

**LEEDS GRAMMAR SCHOOL AND
LEEDS GIRLS' HIGH SCHOOL
FOUNDATION**

Report and Financial Statements

31 August 2018

**LEEDS GRAMMAR SCHOOL AND
LEEDS GIRLS' HIGH SCHOOL FOUNDATION**

REPORT AND FINANCIAL STATEMENTS 2018

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LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

TRUSTEES' REPORT 2018

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

The Trust is registered with the Charity Commissioners under charity reference number 529215.

The Board of Trustees is a self-appointing body and all the Trustees, detailed below, have served throughout the period and subsequently, except where indicated.

	Date of Appointment
Mrs E E Bailey	5 July 2005
Mr A D Barker	5 July 2005
Mr E M Ziff	5 July 2005
Professor C M Leigh	5 July 2005
Mr J Cross	2 April 2017
Mr P Jolly (Chair)	18 May 2012
Mr J Woodward	19 August 2016

Officers

Secretary:	Mrs E Carruthers
Treasurer:	Mr S Kingston
Registered address:	The Grammar School at Leeds, Alwoodley Gates, Harrogate Road, Leeds, LS17 8GS

Advisers

Bankers	Lloyds Bank Plc 65 Briggate Leeds LS1 6LH
	Royal Bank of Scotland Group P O Box 154 Leeds United Kingdom
Independent auditor	Saffery Champness LLP Mitre House, N Park Rd Harrogate HG1 5RX
Solicitors	Lupton Fawcett LLP Yorkshire House East Parade Leeds LS1 5BD
Insurance brokers	Bartlett & Company Limited Broadway Hall Horsforth Leeds LS18 4RS
Investment managers	Brewin Dolphin 34 Lisbon Street Leeds LS1 4LX

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

TRUSTEES' REPORT 2018

The Trustees of Leeds Grammar School and Leeds Girls' High School Foundation ('the Foundation') present their annual report for the year ended 31 August 2018 under the Charities Act 2011, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Charities Act 2011, the Trust Deed, and the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Foundation was regulated by a scheme made by the Charity Commissioners in 1978, and after a number of revisions a new scheme came into being on 5 July 2005 in connection with the legal merger of Leeds Grammar School and Leeds Girls' High School to form the Grammar School at Leeds.

A unifying direction was issued on 25 November 2009 whereby the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Girls, the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Boys and the GSAL Award Fund were to be treated as forming part of the Foundation for the purposes of Part II (registration) and Part VI (accounting) of the Charities Act 1993, although the individual charities remained separate and legally distinct.

On 10 April 2015 the Charity Commission published a scheme whereby the funds and activities of the linked charities, being the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Girls, the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Boys and the GSAL Award Fund, were transferred into the Leeds Grammar School and Leeds Girls' High School Foundation, who will continue to pursue the same objects as those previously linked charities. The previously linked charities were removed from the Charity Commission register on 10 April 2015.

Recruitment and training of Trustees

The Trustees were selected both because of their relevant experience of the Trust's area of operations and because of their experience as Trustees of other bodies. The Trustees seek training opportunities in partnership with other local charitable bodies operating in similar fields. An induction process is in place for new Trustees when appointed, and they are made aware of on-going training opportunities.

Organisational Management

The Trustees met on four occasions during the year. All operational decisions affecting the trust are undertaken by the Board of Trustees.

Risk Management

The Trustees have reviewed major risks to which the trust is exposed, particularly those related to the operation and finances of the trust. The Trustees have given consideration to the appropriate policies, procedures and systems to mitigate the trust's exposure to the major risks.

The principal risks of the Foundation are associated with its ability to continue to generate investment income and donations to support the work of the Grammar School at Leeds. The majority of the assets of the restricted funds are invested and so are subject to market fluctuation. The Trustees advise the Foundation's investment managers on the acceptable level of risk. A development group works for both the Foundation and School in order to develop fund raising activities as a whole.

OBJECTIVES AND ACTIVITIES

The object of the trust is the provision and conduct in or near the City of Leeds of two schools – one for boys called Leeds Grammar School and one for girls called Leeds Girls' High School. These two schools were legally merged on 31 August 2005 to form the Grammar School at Leeds (GSAL).

The trust's main objectives during the year were:

- to continue exploring ways of attracting additional funding and/or other ways of meeting the trust's objectives, including reviewing the benefit provided to the public through support of GSAL, in the light of changing legislative requirements.
- to assist, where appropriate, the Grammar School at Leeds with its review of activities and operations, in order to reduce overall costs of the services provided by the School without affecting their quality or scope.

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TRUSTEES' REPORT 2018

The trust meets the definition of a public benefit entity under FRS 102. The Trustees confirm that they have had regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the trust's aims and objectives and in planning activities.

ACHIEVEMENTS AND PERFORMANCE

The Trustees have had success in attracting donations to support bursaries awarded to pupils of the Grammar School at Leeds, in accordance with the objectives of the Foundation, and this work will continue to be developed. During the year the Trustees have reviewed various aspects of the Foundation's operations and have implemented changes to the Foundation's investment portfolio and bursary policy in order to provide additional funds to support bursary awards made by the school.

FINANCIAL REVIEW

Unrestricted funds

Income in respect of unrestricted funds amounted to £30,012 (2017: £30,031) arising from donations and interest received on cash balances. Expenditure during the year was £6,600 (2017: £7,488). Net income from operations for the year amounted to £23,412 (2017: £22,543) resulting in total negative unrestricted funds carried forward of £282,917 (2017: negative £306,329).

Endowment funds

Once the refurbishment of the Harrogate Road house was completed the house has been rented out for ten months so increased income and decreased expenditure this year have led to net income of £8,295 (2017: net outgoing expenditure £51,776). Consequently, endowment funds carried forward were £12,937,090 (2017: £12,928,795).

Restricted funds

Income resources in respect of restricted funds amounted to £472,790 (2017: £843,984) made up of interest, dividends, legacies and donations. The decrease is mainly because a significant legacy had been received in the previous year. Expenditure amounted to £291,440 (2017: £389,496), the majority of which was the contribution towards bursaries, prizes and scholarships awarded by the Grammar School at Leeds with the balance made up of investment portfolio management expenses and bank charges. Realised and unrealised investment gains amounted to £38,848 (2017: £296,722) making the net movement in funds an increase of £220,198 (2017: £751,210) and funds carried forward £4,939,441 (2017: £4,719,243).

Total funds carried forward were £17,593,614 (2017: £17,341,709).

Fundraising

Fundraising is carried out on behalf of the Foundation by the Grammar School at Leeds ("GSAL").

GSAL is registered with the Fundraising Regulator and, as a result, has signed up to the Code of Fundraising Practice. No complaints have arisen this year with regards to the GSAL's fundraising activity. All marketing/advertisement of events and activities is overseen by the GSAL External Relations department to ensure that it is not unreasonably intrusive or persistent.

Reserves policy

Net income after expenditure from unrestricted funds is normally donated annually to the Grammar School at Leeds unless the Trustees have reason to retain it in furtherance of the trust's objectives.

The unrestricted fund had a negative balance of £282,917 at 31 August 2018 (2017: £306,329 negative). Having sought the views and advice of the Charity Commission, the Foundation Trustees have agreed with the Directors of the Grammar School at Leeds and the Trustees of the LGS General Charitable Trust to replenish these funds by annual donations over a period not exceeding twenty years.

Investment policy and objectives

The Trustees have wide investment powers as if they were beneficially entitled. Given the anticipated short-term need for cash the policy has been to preserve at least the real value of existing investments assets and to keep un-invested funds on short-term deposit so as to be readily available when required.

For several years the Foundation has made donations to GSAL based on 4.5% of the value of the portfolio at the start of the year. This year the Trustees have agreed that the Foundation's bursary support to the School should be

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

TRUSTEES' REPORT 2018

based on an agreed monetary amount rather than a potentially variable percentage amount. This gives more certainty to the School in planning bursary awards. Consequently, Trustees have amended their directive to the investment manager, who is now instructed to manage the portfolio with the aim of providing, at a minimum, a defined level of bursary funds. The average net income yield for the year was 3.6% (2017: 3.7%).

Relationships

Whilst not qualifying as related parties, LGS General Charitable Trust, the Morley House Trust and this charity share similar charitable objectives to support The Grammar School at Leeds in meeting its own objectives, including provision of bursary funding for pupils and provision of buildings facilities for the education of children.

The Trustees review the financial position of the Foundation each year and decide on the donations to be made to GSAL, this is usually based on an agreed percentage of the value of the funds plus any other agreed specific bursaries.

PLANS FOR THE FUTURE

- to continue exploring ways of attracting additional funding and/or other ways of meeting the trust's objectives.
- assisting, where appropriate, the Grammar School at Leeds with its review of activities and operations, in order to reduce overall costs of the services provided by the school without affecting their quality or scope.

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

The law applicable to charities in England & Wales requires the trustees 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 trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that 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, applicable accounting regulations and the provisions of the trust deed. They are 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.

Signed on behalf of the Trustees



Peter Jolly

Date:

8 February 2019

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Leeds Grammar School and Leeds Girls' High School Foundation for the year ended 31 August 2018 which comprise statement of financial activities, balance sheet 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 charity's affairs as at 31 August 2018 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 Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 charity'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 auditors' 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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 auditors' 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 auditors' report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees 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 charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Saffery Champness *up*

Saffery Champness LLP
Chartered Accountants Harrogate
Statutory Auditor

Date: 15/2/14.

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**LEEDS GRAMMAR SCHOOL AND
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STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 August 2018**

	Note	Unrestricted Funds £	Permanent Endowment £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
INCOME:						
Charitable Income – support of education						
Interest received		12	15	-	27	309
Dividends received		-	-	170,415	170,415	134,502
Donations received		30,000	-	302,375	332,375	739,278
Other Trading Income						
Property income		-	9,500	-	9,500	1,696
Other income		-	-	-	-	15
TOTAL INCOME		30,012	9,515	472,790	512,317	875,800
EXPENDITURE:						
Raising funds:						
Investment management expenses		-	-	25,866	25,866	19,440
Charitable expenditure:						
Donation to GSAL for bursaries and scholarships		-	-	260,000	260,000	364,709
Bursaries, prizes and scholarships awarded		-	-	5,000	5,000	5,000
Bank charges		-	30	574	604	377
Operating expenses		-	1,190	-	1,190	53,531
Audit fees		6,600	-	-	6,600	7,488
TOTAL EXPENDITURE		6,600	1,220	291,440	299,260	450,545
Gains/(losses) on investments:						
Realised (losses)/gains on sale of investments		-	-	298	298	118,035
Unrealised gains/(losses) on revaluation of investments		-	-	38,550	38,550	178,687
NET INCOME/(EXPENDITURE) FOR THE YEAR		23,412	8,295	220,198	251,905	
Other recognised gains/(losses):						
Realised gain/(loss) on sale of tangible assets		-	-	-	-	-
NET MOVEMENT IN FUNDS	2	23,412	8,295	220,198	251,905	721,977
TOTAL FUNDS BROUGHT FORWARD		(306,329)	12,928,795	4,719,243	17,341,709	16,619,732
TOTAL FUNDS CARRIED FORWARD		(282,917)	12,937,090	4,939,441	17,593,614	17,341,709

All income and expenditure derives from continuing operations.
There are no recognised gains and losses for the current and prior period other than as stated above.
See note 12 for a comparative analysis of the 2017 total income.

**LEEDS GRAMMAR SCHOOL AND
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BALANCE SHEET

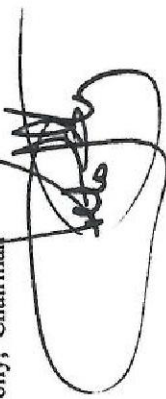
Year ended 31 August 2018

	Note	Unrestricted Funds £	Permanent Endowment £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
FIXED ASSETS						
Tangible assets	3	-	3,198,299	-	3,198,299	3,198,299
Investments	4	-	-	4,879,441	4,879,441	4,714,483
CURRENT ASSETS						
Debtors - amounts falling due within one year	5	-	44,255	-	44,255	43,211
Debtors - amounts falling due after more than one year	5	-	12,400,000	-	12,400,000	12,400,000
Cash at bank and on deposit		(276,317)	336,707	60,000	120,390	152,100
		(276,317)	12,780,962	60,000	12,564,645	12,595,311
CREDITORS: amounts falling due within one year	6	(6,600)	(399,808)	-	(406,408)	(524,021)
NET CURRENT ASSETS		(282,917)	12,381,154	60,000	12,158,237	12,071,290
TOTAL ASSETS LESS CURRENT LIABILITIES		(282,917)	15,579,453	4,939,441	20,235,977	19,984,072
CREDITORS: amounts falling due after more than one year	7	-	(2,642,363)	-	(2,642,363)	(2,642,363)
NET ASSETS		(282,917)	12,937,090	4,939,441	17,593,614	17,341,709
FUNDS						
Permanent Endowment		-	12,937,090	-	12,937,090	12,928,795
Restricted	8	-	-	4,939,441	4,939,441	4,719,243
Unrestricted	9	(282,917)	-	-	(282,917)	(306,329)
		(282,917)	12,937,090	4,939,441	17,593,614	17,341,709

See note 13 for a comparative analysis of the 2017 total balances.

These financial statements of the Leeds Grammar School and Leeds Girls' High School Foundation registered number 529215 were approved by the Board of Trustees and authorised for issue on **8 Feb. 2019** and signed on their behalf by:

Peter Jolly, Chairman



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018

1. ACCOUNTING POLICIES

The Charity is registered with the Charity Commission under registration number 529215. It meets the definition of a public benefit entity under FRS 102.

The principal accounting policies adopted by the Trustees are described below.

Basis of Accounting

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

Basis of preparation of financial statements – going concern basis

The charity has provided a guarantee under a loan agreement between the Royal Bank of Scotland and the LGS General Charitable Trust as disclosed in note 112. The guarantee embodies certain performance covenants for both the LGS General Charitable Trust and the Grammar School at Leeds.

After making enquiries, the Trustees have a reasonable expectation that the LGS General Charitable Trust will have adequate resources to make the required capital and interest repayments to its bankers as they fall due and that the covenants will be met. Accordingly, the Trustees continue to adopt the going concern basis in preparing the annual report and financial statements.

A major issue for the charity had been the disposal of the Headingley site, a process that has been undertaken by the Morley House Trust on behalf of the Foundation. Sales of all three sites were completed in Autumn 2014, with the second phase of the main site sale completed in Autumn 2015. Sale proceeds received have been loaned to the LGS General Charitable Trust.

Income

All income is recognised in the statement of financial activities when the charity has entitlement to the funds, conditions for receipt have been met, it is probable that the income will be received and the amount can be measured reliably. Where a claim for repayment of income tax has or will be made, such income is grossed up for the tax recoverable. The following accounting policies are applied to income:

Donations

Donations received are recognised in the Statement of Financial Activities in the period in which the charity is entitled to receipt.

Investment income

Dividends and interest are accounted for when receivable and include the related tax recoverable.

Expenditure

Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the charity and includes the following:

Donation to GSAL for bursaries and scholarships

Donations are made to GSAL towards the cost of bursaries. These are accounted for in the academic year to which they are used by GSAL.

Bursaries, prizes and scholarships

Scholarships and prizes are accounted for when the Trustees have accepted a legal or moral obligation to make the expenditure.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018

Other expenditure

Other expenditure represents expenditure incurred in the management of the charity's assets, organisational administration, and compliance with constitutional and statutory requirements. Administration services are provided by the Grammar School at Leeds free of charge and it is not possible to determine a reliable value of these donated services.

Fund accounting

The trust holds the following funds:

- Unrestricted funds - these funds can be used in accordance with the charitable objects at the discretion of the Trustees
- Restricted funds - these funds can only be used for particular restricted purposes within the objects of the trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes
- Permanent endowment funds - income generated from these funds may be used in the furtherance of the objects of the trust, but the capital must be retained.

Tangible fixed assets

Freehold properties are stated in the balance sheet at cost or value at the date of receipt.

No depreciation has been provided on the freehold land at Alwoodley (occupied by the Grammar School at Leeds) and Headingley or on the buildings at Headingley, erected on freehold land owned by the trust. The Trustees consider that the residual values based on cost at the time of occupation are such that their depreciation is insignificant. The buildings at Headingley, erected on freehold land owned by the trust, together with the property at 539 Harrogate Road, Alwoodley have been reviewed for impairment in accordance with Financial Reporting Standard 102. Any impairment identified is charged against the original cost of the property.

Investments

Investments are stated at market value. Realised and unrealised gains and losses are shown separately in the appropriate section of the statement of financial activities.

Concessionary loans

Concessionary loans are initially measured at the amount received or paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any accrued interest payable or receivable, less any impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Taxation

As a registered charity the Foundation is exempt from income tax on its charitable activities.

Critical accounting judgements and key sources of estimation uncertainty

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018

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

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

2. NET MOVEMENT IN FUNDS

Net movement in funds for the year is stated after charging:

	2018 £	2017 £
Auditors' remuneration	5,500	6,240

The Trustees received no remuneration or expenses in the performance of their duties as Trustees of the Trust in the current or prior year. The Foundation purchased insurance costing £426 (2017: £416) to protect the Foundation from loss arising from neglect or default of its Trustees and to indemnify the Trustees against the consequences of neglect or default on their part.

The charity employs no staff, employees from the Grammar School at Leeds provide support to the operations of the charity, however, it is not possible to place a value on these services which are provided free of charge.

3. TANGIBLE ASSETS

	Freehold land The Grammar School at Leeds, Alwoodley £	Freehold land and buildings Headingley £	Freehold Property 539 Harrogate Road, Alwoodley £	Freehold land Harrogate Road £	Total £
Cost					
At 1 September 2017	2,500,000	371,850	230,000	96,449	3,198,299
Disposals	-	-	-	-	-
At 31 August 2018	2,500,000	371,850	230,000	96,449	3,198,299

The building project to facilitate the physical merger of the two schools (formerly Leeds Grammar School and Leeds Girls' High School) on the site at Alwoodley Gates through the LGS General Charitable Trust was completed at a total cost of £53,338,344. The expenditure was principally financed in the LGS General Charitable Trust by bank borrowing together with loans from the Leeds Grammar School and Leeds Girls' High School Foundation and from the Grammar School at Leeds.

In respect of the loans, a first and third party first legal charge is given by the Official Custodian for Charities on behalf of the Leeds Grammar School and Leeds Girls' High School Foundation in respect of the Headingley Freehold, a first and third party first legal charge is given by the Leeds Grammar School and Leeds Girls' High School Foundation in respect of the Alwoodley Freehold.

The sales of the vacant sites in Headingley were completed in the autumn of 2015. The remaining site in Headingley is that currently occupied by Rose Court.

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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2018**

4. INVESTMENTS

	2018	2017
	£	£
Total investments		
Market value at 1 September 2017	4,714,483	3,734,989
Additions	471,170	3,057,311
Disposal proceeds	(351,492)	(2,394,049)
Net realised investment (losses)/gains	298	118,035
Net unrealised investment gains/(losses)	38,550	178,687
Net transfer between investments and cash deposits	6,432	19,510
	<hr/>	<hr/>
Market value at 31 August 2018	4,879,441	4,714,483
	<hr/>	<hr/>
Cost as at 31 August 2018	4,286,869	4,058,639
	<hr/>	<hr/>
Investments comprise the following:		
Investments	4,814,056	4,655,531
Cash held by investment managers	65,385	58,952
	<hr/>	<hr/>
Market value at 31 August 2018	4,879,441	4,714,483
	<hr/>	<hr/>

Investments are revalued at middle market value at the year end. All investments are held within restricted funds.

5. DEBTORS

	2018	2017
	£	£
Amounts falling due within one year		
Prepayments	44,255	43,211
	<hr/>	<hr/>
	44,255	43,211
	<hr/>	<hr/>
Amounts falling due after more than one year		
Amount due from the LGS General Charitable Trust	10,900,000	10,900,000
Amount due from the Morley House Trust	1,500,000	1,500,000
	<hr/>	<hr/>
	12,400,000	12,400,000
	<hr/>	<hr/>

The amount of £10,900,000 due from the LGS General Charitable Trust is made up of three amounts. £6,050,000 relates to the equality of exchange resulting from the exchange of the Leeds Grammar School Moorland Road site, the Junior School property and the Playing Fields site at Lawnswood for the land at Alwoodley Gates, Leeds with the University of Leeds. £750,000 relates to a loan made by the Foundation to the Trust in connection with the building project on the Alwoodley site. An additional amount of £4,100,000 arose during 2014 and 2015 from the sale proceeds relating to the Headingley site which were loaned to the Trust. The loan arrangements were revised in April 2007 such that it is interest-free, unsecured and due to be repaid in one amount on 31 December 2067, with an option to make prepayments after 31 December 2028.

The Foundation revised the loan agreement with the Morley House Trust in April 2007 to enable the Trust to develop facilities at Ford House in preparation for the physical merger of the schools in September 2009. The loan is unsecured and interest free and is to be repaid in full in one instalment on 31 December 2067, or by instalments at the Trust's option from 31 December 2028.

Prepayments represent amounts incurred as part of the plans being made to develop the remaining Headingley site.

**LEEDS GRAMMAR SCHOOL AND
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Creditors and accruals	406,408	524,021

Creditors include an amount of £399,808 owed to Morley House Trust (2017: £398,764).

7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018 £	2017 £
Loan from the Grammar School at Leeds	2,642,363	2,642,363

Interest was charged on the loan until 31 January 2014, but it is now interest free. It is partly secured on the property at 539 Harrogate Road.

8. RESTRICTED FUNDS

On 10 April 2015 the Charity Commission published a scheme whereby the funds and activities of the linked charities, being the Foundation Award Fund for Girls, the Foundation Award Fund for Boys and the GSAL Award Fund, were merged with the Leeds Grammar School and Leeds Girls' High School Foundation. The previously linked charities were removed from the Charity Commission register on 10 April 2015. The various restricted funds inherited from the predecessor charities were reviewed and combined so that now only three separate restricted funds are maintained.

- Heritage Fund – combines all the historical restricted funds relating to bursaries.
- New Bursary Fund – intended to include all new donations, unless otherwise specified by the donor.
- Prize Fund – combines all the historical restricted funds related to prize awards.

See Annex A for a summary of the financial activities on these three restricted funds, and their net asset values.

9. UNRESTRICTED FUNDS

This fund had a negative balance of £282,917 at 31 August 2018 (2017: £306,329 negative). Having sought the views and advice of the Charity Commission, the Foundation Trustees have agreed with the Directors of the Grammar School at Leeds and the Trustees of the LGS General Charitable Trust to replenish these funds by annual donations over a period not exceeding twenty years.

10. CAPITAL COMMITMENTS

School Estate

Any capital commitments relating to the School Estate are dealt with in the financial statements of the Grammar School at Leeds.

11. CONTINGENT LIABILITIES

Under a loan agreement entered into in July 2016 between the Royal Bank of Scotland plc (the Bank) and the LGS General Charitable Trust (the Trust) the Leeds Grammar School and Leeds Girls' High School Foundation has provided the following securities:-

- a) a first-party first legal charge given by the Official Custodian for Charities in respect of the Headingley Freehold
- b) a first-party first legal charge in respect of the Alwoodley freehold
- c) a deed of sub-ordination subordinating the loan to the Trust to the indebtedness of the Bank.

At 31 August 2018, the borrowings of the Trust amounted to £36,657,144 (2017: £36,728,572).

**LEEDS GRAMMAR SCHOOL AND
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STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND-TYPE

	Note	Unrestricted Funds £	Permanent Endowment £	Restricted Funds £	Total Funds 2017 £
INCOME:					
Charitable Income – support of education					
Interest received		31	74	204	309
Dividends received		-	-	134,502	134,502
Donations received		30,000	-	709,278	739,278
Other Trading Income					
Property income		-	1,696	-	1,696
Other income		-	15	-	15
TOTAL INCOME		30,031	1,785	843,984	875,800
EXPENDITURE:					
Raising funds:					
Investment management expenses		-	-	19,440	19,440
Charitable expenditure:					
Donation to GSAL for bursaries and scholarships		-	-	364,709	364,709
Bursaries, prizes and scholarships awarded		-	30	5,000	5,000
Bank charges		-	-	347	377
Legal expenses		-	-	-	-
Operating expenses		-	53,531	-	53,531
Audit fees		7,488	-	-	7,488
TOTAL EXPENDITURE		7,488	53,561	389,496	450,545
Gains/(losses) on investments:					
Realised (losses)/gains on sale of investments		-	-	118,035	118,035
Unrealised gains/(losses) on revaluation of investments		-	-	178,687	178,687
NET INCOME/(EXPENDITURE) FOR THE YEAR					
Other recognised gains/(losses):					
Realised gain/(loss) on sale of tangible assets		-	-	-	-
NET MOVEMENT IN FUNDS	2	22,543	(51,776)	751,210	721,977
TOTAL FUNDS BROUGHT FORWARD		(328,872)	12,980,571	3,968,033	16,619,732
TOTAL FUNDS CARRIED FORWARD		(306,329)	12,928,795	4,719,243	17,341,709

**LEEDS GRAMMAR SCHOOL AND
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13 BALANCE SHEET - COMPARATIVE FIGURES BY FUND TYPE

	Note	Unrestricted Funds £	Permanent Endowment £	Restricted Funds £	Total Funds 2017 £
FIXED ASSETS					
Tangible assets	3	-	3,198,299	-	3,198,299
Investments	4	-	-	4,714,483	4,714,483
CURRENT ASSETS					
Debtors - amounts falling due within one year	5	-	43,211	-	43,211
Debtors - amounts falling due after more than one year	5	-	12,400,000	-	12,400,000
Cash at bank and on deposit		(298,841)	351,075	99,866	152,100
		(298,841)	12,794,286	99,866	12,595,311
CREDITORS: amounts falling due within one year	6	(7,488)	(421,427)	(95,106)	(524,021)
NET CURRENT ASSETS		(306,329)	12,372,859	4,760	12,071,290
TOTAL ASSETS LESS CURRENT LIABILITIES		(306,329)	15,571,158	4,719,243	19,984,072
CREDITORS: amounts falling due after more than one year	7	-	(2,642,363)	-	(2,642,363)
NET ASSETS		(306,329)	12,928,795	4,719,243	17,341,709
FUNDS					
Permanent Endowment		-	12,928,795	-	12,928,795
Restricted	8	-	-	4,719,243	4,719,243
Unrestricted	9	(306,329)	-	-	(306,329)
		(306,329)	12,928,795	4,719,243	17,341,709

**LEEDS GRAMMAR SCHOOL AND
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**Annex A – Summary of Financial Activity of the restricted Funds
For the year ended 31 August 2018**

	Reserves at 31/8/2017	Income	Expenditure	Other gains/(losses)	Total (decrease) in reserves	Reserves at 31/8/2018
	£	£	£	£	£	£
Heritage Fund	3,618,768	244,208	199,917	9,213	53,504	3,672,272
New Bursary Fund	893,100	223,345	85,472	25,197	163,070	1,056,170
Prize Fund	207,375	5,237	6,051	4,438	3,624	210,999
GSAL Bursary	-					
	4,719,243	472,790	291,440	38,848	220,198	4,939,441

2017 Comparative figures

	Reserves at 31/8/2016	Income	Expenditure	Other gains/(losses)	Total (decrease) in reserves	Reserves at 31/8/2017
	£	£	£	£	£	£
Heritage Fund	3,433,095	124,798	196,539	257,414	185,673	3,618,768
New Bursary Fund	232,376	715,936	82,498	27,286	660,724	893,100
Prize Fund	197,853	3,250	5,750	12,022	9,522	207,375
GSAL Bursary	104,709	-	104,709	-	(104,709)	-
	3,968,033	843,984	389,496	296,722	751,210	4,719,243