



**1509 Group**

**Annual Report & Financial Statements**

**For the Year Ended**

**31 July 2021**

Charity Number 1084866  
Company Number 4104101



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## Directors

1509 Group is holding company of a number of organisations. All directors and members of 1509 Group are directors of RGS and Lanesborough and all are governors of the School.

DIRECTORS OF THE COMPANY			Appointed by
F,N, E,L	Mrs S K Creedy MA	Chairman of Governors	Board – co-opted
F, N,L	Mr P G Peel FCA	Chairman of the Finance and General Purposes Committee and Vice Chairman of Governors	Board – co-opted
E, N	Mr C D Barnett MA PGCE	Chairman of Education Committee and Vice Chairman of Governors Chairman of Nominations Committee	Board – co-opted
L,N, E	Rev R L Cotton MA Dip Th	Chairman of Lanesborough Committee	Bishop of Guildford
F	Mr PW Fell BA FCA		Board – co-opted
E	Mr SGS Gimson, MSc (Def Tech)		Surrey County Council
E	Mr NEJ Vineall QC MA		Board – co-opted
MEMBERS OF THE COMPANY			
N, L	Mr CT Shorter CEng MIStructE FConSE FFB		Board – co-opted
F	Mr D J Counsell FCA		Board – co-opted
E	Professor SC Price MSc PhD FBTS ERT FHEA	Resigned University of Surrey Dec 2020 Co-opted Dec 2020	Board – co-opted
E	Dr L S K Linton MA MB ChB MRCP		Staff: RGS and LPS
	The Earl of Onslow, High Steward of Guildford		Ex Officio
F	Mr J D Fairley BA		Board – co-opted
F	Mrs H Styche-Patel BSc, MBA		Board – co-opted
E	Mr SGS Gimson, MSc (Def Tech)		Surrey County Council
F,L	Mrs JA Stott BSc (Hons)	Resigned Dec 2020	Royal Grammar School Parents’ Association
L	Ms N Nelson-Smith		Guildford Borough Council
F	Mrs M-L Logue		Lanesborough Parents’ Association
E	Prof MJ Humphreys MBE PhD LLB PFHEA		University of London
L	Mrs K Atkinson		Board – co-opted
F	Mr T Lingard	Appointed Dec 2020	Royal Grammar School Parents’ Association
E	Prof H Treharne	Appointed Dec 2020	University of Surrey
E	Mr M Windsor	Appointed July 2021	Board – co-opted
F L E N	Members of the Finance and General Purposes Committee Lanesborough Committee Members of the Education Committee (formerly the Academic Committee) Members of the Nominations Committee		
Officers			
	The Headmaster	Dr JM Cox BSc PhD	
	Secretary & Treasurer	Mr RA Ukiah MA	
	The Head (Lanesborough)	Mr T Freeman-Day	

**Registered Office**

High Street,  
Guildford  
Surrey GU1 3BB

**Principal Bankers**

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

**Auditors**

Crowe U.K. LLP  
55 Ludgate Hill  
London EC4M 7JW

**Solicitors**

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

Bird & Bird LLP  
12 New Fetter Lane  
London EC4A 1JP

The Members and Directors of 1509 Group present its annual report (including the Directors' Report and Strategic Report) together with the audited accounts for the year ended 31 July 2021 and confirm that it complies with the requirements of the Companies Act 2006, Charities Act 2011 and the Charities Statement of Recommended Practice (SORP) 2015.

## **DIRECTORS' REPORT**

### **THE STATUS OF THE GROUP**

1509 Group is a registered charity, number 1084866, and a company limited by guarantee, number 4104101. 1509 Group is the holding company of a number of subsidiaries which are outlined below. Further details of the organisational structure are included in the Group Structure and Relationships section.

- RGS and Lanesborough - a company limited by guarantee, company registration number 10874615 and charity number 1177353.
- Royal Grammar School Guildford Foundation - a charitable company, company number 4232306 and charity number 1089955.
- RGS Guildford International Limited – company number 09633181.
- The RGS Guildford International (Dubai) Ltd company number 11422203.
- The RGS Guildford International (China) Ltd company number 12104378.
- RGS Guildford Enterprises Ltd company number 12248925 (dormant)

Until 31<sup>st</sup> August 2021 the organisation RGS and Lanesborough ('The School') was a single entity operating as two individually registered schools, the Royal Grammar School, Guildford ('the RGS'), and Lanesborough Preparatory School ('Lanesborough'). As of 1 September 2021, the schools merged under one registration and Lanesborough was renamed RGSPrep. Prior to the merger, there was one Governing Body for the two schools. The same Governing Body now looks after the merged School.

With effect from 29<sup>th</sup> September 2021, the organisation RGS and Lanesborough was renamed Royal Grammar School Guildford to reflect the merger. As the merger and name changes have taken place after the year end of July 31<sup>st</sup>, the RGS and Lanesborough names continue to be used in these accounts to 31 July 2021.

As a result of its special relationship with the Cathedral (Lanesborough is the Choir School) and with the Bishop of Guildford nominating a Governor, RGS and Lanesborough are designated as 'Schools with a Religious Character'.

### **GOVERNANCE AND MANAGEMENT**

#### **Governing Body**

There is one Governing Body for the Group. Details of the members of the Governing Body, together with the School's officers and principal advisers, are given on pages 1-2.

The Governing Body is self-appointing. New Governors are elected on the basis of nominations from the Nominations Committee based on the candidate's suitability for the vacancy.

The Governors are aware of The Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Governors are satisfied that the School

applies the principles of the code within its current Governance arrangements. The code was updated in 2020 and Governance arrangements are being reviewed in light of this update.

### **Recruitment and Training of Governors**

The Nominations Committee oversees the identification of potential Governors and their induction. New Governors are provided with the opportunity to view the Schools, provided with relevant background material about the School and the role of a charity trustee and provided with an experienced Governor as a mentor during first year of appointment. Opportunities are provided to attend School events that may give insight into the working of the Schools and appropriate training courses are offered to Governors. Particular attention is given to the identification of suitable courses for new Governors. During the year Governors attended seminars to enable them to remain up to date. The Chairman participates in the Chairman of Governors' Forum.

### **Organisational Management**

The Board of Governors has established permanent committees: the Finance and General Purposes Committee to supervise the management and administration of the Group and School's affairs; the Education Committee (formerly the Academic Committee) to oversee curricular and educational matters; the Lanesborough Committee to oversee all matters pertaining to Lanesborough; and the Nominations Committee to review arrangements for the nomination of Directors of the Company and appointments to the Board of Governors and its committees, as well as conduct an annual review of strategic issues. Panels of Governors are selected to form disciplinary, and appeals committees as required.

The Chairs of these Committees in the year were as follows:

Education Committee	Mr C Barnett
Lanesborough Committee	Rev RL Cotton
Finance and General Purposes Committee	Mr PG Peel
Nominations Committee	Mr C Barnett

The Chief Operating Officer oversees the general business operations of the Group and in particular focuses on the long-term building programme, international developments and wider business opportunities, with the day to day running of the Schools delegated to the Heads and the Bursar. The Heads and Bursar are in turn supported by their Senior Management Teams and together these groups are the key management personnel.

Remuneration is set by the Board, with the objective of providing a competitive package to attract and retain the best possible staff.

The appropriateness and the relevance of remuneration is reviewed annually, including reference to benchmarking data of other similar independent schools to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

The Group aims to recruit the best possible staff in all areas. Delivery of the School's charitable vision and purpose is primarily dependent on key management personnel and staff costs are the largest single element of charitable expenditure.

### **Group Structure and Relationships**

1509 Group is the holding company which retains control of RGS and Lanesborough and all other subsidiaries.

The 1509 Group is the sole voting member of The Royal Grammar School, Guildford Foundation ('the Foundation'), which works to promote, provide for and raise funds for the School. The Foundation is a charitable company (company number 4232306 and charity number 1089955) and is also a subsidiary of 1509 Group. Considering the financial and non-financial benefit provided by the Foundation, the School has agreed to provide operational resources for the Foundation free of charge.



RGS Guildford International Ltd (company number 09633181), RGS Guildford International (Dubai) Ltd (company number 11422203) and RGS Guildford International (China) Ltd (company number 12104378) are all subsidiaries of the 1509 Group and supply intellectual property and guidance to our partners in Qatar, Dubai and China, to support the development and ongoing operation of their schools.

All companies are registered in England and Wales. All companies report independently but their figures are consolidated into those of 1509 Group.

## **Engagement with Employees and Employee Interests**

### Taking care of our people

The directors recognise the enormous contribution made by all staff and the importance of valuing and developing staff. The group reserves an extensive budget for training and development and staff are encouraged to consider their personal and professional development. The well-being of staff is of paramount importance, and mechanisms are in place to support staff and colleagues. This ranges from regular catch-up sessions with line managers, staff social events and school wide events to support from the school counsellor, school nurse and HR manager.

### Communication

Regular updates, meetings and briefings are provided to staff on the day to day operations of the organisations as well as sharing high level changes within the organisation as these arise. Financial updates are provided to staff so they are kept briefed on the financial stability of the organisation or risks that may be facing the group or the sector.

Staff observers are invited to attend the full board of directors' meetings, so they are aware of the high level issues being discussed.

Strategy groups meet regularly to determine the future direction of a range of areas within the School and each group contains a mix of staff who have volunteered to be a member of each group.

### Benefits

Staff are eligible for a range of employee benefits including employer contributions to pensions and healthcare. Attention is paid to ensure that packages offered remain competitive against the market. Incentive schemes are not considered appropriate to our school environment and ethos, but success is shared and genuinely celebrated across the organisation, which operates in a supportive and collegiate manner to ensure that staff feel valued.

### Training and Development

There are many opportunities for staff to develop their skills through training courses or taking on different roles within the organisation. Several staff have been trained as coaches and now coach and develop others. Staff have the opportunity to apply for additional responsibilities within the organisation and, on many occasions, senior roles are filled internally rather than bringing in external candidates. In general, staff who leave go on to more senior roles within other organisations.

### Health and Safety

There is a health and safety policy group which covers the whole organisation, with a committee for each school. These committees are formed of a range of staff within each school and focus on the immediate needs they have. All staff are trained in the key elements of health and safety and understand that everyone has a part to play in this area. A new, full time health and safety manager has been appointed to ensure that adequate time and resource is devoted to this area. A huge amount of work continues to be undertaken to ensure the safety of staff and pupils in light of the ongoing pandemic. The risk assessments and procedures were shared with all staff and their input gathered for any additional measures to be put in place.

### Diversity and Inclusion

The directors seek to recruit and retain the best staff they can and encourage applications from as wide a range of candidates as possible. We welcome all employees regardless of their age, gender, faith, disability, ethnic or racial origin, sexual orientation or gender identity. We take care to ensure that our employment policies are non-

discriminatory and that all appointments are made solely on the basis of merit. An independent review of our recruitment process was commissioned and conducted during the year and its recommendations are being implemented.

It is part of our ethos that that all our people have a fundamental right to respect and dignity in the workplace. We actively promote these behaviours and do not tolerate disrespect or discrimination in any form. We will continually review how we can best promote and advance a culture in which all staff feel comfortable being themselves in the workplace and to ensure a diverse workforce is recruited for the benefit of the pupils and the wider organisation. A working party meets regularly to seek to further improve the School's performance in this area on an ongoing basis. All staff and Governors have now received Diversity and Inclusion training.

## **Stakeholder Relations**

As further outlined in the Strategic Report, a wide range of activities is undertaken by pupils and staff as part of the local and extended community. The directors aim for the organisation to be run in the best possible way and strict adherence to regulatory and legal requirements is of paramount importance. Both schools are inspected by the Independent Schools Inspectorate, and this covers compliance of a range of regulatory matters as well as the educational provision for pupils. The financial operations of the group are independently audited each year and other audits and regulatory inspections happen on a regular basis. There are a wide range of policies for staff which set out what is expected from Health and Safety, GDPR, Safeguarding, anti-bribery and corruption through to whistle blowing and a staff code of conduct.

The IT systems are carefully managed to ensure the safety and security of all data. Staff use devices issued by the organisation and training and security measures are regularly reviewed and updated. General Data Protection Regulations are complied with, and any new systems or associated processes are subject to a risk assessment to ensure they are compliant with the existing systems. Staff receive training and updates in this area.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the charity to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Directors 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ✓ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The charity is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **THE VALUES AND AIMS OF THE GROUP**

The object of the holding company, 1509 Group, is 'to promote and provide for the advancement of education in the United Kingdom and any part of the World and, in particular, but without limitation to the foregoing:

- to conduct, acquire and carry on, any boarding or day schools for the education of children of either sex or both sexes in all disciplines and fields of study, or otherwise provide education to persons, and
- provide scholarships, exhibitions and bursaries for young persons, to enable them to further their education

The Group's objects are fulfilled through the running of the School and other subsidiaries, whose activities and financial performance are reflected in these statements.

The object of the School, as described in its charity commission scheme, is the provision in or near Guildford of either a day school or a day and boarding school for boys, and ancillary thereto, the advancement of education. A preparatory school may be maintained at the discretion of the charity.

The aims of the RGS are:

- Academic opportunity
- Sustainability
- Wellbeing
- Widening Access

In pursuit of these aims, the RGS holds and promotes the following values:

- Inclusivity: we remain loyal to our founding principles to educate bright local students, irrespective of background or financial circumstances and we inherently believe in establishing a culture of diversity and acceptance in a welcoming, tolerant community where each individual is valued and enjoys a deep sense of belonging.
- Scholarship: we encourage the growth of intellectual curiosity, independence, creativity, innovation and habits of learning within a scholarly community through inspirational subject specialists who provoke and stretch the students' minds and inculcate a lifelong love of learning.
- Integrity: we promote the development of self-discipline and responsibility, spirituality and a personal moral code, and cultivate an ethos where qualities of decency, honesty, courtesy, humility and good humour are celebrated.
- Respect: we nurture an atmosphere of mutual respect between all members of our community, and foster self-respect and self-esteem in terms of physical health, emotional maturity and personal well-being, while establishing lasting friendships in a positive, happy environment.
- Courage: we develop leadership, teamwork, resilience and life skills through a diverse range of activities where all students, regardless of their talents and attributes, are encouraged to challenge themselves, take appropriate risks and work hard to fulfil their potential.
- Collaboration: we work closely with others for mutual enrichment, and encourage a spirit of generosity and service, a sense of perspective, and a firm belief that we can work in partnership with others, locally and internationally, to make a difference and have a positive impact on society.

Lanesborough shares the values of the RGS, with a vision that the school strives to be:

- a school where boys are happy within a supportive and caring community.
- a school where we aspire to fulfil the potential of every boy's learning.
- a school where we aspire to fulfil the potential of every boy in art, drama, music, sport and extra-curricular activities.
- a school where boys are able to express their opinions with confidence and good manners.
- a school where success is valued and rewarded.
- a school where we are partners with parents in the education of the boys.

The vision and values are embodied in the Lanesborough learning habits of:

- ✓ Accuracy/Engagement – I review my learning experiences in order to progress.
- ✓ Risk Taking – I am willing to take on challenges with courage and responsibility.
- ✓ Persistence/Perseverance – I keep trying when faced with challenges.
- ✓ Listening/Engagement – I listen actively and respond positively.
- ✓ Independence – I use my initiative to develop my own learning.

The Directors aim to provide public benefit and are mindful of the requirements of the Charities Act 2011. The Directors have monitored closely the guidance on public benefit produced by the Charities Commission together with its supplementary guidance on fee-charging.

## **STRATEGIES TO ACHIEVE THE AIMS OF THE SCHOOL**

The Directors' objectives for the School are established to deliver a wide-ranging, high quality education to students from Guildford and the surrounding area.

The School is focused on achieving the School's main objective and has developed both long term and short-term plans to achieve this. Governors monitor the School's progress by regularly reviewing the academic and extra-curricular work at the RGS and Lanesborough. This is achieved through the Education Committee and Lanesborough Committee plus a programme of Governor visits.

All pupils are now required to have a specified mobile personal computer to support quality remote and in-class teaching and learning. The School continues to evolve its strategy around use of devices, to seek continuous improvements and achieve the best educational outcomes and to mitigate against future disturbances.

There is a strong emphasis on providing a stable school environment following the recent disruptions. High quality of learning was maintained during the lockdown periods and focus is on supporting students and staff in regrouping, consolidating and returning to on-site learning and a full range of activities.

RGS Guildford has established an exceptional educational reputation in the UK. We have decided to develop this by opening first class schools overseas. RGS Guildford Qatar opened in 2016, RGS Guildford Nanjing opened in September 2020 and, most recently, RGS Guildford Dubai opened in September 2021. Opportunities to open further schools are being explored.

These schools are being opened together with local partners and are long term collaborations which allow us to share our expertise globally while learning from other cultures. Our partners share our educational ethos and have the desire and resources to deliver international schools with fantastic facilities that will share our values.

The reasons for our international expansion are many: partnership; engagement in global cultures; enhanced reputation for the school; and an income which will be used primarily to support bursary funding for boys attending our school in Guildford.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Review of achievements and performance for the year**

##### **The Royal Grammar School**

The last inspection by the Independent Schools Inspectorate, which took place in 2017, was a thorough review of all aspects of life at the RGS and was overwhelmingly positive. The report, which can be accessed in full, from the ISI website, assessed the quality of achievement and learning as exceptional.

In addition, the RGS underwent a scheduled ISI Regulatory Compliance Inspection in October 2017 and was deemed to be fully compliant in all regulatory areas.

With continuing disruption to the boys' education due to the pandemic, a return to remote teaching took place in the Lent Term, as well as for individual pupils during periods of self-isolation. The School was delighted to maintain relatively normal, face-to-face teaching for the majority of the academic year, however. The blend of physical and remote learning ensured that the boys' academic progress was in no way adversely hindered.

With formal public examinations cancelled at both A Level and GCSE, teacher assessed grades (TAGs) were used to determine the boys' grades. Regular, formal assessment ensured that the students were given opportunities to show their true ability, despite the uncertainty and disruption. The professionalism and integrity of the teaching staff allowed us to make robust, realistic predictions which allowed our students to secure places on some of the most competitive courses at the leading universities in the country. At A Level, the most common grade achieved by our students was the A\*, followed closely by the A grade. At GCSE, the most common grade achieved by our students was the gold-standard grade 9. These results ensured our GCSE students achieved grades which allowed them to pursue their chosen subjects at A Level and to continue to harbour the most ambitious of aspirations.

RGS students continued to secure places on the most competitive courses at the leading universities in the country, predominantly Russell Group Universities. Of a talented cohort, 17 students received offers from Cambridge and Oxford Universities; in the last 10 years, RGS boys have received well over 300 offers from Oxford and Cambridge Universities. Cambridge, Exeter, Durham and Bath have been in the top five every year for the last six years in terms of the number of RGS boys accepting places; for the first time this year Bristol was the most popular university destination. Again this year, RGS boys were accepted to study a wide range of different courses at university ranging from Modern Languages to Medicine, Physics to PPE and Economics to Engineering. This year Economics was the most popular choice of course.

A full and varied extra-curricular programme provided the springboard for diverse achievement and experience. With restrictions in place due to the pandemic the opportunities were more limited; however, imaginative and creative solutions allowed a diverse programme to still continue, albeit with many activities having to adapt accordingly or take place online through Microsoft Teams.

The following provides a very brief and selective overview:

- Remote and physical volunteering opportunities continued as RGS boys of all ages and staff provided entertainment and practical help and support in a number of local, environmental and community initiatives.
- Despite the challenging context to fundraising, over £11,000 was raised for the nominated school charities during the year, as the School continued to adhere to its value of service to make a difference to others, with fundraising from the small scale – cake and doughnut sales, mufti and House charity events – to the grand scale.
- The School continued to nurture and establish partnerships with local partners and those further afield to share our expertise from an academic, co-curricular and philanthropic perspective.

- Academic, adventurous, cultural and sporting trips were restricted due to the pandemic; however, local trips continued to take place, wherever possible, to enrich the learning experience.
- As in previous years, pupils continued to achieve national or international sporting recognition from the mainstream sports to more minor sports. The Sports department worked tirelessly throughout the year to implement a safe environment for competitive fixtures, where possible, and the opportunity for inter-school cricket matches was available in both the Michaelmas and Trinity terms. The season was capped off in style as the school's 1st XI were crowned champions of the annual RGS Cricket Festival, this year held in Newcastle.
- The philosophy of Sport for All continued to be in evidence throughout the year and participation rates remain exceptional. Even during periods of remote learning, a structured programme of strength and conditioning, aerobic and physical fitness opportunities was maintained. This included weekly sporting challenges, remote Games and PE sessions, and remote fixtures against other schools which involved students of all year groups having timed athletic challenges where the cumulative scores were then compared with other schools. Despite the restrictions placed on in-person inter-school fixtures in many sports, the school ran several internal competitions and training sessions on a Saturday, throughout the Michaelmas term.
- While lockdowns posed a challenge to the Arts in this academic year, a thoroughly 21<sup>st</sup> century approach ensured that online performances – including the annual carol service and market day concerts – continued to be enjoyed by parents, residents and the wider community. The Trinity term allowed a welcome return to physical performances including several drama productions and the climax to the musical calendar, as the RGS Musician of the Year took place at Holy Trinity Church.
- RGS boys continued to enjoy much success in the Model United Nations, Young Enterprise, Science Olympiads, debating, national essay and engineering competitions.

### Lanesborough Preparatory School

Lanesborough underwent its most recent comprehensive, cyclical review by the Independent Schools Inspectorate in late 2019 and received an emphatically positive report. The report, in full, can be accessed on the ISI website. The quality of achievement and learning, along with all other areas, was deemed exceptional - the highest possible grade.

In addition, Lanesborough underwent a scheduled ISI Regulatory Compliance Inspection in November 2019 and was deemed to be fully compliant in all regulatory areas.

During a year of lockdown, partial reopening and Senior Schools changing their entry processes and dates, at short notice, Lanesborough continued to prepare boys brilliantly. Alongside this, the entire community embraced the news that, from September 2021, Lanesborough would merge with the RGS to become RGS Prep.

Over the course of the year, Lanesborough continued to use a blend of Showbie, Microsoft Teams, OneNote and PowerPoint to teach whilst the boys were unable to attend in person. There were times when the lessons were 'hybrids', with a mix of live teaching and remote calling for those at home. Even when all the boys were back on the school premises, the use of bubbles meant that they were limited in sharing and using resources, so utilised technology very well.

2020-21 was also the first year with no year 7 or 8 boys and this meant the Year 6s took greater responsibility in helping run the school. Mentors, House Captains and Head Boys all did wonderfully well and embraced this new challenge. Alongside this, a number of scholarships were awarded:

- 12 scholarships were awarded for senior schools in the full range of Art, Music, Drama, Sport and Academic.
- 32 awards were achieved in ABRSM exams, ranging from pass to distinction; from initial grade all the way up to grade 6.
- Over 35 scholarships were offered (not all accepted)
- 11 boys achieved gold in UK First Mathematics Challenge

Sport continues to be a very important part of life at Lanesborough. The sports staff were inventive with there being a number of virtual fixtures and virtual challenges to complete – including Everest challenges (linking to flights of stairs) and also a virtual Race Around the World. Lanesborough continued to employ 2 Sports Apprentices alongside the three specialist sports staff.

Music, as always, plays a huge part in the life of Lanesborough. There has been a further increase in the number of instruments available for boys to learn – and this, in turn, has increased the number and quality of ensembles available. Even during periods of remote learning, the boys performed in virtual concerts, and these were electronically shared with parents. Unfortunately, school choirs could not be run – nonetheless, Choristers did brilliantly well to perform with some quite restrictive conditions.

Drama, through specialist teaching in both Pre-Prep and Prep, continues to grow. The pre-Prep boys all performed with great confidence in their Nativity and the Year 6s put on an in-school pantomime based on The Grinch. At the end of the year, Year 2 performed in Ballooning Around the World and Year 6 performed in a carefully named production – Let Loose!

Unsurprisingly, Breakfast Club take up has decreased and averaged around 6 boys each day. After School Care provision has been outsourced to Sports 4 Kids, a company which works with many local schools. As with Breakfast Club, the take up has been smaller (averaging around 9 boys a day) but as offices reopen, it is expected to increase as this is clearly a valuable service for the parents.

Each Summer term the boys in years 3-6 come off timetable for a week to take part in Activities week which usually involves residential trips, day excursions and project work. Once more in 2020-21, as a consequence of the ongoing pandemic, opportunities for such outings were severely restricted. In their place, the School held virtual events or trips and a superb 'Inspire Day' was organised and run by the new head of the Motivated, Able, Gifted & Talented programme. The day saw visits from the Apollo team from Robot Wars, a professional footballer, an Olympic sprinter, a range of sports cars, the creation of biospheres and much, much more – all with the purpose of inspiring the boys to consider different and exciting possibilities and opportunities beyond the more obvious ones.

A wide range of charities, both local and international including Cancer Research, Macmillan, Seeds for Development and the WWF, continue to be supported by the boys. Charities supported are chosen by the boys and in just one Charities Morning, the Year 6 boys organised an event that raised over £1,200.

Lanesborough School champions a strong Values system to support the personal, social and spiritual development of every pupil throughout the school. One Value, selected on a rotating basis, is focussed on each month. A sample of these values includes fairness, respect, courage, ambition. This continues to be one of the underpinning features of the School.

Lanesborough is supported by a wonderful and very active Parents' Association (LPA), which organises many exciting events to raise money for the school. The Christmas Fair was a highlight, and it was wonderful seeing all the boys buying presents for their loved ones. The LPA were tremendously inventive and came up with a selection of virtual events – such as virtual horse racing – to keep the community spirits up.

The annual Prize Giving events are highlights of the year when the numerous and varied achievements of all the boys at Lanesborough can be shared and celebrated. It is a wonderful occasion shared with the school, parents, Governors and VIPs. This year, due to Covid regulations, the Junior Prize Giving was held remotely and the Senior Prize Giving on the field, with parents attending in a socially distanced way. It was a wonderful event and parents of leavers were delighted to be given the opportunity to visit the school with their sons for one last time.

### **Public benefit**

The main beneficiaries of the School's work are boys aged 3 to 18 attending its schools. Governors have given due consideration to the Charities Commission guidance on Public Benefit guidance under Charities Act 2011 when considering activities in this area.

Governors wish the School's education to be widely available and so bursary applications are welcomed from families who could not otherwise afford to send their son to the School. Support is given to cover up to 100% of fees. In certain circumstances support for lunches, travel costs, course and examination fees is also considered on top of this.

In the year, 77 boys benefitted from bursary funding of over £1 million. Within this are 27 boys who received full fee remission for at least one term.

In addition to bursaries, the School gives opportunities to pupils of local schools to share the School's expertise, facilities and resources, and contributes widely to the local community in many ways. The School is also involved in developing relationships and partnerships with an ever widening range of educational organisations.

- ✓ Increasing links are being made with other local schools via the shared development of teacher CPD, the provision of revision sessions and academic support in a local senior school, and the membership of local educational partnerships. For example:
- ✓ The School is an associate member of a local MAT, the newly merged Athena-Guildford Education Partnership (Athena-GEP). The Headmaster of RGS is an Athena-GEP Trustee, an RGS Deputy Head is a member of the Guildford County School GLAC (Guildford Local Academy Committee), the RGS Bursar a member of Sandfield Primary School GLAC, the RGS HR Manager a member of Loseley Fields Primary School GLAC and an Assistant Head a member of the Kings College GLAC.
- ✓ Some RGS staff are deployed to teach in GEP schools: RGS staff provided Physics tuition for Y11 Kings College pupils and French lessons for Y5&6 were provided at Sandfield Primary School.
- ✓ The Enquiring Teacher Partnership, which facilitates teachers engaging in action research in their schools, is jointly a flagship partnership programme and is jointly led and administered with the GEP schools. The RGS oversees the publication of the 2020 "Enquiring Schools: A Journal of Evidence-Based Enquiry"; This annual record is a wonderful publication bringing together all of the research from last academic year.
- ✓ As part of our partnership with the GEP, the School continued to support specifically a local Secondary School (Kings College). A new development in this partnership in 2020-21 was an RGS Assistant Head joining the Governors with specific responsibility for Safeguarding. The RGS Physics department continued to support the Kings Triple science pupils by delivery of Physics lessons, revision classes and TAGs preparation and moderation – although this provision was disrupted, some in-person and some remote sessions were possible throughout the year. Unfortunately previously supported Y9 Maths lessons and other visits were not possible due to pandemic restrictions.
- ✓ New this year, an RGS Physics teacher supported Science events at GEP Primary schools (Loseley Fields, Boxgrove and Guildford Grove) by delivering practical Science enrichment activities.
- ✓ The School is a member of the Guildford 11-19 Partnership, which mainly exists to help pupils most at risk of dropping out of school by offering alternative educational provision. It also provides links to other educational providers and sharing of provision. In the past year the RGS Assistant Head Partnerships chaired the Steering Group, and RGS staff contributed to the Teaching and Learning Group, and the Examinations Officers Group. The RGS continued to lead an innovative project to enable any pupil at member schools to attend a joint programme of academic enrichment events (IMAG). Unfortunately, the full range of planned programmes did not occur due to restrictions, but three remote events did take place: The RGS Scholarship Conference (70 Y10-13 pupils registered from 6 schools); an on-line Facial Recognition workshop (115 Y7-9 pupils attending from 7 schools); and an on-line entrepreneur mini-course delivered by the Children's Business Fair organisation (70 Y7-8 pupils from 6 schools).
- ✓ Several RGS Staff, not already mentioned above, act as governors or trustees at other schools or organisations:



- ✓ Headmaster – Merchant Taylors’ School (Indep)
  - ✓ Deputy Head – Aldro School Governor, FAGP Committee (Indep.)
  - ✓ Head of Finance – Pond Meadow School, Bellfields, Children & Learning committee (Maint.)
  - ✓ Finance Team – Broadwater School, Finance & Resources Governor (Maint.)
  - ✓ SENCO – Heathlands School, Hounslow, Governor (Maint.)
  - ✓ Teacher – Twickenham Prep School Governor, Education and Planning committee (Indep.)
  - ✓ Teacher – Twickenham School, Whitton Governor (Maint.)
  - ✓ Teacher – Busbridge Junior School, Parent Governor (Maint.)
  - ✓ Teacher – Southern Pro Musica Educational Outreach Officer
- ✓ There are also significant Outreach programmes for Primary and secondary pupils. For example:
- ✓ The RGS Strings Scheme teaches all year 4 pupils in three Guildford primary schools (St Thomas’, Sandfield and Boxgrove) to play the violin or cello through weekly sessions over the course of a year. Over 200 pupils now take part in the scheme each week. During the last year provision has been disrupted but the scheme has continued with staff delivering a blend of in-person and remote lessons. The usual concerts were not possible, but school performances were recorded for on-line sharing with parents. This scheme is only possible due to the generous support of our principal donors: The Investec International Music Festival (IIMF), Community Foundation for Surrey (CFS), Southern Pro Musica Orchestra and Mila Charity. The ‘Strictly Strings Orchestra’ for continuers hosted at the RGS allows approximately 30 graduates of the string Schemes to continue to play in an orchestra to complement their individual tuition. This orchestra is generously funded by Southern Pro Musica and The Mila Trust. The orchestra continued with social distancing and performed a concert at the end of the year live for parents.
  - ✓ Unfortunately, the usual RGS Primary Masterclasses were not possible due to the Covid restrictions.
  - ✓ During the 2020-21 year, as a consequence of the pandemic, we were unable to welcome Primary schools pupils as usual for the Tudor Experience. Instead, we created a remote, off-line delivery version of the day and a digital package of video and resources was sent to all schools. The aim is to build on their knowledge of the Tudor period and develop a greater understanding of life at that time. Pupils learn about the history of the school in Tudor times and enjoy sessions on Tudor art, music and Heraldry and finish by making a movie of their day.
  - ✓ Regrettably, due to restrictions, all of our pupil community action programmes were suspended.
  - ✓ At secondary school level, pupils from other local schools are invited to attend various events each year; Although the offering was reduced this year, other schools were invited to attend online lectures, for example: The RGS Scholarship Conference and Classics Society lectures. Unfortunately, the usual Careers Seminars, public art events, drama and music performances, author visits etc. were cancelled. However, support was given to pupils from other schools (such as Fullbrook School, George Abbot School, Guildford County School) with preparation for Oxbridge and medical school interviews as well as more general university application advice by a range of departments.
  - ✓ At an international level, the Royal Grammar School, working in partnership with Tormead School, has close links with schools in Nepal and Cambodia where staff and pupils visit from the UK. Planned expeditions in 2020 and 2021 had to be cancelled due to the Covid pandemic but a fundraising quiz raised £1000 for our Charity partner ‘Better Lives’ in Cambodia.
  - ✓ Other outreach included:
    - A Maths teacher travelled to Busbridge Junior School to deliver two sessions on Ancient Egyptian Mathematics to over 60 Y6 pupils. He covered how we know what sort of maths they used, their number system, and what mistakes to avoid when trying to build a pyramid. At the end the students did a rope-stretching activity to form right-angled triangles to help them build a square based pyramid.

- As usual in the Lent term, the Maths department hosted a University of Surrey student teacher placement. We were very nearly in the very odd position of a visiting teacher completing their placement without setting foot in the school, having joined all of the lessons and meetings remotely; however, pleasingly, at the end of term they were able to actually see the RGS!
- During the Trinity term the Head of Classics provided support to the Latin teacher at Guildford County School and helped to moderate their Latin Y11 coursework and TAGs evidence. "I just wanted to say how immensely grateful I am for all your help with the Moderation of TAGs. I have really appreciated all the work that has gone into it, and it has been so good to have a second opinion."
- The English department donated four class sets of the text "An Inspector Calls" to Weydon School. "I just wanted to write to thank you and the RGS very much for the donation of a number of copies of An Inspector Calls to the English Department, here at Weydon. It means that we now have plenty of copies to go round, which will greatly improve the efficacy of our teaching" ....
- ✓ Two apprenticeships are also being supported in the sports department of Lanesborough.

## SECTION 172 (1) STATEMENT

The Directors of a Company must act in accordance with a set of general duties. These duties are detailed in in section 172 (1) of the U.K. Companies Act 2006, which is summarised as follows with reference to Charitable Companies

‘A Director of a Company must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company in achieving its charitable purposes, and in doing so have regard (amongst other matters) to:

1. The likely consequences of any decision in the long term
2. The interests of the Company’s employees
3. The need to foster the Company’s business relationships with suppliers, beneficiaries and others
4. The impact of the Company’s operations on the community and the environment
5. The desirability of the Company maintaining a reputation for high standards of business conduct, and
6. The need to act fairly as between beneficiaries of the Company

### Beneficiaries

The beneficiaries of the organisation are the pupils, and the Directors aim to ensure they are provided with the highest quality of education available, in terms of academic, co-curricular and pastoral input. Our aims and performance in this area are further detailed under the headings **The values and aims of the group** and **achievements and performance**, above.

### Employees

All staff, both teachers and support staff, work hard to achieve the School’s aims in delivering the highest possible standard of education to the pupils. It is the hard work, dedication and professionalism of these staff that achieve the outcomes for the pupils.

The recruitment, retention, development and welfare of staff is crucial to the successful running of the organisation and is considered, by the directors, to be of great importance. Further detail is provided under **Organisational Management** in the Directors’ report.

### Community and Environment

The schools are at the heart of the Guildford community and many activities take place that involve the local and wider community. This ranges from pupil and staff fundraising and participation in events to the sharing of resources with others. Extensive details on this are provided in the **Public benefit** section of the Strategic Report.

### Decision making, risk management and governance and performance oversight

The full board of directors meets three times a year with additional committee meetings taking place each term. As outlined under **Organisational Management** in the Directors’ report, each committee has a specific focus, but considers the overall impact of decisions on the wider organisation. Throughout the pandemic, the impact of the Covid-19 situation has been regularly and frequently shared with the directors, who are fully aware of the measures being put in place to manage this whilst continuing to provide the best education for the pupils and ensuring the safety and wellbeing of staff and pupils alike.

### Culture and Values

The values of each school are embedded within the curriculum to form a way of life for both pupils and staff.

## ENERGY AND EMISSIONS REPORT

### Energy Consumption

Streamlined Energy & Carbon Reporting (SECR) is a new legislative reporting requirement in the Directors' Report for Year Ends on or after 31 March 2020. It mandates that all large companies must report on their operational energy consumption and associated emissions.

A high-level breakdown of energy used, and emissions generated by RGS & Lanesborough is included in the table below:

	Gas		Electricity		Transport		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
kWh	2,897,813	1,637,475	1,004,177	1,039,759	65,902	81,991	3,967,892	2,759,225
Mileage	n/a	n/a	n/a	n/a	56,000	68,900	56,000	68,900
KgCO <sub>2</sub> e	530,763	301,082	213,217	242,409	12,070	20,963	756,050	564,454
tCO <sub>2</sub> e	531	301	213	242	12	21	756	564

UK energy use covers all educational and ancillary activities across the School.

Associated Greenhouse gases have been calculated using 2021 conversion factors advised by the UK Government Department for Business, Energy and Industrial Strategy.

### Intensity Metric

An intensity metric gives an indicator of carbon performance calculated per unit of an operational driver of the Schools activities. For RGS & Lanesborough we have used the average number of pupils over the year as the relevant operational driver. **In 2020/21 1,288 pupils accounted for emissions of on average 587kgCo<sub>2</sub>e each (2019/20 1,298 pupils accounted for emissions of on average 435 kgCo<sub>2</sub>e each).** The intensity metric for 2020/21 appears significantly higher than that reported in 19/20, largely reflecting that school buildings remained open and operational for a larger proportion of the school year in 2020/21 than the prior year. Both years will show an artificially depressed intensity metric as a consequence of the periods of lockdown.

As part of a rolling programme of maintenance and refurbishment, the School took the following energy efficient actions during the year:

- Our smaller electricity meters (NHH) use renewable energy. Whilst our larger (HH) electricity meters are supplied by businesses which guarantee zero carbon
- We continue our roll out of energy efficient LED fittings across all sites
- Windows have continued to be replaced for double glazed units
- Doors have been upgraded in communal areas to improve on heat loss in various buildings
- Boiler replacements have been for energy efficient models
- Where washrooms have been refurbished, we have used water saving devices including on cisterns and taps
- We have installed CO<sub>2</sub> monitors for measuring air quality in various places across site
- We replaced 5 of our minibuses over the Summer bringing our total of vehicles using AdBlue to 7

## **FINANCIAL REVIEW**

### **Results for the year**

The Group is pleased to report the generation of a net improvement in funds of £2.4m in the year ended 31<sup>st</sup> July, 2021 (2020: £474k). £1.5m of this increase arose from the operation of the School and subsidiaries. The balance is accounted for by an unrealised actuarial gain on the Surrey County Council pension fund. The Group's net income and capital inflow totalled £2.4m from £23.9m total income (2020: £474k from £24.3m). The Group also generated a cash surplus which was sufficient to cover planned annual investment in its facilities, servicing of loan financing of major capital investment projects and increase the Group's cash balance at year end. This further strengthened the School's ability to ensure that costs can be met as they fall due.

Total income includes investment income of £1k (2020: £14k) and also £584k (2020: £548k) of donations.

Further national lockdowns during the year meant that school buildings and sites in the UK, once more, were closed to the majority of pupils. At the RGS this meant that pupils, other than the children of critical workers, returned to remote learning for much of the Lent term. The situation was somewhat different at Lanesborough, where nursery provision remained open throughout the period of lockdown, an increased number of key worker children opted to attend in-person and a gradual re-opening of Primary school provision began ahead of full reopening of all schools. As in 19-20, a remission in fees of between 10%-20% dependent on year group, for the period of school closure was extended to all fee payers, in recognition of the change in provision and the prevailing exceptional circumstances. Alongside the School's regular bursary programme, hardship bursary support was extended to eight families, with the generous support of donors and current parents.

The school in Qatar experienced significant disruption to in-school attendance during the year and much of the teaching and learning was a blend of remote and in-class. Demand for pupil places, nonetheless remains high. The school in Nanjing remained open for the full academic year and is also seeing a growing pupil base. Work on the opening of the Dubai school continued and remained on schedule, despite the challenges arising from the ongoing pandemic. Activities in support of these schools is continuing and income from the overseas ventures continues to be received, albeit with a delay on receipts from the Qatari school.

To mitigate the reduction in fee income, the UK School availed of government support available through the Covid Job Retention Scheme for part of the year for those staff members whose roles could not be fulfilled while the majority of pupils remained offsite, although to a lesser extent than in the previous year (2020/21 £131k, 2019/20 £261k). Other cost efficiencies were also sought and achieved, in addition to the rescheduling of loan repayments to ensure that sufficient cash reserves were maintained to cover obligations as they fell due.

As we emerge from the initial phases of the pandemic, additional challenges have arisen around energy prices, public finances and supply chain issues, which predict a somewhat turbulent and unpredictable economic outlook in the immediate future. With effect from 31<sup>st</sup> August 2021, the school has elected to withdraw from the Surrey County Council Superannuation Fund and finalise its pension liability, in respect of this scheme, as at that date. Final valuation of the cost of withdrawal is yet to be received but is expected, based on previous estimates, to be in the range of £2.5m to £3m. Nonetheless demand for the School remains high and it is believed likely that pupil numbers will be maintained in the foreseeable future. Whilst some provision has been made for bad debts, collection of fee income has been more positive than possible scenarios which were planned for. The Directors have considered the impact of the ongoing pandemic and withdrawal from the SCC Superannuation fund on the School's operating model and financial position and this is further detailed in the 'Reserves level and policy, and financial viability' section, below.

## **Reserves level and policy, and financial viability**

The vast majority of the Group's funds are held in the form of the buildings and physical assets of the School. At year end the Group reports total funds of £40.6m (2020: £38.2m) which includes £1.1m of unspent restricted income (2020: £724k). Net current assets – broadly equivalent to liquid reserves- of £5.2m were held at the end of the year (2020: £3.1m)

The Group seeks to carry sufficient but not significant levels of free reserves for contingency purposes. During the year, and in particular during the periods which continued to be affected by the Covid-19 outbreak, the level of liquid reserves was adequate to meet commitments as they fell due, without recourse to additional borrowing. Free reserves as at 31 July 2021 equalled £5.4m (2019/20 £2.3m).

We have prepared a number of scenarios that consider our cash position, sources of income and planned expenditure. Demand for places at the RGS remains strong. Following full school reopening, appropriate measures are in place to restrict the spread of Covid-19 and the school's capability to support quality remote education, should this become necessary once more, is very robust. Nonetheless, these scenarios consider reduced pupil numbers, delayed fee payment and potential bad debts. Sensitivity around these assumptions has also been considered in our forecasting. The scenarios also consider the terms and conditions of the existing bank facilities. Results of this cash flow and sensitivity analysis indicate that the cash reserves of the charity are sufficient to meet the charity's obligations as they fall due.

Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

## **Investment policy, objectives and performance**

The School reviews its investment policy annually and adapts it if appropriate. The policy is based on the following principles:

- Prudent investment for income and growth based on the two principles of diversity and reduction of risk
- Speculative and very high-risk investments should be avoided
- Investments will be made in appropriate Common Investment Funds (CIFs) which have an established market and are readily realisable
- Account must be taken of the School's charitable status
- Appropriate advice should be sought from professional advisors on any proposal to invest other than in CIFs and, if necessary, on the choice of CIF
- Investments should be reviewed annually by the Finance and General Purposes Committee (F&GP)
- The Investment Policy should be reviewed and endorsed annually by the Governors
- Investments will be made on the instruction of the F&GP
- Money held as cash on behalf of Restricted funds will be credited with interest at the School's marginal borrowing rate
- Money held on deposit should be reviewed periodically to ensure that it is earning the maximum interest for the Schools.

The School's investments relate to restricted and prize funds. The performance of the funds has been in line with expectations.

For more detailed information about the School's investments, please refer to note 7.

## **Fundraising**

Fundraising for the School funding priorities is carried out by the Royal Grammar School, Guildford Foundation Limited, which raises funds for bursaries. The costs of the Foundation are met entirely by the School. In addition, a small amount of volunteer fundraising is carried out by the Parents' Associations of both RGS and Lanesborough, and also by the boys themselves.

The Foundation's fundraising activities are exclusively carried out by an in-house staff team, funded by the School. The Foundation adheres to the Code of Fundraising Practice when undertaking fundraising activity. Fundraising activity is limited to those with an existing connection to the School and includes a limited amount of funding from Trusts. Major donor and one-to-one fundraising are the Foundation's key mode of fundraising which helps to ensure that philanthropic relationships are not developed with anyone who might be vulnerable or be in vulnerable circumstances.

## **FUTURE PLANS**

The School's development plans were agreed by Governors and are subject to annual review. The main plans for the next year to help the School achieve its objectives are:

- ✓ To fulfil the School's charitable aims by spreading educational best practice, offering bursaries, and benefitting the community.
- ✓ To continue to develop mutually beneficial partnerships with other educational establishments at a local, national and international level.
- ✓ To enhance further the support for students' and staff welfare and personal development.
- ✓ To foster outstanding teaching and learning at the RGS and Lanesborough.
- ✓ To continue to work towards widening access to the School for students with limited means

These plans underpin individual detailed development plans for each area, which will enhance the School's ability to provide an exceptional education.

From September 2021, RGS and Lanesborough merged to become one registered school and Lanesborough was renamed RGS Prep. Work is ongoing in both the academic and non-academic departments, to realise the benefits to both senior and prep school of this merger.

## **RISK MANAGEMENT**

The Directors have examined the principal areas of the schools' operations and considered the major risks faced in each of these areas. Each of the two schools updates its risk assessment at least annually, and more frequently if appropriate to take into account changing circumstances. The risk assessments are considered by the RGS Education committee and the Lanesborough committee as appropriate before passing to the F&GP committee and the Board for discussion.

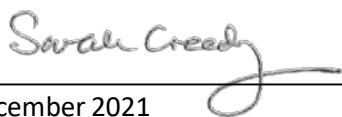
The main risks that have been identified are:

- ✓ Cyber-attack, causing major theft, loss or corruption of data or systems that could damage the school's operations, finances or reputation. The safety of systems is regularly reviewed along with the development of disaster recovery systems, the review of policies and passwords, with updates and training for staff on these.
- ✓ Failure to retain the Headmaster of the RGS or Lanesborough (now RGS Prep) could detrimentally affect the schools' admissions and performance. The development of members of the senior team in each school and ongoing support of the governors will help reduce the impact of a change of Head.
- ✓ Uncertainties for the economy post Brexit could further affect parents' finances and could lead to increased debts to the school and burden on the hardship bursary provision. Careful consideration of budgeting, cost management and fee levels and debt management will be made and kept under review.
- ✓ Changes in the political climate could lead to the introduction of legislation that could lead to financial pressure on independent schools. The outcomes of policies publicised by political parties are kept under review.
- ✓ Incidents that have the potential to damage the reputation of the School. This could cover a wide range of incidents so careful consideration to legislation, regulations, school policies, health and safety etc must be maintained and reviewed by staff and governors to ensure compliance in all areas.
- ✓ Incidence of a pandemic adversely impacting on the schools' ability to deliver education combined with the economic impact affecting parents' finances and ability to pay school fees. Excellent remote teaching and

learning capability was rolled out and enhanced by the school during the initial period of lockdown, significantly mitigating the risk of the schools being unable to deliver quality education. Special regular meetings of the Senior Management Teams of both schools are convened to address the emerging issues for Covid-19 on a day-by-day basis, with regular updates to directors, and performance against revised forecasts is reviewed regularly to monitor cash and resources. These continued throughout the Summer and remain ongoing in the following school year

The School has established a review system and allocated sufficient resources to ensure that those risks identified have been mitigated to a level acceptable for the School's day to day operations. The School regularly reviews the effectiveness of current plans and strategies for managing all identified major risks for the School and other group organisations.

The Annual Report which includes the Strategic Report was approved by the Charity and signed on its behalf by:

A handwritten signature in cursive script, reading "Sarah Creedy", written in dark ink. The signature is positioned above a horizontal line.

13<sup>th</sup> December 2021

Mrs S K Creedy



## **Independent Auditor's Report to the Members of 1509 Group**

### **Opinion**

We have audited the financial statements of the 1509 Group ('the charitable company') and its subsidiaries ('the group') for the year ended 31 July 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. 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 July 2021 and of the group's income and receipts of endowments and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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**

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Opinions on other matters 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' 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 charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing 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 trustees 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **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 charitable company and group 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, taxation legislation, employment legislation and general data protection legislation, 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 charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

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 timing and recognition of non-fee income, procurement processes for significant capital projects and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and General Purposes Committee 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, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tina Allison  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
London

**Date:** 17 December 2021

Consolidated	Note	Unrestricted Funds	Restricted Funds	2020-2021 Total	2019-2020 Total
		£000	£000	£000	£000
<b>Income from:</b>					
<b>Charitable Activities</b>					
School fees receivable	2 (a)	21,780	0	21,780	21,415
Other educational income	4 (a)	587	0	587	1,112
Other ancillary trading income	4 (b)	791	0	791	768
<b>Donations and Legacies</b>					
Donations and legacies		2	582	584	548
<b>Investments</b>					
Income from Investments		1	0	1	14
<b>Other Income</b>	4 (c)	189	0	189	452
<b>Total Income</b>		<u>23,350</u>	<u>582</u>	<u>23,932</u>	<u>24,309</u>
<b>Expenditure on:</b>					
<b>Raising Funds</b>					
Financing costs under					
Advance Fee contracts		2	0	2	4
Bank interest		50	0	50	107
Corporation Tax		1	0	1	(11)
Pension Commitment net financial Costs	17	76	0	76	5
Fundraising costs	5 (a)	129	0	129	105
<b>Charitable activities</b>	5 (b)				
Schools and grantmaking		21,902	399	22,301	22,409
Ancillary Trading		4	0	4	7
<b>Total Expenditure</b>		<u>22,035</u>	<u>399</u>	<u>22,434</u>	<u>22,521</u>
<b>NET INCOMING FUNDS FROM OPERATIONS BEFORE TRANSFERS AND INVESTMENT GAINS</b>					
		1,315	183	1,498	1,788
<b>Net (losses)/gains on investments</b>		(1)	0	(1)	3
<b>NET INCOME</b>		<u>1,314</u>	<u>183</u>	<u>1,497</u>	<u>1,791</u>
<b>Transfers between funds</b>	14 (d)	(257)	257	0	0
<b>Pension Scheme Actuarial Gains/(Losses)</b>	17 (iv)	905	0	905	(1,317)
<b>NET MOVEMENT IN FUNDS</b>		1,962	440	2,402	474
Fund balances brought forward at 1 August 2020	21	<u>37,547</u>	<u>620</u>	<u>38,167</u>	<u>37,693</u>
<b>FUND BALANCES carried forward at 31 July 2021</b>		<u>39,509</u>	<u>1,060</u>	<u>40,569</u>	<u>38,167</u>


The School has no gains or losses that are not shown above. All operations are continuing. The accounting policies and notes on pages 28 to 46 form part of these Financial Statements.

Company number 4104101

Consolidated

	Note	2021 £000	2020 £000
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	39,106	40,391
Investment assets	8	160	162
		<u>39,266</u>	<u>40,553</u>
<b>CURRENT ASSETS</b>			
Stocks	9	77	81
Debtors	10	613	609
Cash and deposits		10,245	7,652
		<u>10,935</u>	<u>8,342</u>
<b>CREDITORS: due within one year</b>	11	(5,733)	(5,260)
		<u></u>	<u></u>
<b>NET CURRENT ASSETS</b>		5,202	3,082
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>44,468</u>	<u>43,635</u>
<b>CREDITORS: due after more than one year</b>	12	(3,215)	(3,646)
<b>NET ASSETS BEFORE PENSION SCHEME LIABILITIES</b>		<u>41,253</u>	<u>39,989</u>
<b>Pension Scheme Liabilities</b>	17 (i)	(684)	(1,822)
		<u></u>	<u></u>
<b>TOTAL NET ASSETS</b>		<u><u>40,569</u></u>	<u><u>38,167</u></u>
<b>Represented by:</b>	14		
<b>RESTRICTED FUNDS</b>			
		1,060	620
<b>UNRESTRICTED FUNDS</b>			
Designated		34,113	35,224
General		5,396	2,323
<b>UNRESTRICTED FUNDS</b>		<u>39,509</u>	<u>37,547</u>
		<u></u>	<u></u>
<b>TOTAL FUNDS</b>		<u><u>40,569</u></u>	<u><u>38,167</u></u>

Approved by the Board of 1509 Group on 13th December 2021 and signed on behalf of the Company by:



)  
) Mrs. S K Creedy  
) Board Member



)  
) Mr. Peter Peel  
) Board Member  
)

The accounting policies and notes on pages 28 to 46 form part of these Financial Statements.

Company number 4104101

	Notes	2021 £000	2020 £000
<b>FIXED ASSETS</b>			
Investment Property	8	0	0
<b>CURRENT ASSETS</b>			
Prepayments/Accrued Income	10	0	0
Amounts owed from the School for recharges		0	0
Cash		14	14
		<u>14</u>	<u>14</u>
<b>CREDITORS: due within one year</b>			
Amounts owed to the School for recharges	11	(5)	(1)
VAT creditor	11	0	0
Accruals	11	0	(3)
		<u>(5)</u>	<u>(4)</u>
<b>NET CURRENT ASSETS</b>		<u>9</u>	<u>10</u>
<b>TOTAL NET ASSETS</b>		<u><u>9</u></u>	<u><u>10</u></u>
<b>Represented by:</b>			
<b>RESTRICTED FUNDS</b>		13	12
<b>UNRESTRICTED FUNDS</b>		(4)	(2)
<b>Total funds</b>		<u><u>9</u></u>	<u><u>10</u></u>

The unconsolidated deficit of the company was £970 (2020: Surplus £719)

Approved by the Board of The 1509 Group on 13th December 2021 and signed on its behalf by:



)  
) Mrs. S K Creedy  
) Board Member



)  
) Mr. Peter Peel  
) Board Member

The accounting policies and notes on pages 28 to 46 form part of these Financial Statements.

## Consolidated

	Note	£000	2021 £000	£000	2020 £000
<b>Net cash inflow from operations</b>					
Net cash provided by operating activities			3,219		3,720
<b>Cash flows from investing activities:</b>					
Payments for tangible fixed assets	7	(468)		(370)	
Proceeds on sale of tangible fixed assets		68		21	
Additions to investments	8	1		(1)	
Investment income and bank interest received		1		14	
<b>Net cash (used in) investing activities</b>			(398)		(336)
<b>Cash flows from financing activities:</b>					
Finance costs paid		(228)		(2,533)	
<b>Net cash provided by financing activities</b>			(228)		(2,533)
<b>Change in cash and cash equivalents in the year</b>			2,593		851
<b>Cash and cash equivalents at 1 August 2020</b>			7,652		6,801
<b>Cash and cash equivalents at 31 July 2021</b>			10,245		7,652

## Net Cash Inflow from Operating Activities

		2021	2020
Net incoming resources		1,498	1,788
Elimination of non-operating cash flows:			
- Investment Income		(1)	(14)
- Finance Costs		228	2,533
Defined benefit pension scheme adjustments	17	(233)	5
Depreciation	7	1,707	1,800
(Profit) on sale of fixed assets		(22)	(20)
Decrease in stocks		4	1
(Increase)/decrease in debtors		(4)	304
Increase/(Decrease) in creditors		131	(2,713)
(Decrease) in fees in advance scheme creditors		(149)	(11)
Increase in parents' deposits		60	47
		3,219	3,720

## Changes in Cash and Cash equivalents

Analysis of balances	Change in Year	2021	2020
Balances at 31 July			
Cash	0	4	4
Cash Equivalents (Deposits of < 3 Months)	2,593	10,241	7,648
<b>Changes in Cash and Cash equivalents from the School's operations</b>	<b>2,593</b>	<b>10,245</b>	<b>7,652</b>

The accounting policies and notes on pages 28 to 46 form part of these Financial Statements.

## **NOTE 1: ACCOUNTING POLICIES**

### **Basis of Accounting**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, and the 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).

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16<sup>th</sup> July rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

They are drawn up under the historical cost convention as modified by the revaluation, at fair value, of investments.

At the time of approval of the Annual Report, some turbulence is being experienced in the UK economy and the long-term impact on the charity, in common with other businesses, remains unknown. The charity holds significant cash balances supplemented, if needed, by an overdraft facility. Demand for school places at RGS & Lanesborough (now RGSPrep) remains strong, with continuing high numbers enrolled for the academic year 2021/22. Collection of fee income continues to be robust and fee debtor balances are slightly lower than at year end 2019-20, despite a fee increase for the year. Conservative cash flow modelling with sensitivity analysis indicates that the cash reserves of the charity are adequate to meet the charity's obligations as they fall due. Accordingly, the Directors believe the Schools' 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.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The School is a Public Benefit Entity registered as a charity in England and Wales, Company Number 10874615, Charity Number 1177353. Its registered office is The Royal Grammar School Guildford, High Street, Guildford, Surrey GU1 3BB.

### **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

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

The key source of estimation uncertainty that has a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities - the charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 16.

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



## **Statement of Financial Activities (SOFA)**

The School has two types of fund:

Restricted – where the purposes for which the funds may be used have been restricted by donors; and

Unrestricted – where the fund is not restricted as to use other than in furthering the objects of the School. These include Designated Funds, where the funds are unrestricted, but the Directors have designated them for a specific purpose.

## **Income and Expenditure**

Income and Expenditure is accounted for on an accruals basis with the exception of income from gifts and legacies. These are recognised when the charity is legally entitled to the income, the amount can be measured with reasonable accuracy, and the economic benefit to the School is considered probable.

## **Fees and similar income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deductible allowances, scholarships and remissions allowed by The School, but include contributions received from Bursaries funds.

## **Donations and Legacies**

Donations received for the general purpose of the group are credited to school income. Donations subject to specific wishes of the donors are carried to relevant restricted funds or used within the year for the appropriate purpose. Gifts in kind are valued at estimated open market value at the date of the gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

Legacies are taken to unrestricted funds unless specified for a particular purpose in which case they are taken to restricted funds.

## **Income from Government Grants**

Government grant income received in the year – and specifically that received under the Coronavirus Job Retention Scheme – is reported under the heading Other Income and separately identified in the notes to the accounts. Such income has been recognised under the accrual model whereby grant income is recognised in the period in which the expense to which it relates was incurred.

## **Expenditure**

Expenditure is accrued as soon as the liability is considered probable, discounted to present value for longer term liabilities. Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Irrecoverable VAT is included in the Statement of Financial Activities with the expenditure to which it relates.

Governance costs are those costs incurred in the safeguarding of the School's assets associated with constitutional and statutory requirements.

## **Investments**

Investments are shown at their fair values at the year end. Realised and unrealised gains and losses on investments are accounted for through unrestricted or restricted funds as appropriate and are accounted for in the SOFA.

## **Tangible Fixed Assets**

Expenditure on individual fixtures, fittings and equipment, motor vehicles, grounds and maintenance equipment and IT that are over £5,000 and capital in nature are capitalised, together with any spending of a capital nature relating to buildings.

Certain artefacts owned by The School are considered to be inalienable. It would be both difficult and costly to attribute a cost or valuation to these assets. In the event of future acquisitions of inalienable assets, such assets would be capitalised. Any proceeds on the disposal of such assets would be accounted for through the appropriate fund in the SOFA.

## **Heritage Assets**

The School holds the Town Wall (or Garden Wall) that at one time divided the School's property from the neighbouring Duke of Somerset's House and is also the old boundary between the Stoke and Christchurch Wards of Guildford. From time to time members of the public are permitted access to view the wall along with the Old Building and other items of historical interest that are held and used primarily for educational purposes. The Wall is maintained as part of the School's general care of its buildings, but also having regard to its commitment to the local community to care for a historical property. The Governors do not regard it practicable to obtain a valuation of the Wall and, accordingly, no value is ascribed to it.

## **Depreciation**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset, less any estimated residual value based on current market prices, evenly over its expected useful life. New capital developments are depreciated only when work has been completed and they are brought into use. The depreciation rates for the principal categories are:

Freehold Buildings	- 2% per annum on a straight-line basis
Furniture & Fittings	- 15% per annum on a straight-line basis
Computer Equipment	- 25% per annum on a straight-line basis
Photocopiers	- 20% per annum on a straight-line basis
Motor Vehicles	- 30% per annum on a reducing balance basis
Playing Field Equipment	- 12.5% per annum on a straight-line basis
Leasehold Property	- over the length of lease
Leasehold Improvements	- over the length of lease
Major Refurbishment	- 4% per annum on a straight-line basis

## **Stock**

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

## **Operating Leases**

The annual rental for operating leases is charged to the Statement of Financial Activities on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

## **Finance Leases**

Assets held under finance leases are capitalised at their fair value and depreciated over their estimated useful economic lives. Future obligations under finance leases are included in creditors, net of finance charges. Payments are apportioned between the finance element, which is charged to the Statement of Financial Activities as interest, and the capital element, which reduces the outstanding obligations.

## **Pensions and Post Retirement Benefit Schemes**

### **a) Defined Benefit Schemes**

The School contributes to the Teachers' Pension Scheme, which is a defined benefit scheme, at rates set by the Government Actuary. The Scheme is a defined contribution 'Multi-Employer' scheme, and it is not possible to identify the assets and liabilities of the Scheme which are attributable to the School. In accordance with FRS 102, the Scheme is therefore accounted for as a defined contribution scheme. Contributions to the Scheme are charged to the SOFA as they become payable in accordance with the rules of the Scheme.

The School also contributes to the Surrey County Council Superannuation Fund, which is a defined benefit scheme for support staff, and is closed to new entrants from the School. The School has fully adopted FRS 102 and, in accordance with this the following elements are charged to the SOFA:

- i. The service costs of pension provision relating to the year, together with the cost of any benefits relating to past service.
- ii. The net finance cost represented by a charge equal to the increase in the present value of the Scheme liabilities and a credit equivalent to the long term expected return on assets.
- iii. The actuarial gain or loss on the Scheme assets and liabilities.

The difference between the market value of assets of the Scheme and the present value of accrued pension liabilities is shown as a liability on the Balance Sheet.

Investments in funds are valued at bid price quoted by the investment manager at the Balance Sheet dates.

The closing liability of the School in respect of the Surrey County Council Superannuation Fund is disclosed as a post balance sheet event, in note 20.

### **b) Defined Contribution Schemes**

The pension cost charged to the SOFA represents the contributions payable by The School under the rules of the Scheme.

## **Advanced Fees**

The School has accepted advance fee lump sum payments in respect of certain pupils and in return has undertaken to discharge defined amounts of the fees chargeable in respect of those pupils subsequent to 31<sup>st</sup> July 2021. In the event of a pupil's withdrawal from the School before all the agreed amounts have been credited, the School has agreed to return the relevant unspent portion of the capital payment without addition of interest or to continue to hold the remaining capital payment for payment of fees to a new educational establishment where appropriate. The School's liability in respect of advance fees has been brought into these accounts as the liability which would arise if all the pupils covered by such arrangements completed the full-term period of the contract entered into.

## **Deposits**

The School receives a deposit from parents upon acceptance of a place for their son. The School refunds the deposit, less any appropriate deductions, after the pupil leaves the School. The Royal Grammar School and Lanesborough School are treated as separate Schools for this purpose. Under FRS 102 this year all deposits are considered refundable within 12 months of the balance sheet date, under the terms of the contract and are classified within amounts due within one year.

## **Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A provision is made where the recovery of debts is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

## **Taxation**

As a registered charity The School is generally exempt from Corporation Tax but not from Value Added Tax (VAT). Irrecoverable VAT is included with the cost of those items to which it relates.

	2021	2020
<b>2. CHARITABLE ACTIVITIES - FEES RECEIVABLE</b>		
	<b>£000</b>	<b>£000</b>
(a) The Group's school fee income comprised:		
Gross fees	23,211	22,908
Less: Total bursaries, scholarships and discounts	(1,798)	(1,790)
	<u>21,413</u>	<u>21,118</u>
Add back: Bursaries paid for by Restricted/Designated Funds	367	297
	<u>21,780</u>	<u>21,415</u>
	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
(b) Grants and awards paid for by Restricted/Designated Funds comprised		
Bursaries for pupils	<u>367</u>	<u>0</u>
	<u>367</u>	<u>297</u>

Bursaries were awarded from Restricted/General Funds to 77 individuals (2020: 74).

### 3. Subsidiary Results and Balance Sheets

The results and balance sheets of the subsidiaries of 1509 Group are shown in their summarised financial statements presented below. The Royal Grammar School Guildford International was incorporated on 10th June 2015, RGS Guildford International (Dubai) Ltd was incorporated on 19 June 2018 and RGS Guildford International (China) was incorporated on 15th July 2019. All group organisations were registered in England and Wales and share the same registered office as the parent charity, at The Royal Grammar School, Guildford, High Street, Guildford, Surrey GU1 3BB.

The numbers include intercompany trading.

#### Financial year 2020/21

	Income £000	Expense £000	Net Result £000	Assets £000	Liabilities £000	Net assets £000
RGS and Lanesborough	23,177	21,236	1,941	48,878	9,734	39,144
Foundation	842	413	429	1,028	24	1,004
RGS Guildford International Ltd	250	327	(77)	113	86	27
RGS Guildford International (Dubai) Ltd	200	90	110	265	149	116
RGS Guildford International (China) Ltd	340	93	247	336	89	247

#### Financial year 2019/20

	Income £000	Expense £000	Net Result £000	Assets £000	Liabilities £000	Net assets £000
RGS and Lanesborough	23,566	23,543	23	47,970	10,767	37,203
Foundation	624	347	277	623	48	575
RGS Guildford International Ltd	219	146	73	285	107	178
RGS Guildford International (Dubai) Ltd	200	115	85	231	138	93
RGS Guildford International (China) Ltd	343	245	98	292	194	98

1509 GROUP	Company Number	Charity Number	% Ownership
RGS and Lanesborough	10874615	1177353	100%
Foundation	4232306	1089955	100%
RGS Guildford International Ltd	9633181	N/A	100%
RGS Guildford International (Dubai) Ltd	11422203	N/A	100%
RGS Guildford International (China) Ltd	12104378	N/A	100%
RGS Guildford Enterprise Ltd	12248925	N/A	100%

This entity was dormant in 2020/21

The group is availing itself of the exemptions under Section 394a (preparing accounts for dormant subsidiary), Section 448a (exemption from filing accounts for a dormant subsidiary) and section 479a (exemption from audit for a dormant subsidiary) of the Companies Act 2006

**4. CHARITABLE INCOME - OTHER**

(a) Other educational income	2021 £000	2020 £000
Registration fees	55	49
Sundry parental receipts	497	1,000
Sub-lettings	35	63
	<u>587</u>	<u>1,112</u>

(b) Other ancillary trading income	2021 £000	2020 £000
Income from overseas activities	789	762
Sales of merchandise	2	6
Total for Group	<u>791</u>	<u>768</u>

	Restricted Funds £000	Unrestricted Funds £000	2021 £000	2020 £000
(c) Other incoming resources				
Gains on sale of tangible fixed assets	0	22	22	20
Government Grant - Job Retention Scheme	0	131	131	261
Other	0	36	36	171
	<u>0</u>	<u>189</u>	<u>189</u>	<u>452</u>

**5. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff costs £000	Other £000	Depreciation £000	2021 Total £000	2020 Total £000
(a) Cost of Raising Funds (School & Group)					
Finance costs - School & Group	0	129	0	129	105
Total for School & Group	<u>0</u>	<u>129</u>	<u>0</u>	<u>129</u>	<u>105</u>

(b) Charitable activities					
Schools and grant making					
Teaching	12,165	1,127	226	13,518	13,954
Welfare	82	908	0	990	872
Premises	449	2,187	1,059	3,695	3,533
Support costs of schooling	1,938	1,371	422	3,731	3,753
Grants, awards and prizes	0	367	0	367	297

<b>Group's Operating Costs</b>	<b>14,634</b>	<b>5,960</b>	<b>1,707</b>	<b>22,301</b>	<b>22,409</b>
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<b>Ancillary trading costs</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>7</b>
<b>Total Charitable Expenditure</b>	<b>14,634</b>	<b>5,964</b>	<b>1,707</b>	<b>22,305</b>	<b>22,416</b>

**Total resources expended**

(c) Governance costs included in support costs	2021 £000	2020 £000
Auditors' remuneration *		
1509 Group and RGS and Lanesborough	43	44
The RGS Guildford International Limited	3	3
The RGS Guildford International (Dubai) Limited	3	3
The RGS Guildford International (China) Limited	3	2
Other services	1	8
Other direct costs	39	28
Trustee's costs **	0	4
	<u>92</u>	<u>92</u>

\* Auditors' remuneration costs are inclusive of VAT.

\*\* Trustees' costs related to training for Governors (£97), the cost of Governor meetings (£227) and subscriptions (£50). There are 21 Governors who are directors of RGS and Lanesborough. There was no Trustee remuneration or expenses during the year.

**6. EMPLOYEES**

	Teaching	Other	2021	2020
	£000	£000	£000	£000
Wages and salaries	8,922	1,763	10,685	10,963
Social security costs	1,015	205	1,220	1,190
Pension contributions	1,864	373	2,237	2,119
Other staff costs	363	127	490	513
	<u>12,164</u>	<u>2,468</u>	<u>14,632</u>	<u>14,785</u>

**Average number of employees during the year**

	2021		2020	
	Full time	Part time	Full time	Part time
Teaching	123	48	135	39
Non Teaching	65	47	64	43
	<u>188</u>	<u>95</u>	<u>199</u>	<u>82</u>

The number of employees whose emoluments, excluding employer's pensions contributions, exceeded £60,000 were:

	2021	2020
£60,000 - £70,000	25	27
£70,000 - £80,000	6	5
£80,000 - £90,000	3	2
£100,000 - £110,000	1	2
£150,000 - £160,000	1	1
£200,000 - £210,000	0	1
£220,000 - £230,000	1	0
	<u>37</u>	<u>38</u>

Pension contributions of £572k (2020 - £606k) were made into pension schemes in respect of higher paid employees during the year. Of this contributions of £534k (2020 - £567k) were made into a defined benefit pension scheme.

The aggregate employee-benefits of key management personnel including employers' pension contributions and National Insurance (the Senior Management Teams of both schools) totalled £2,126k (2020: £2,133k).

During the year there were redundancy or termination payments totalling £50,000 (2020: £0).

**7. Tangible fixed assets - Consolidated Only****Cost and depreciation**

	Computer Equipment	Freehold land and buildings	Leasehold property	Fixtures, Fittings and Equipment	Total
Cost	£000	£000	£000	£000	£000
At beginning of year	1,192	49,572	2,129	3,717	56,610
Additions	58	0	0	410	468
Disposals	0	(26)	0	(68)	(94)
At end of year	<u>1,250</u>	<u>49,546</u>	<u>2,129</u>	<u>4,059</u>	<u>56,984</u>
<b>Depreciation</b>					
At beginning of year	738	11,980	1,115	2,386	16,219
Charge for the year	226	1,039	20	422	1,707
Eliminated on Disposal	0	(9)	0	(39)	(48)
At end of year	<u>964</u>	<u>13,010</u>	<u>1,135</u>	<u>2,769</u>	<u>17,878</u>
<b>Net Book Value</b>					
At end of year	<u>286</u>	<u>36,536</u>	<u>994</u>	<u>1,290</u>	<u>39,106</u>
At beginning of year	<u>454</u>	<u>37,592</u>	<u>1,014</u>	<u>1,331</u>	<u>40,391</u>

**8. Investment assets**

<b>Group</b>	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>Total £000</b>
At beginning of year - (market value)	55	0	55
Additions	0	0	0
Unrealised loss	(1)	0	(1)
At end of year - (market value)	54	0	54
Cash at investment managers at beginning of year	0	107	107
Movement in year	0	(1)	(1)
At end of year - (market value)	0	106	106
At end of year - (market value)	54	106	160
At beginning of year - (market value)	55	107	162

Investments are held in Common Investment Funds (66% of total) and in cash.

**9. Stocks - School and Consolidated**

	<b>Group 2021 £000</b>	<b>Company 2021 £000</b>	<b>Group 2020 £000</b>	<b>Company 2020 £000</b>
Catering/cleaning stocks	14	0	15	0
School items for resale	63	0	66	0
Total Stock	77	0	81	0

**10. Debtors - School and Consolidated**

	<b>Group 2021 £000</b>	<b>Company 2021 £000</b>	<b>Group 2020 £000</b>	<b>Company 2020 £000</b>
Fee debtors	189	0	195	0
Less Provision for bad debts	(73)	0	(75)	0
Other debtors and prepayments	725	0	489	0
Less Provision for bad debts	(228)	0	0	0
Total Debtors	613	0	609	0



**11. Creditors: due within one year**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loan (see below)	1,982	0	1,809	0
Trade and other creditors	818	0	716	0
Obligations under finance leases	8	0	8	0
Other taxes and social security	341	0	305	0
Accruals	349	0	360	0
Acceptance deposits	1,832	0	1,772	0
Fees received in advance	283	0	103	0
Advanced fees (see note 13)	120	0	187	0
Amount owing to RGS and Lanesborough	0	5	0	4
<b>Total Creditors</b>	<b>5,733</b>	<b>5</b>	<b>5,260</b>	<b>4</b>

The Governors have reviewed the contract terms under which acceptance 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 July 2021 have been included within current liabilities. The prior year acceptance deposits balance has been similarly represented.

**12. Creditors: due after more than one year - School and Consolidated**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loan (see below)	3,134	0	3,485	0
Obligations under finance leases	5	0	3	0
Acceptance deposits repayable after final term	0	0	0	0
Advanced fees (see note 13)	76	0	158	0
	<b>3,215</b>	<b>0</b>	<b>3,646</b>	<b>0</b>

The bank loans, totalling £5.12m (2020: £5.29m ) are secured by charges on the freehold land and buildings of the school. The older loan of £1.65m (2020: £1.65m) was repayable over 25 years commencing September 2003. In August 2018 this loan was reclassified as an overdraft, and included in entirety under Creditors: due within one year. An additional loan dated 23rd August 2017 was drawn down in 2017/18, with a balance at the end of the year of £3.46m (2020 £3.64m). The loan is split between £0.33m (2020: £0.15m) as a Creditor: due within one year and the balance due after more than one year. This loan was arranged to facilitate building works, with a total approved loan of £6m. Repayments started in April 2019 and a lump sum repayment of £2m was made during 2019/20. The final repayment date is September 2024.

The bank loans are repayable: - School and Consolidated

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
After 5 years	0	0	0	0
Within 2 to 5 years	2,799	0	3,348	0
Within 1 to 2 years	335	0	137	0
	<b>3,134</b>	<b>0</b>	<b>3,485</b>	<b>0</b>
After more than one year ( see note 12)	3,134	0	3,485	0
Within one year ( see note 11)	1,982	0	1,809	0
	<b>5,116</b>	<b>0</b>	<b>5,294</b>	<b>0</b>

The finance leases are payable: - School and Consolidated

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
After 5 years	0	0	0	0
Within 1 to 5 years	5	0	3	0
	<b>5</b>	<b>0</b>	<b>3</b>	<b>0</b>
After more than one year ( see note 12)	5	0	3	0
Within one year ( see note 11)	8	0	8	0
	<b>13</b>	<b>0</b>	<b>11</b>	<b>0</b>

Obligations under finance leases relate to photocopiers purchased for the School.

**13. Advanced Fee Payments**

Parents may enter into a contract to pay the School up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions. Assuming pupils will remain in the School, advance fees will be applied as follows:

	<b>Group 2021 £000</b>	<b>Company 2021 £000</b>	<b>Group 2020 £000</b>	<b>Company 2020 £000</b>
After 5 years	0	0	0	0
Within 2 to 5 years	21	0	75	0
Within 1 to 2 years	55	0	83	0
	<hr/>	<hr/>	<hr/>	<hr/>
After more than one year (see note 13)	76	0	158	0
Within one year (see note 12)	120	0	187	0
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>196</b>	<b>0</b>	<b>345</b>	<b>0</b>

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

	<b>Group 2021 £000</b>	<b>Company 2021 £000</b>	<b>Group 2020 £000</b>	<b>Company 2020 £000</b>
Balance at beginning of year	345	0	356	0
New contracts	39	0	231	0
Amounts accrued to contracts	2	0	4	0
	<hr/>	<hr/>	<hr/>	<hr/>
	386	0	591	0
Amounts utilised:				
In payment of fees	(190)	0	(246)	0
Capital repayments	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	(190)	0	(246)	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of year	196	0	345	0

**14. Allocation of the charity net assets**

The School has identified land which it owns and is considered permanently endowed. The value of this land has a historic cost of £554 and is fully written down within the financial statements. The Governors do not consider this material in the context of the overall financial statements and have therefore included these assets as part of the general funds within these financial statements.

**Major Restricted Funds:**

Restricted Funds within the 1509 Group are made up of the income and expenditure associated with the holding of property on behalf of the School, and the charitable deployment of any surpluses.

Restricted Funds within the Foundation are made up of funds held which have been restricted by the donor. When donations are passed to the School the restrictions remain with them.

The Restricted Minor Ad Hoc funds include the OGA Magazine Fund, which is to be used for the production of the Old Guildfordian magazine, which is now under the auspices of the Development and Alumni Relations Office.

Restricted Funds within the School are mainly made up of the Gieve Fund, which is the residue of a bequest held of the general benefit of choristers at Lanesborough School, and the Bursary Fund which receives restricted bursary donations. All restricted bursary receipts during the year are expended in current year bursaries.

**Major Unrestricted Funds:**

Unrestricted Funds within the 1509 Group are made up of the expenses as the parent company of the School, the management of restricted assets and company administration.

Unrestricted Funds within the Foundation are made up of unrestricted donations and other income received by the Foundation, less purchases made to generate that income.

Unrestricted Funds in the School are made up of designated and general funds:

- The Designated Tangible Net Fixed Asset Fund is a fund set up to represent tangible fixed assets less loans. A transfer will be made to or from this reserve each year to maintain the relationship.
- The Designated Prize Fund generates income each year which is used to make a contribution to prizes awarded to boys during the year.

(a) The consolidated net assets at 31st July 2021 are held for the various funds and advanced fees as follows:

	Buildings and Equipment £000	Investments £000	Net Current Assets £000	Long Term Liabilities £000	Total £000
<b>Restricted</b>					
The Royal Grammar School, Guildford	0	0	0	0	0
Gieve	0	106	(2)	0	104
Bursaries	0	0	1	0	1
Ad hoc Minor Funds	0	0	80	0	80
Foundation	0	0	875	0	875
<b>Total Restricted Funds (School &amp; Total)</b>	<b>0</b>	<b>106</b>	<b>954</b>	<b>0</b>	<b>1,060</b>
<b>Unrestricted - designated funds</b>					
Tangible Net Fixed Asset Fund <sup>1</sup>	39,106	0	(1,982)	(3,134)	33,990
Prize	0	54	4	0	58
Ad hoc Minor Funds	0	0	65	0	65
<b>Total Designated Funds (School &amp; Total)</b>	<b>39,106</b>	<b>54</b>	<b>(1,913)</b>	<b>(3,134)</b>	<b>34,113</b>
<b>Unrestricted - Royal Grammar School, Guildford</b>					
General	0	0	9	0	9
Unrestricted - School/Capital Development	0	0	5,633	(81)	5,552
Unrestricted - Pension Fund Liability	0	0	0	(684)	(684)
Unrestricted - Foundation General	0	0	129	0	129
Unrestricted - International	0	0	27	0	27
Unrestricted - Dubai	0	0	116	0	116
Unrestricted - China	0	0	247	0	247
<b>Total Unrestricted Funds</b>	<b>39,106</b>	<b>54</b>	<b>4,248</b>	<b>(3,899)</b>	<b>39,509</b>
<b>Total Funds</b>	<b>39,106</b>	<b>160</b>	<b>5,202</b>	<b>(3,899)</b>	<b>40,569</b>

<sup>1</sup> The Tangible Net Fixed Asset Fund represents tangible fixed assets net of depreciation and bank loans outstanding.

## (b) Restricted funds: movements in the year

	Balance at 31 July 2020 £000	Investment income £000	Investment gains £000	Transfers/ net Income £000	Grants and allocations £000	Balance at 31 July 2021 £000
1509 Group	0	0	0	0	0	0
Bursary fund	1	0	0	367	(367)	1
Gieve fund	104	0	0	0	0	104
Ad hoc funds	105	0	0	0	(25)	80
Foundation	410	0	0	465	0	875
<b>Total Restricted funds</b>	<b>620</b>	<b>0</b>	<b>0</b>	<b>832</b>	<b>(392)</b>	<b>1,060</b>

## (c) Unrestricted funds: movements in the year

	Balance at 31 July 2020 £000	Investment income £000	Investment gains £000	Transfers/ net income £000	Donations £000	Balance at 31 July 2021 £000
<b>Designated funds</b>						
Tangible Net Fixed Asset Fund	35,101	0	0	(1,111)	0	33,990
Prize	58	0	0	0	0	58
Ad hoc funds	65	0	0	0	0	65
<b>Total Designated funds</b>	<b>35,224</b>	<b>0</b>	<b>0</b>	<b>(1,111)</b>	<b>0</b>	<b>34,113</b>
<b>Not designated</b>						
School General/Capital Development	3,609	1	(1)	1,943	0	5,552
Pension Fund Liability	(1,822)	0	0	1,138	0	(684)
Foundation General	165	0	0	(36)	0	129
Trustee General	10	0	0	(1)	0	9
International	178	0	0	(151)	0	27
Dubai	85	0	0	31	0	116
China	98	0	0	149	0	247
<b>Total Unrestricted Funds</b>	<b>37,547</b>	<b>1</b>	<b>(1)</b>	<b>1,962</b>	<b>0</b>	<b>39,509</b>

Comparative Allocation of group net assets

(a) The comparative consolidated net assets at 31st July 2020 are held for the various funds and advanced fees as follows:

	Buildings and Equipment £000	Investments £000	Net Current Assets £000	Long Term Liabilities £000	Total £000
<b>Restricted</b>					
The Royal Grammar School, Guildford	0	0	0	0	0
Gieve	0	107	(3)	0	104
Bursaries	0	0	1	0	1
Ad hoc Minor Funds	0	0	105	0	105
Foundation	0	0	410	0	410
<b>Total Restricted Funds (School &amp; Total)</b>	<b>0</b>	<b>107</b>	<b>513</b>	<b>0</b>	<b>620</b>
<b>Unrestricted - designated funds</b>					
Tangible Net Fixed Asset Fund <sup>1</sup>	40,391	0	(1,805)	(3,485)	35,101
Prize	0	55	3	0	58
Ad hoc Minor Funds	0	0	65	0	65
<b>Total Designated Funds (School &amp; Total)</b>	<b>40,391</b>	<b>55</b>	<b>(1,737)</b>	<b>(3,485)</b>	<b>35,224</b>
<b>Unrestricted - Royal Grammar School, Guildford</b>					
General	0	0	10	0	10
Unrestricted - School/Capital Development	0	0	3,770	(161)	3,609
Unrestricted - Pension Fund Liability	0	0	0	(1,822)	(1,822)
Unrestricted - Foundation General	0	0	165	0	165
Unrestricted - International	0	0	178	0	178
Unrestricted - Dubai	0	0	85	0	85
Unrestricted - China	0	0	98	0	98
<b>Total Unrestricted Funds</b>	<b>40,391</b>	<b>55</b>	<b>2,569</b>	<b>(5,468)</b>	<b>37,547</b>
<b>Total Funds</b>	<b>40,391</b>	<b>162</b>	<b>3,082</b>	<b>(5,468)</b>	<b>38,167</b>

<sup>1</sup> The Tangible Net Fixed Asset Fund represents tangible fixed assets net of depreciation and bank loans outstanding.

## (b) Restricted funds: movements in the year

	Balance at 31 July 2019 £000	Investment income £000	Investment gains £000	Transfers/ net Income £000	Grants and allocations £000	Balance at 31 July 2020 £000
The Royal Grammar School, Guildford	0	0	0	0	0	0
Bursary fund	1	0	0	297	(297)	1
Gieve fund	104	0	0	0	0	104
Ad hoc funds	104	0	0	45	(44)	105
Foundation	103	0	0	307	0	410
<b>Total Restricted funds</b>	<b>312</b>	<b>0</b>	<b>0</b>	<b>649</b>	<b>(341)</b>	<b>620</b>

## (c) Unrestricted funds: movements in the year

	Balance at 31 July 2019 £000	Investment income £000	Investment gains £000	Transfers/ net income £000	Donations £000	Balance at 31 July 2020 £000
<b>Designated funds</b>						
Tangible Net Fixed Asset Fund	34,103	0	0	998	0	35,101
Prize	59	0	0	(1)	0	58
Ad hoc funds	63	0	0	(1)	3	65
<b>Total Designated funds</b>	<b>34,225</b>	<b>0</b>	<b>0</b>	<b>996</b>	<b>3</b>	<b>35,224</b>
<b>Not designated</b>						
School General/Capital Development	3,249	14	3	343	0	3,609
Pension Fund Liability	(500)	0	0	(1,322)	0	(1,822)
Foundation General	189	0	0	(24)	0	165
Trustee General	10	0	0	0	0	10
International	105	0	0	73	0	178
Dubai	103	0	0	(18)	0	85
China	0	0	0	98	0	98
<b>Total Unrestricted Funds</b>	<b>37,381</b>	<b>14</b>	<b>3</b>	<b>146</b>	<b>3</b>	<b>37,547</b>

## (d) Transfers between funds

Unrestricted Funds		Restricted Funds
General £000	Designated £000	Restricted £000
854	(1,111)	257
854	(1,111)	257

**15. Operating Leases**

As at 31st July 2021, the minimum lease payments to which the School is committed under non-cancellable operating leases are:

<b>Land and Buildings</b>	<b>2021 £000</b>	<b>2020 £000</b>
Under 1 year	124	124
More than 1 year and less than 5 years	176	176
Greater than 5 years	0	0
	<b>300</b>	<b>300</b>

Operating lease payments (Land and Buildings and Other) provided for as an expense in 2021 were £134,123 (2020 - £124,200).

**16. Capital Commitments**

At 31st July 2021 capital works authorised but not provided for in these Accounts amounted to approximately £0 (2020 - £0).

**17. Pension Obligations**

The School operates four pension schemes:

- a. 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 £1,801,367 (2019/2020 - £1,843,181) and at the year end £0 (2019/2020 - £0) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

- b. A defined benefit scheme for non-teaching staff, the Surrey County Council Superannuation Scheme, which is administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. The scheme is valued every three years by a professionally qualified actuary using the projected unit actuarial method, the rates of contribution payable being determined by the actuary. Because the scheme is now closed to new entrants within the School the current service cost will increase as members of the scheme approach retirement. The latest FRS 102 valuation was based on the formal assessment at 31 March 2019 projecting the results of that valuation forward to 31st July 2020 using approximate methods. The scheme was closed to new entrants in 2006.

Rates of contribution have been set to meet 100% of the liabilities arising in respect of service after the valuation date over the average expected future membership period of the active members pertaining to each employer to reflect the shortfall of the value of each participating employer's notional share of the fund's assets compared with 100% of its accrued liabilities allowing, in the case of members in service, for further pay increases. Additional charges arose from April 2011 to cover part of the deficit and the employer contribution rate has also increased from this time. The charge for the year was £49,414 (2019/20 - £58,938). At the year end £0 (2019/20 - £0) was accrued in respect of contributions to this scheme. From August 2017 additional annual contributions decreased to £37,172 per annum, with employer contributions levied at 32.6%. From April 2020 the additional annual contributions increased to £114,000 per annum, with employer contributions levied at 43.6%. Employee rates vary between 5.5% and 8.5%.

As required by FRS 102 provision has been made in the financial statements to incorporate the school's portion of the deficit attributed to it.

	2021 £000	2020 £000
i) <b>Amounts recognised in the balance sheet are as follows:</b>		
Present value of obligations	7,834	7,572
Fair value of plan assets	7,150	5,750
Net liability	(684)	(1,822)
ii) <b>Changes in the present value of the scheme obligations:</b>	2021 £000	2020 £000
Opening defined benefit obligation	7,572	6,788
Service cost	54	114
Interest cost	97	142
Employee contributions	8	11
Actuarial loss (excluding assets)	356	737
Benefits paid	(253)	(220)
Defined benefit obligations at the end of the year	7,834	7,572
iii) <b>Changes in the fair value of the scheme assets are as follows:</b>	2021 £000	2020 £000
Opening fair value of scheme assets	5,750	6,288
Expected return	75	131
Actuarial (loss)/gain	1,261	(580)
Employer contributions	309	120
Employee contributions	8	11
Benefits paid	(253)	(220)
Fair value of scheme assets at the end of the year	7,150	5,750
iv) <b>The amounts included in the Statement of Financial Activities are as follows:</b>	2021 £000	2020 £000
Expected return on scheme assets	(75)	(131)
Interest on pension liabilities	97	142
Current service cost	54	114
Total Amount Charged to the Statement of Financial Activities	76	125
Net actuarial (losses) recognised in the year	905	(1,317)
Net cumulative actuarial (losses)/gains	(319)	(1,224)

The School expects to contribute £114,000 to the scheme in 2021/22

v)	<b>Reconciliation of movements in Present Value of Plan Liabilities and Assets</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	Net liability at 1st August 2020	1,822	500
	Movements in the year:		
	Employer's current service cost	54	114
	Employer's contribution	(309)	(120)
	Expected return on plan assets	(75)	(131)
	Actuarial return less expected return on plan assets	(1,261)	580
	Interest on pension liabilities	97	142
	Changes in assumptions underlying the plan liabilities	356	737
	Net liability at 31st July 2021	<u>684</u>	<u>1,822</u>

vi) The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2021</b>	<b>2020</b>
	%	%
Equities	74	71
Fixed Interest	17	18
Cash and Other	7	8
Property	<u>2</u>	<u>3</u>

The overall expected rate of return on the scheme assets is determined by reference to yields available on government bond, corpo bonds, bank base rates and incorporating appropriate risk margins where appropriate.

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Expected return on the scheme assets in the year	75	131

vi) Principal assumptions at the balance sheet date (expressed as weighted averages):

	<b>2021</b>	<b>2020</b>
	%	%
CPI	2.8	2.2
Discount rate	1.6	1.3
Rate of increase in salaries	3.7	3.1
Expected return on scheme assets at 31st July	1.0	2.3
Assumed life expectations on retirement at age 65:		
Retiring today - males	22.3	22.1
Retiring today - females	24.7	24.3
Retiring in 20 years - males	23.4	22.9
Retiring in 20 years - females	26.4	25.7

c. A defined contribution scheme for non-teaching staff appointed in recent years - the Prudential TUC Stakeholder Pension Scheme. The assets for the Scheme are held separately from those of the School. The charge for the year was £52,263 (2019/20 - £56,015). At the year end £0 (2019/20 - £0) was accrued in respect of contributions to this scheme. The scheme is now closed to new entrants as it does not fulfil auto enrolment requirements.

d. A new defined contribution scheme for non-teaching staff in line with auto enrolment guidance issued by the Pensions Regulator - the Standard Life Pension Scheme. The assets for the Scheme are held separately from those of the School, and are managed by a multi asset investing team. The charge for the year was £190,931 (2019/20 - £181,923). At the year end £0 (2019/20 - £0) was accrued in respect of contributions to this scheme.



**18. Analysis of Net Funds/(Debt)**

	As at 31 July 2020 £000	Cash Flow £000	As at 31 July 2021 £000
Net cash balances	7,652	2,593	10,245
<b>Creditors: due within one year</b>			
Finance leases	8	0	8
Loans	(1,809)	(173)	(1,982)
Advance Fee agreements	(187)	67	(120)
<b>Creditors: due after more than one year</b>			
Finance leases	(3)	(2)	(5)
Loans	(3,485)	351	(3,134)
Advance Fee agreements	(158)	82	(76)
	<b>2,018</b>	<b>2,918</b>	<b>4,936</b>

**19. Related party transactions**

1509 Group is the parent undertaking of RGS and Lanesborough, charity number 1177353, company number 10874615 and also of the Foundation (The Royal Grammar School, Guildford Foundation), charity number 1089955, company number 4232306, and is the ultimate parent company of the group. The RGS Guildford International Ltd, company number 09633181, is also a subsidiary of the 1509 Group as is RGS Guildford International (Dubai) Limited, company number 11422203 and RGS Guildford International (China) Limited, company number 12104738.

Neither 1509 Group nor persons connected with it received any remuneration or other benefits from the School or any connected organisation. Travel expenses are only reimbursed exceptionally, and with the prior approval of the Chairman of Governors. 1509 Group claimed no expenses relating to the administration of the Charity.

During the year RGS and Lanesborough School charged the RGS Guildford International Ltd £82,616 (2020 - £91,499) relating to time spent on International work. At the end of the year RGS Guildford International Ltd owed the School £82,616 (2020 - £104,522).

During the year RGS and Lanesborough School charged the RGS Guildford International (Dubai) Ltd £82,616 (2020 - £91,699) relating to time spent on International work. At the end of the year RGS Guildford International (Dubai) Ltd owed the School £126,361 (2020 - £95,498).

During the year RGS and Lanesborough School charged the RGS Guildford International (China) Ltd £82,616 (2020 - £91,499) relating to time spent on International work. At the end of the year RGS Guildford International (China) Ltd owed the School £86,451 (2020 - £95,284).

The Foundation transferred £367,580 of donations to the school for the year (2020: £309,750). The Foundation's costs of £274,131 (2020: £239,786), for both fundraising and alumni work were covered by the School during the year. At the end of the year the Foundation owed the School £21,904 (2020: Foundation owed the School £48,363). The School made a transfer to the Foundation of £91,000 in 2021 (2020: £55,000) for the Foundation's Enduring Bursary Fund.

The Directors of 1509 Group donated £4,235 (2020: £2,100) - (excluding gift aid) to the Foundation during the year.

**20. Post Balance Sheet Events**

RGS and Lanesborough School changed its name on 29th September 2021 to Royal Grammar School Guildford.

With effect from 31st August 2021, the School has elected to withdraw from the Surrey County Council Superannuation Fund. This fund is a defined benefit scheme for support staff and is closed to new entrants from the School. The value at the date of withdrawal is yet to be confirmed, but is expected to be in the range of £2.5m to £3m.

**21. Statement of Financial Activities - Comparative figures by fund type**

Year Ended 31st July 2020	<b>Unrestricted</b>		<b>Restricted</b>	<b>Funds Total</b>
	<b>General</b>	<b>Designated</b>	<b>£000</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>		
<b>Income from Charitable Activities</b>				
School Fees	21,415	0	0	21,415
Other educational income	1,112	0	0	1,112
Other ancillary trading income	768	0	0	768
<b>Incoming Resources from Generated Funds</b>				
<b>Donations and Legacies</b>				
Donations and legacies	0	3	545	548
<b>Investments</b>				
Income from Investments	14	0	0	14
Other Income	452	0	0	452
<b>Total Income</b>	<b>23,761</b>	<b>3</b>	<b>545</b>	<b>24,309</b>
<b>Expenditure on Raising Funds</b>				
Fundraising Costs	105	0	0	105
<b>Expenditure on Charitable activities</b>				
Schools and grantmaking	22,048	0	361	22,409
Ancillary Trading	7	0	0	7
<b>Total Expenditure</b>	<b>22,160</b>	<b>0</b>	<b>361</b>	<b>22,521</b>
<b>NET INCOMING FUNDS FROM OPERATIONS BEFORE INVESTMENT GAINS</b>	<b>1,601</b>	<b>3</b>	<b>184</b>	<b>1,789</b>
<b>Net gains/(losses) on investments</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>NET INCOME/(EXPENDITURE)</b>	<b>1,604</b>	<b>3</b>	<b>184</b>	<b>1,792</b>
<b>Transfers between funds</b>	<b>(1,120)</b>	<b>996</b>	<b>124</b>	<b>0</b>
<b>Actuarial loss on Defined Benefit Pension Scheme</b>	<b>(1,317)</b>	<b>0</b>	<b>0</b>	<b>(1,317)</b>
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>	<b>(833)</b>	<b>999</b>	<b>308</b>	<b>475</b>
Fund balances at 1 August 2019	3,156	34,225	312	37,693
<b>FUND BALANCES at 31 July 2020</b>	<b>2,323</b>	<b>35,224</b>	<b>620</b>	<b>38,167</b>