)

Donations

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

c) Resources expended

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

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

d) Investments

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

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

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

e) Investment Properties

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

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

f) Tangible fixed assets

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

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

ACCOUNTING POLICIES (continued)

g) Depreciation

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

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

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

h) Fund accounting

Unrestricted funds

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

Restricted funds

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

Permanent Endowment Funds

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

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

Expendable Endowment Fund

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

i) Pension schemes

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

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

j) Stocks

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

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

ACCOUNTING POLICIES (continued)

k) Leased Assets – Lessee and Lessor

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

l) Financial instruments

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

m) Cash and cash equivalents

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

n) Deferred income (Advance fees)

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

o) Parents' deposits

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

p) Bad debt provisions

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

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

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods. In the opinion of the Governors the most significant accounting estimate is in relation to the provision for non-collection of parental debt.

4. SCHOOL FEES RECEIVABLE

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

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

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

5. ANCILLARY TRADING INCOME

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

6. INVESTMENT INCOME

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

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

7. TRADING SUBSIDIARY

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

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

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

8. TOTAL RESOURCES EXPENDED

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

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

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

8. TOTAL RESOURCES EXPENDED (continued)

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

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

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

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

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

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

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

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

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

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

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

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

9. NET INCOME

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

10. FINANCING COSTS

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

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

11. TANGIBLE FIXED ASSETS

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

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

12a. FIXED ASSET INVESTMENTS

GROUP

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

SCHOOL

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

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

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

12b. FIXED ASSET INVESTMENT PROPERTY

GROUP AND SCHOOL

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

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

13. CASH AND CASH EQUIVALENTS

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

14. DEBTORS

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

15. CREDITORS: Amounts falling due within one year

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

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

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

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

17. BANK LOANS – GROUP AND SCHOOL

The bank loans are repayable as follows:-

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

The school has the following loans:

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

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

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

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

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

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

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

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

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

19. RESTRICTED FUNDS

GROUP AND SCHOOL

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

GROUP AND SCHOOL (2022 comparative)

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

William Smith Fund

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

Geoff Foley Innovation and Creativity

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

Wilkie Scholarship Fund

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

Other

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

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

20. UNRESTRICTED FUNDS

GROUP

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

SCHOOL

General	<u>14,488,690</u>	<u>20,152,104</u>	<u>(20,325,588)</u>	<u>(23,816)</u>	<u>(713)</u>	<u>14,290,677</u>
Total	<u>£ 14,488,690</u>	<u>£ 20,152,104</u>	<u>£ (20,325,588)</u>	<u>£ (23,816)</u>	<u>£ (713)</u>	<u>£ 14,290,677</u>

21a. PERMANENT ENDOWMENT FUNDS

GROUP

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

SCHOOL

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

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

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

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

21b. EXPENDABLE ENDOWMENT FUNDS

GROUP

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

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

22. ALLOCATION OF NET ASSETS BETWEEN FUNDS

**2023
GROUP**

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

SCHOOL

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

**2022
GROUP**

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

SCHOOL

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

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

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

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

24. ANALYSIS OF CHANGE IN NET DEBT

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

25a. OTHER FINANCIAL COMMITMENTS

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

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

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

25b. OTHER FINANCIAL COMMITMENTS: LESSOR

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

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

26. PENSION COSTS

Defined Benefit Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,706,931 (2022: £1,578,144) and at the year-end £nil (2022: £Nil) was accrued in respect of contributions to this scheme.

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

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

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

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

Other Pensions

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

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

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

27. RELATED PARTY TRANSACTIONS

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

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

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

28. FINANCIAL INSTRUMENTS

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

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

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

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

28. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

Financial assets are measured at fair value comprise listed investments.

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

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

29. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

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