

The Royal Grammar School, Guildford Foundation

Directors' Report & Financial Statements

For the Year Ended

31 July 2020

Registered Number 4232306

Charity Number 1089955

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Aims and Objectives

1. The Directors, who are also the Trustees, of the Royal Grammar School, Guildford Foundation ('The Foundation') present their annual report and audited financial statements for the year ended 31 July 2020 and confirm they comply with the requirements of the Companies Act 2006, Charities Act 2011, the trust deed and the FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Our Aims

2. The Foundation is established to promote, provide for and raise funds for the charitable purposes of RGS and Lanesborough (the School) and otherwise to promote any other charitable purpose connected with or otherwise associated with the School.

3. The Trustees have considered the stated object in the light of the Charity Commission's general guidance on public benefit and the consultation draft on supplementary guidance on "Public Benefit and the Advancement of Education". They are satisfied that the object is for the advancement of education and that there is an identifiable public benefit that is available to a section of the public being the pupils/recipients of education at the School.

Our Objectives

4. The Foundation has two key objectives: raising funds, especially for bursaries, and secondly to build a supportive community of parents, alumni and others who can offer financial and non-financial support to the School. Both are achieved by developing relationships with individuals within the wider School community.

5. The Trustees are aware that the generation of funds for the benefit of the School will assist it in its endeavour to ensure that all boys who meet the entrance criteria may have the opportunity to attend the School, regardless of the financial means of their parents.

6. These objectives and the activities undertaken to achieve them exist to reflect the aims of the Foundation and meet the Charity Commission's requirements for public benefit.

Our Activities

7. The appointment of a Development Director in January 2014 led to the creation of a new five-year strategy, based on developing a philanthropic culture and building a long-term fundraising plan for bursaries. The key priorities identified in it are to build a culture of giving through the school community, to steward existing donors so that their support extends into the future and to give time and resource to a major donor programme. Due to the coronavirus pandemic this strategy is now expected to conclude in 2020/21.

8. The Foundation's fundraising activities are based, wherever possible, on recruiting regular gifts to ensure predictable, tax efficient income streams. Initiatives include the operation of a Friends scheme and, under the aegis of a campaign for bursaries, a variety of higher-level regular-giving opportunities. Income is also sought from Trusts & Foundations in support of bursaries and from corporate sources for sponsorship activities such as events, technology or staff investment. Legacies are also sought, and merchandise is sold to promote awareness of the School. Stewardship programmes are in place for the various fundraising initiatives. All activities promote ongoing engagement through sharing the impact of philanthropic support.

9. In 2015/16, the members of the Old Guildfordians' Association (OGA) voted to dissolve the Association and pass all alumni activity to the School, to be managed by the Development & Alumni Relations Office. All former pupils are now Old Guildfordians and are automatically included in the alumni programme. The lifetime Association membership charge applied to RGS Leavers has been removed.

10. The Development & Alumni Relations Office also manages a professional and social networking platform – RGS Connect. Launched in May 2017, it offers members of the RGS community the opportunity to ‘give back’ through the sharing of skills, knowledge and experience. The platform and other connections are also used to organise a series of sector-specific career seminars, in conjunction with the Higher Education & Careers team, for the benefit of boys at the School and pupils from the local secondary schools. On average, two seminars are held each year.

11. The Directors have considered all the activities of the Charity against the Commission’s Public Benefit Guidance and are of the opinion that the mix of practical support for education and fundraising for a registered educational establishment and the provision of educational events to which other schools are invited delivers public benefit consistent with the Charity’s aims and thereby meets the public benefit principles. In particular, fundraising for bursaries generates funds intended to ensure that access to the School is as open as possible to families of all means.

Review of Activities and Achievements 2019-20

Fundraising

12. The Foundation exceeded its budgeted income this year. Income sources included:

- a) Twenty for 2020 Campaign, including:
 - Major Donor regular giving
 - ‘Class of...’ fellowship giving from the parents of U6 Leavers
- b) Friends of the RGS
- c) Fundraising Events, including a digital Giving Day in October 2019
- d) Gift from 1509 group International companies
- e) Merchandise
- f) Corporate sponsorship
- g) Unsolicited gifts

13. The majority of the funds raised by the Foundation are made tax efficiently through the government’s Gift Aid scheme. Donations are allocated in line with donors’ wishes where specified. Unrestricted funds are currently applied to the School’s funding priority, which is bursaries. The day to day running costs of the Foundation and the Development & Alumni Relations Office are met by the School, not from voluntary income.

14. Donor stewardship remains a key element of all fundraising activity. Each year the Foundation produces a Supporters Review, updating on progress and celebrating impact. Supporters are also invited to an annual Supporters Reception which aims to bring together all our donors to celebrate success, offer our thanks and share the impact of their philanthropic support. Due to the coronavirus pandemic, this event was held online in 2020. Supporters are also invited to take part in the life of the School through various musical, academic and sporting events, held throughout the year.

Alumni Relations

15. The Development & Alumni Relations Office ran a reduced number of alumni relations events in 2019/20 as a result of the coronavirus pandemic but other activities increased. These included:

- a) The production of the OG magazine, DialOGue
- b) Telephone calls to OGs over the age of 80 during lockdown
- c) A celebration of members of the RGS community working in the NHS and on the frontline during coronavirus

Careers / Pupil support

16. The Foundation organised two well-attended careers seminars this year, focusing on Finance & Management Consulting and the Third Sector respectively. Approximately 450 guests attended in total. Speakers included Old Guildfordians, current parents and parents of Old Guildfordians. The audience included boys and girls from other local schools, both independent and state.

Future Plans

17. The 2014-19 strategy responds to the Headmaster's long-term vision that RGS Guildford achieve full merit-based open access within a generation, so that every boy who earns his place is able to take it up, irrespective of the financial circumstances of his family. The strategy focuses on fundraising for bursaries, aiming to create 20 new transformational bursary places for 2020, and on developing a new philanthropic culture in the RGS community. The coronavirus pandemic delayed the completion of the campaign which is now expected to conclude in 2020/21.

18. The fundraising plan aims to steadily and sustainably increase regular income over the period so that bursary support can be increased and maintained into the future.

19. The 2019-2020 year activities included our first ever digital Giving Day which raised over £132,000 from 434 unique donors.

The Status of the Foundation

20. The Foundation is a Company limited by guarantee and has no share capital. The Foundation has one voting member, 1509 Group, which undertakes to contribute an amount not exceeding £10 to the assets of the Foundation in the event of it being wound up whilst it is a member, or within one year of its ceasing to be a member. If, on the winding up or dissolution of the Foundation, there remains any property this shall be distributed to 1509 Group or to some other charitable institute or institutions having objects similar to the objects of the Foundation. The 1509 Group is the parent undertaking of the Foundation. The 1509 Group is the holding company of both Foundation and RGS & Lanesborough.

The Directors, Officers and Advisors

21. There are currently six Directors. RGS & Lanesborough appointed one Director. The remaining Directors were appointed by the member, on the recommendation of the School. We were pleased to welcome Julie Eves and Heather Styche-Patel to the Board in February 2020. The names of all the Directors of The Royal Grammar School, Guildford Foundation and of the Officers and Advisors to the Foundation are set out on page 7.

22. Directors, who are also charity trustees, are selected for their commitment to our philanthropic ambitions, their networks and connections to help raise funds and their knowledge and experience of the School.

23. All Directors give their time freely and no remuneration or expenses were paid in the year. No Director or person connected with a Director received any benefit from either means tested bursaries or scholarships awarded to the School's pupils.

Recruitment and Training of Trustees

24. The Headmaster, Chair of Governors and existing trustees work with the Development Director to identify prospective Trustees and assist in their induction. Prospective Trustees are invited to a number of School events in order to meet members of the school leadership team and are given considerable background material regarding the School, its philanthropic history and current fundraising strategy. The legal and fiduciary responsibilities as a charity trustee are made clear as well as the primary role of Foundation trustees as fundraisers and networkers. Every prospective trustee will meet at least one other existing Trustee independently before taking up the position. Induction includes a visit to the School, the opportunity to meet key staff members and sessions with the Development Director and Bursar regarding fundraising and the Foundation strategy, School and Foundation finances and School governance respectively. Most Trustees will have been recruited through an existing Trustee who will provide mentoring support as needed. Where a Trustee has been recruited by a staff member or School leadership, a Trustee will be appointed to offer this support.

25. Trustee Terms of Reference and a Memorandum of Understanding between the School and Foundation are both in place.

Administration

26. The Directors are responsible for the strategic management of the Foundation. By agreement between the School and the Foundation, the School provides administrative resources for the Foundation free of charge, thus allowing the Directors and officers to concentrate their efforts on the tasks of supporting the School and of fundraising. Day to day operational management is delegated to the Development Director, who is not a director of the Company. Financial matters are overseen by the Treasurer.

Financial Review

27. The Foundation received £617,520 (2018-19: £239,725) through donations, with restricted donations totalling £616,898 (2018-19: £225,335). Sale of merchandise generated a further £3,443 (2018-19: £5,246) during the year. Corresponding cost of sales came to £1,795 (2018-19: £2,947). The Foundation gave £306,000 (2018-19: £192,900) to the School during the year.

28. The School has agreed to provide, free of charge, the administrative resources for the Foundation's fundraising, alumni relations and development work in the expectation that significant donations and other benefits will be generated for the School.

Since March 2020 our operations have been impacted by the coronavirus pandemic. The Foundation is closely following the advice of the government on a day-by-day basis to ensure the safety and wellbeing of the Foundation's community. All staff are able to work remotely with fundraising and alumni relations activities being conducted on-line. RGS & Lanesborough bears the costs of the Foundation's core fundraising, alumni relations and development work. Special meetings of the Foundation Board convene regularly to address the emerging issues and develop action plans to support continued operations. Budgets and cashflow forecasts have been prepared which cover the period to January 2022. These include consideration of the key risks arising from the current crisis alongside the company's planned response and sensitivity analysis around significant assumptions. Accordingly, the trustees believe the School's financial resources alongside the plans they have in place are sufficient to ensure the Foundation 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.

Principal Risks and Uncertainties

29. The Directors will review the Foundation's risk assessments at least annually, and more frequently if appropriate to take into account changing circumstances.

The main risks are identified as:

- a) Failure of the School to adopt a fully integrated approach to fundraising, from strategy to communications, leading to an inability to realise the philanthropic funds needed to achieve the School's stated aim of full merit-based open access within a generation. The Governors have convened a working party of Governors, Trustees and staff to address this issue and make recommendations to the School.
- b) Cyber-attack, causing major theft, loss or corruption of data or systems, which could damage the Foundation's operations 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.
- c) Failure to recruit a suitable new Development Director in a timely fashion to replace the existing Development Director who will leave in 202/21. The Headmaster is leading a transition plan and the recruitment process will begin in early 2020/21. A plan is also in place for SMT and Trustees to take greater responsibility for relationship building with prospective and current donors in 2020/21.
- d) Incidence of a pandemic adversely affecting fundraising activities and donor finances. Regular meetings of the Foundation Board have been convened to address the emerging issues and needs and a revised fundraising plan has been prepared in light of the situation. Performance against revised plans and forecast is regularly reviewed to monitor cash and operational resources. Fundraising campaigns and initiatives are being conducted on-line and active stewardship of the existing donor base continues. The need for hardship bursary support is expected to grow and the Foundation is poised to support this.
- e) Uncertainties for the economy post Brexit and in the fallout from COVID-19, which could affect donors' finances and could lead to reduced giving. Therefore, prospect research must take the economic situation into account. Increase of need for other good causes, so leading to greater competition for donations. Foundation must make a strong case for the philanthropic benefits of the

Bursary Programme and its importance to all stakeholders. Our current case for support continues to be effective with donors.

- f) Data protection changes which could lead to a significant drop in the number of those from the RGS community with whom the Foundation can communicate. Work is ongoing with the Bursar to ensure that data capture and collection activity continues to be legal and effective for fundraising and marketing purposes.

Sources of Funding

30. Almost all of our funding comes from alumni of the School (called Old Guildfordians) and parents and staff, past and present. In recent years profits from the overseas ventures of the 1509 Group have also been gifted to the Foundation to support bursaries. Additionally, in years where there is a surplus of bursary budget over bursary need in the School, the balance is gifted to Foundation to support future bursaries. A small number of Trusts & Foundations also offer their support.

31. The Foundation's fundraising activities are carried out by an in-house staff team, funded by the School. As no professional fundraising organisations or commercial participators are currently used by the Foundation, no monitoring processes are required. The Foundation adheres to the Code of Fundraising Practice when undertaking fundraising activity and intends to voluntarily subscribe to the Fundraising Regulator in the next financial year. 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 is 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. There were no complaints received by the Foundation in respect of fundraising activity.

Investment and Reserves Policy

32. In 2016/17, the Foundation launched an Enduring Bursary Fund, in line with its strategy. The fund will be grown using specific legacy and restricted gifts, any surplus in unrestricted gifts to the Foundation and any unspent funds from the School's annual bursary allocation. Funds are currently being held on deposit, but as they grow they will be invested in an endowment style fund to create revenue for bursaries. The Fund may also be used if there is a shortfall in philanthropic funding in a given year, to meet bursary commitments.

33. The Foundation's total reserves of £575k at the year-end (2018-19: £297k) included £524k of unspent restricted income (2018-19: £108k), and £51k of unrestricted income (2018-19: £189k). The Foundation does not seek to carry significant levels of free reserves for contingency purposes.

34. Funds and other donations received for the School have been passed on in a timely manner, to be used for the purposes for which they were nominated. The Directors have reviewed the financial performance of the charity and believe there are sufficient funds to continue operating for the foreseeable future and there are no material uncertainties surrounding the Foundation's ability to continue as a going concern. The accounts of the charity have therefore been prepared on a going concern basis.

Disclosure of Information to Auditors

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

Directors

1509 Group
M Norbury
J Pearce
A Bakrania
H Styche-Patel
J Eves

Appointed by RGS & Lanesborough
Appointed 25 January 2016
Appointed 18 May 2016
Appointed 18 May 2016
Appointed 6 February 2020
Appointed 6 February 2020

Honorary Officers

The Headmaster

J M Cox

Secretary & Treasurer

C M Perceval

Registered Office

The Royal Grammar School
High Street
Guildford
Surrey GU1 3BB

Advisors

Principal Bankers

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

Auditors

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

Solicitors

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

Company Number

4232306

Charity Number

1089955

Statement of Directors' Responsibilities

The purpose of this statement is to distinguish the Directors' responsibilities for the Financial Statements from those of the auditors as stated in their report.

Company and Charity law require the Directors to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that year.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those Financial Statements the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- observe the methods and principles of the Charities' SORP;
- make judgments and estimates that are reasonable and prudent;
- state where applicable United Kingdom Accounting Standards have been followed, subject to any material departures in the financial statements disclosed and explained;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

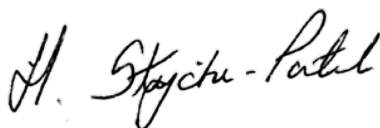
The Directors are responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding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

Auditors

37. Crowe U.K. LLP has indicated willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Directors and signed on their behalf by:

Director



Print name Heather Styche-Patel

Date 01/12/2020

Director



Print name Mark Norbury

Date 01/12/2020

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

We have audited the financial statements of The Royal Grammar School, Guildford Foundation for the year ended 31 July 2020 which comprise the Statement of Financial Activities, Balance Sheet, Cash-flow Statement and notes to the financial statements, including a summary of 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 charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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 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 directors' report included within the trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 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 set out on page 8, 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.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the 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 3 December 2020

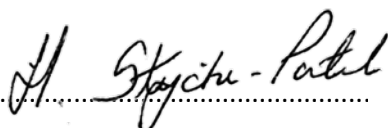
INCOME AND EXPENDITURE ACCOUNT		Unrestricted Funds £	Restricted Funds £	2019-2020 Total £	2018-2019 Total £
	Notes				
Income From:					
Donations and legacies	1 (a)	623	616,898	617,520	239,725
Income from trading activities	1 (b)	6,268	-	6,268	39,248
Investment Income	1 (c)	428	-	428	425
Total incoming resources		7,318	616,898	624,216	279,398
Expenditure on:					
Charitable activities	2 (a)	3,025	309,817	312,841	217,117
Raising funds	1 (b)	28,228	5,533	33,761	25,721
Total expenditure		31,252	315,350	346,602	242,838
NET MOVEMENT IN FUNDS		(23,934)	301,548	277,614	36,560
Fund balances brought forward at 1 August 2019		189,061	108,113	297,174	260,614
Fund balances carried forward at 31 July 2020		£165,127	£409,661	£574,788	£297,174

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

The accounting policies and notes on pages 15 to 19 form part of these Financial Statements.


	Notes	31 July 2020 £	31 July 2019 £
CURRENT ASSETS			
Stock	4 (a)	19,082	16,677
RGS Debtor		55,000	-
Gift Aid receivable		8,898	7,635
Prepayments		18,783	541
Cash		521,474	278,233
		<u>623,237</u>	<u>303,086</u>
CREDITORS: due within one year	4 (b)	(48,449)	(5,912)
		<u></u>	<u></u>
TOTAL NET ASSETS	5	<u>574,788</u>	<u>297,174</u>
Represented by:			
RESTRICTED FUNDS	5	409,661	108,113
UNRESTRICTED FUNDS			
Designated and general funds	5	165,127	189,061
		<u></u>	<u></u>
Total funds		<u>£574,788</u>	<u>£297,174</u>

Approved by the Board of The Royal Grammar School , Guildford Foundation
and signed on behalf of the Company by

Director.....

Print name..... Heather Styche-Patel

Date..... 01/12/2020

Director.....

Print name..... Mark Norbury

Date..... 01/12/2020

The accounting policies and notes on pages 15 to 19 form part of these Financial Statements.

	2019-2020	2018-2019
Cashflows from operating activities		
Net cash provided by/(used in) operations	242,813	31,802
Cash flows from investing activities		
Investment income receipts	<u>428</u>	<u>425</u>
	428	425
Changes in cash and cash equivalents in the reporting period	<u>243,241</u>	<u>32,227</u>
Cash and cash equivalents at 1 August	278,233	246,006
Cash and cash equivalents at 31 July	<u>521,474</u>	<u>£278,233</u>
Net Cash Inflow/(Outflow) from Operating Activities	2019-2020	2018-2019
Net Movement in funds	277,614	36,560
(Increase)/Decrease in debtors and prepayments	(74,506)	(4,919)
Increase/(Decrease) in Creditors	42,538	(660)
Investment income	(428)	(425)
(Increase)/Decrease in Stock	(2,405)	1,246
	<u>242,813</u>	<u>£31,802</u>
Changes in Cash and Cash Equivalents Analysis of Net Funds/(Debt)	As at 31 July 000s	Cash Flow 000s
Net cash balances	<u>521,474</u>	<u>243,241</u>
		<u>278,233</u>

The accounting policies and notes on pages 15 to 19 form part of these Financial Statements.

Basis of accounting

The Financial Statements are prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006, 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 accounts are drawn up on the historical cost accounting basis. The directors have a reasonable expectation that the company has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the company's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Directors' Responsibilities on page 8.

At the time of approval of the Annual Report, the COVID-19 pandemic continues to evolve and the long term impact on the Foundation, in common with other entities, is unknown. As detailed in the financial review, RGS & Lanesborough bears the costs of the Foundation's fundraising, alumni relations and development work. The Trustees believe the Schools' financial resources are sufficient to ensure the Foundation will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statement and have therefore prepared the financial statements on a going concern basis.

The Foundation is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 11th June 2001 (company number 042323060) and registered as a charity on 3rd January 2002 (charity number 1089955). The Foundation's 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 affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the directors no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Statement of Financial Activities (SOFA)

Transactions are analysed on the SOFA as follows:

Unrestricted funds

- 'Foundation' - Expenses in furtherance of the charitable objective to support RGS and Lanesborough and the Company administration.
- 'Designated' - Any funds designated for the general use of the Company or designated for use by the School.

Restricted funds - Any funds held on behalf of RGS and Lanesborough or for other restricted purposes.

Stock

Stock is valued at the lower of cost and net realisable value.

Income and expenditure

With the exception of voluntary income, income and expenditure is accounted for on an accruals basis. Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified, and the economic benefit to the company is considered probable. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the company in the case of donated services or facilities.

Donations and Legacies

Donations received for The King Edward VI's Grammar School, Guildford are credited to restricted funds along with donations subject to specific wishes of the donors.

Expenditure

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Expenditure is accrued as soon as a liability is conserved probable, discounted to present value for longer term liabilities.

Financial Instruments

Basic financial instruments are initially recognised at transaction value, and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets that are amortised cost comprise cash at bank and in hand, together with trade and other debtors. 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.

Taxation

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

1. Income

- (a) Donations are received from Friends, other forms of regular donation, one-off gifts and legacies.
- (b) Foundation continues to sell merchandise. The trading turnover relating to those sales, which are included in the income from trading activities, can be found below.

	2019-20	2018-19
	£	£
Sales Turnover	3,443	5,551
Cost of Sales	(1,795)	(2,947)
Net Turnover	<u>1,648</u>	<u>2,604</u>

- (c) Investment income comprises interest on Gift Aid and bank interest.

2. Charitable activities

- (a) Donations received by the Foundation are passed on to the School following reclaim of tax under the Gift Aid scheme.
- (b) Costs in support of charitable activities include bank charges and the rental of equipment to allow acceptance of donations by debit and credit card, and totalled £5,595 (2019 - £3,604) at the year end.

3. Governance costs

Insurance premiums, audit fees and other statutory costs were paid for by the School, the immediate parent undertaking on behalf of the Foundation.

The Directors were not in receipt of any remuneration or expenses during the year.

4. Current assets

- (a) Stock consists of various merchandise unsold as of the year end.

	At 31 July 2020	At 31 July 2019
	£	£
Accruals	33	33
RGS creditor	48,363	5,825
Other creditors	54	54
	<u>£48,449</u>	<u>£5,912</u>

5. Allocation of the Charity net assets

Restricted Funds

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. Restricted funds are mainly made up of the Bursary Fund which receives restricted bursary donations.

- (a) The net assets at the balance sheet date are held for the various funds as follows :

	Net current Assets/ (Liabilities) 2020 £	Net current Assets/ (Liabilities) 2019 £
Restricted	<u>409,661</u>	<u>108,113</u>
Unrestricted - general	165,127	189,061
Total Funds	<u>£574,788</u>	<u>£297,174</u>

	Balance at 31st July 2019 £	Net Income/(loss) £	Donations £	Grants and Allocations £	Balance at 31st July 2020 £
(b) Funds: movements in the year:					
Restricted	108,113	(5,533)	616,898	(309,817)	409,661
Unrestricted - General	189,061	(21,532)	623	(3,025)	165,127
	297,174	(27,066)	617,521	(312,842)	574,788

Comparative Allocation of the Charity net assets

(a) The net assets at the balance sheet date are held for the various funds as follows :

	Net current Assets/ (Liabilities) 2019 £	Net current Assets/ (Liabilities) 2018 £
Restricted	108,113	102,802
Unrestricted - general	189,061	157,812
Total Funds	297,174	260,614

	Balance at 31st July 2018 £	Net Income/(loss) £	Donations £	Grants and Allocations £	31st July 2019 £
(b) Funds: movements in the year:					
Restricted	102,802	(2,907)	225,335	(217,117)	108,113
Unrestricted - General	157,812	16,859	14,390	0	189,061
	260,614	13,952	239,725	(217,117)	297,174

6. Related party transactions

The School is the sole voting Member of the Foundation, thus making it the Intermediate Parent Undertaking. The School makes available to the Foundation staff and logistical resources, without charge, in exchange for the Foundation's work programme in support of the School. At the year end Foundation owed the school £48,363 (2019 - Foundation owed School £5,825).

1509 Group is the holding company of both Foundation and RGS & Laneborough. Copies of the consolidated accounts for the 1509 Group are available from the registered office at The Royal Grammar School, High Street, Guildford, Surrey GU1 3BB.

In 2019/20, £306,000 (2018/19 £192,900) of donations was passed from Foundation to the School, to be used for the purposes for which the donations were nominated. In 2019/20 the School gifted £55,000 to the Foundation from unspent funds from the School's annual bursary allocation and this was reflected in the closing balance. There was no gift in 2018/19.

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

In 2019/20 the Foundation received a gift of £114k from 1509 group International Companies.

The Trustees donated £11,220 (excluding Gift Aid) to the Foundation in the year (2018/19 £7,865).

**7 Comparative Statement of
Financial Activities**

	Unrestricted Funds £	Restricted Funds £	2018-19 Total £
Income and Expenditure Account			
Income From			
Donations and legacies	14,390	225,335	239,725
Income from trading activities	39,248	-	39,248
Investment Income	425	-	425
Income	<u>54,063</u>	<u>225,335</u>	<u>279,398</u>
EXPENDITURE			
Expenditure on Charitable activities:			
Costs in support of charitable activities	0	217,117	217,117
Costs incurred from raising funds	22,814	2,907	25,721
Total expenditure	<u>22,814</u>	<u>220,024</u>	<u>242,838</u>
NET MOVEMENT IN FUNDS	31,249	5,311	36,560
 Fund balances brought forward at 1 August 2018	 157,812	 102,802	 260,614
Fund balances carried forward at 31 July 2019	<u>£189,061</u>	<u>£108,113</u>	<u>£297,174</u>