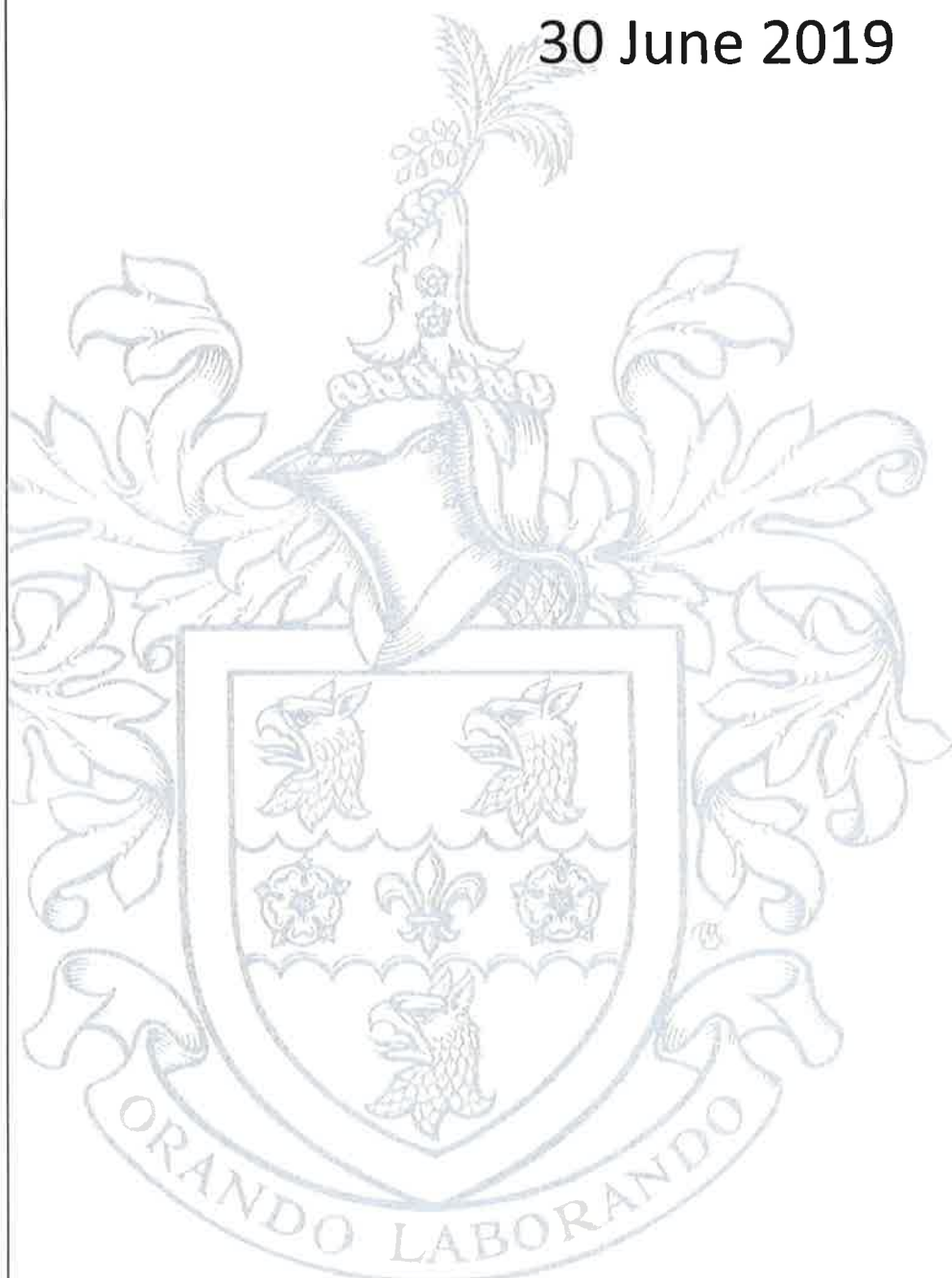


Rugby School  
Annual Report  
and  
Financial Statements  
for the year ended  
30 June 2019







# Rugby School

**THE GOVERNING BODY OF RUGBY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Registered Charity Number 528752**

# **THE GOVERNING BODY OF RUGBY SCHOOL**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

### **CONTENTS**

	<b>Page</b>
<b>Governors, Principal Officers and Professional Advisers</b>	<b>2 - 3</b>
<b>The Report of the Governing Body</b>	<b>4 - 18</b>
<b>Independent Auditor's Report</b>	<b>19 - 20</b>
<b>Consolidated Statement of Financial Activities</b>	<b>21</b>
<b>Balance Sheets</b>	<b>22</b>
<b>Consolidated Cash Flow Statement</b>	<b>23</b>
<b>Notes to the Financial Statements</b>	<b>24 - 50</b>

# **THE GOVERNING BODY OF RUGBY SCHOOL**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

### **The Governing Body**

Mrs L J Holmes, BA (Hons) (Chairman) (2, 5, 6, 9, 10, 11)  
R C A Hingley, MA (Deputy Chairman) (5, 6, 7, 8, 9, 10, 11)  
D J Bennett, MA (Hons) (5, 10)  
Prof C J Howe, ScD (1, 9)  
S Lebus, MA (1, 6)  
B J O'Brien, LLB (6, 7, 9)  
P Smulders, BA, MBA (6, 11)  
Ms C Marten MA (1, 2, 4, 6, 11)  
Ms G Woodward BA (Hons) (8)  
Miss J Eastwood BA (Hons) (4)  
Mrs H Jackson BSc (Hons) (4)  
G V Lloyd-Jones  
J Moreland MA, PGCE, NPQH (3, 10)  
R J Elmhirst (5)  
Lieutenant General T Radford CB DSO OBE (9)  
R C Fletcher FRSA, MBA, Mphil

### **Appointed by**

Governing Body  
Governing Body  
Governing Body  
Governing Body  
Governing Body  
Governing Body  
Governing Body  
Governing Body  
Governing Body  
Governing Body  
Governing Body  
Common Room  
Governing Body  
Governing Body  
Governing Body

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### **Head Master**

P R A Green MA, PGCE (1, 2, 3, 4, 5)

### **Chief Operating Officer and Clerk to the Governing Body**

P A Nicholls MA (CANTAB), FCA (2, 4, 5, 7, 8, 10)

### **Deputy Head**

Dr N G Hampton (1, 4, 5)

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**Registered Charity Number: 528752**

### **Principal Address and Registered Office**

Rugby School, The Bursary, 10, Little Church Street, Rugby, CV21 3AW

**Website:** [www.rugbyschool.co.uk](http://www.rugbyschool.co.uk)

# THE GOVERNING BODY OF RUGBY SCHOOL

## ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

### Membership of Governing Body Committees

(1) Academic	(2) Bursaries	(3) Collections
(4) Compliance & Risk Management	(5) Finance & Audit	(6) International Development
(7) Investment	(8) London Estate	(9) Nominations
(10) Pensions	(11) Remuneration	

### Other Current Members of Governing Body Committees

W Assheton (5)	<i>P K Bell (4)</i>	<i>D Davies (4)</i>
<i>E S Davies (1, 4)</i>	<i>T J Day (2)</i>	W M T Fowle (3)
<i>S. Govorusa (4)</i>	<i>Mrs L Hampton (4)</i>	<i>Mrs S Harris (4)</i>
P Henderson (7)	R D Hunter (7)	Prof CHE Imray (2)
<i>G. Johnson (4)</i>	<i>Mrs N Leake (4)</i>	M J Mansell (5, 11)
<i>M A Monteith (4)</i>	<i>Dr N J Morse (3)</i>	<i>Dr J D Muston (1, 4)</i>
<i>G Parker-Jones (1, 4)</i>	Dr R Pogson (2)	<i>Mrs J Robinson (4)</i>
<i>Mrs S A Rosser (4)</i>	M Ruffell (7)	F Salway (8)
<i>H G Steele-Bodger (4)</i>	<i>Mrs L Stevenson (4)</i>	M J Swales (5)
D W W Townsend (10)	P S L Viney (3)	Dr E Wood (3, 6, 9)
<i>C J Wright (4)</i>	P Yates (7)	
	<i>(Employees are shown in italics)</i>	

### Auditor

Crowe U.K. LLP  
Cheltenham

### Advisers

#### Bankers

National Westminster Bank plc, Rugby

#### Surveyors

Farebrother, London

#### Solicitors

Veale Wasbrough Vizards, Bristol

#### Investment Managers

Quilter Cheviot Ltd, London  
Partners Capital LLP, London  
Veritas Investment Management, London

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

The Governing Body, who are the trustees, present their Annual Report and the audited financial statements of Rugby School for the year ended 30 June 2019. The Governing Body confirms that the financial statements comply with the charity's governing document, with current statutory requirements, with applicable accounting standards in the United Kingdom, with the Charities Statement of Recommended Practice (the Charities SORP (FRS 102)) and with the Charities Act 2011.

### **The School's Objectives**

#### *Charitable Objects*

The provision of a broad liberal Christian education at a boarding and day school at Rugby School for children from Rugby and neighbourhood and elsewhere, and by ancillary or incidental activities and other associated activities for the benefit of the community.

#### *Statement of Values*

The School's principal activity is the education and pastoral care of its students. All of its assets and its income and expenditure relate to that activity. The School's fundamental ethos of 'the Whole Person is the Whole Point' is everything we undertake at Rugby School to fulfil that principal aim.

Rugby School's Development Plan includes a Statement of Values:

- Rugby is an all round co-educational school, where students are actively encouraged to develop their own individual skills and talents. Every child has something special inside them; it's our job to find out what that is.
- Rugby is a school which values outstanding academic performance - but never at the expense of achieving excellence in other fields. In our experience, a hothouse isn't necessarily a place where many students will blossom.
- Rugby is a school located in the Midlands, and we're often noted for our remarkably unpretentious atmosphere. But amongst students and teachers alike, you'll detect a fierce pride about being here.
- Rugby is a school with a strong sense of service to the community. We're blessed with some marvellously well-equipped facilities, and we think it's only fair we afford wider access to them whenever we can.
- At Rugby, we also think it's fair to give children a chance to come here who couldn't otherwise afford to do so.
- Rugby is a true 7-day a week school with a strong boarding ethos. The place doesn't empty at weekends for the simple reason that there's so much going on here.
- Rugby is a school that loves to innovate and try out new things. Just because 'it's never been done before' doesn't mean we shouldn't give it a go now.
- Without being over-pious about it, Rugby is a Christian foundation, where tolerance and understanding are taught with just the same skill and dedication as English and Maths.
- Rugby is a school with a strong House structure, and a long tradition of in-house dining. This means there's an unusual emphasis on individual pastoral care, so being here really is the next best thing to being back home.
- After five years of receiving one of the best school educations in the world, all of our students finally leave Rugby. But Rugby never, ever leaves them.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

Rugby School consistently strives for all-round excellence. It recognises that there are many fundamental qualities which are not examinable: curiosity, shrewdness, initiative, leadership, an awareness of beauty, a sense of humour, a sense of responsibility and a gift for friendship, and that these and other basic qualities need to be developed in an institution that regards itself as educational.

The Governing Body consider that the School provides an environment where each student is encouraged to develop and fulfil their potential, thereby inspiring a desire to contribute to the wider community.

### *Objectives for the Year*

The Governing Body set the following aims for the academic year 2018/19:

- to maintain the School's commitment to high academic standards;
- to facilitate curriculum, student and staff development through the implementation of an academic rolling plan;
- to enable our students to gain admittance to the best universities and courses they can;
- to continue the pioneering work of the Arnold Foundation and use the bursaries programmes (Arnold Foundation and Lawrence Sheriff) to ensure that access to Rugby School is as wide as possible;
- to maintain the standards of pastoral care through the implementation of a pastoral rolling plan;
- to continue to provide and enhance the range of co-curricular activities to fulfil our ethos of 'Whole Person Whole Point'
- to continue to explore opportunities to open overseas schools in partnership with suitable investors;
- to continue to improve the School's facilities and to protect the historic environment through capital projects to improve and enhance the teaching, co-curricular and pastoral facilities throughout the School;
- to continue to improve the sustainability of the School estate through an ongoing programme of capital investment.

### *Strategies to achieve Objectives*

The School's strategies for achieving its objectives were to:

- continue to review the academic curriculum to ensure that it is both broad and challenging;
- continue to subscribe to independently set and assessed tests at age 13 and on entering the sixth form, which produce data which helps evaluate performance at GCSE and A levels. The School uses this data to assess value-added performance, against which a summary of outcomes is prepared annually for the Governing Body;
- continue to use academic rolling development plans across the School and review these annually through department review meetings;
- encourage the students' spiritual and moral growth, their cultural awareness and physical development by promoting participation in a wide range of activities and through the curriculum;
- continue to use a rigorous Personal Development Review (PDR) process involving the observation of lessons and the close scrutiny of all departments;
- maintain the House structure, which continues to be one of the defining features of life at Rugby School;
- provide enhanced CPD and research opportunities (learning awards) for all staff, including learning awards, a Pastoral Leadership Qualification through HMC and lunchtime INSED opportunities;
- change the process of Levee appointments and enhancing prefect training, including a programme of Graydin coaching;
- increase the number of co-curricular, student-led opportunities and establish a specified student-led enrichment hour in the Scheme of Hours;



## REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019

- develop further vocational societies;
- provide appropriate high quality educational facilities;
- offer opportunities to day students through the Lawrence Sheriff Foundation awards and the School's bursary scheme;
- identify suitable candidates for Arnold Foundation funded places at the School through links with partner charities and schools in the maintained sector and working with The SpringBoard Bursaries Foundation (TSBBF);
- continue to emphasise the role of the chaplaincy.

### Review of the Year's Achievements and Performance

#### *Principal activities of the year*

The School has 13 boarding houses and two day houses for 13 – 18 year old students.

The average number of students in the School during the year was 800 (2018-806). The total number of boarders was 647, which maintains the boarder/day ratio at approximately 80/20.

The School's activities and strategy over the year have continued to support the School's Development Plan. The School has maintained its high academic performance and its position as one of the leading co-educational boarding schools in the UK and the world.

#### *Educational Performance*

The exam results for summer 2019 were as follows:

A Levels	2019	2018	2017	2016	2015	2014	All Schools 2019
	%	%	%	%	%	%	%
A* - A	63.8	60.9	60.2	60.3	60.3	59.5	25.5
A* - B	85.4	85.7	82.8	86.5	87.0	83.3	51.8
A* - E (pass)	100	99.8	100	100	99.5	99.5	97.9
<i>Includes Pre-U results</i>							

GCSE	2019	2018	2017	2016	2015	2014	All Schools 2019
		%	%	%	%	%	%
A* / 9 - 8	61.9	57.4	49.9	51.9	50.8	39.2	
A* - A / 9 - 7	77.0	81.8	78.5	82.2	79.3	70.4	20.8
A* - B	86.8	94.5	93.1	95.3	94.1	89.1	
A* - C (pass) / 9 - 4	97.7	99.5	98.4	98.9	98.9	98.4	67.3

As previously noted, Rugby aims to offer far more than a strong academic performance. The Governing Body and staff place particular importance on robust and effective systems and processes for the pastoral care, support and guidance of our students.

The School continues to offer a very broad range of cultural, artistic, sporting and musical opportunities as well as involving its students with the outside community, especially in collaboration with the social services and through partnerships with local secondary schools.

## REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019

*Other achievements during the year are:*

- admittance to universities remains strong, with almost all students progressing to university directly or following a gap year;
- An exceptional programme of academic and co-curricular enrichment with over 150 clubs and societies;
- Excellent value-added results at both GCSE and A Level.
- the Community Action Programme enables students to volunteer on different days of the week to participate in a wide range of community based activities;
- in 2018/19, 36% of our students received concessions through the School's Scholarships, Lawrence Sheriff Foundationships and Arnold Foundation schemes. The majority of these awards entitle them to financial assistance up to 100% of fees, subject to parental means testing. During the year, financial support towards the School fees was thereby provided for 289 students, representing 36% of students in the School, including 48 students in receipt of a bursary for the full value of the School fees;
- we continued to build on and develop student mentoring for Arnold Foundation students and enhanced the tutor team;
- the Virtual Learning Environment (VLE) is used extensively across the curriculum to aid students' learning;
- the ongoing capital expenditure programme included the construction of a new boarding house and the expansion of the day houses complex;
- Outstanding results in academic competitions e.g over 100 in UKMT Senior Maths Challenge.
- a wide range of successful events was held during 2018/19 in conjunction with the Rugbeian Society.

*Other highlights of the year:*

- Co-curricular performance highlights

The School continues to provide a sector-leading programme of creativity, action and service that provides pathways for excellence whilst also providing opportunities for all.

### Music

- The choir has been heard extensively on BBC Radio, recording three Choral Evensongs for BBC Radio 3 and six Daily Service programmes for BBC Radio 4 and Sunday Worship for BBC Radio 4;
- One student was awarded a place in the renowned choir of Trinity College, Cambridge, one has been awarded a choral scholarship at Truro Cathedral, one played piano in the National Youth Orchestra, one gained a scholarship to study cello at The Royal Academy of Music, and one passed a diploma exam in trumpet;
- A large number of music events have taken place throughout the year, including Music Scholars' Concerts, Blue Note, Lunchtime Concerts at St Andrew's Church and Coffee Concerts for musicians of all levels to perform in an informal setting.

### Drama

- Three current Drama Scholars have agents and are auditioning and working professionally, four students are members of National Youth Theatre, and one student is a member of the National Youth Music Theatre
- STEAMfest 2018 and The Festival on The Close 2019 both built around a workshop programme offering 300 individual workshops across the week at the end of the summer term, meaningfully engaging 600 Rugby School pupils as well as over 1,000 children from local primary and secondary schools.
- The School main play was Molière's *The Miser* with a cast and crew of over 30.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

- The Macready Theatre launched in November 2018 as a public theatre.

### **Sport highlights included:**

- 3% increase in the number of students playing competitive sport (86% in 2018, 89% in 2019)
- An increase in 325 fixtures played over 23 sports
- National Sailing Champions
- National Mixed Tennis Team Champions
- National Cup Semi-finalists & National Tier 2 Champions for Girls' Hockey
- NatWest Cup Semi-finalists for U15 Rugby Football
- Rosslyn Park Finalists for U18 Rugby Football Sevens
- National Polo Cup Champions for Novice and Beginner teams

### **CCF and Outdoor Education**

- More E Block cadets are staying in the CCF than in any recent years.
- Over 180 students are enrolled in the Bronze, Silver and Gold Duke of Edinburgh Award Schemes.

### **Community Action**

- 220 Sixth form students have taken part in community service activities each week, representing over 10,000 hours of Community Service during the year

## **Plans for Future Years**

The Governing Body continues to pursue the School's general objectives as set out earlier. The Governing Body has also set the following aims for the academic year 2019/20:

- to maintain the School's commitment to high academic standards;
- to facilitate curriculum, student and staff development through the implementation of an academic rolling plan;
- to enable our students to gain admittance to the best universities and courses they can;
- to continue the pioneering work of the Arnold Foundation and use the bursaries programmes (Arnold Foundation and Lawrence Sheriff) to ensure that access to Rugby School is as wide as possible;
- to develop a plan for outstanding and forward thinking emotional and physical health and well-being vision for 2021;
- to continue to explore opportunities to open overseas schools in partnership with suitable investors;
- continue to develop and strengthen the 'Whole Person Whole Point' brand using positive and inspiring examples to illustrate our ethos in action;
- to plan and set up for the introduction of the International Baccalaureate in September 2021;
- to continue to improve the School's facilities and to protect the historic environment through capital projects to provide outstanding facilities that are safe, secure and inspirational places to live and work in;
- to continue to improve the sustainability of the School estate through an ongoing programme of capital investment.

Strategic development plans are presented to and reviewed by the Governing Body at least annually.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

### **Public Benefit Objectives**

In setting the School's objectives and planning its activities the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

#### *Widening access to the School*

The Governing Body is conscious that the School must remain accessible to talented children, irrespective of parental means. This was the main driving force for the launch of the Arnold Foundation for Rugby School in late 2002. In total 135 students and former students have benefited from support provided by the Foundation since 2004. The Governing Body thanks all the donors who have contributed to this result and is delighted that there were 30 Arnold Foundation funded students at the School during 2018/19. In September 2019 the number of students in the School who are funded by the Arnold Foundation is 28.

Long before the launch of the Arnold Foundation for Rugby School, the School funded from its endowed and restricted funds a large number of scholarships, bursaries and concessions.

The Governing Body is determined to ensure that these are directed to cases of greatest need; therefore scholarship and foundation scholarship awards are initially for a maximum of 10% of fees, such scholarships being, however, augmentable (up to 100% if necessary) based upon an assessment of parental means.

#### *Bursaries policy*

The School's policy is to award scholarships on the basis of an individual's educational potential. The School provides bursaries and augmentations, up to 100% of fees subject to means-tested assessments, to those students whose education may be at risk due to financial hardship or to make places available for deserving students from families who might otherwise not be able to afford school fees.

The total cost of scholarships, bursaries and augmentations during the year was £3.9 million (2018: £3.4 million).

Approximately a third of students receive awards which entitle them to financial assistance up to 100% of fees, subject to parental means tests 48 students, including Arnold Foundationers, were in receipt of a bursary for the full value of the School fees.

#### *Contribution to local schools*

One fifth of the annual net income from the London Estate (2019: £0.75 million, 2018: £0.67 million) is paid to our neighbour, Lawrence Sheriff School, which operates in the state sector.

#### *Community partnerships and services*

The School aims to be a good neighbour in its local community and to develop mutually beneficial partnerships wherever possible.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

Such initiatives have included:

- Over the course of this academic year, over 10,000 hours of Community Service has been carried out by members of the school;
- an annual “First Schools Day” is run for 235 local primary school pupils. Around 270 Rugby School pupils were involved in helping to supervise or run activities for the visiting children. Over the course of 5 hours on that day alone some 1350 hours of time was given by members of the pupil community to the provision of service;
- members of staff contribute their time voluntarily to a number of charitable causes such as assisting in the running of the Bradby Club, the Rugby Portobello Trust, and the Lawrence Sheriff Almshouses as well as acting as governors of a number of local primary schools;
- the School opens its sports and other facilities to many local individuals and organisations (including other schools) charging rates below those applying to commercial businesses, sometimes providing facilities free of charge;
- students undertake community-related projects on a number of afternoons and evenings a week including assisting at local primary schools, Riding for the Disabled and at a local young offenders institution, visiting the elderly and providing relief for carers. A significant number of teachers have also actively been engaged in the successful running of these activities each week;
- the School’s facilities are provided free of charge for a number of charitable fund-raising activities including concerts, plays and art exhibitions; and
- numerous local choirs and orchestras have held rehearsals and concerts in a number of School venues during the course of the year and the School has also hosted several events involving local schools.

### **Fundraising**

Members of Rugby School’s Development Office organise fundraising activities and events and co-ordinate philanthropic support and involvement both for the Arnold Foundation and Rugby School. Neither Rugby School nor the Arnold Foundation use fundraising consultants or involve commercial participators.

Rugby School is registered with the Fundraising Regulator and operates according to the Code of Fundraising Practice.

All direct fundraising marketing is undertaken by the Development Office to ensure that it is not unreasonably intrusive or persistent. All promotional material contains clear instructions on how an individual can change their preferences for communication or be removed from mailing lists. There have been no complaints about fundraising activities during the year.

### **Group Structure**

The School’s consolidated report and financial statements include the activities and results of its wholly-owned subsidiaries, Rugby School Enterprises Limited, Rugby School International Limited and Rugby School Projects Limited and also of three associated charities – the Arnold Foundation for Rugby School, the Rugby School General Charitable Trust and the Rugby School War Memorial Fund. The trustees of these associated charities are all appointed by the Governing Body of Rugby School.



## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

### *Rugby School Enterprises Limited*

The principal aim of this trading subsidiary is to generate income from the use of the School's facilities when not required for their principal educational purpose, and particularly during holiday periods. The company operates language and other courses, operates the School shop and also runs a Sports Centre which is open to the public when not being used by the School. The company's distributable income for the year is gifted to the School to be used for its principal activity.

### *Rugby School International Limited*

The principal activity of the company is the provision of support to third parties to establish new premium international schools associated with Rugby School, in relation to using the Rugby School trademarks and know-how.

### *Rugby School Projects Limited*

This subsidiary company supplies design and build services and in March 2019 completed the construction of a new boarding house for Rugby School.

### *The Arnold Foundation for Rugby School*

The Arnold Foundation for Rugby School (the Arnold Foundation), an associated company that is also a registered charity, number 1095856, has the principal aim of raising funds for more bursary awards, widening access to Rugby School, so that more talented people may benefit from a boarding school education at Rugby, irrespective of their parents' ability to pay the fees.

### *The Rugby School General Charitable Trust*

Prior to the 2002 incorporation of the Arnold Foundation for Rugby School, this trust (also an associated entity) was principally engaged in raising funds from supporters of the School, usually to assist with named capital projects. From 2002, activity in this Trust has been limited to the receipt of income from covenants and legacies that were established before the Foundation's existence and for fund-raising activities not conducted through the Arnold Foundation.

### *The Rugby School Combined War Memorial Fund*

Originally established in honour of those members of the Rugby School family who fell in the two Great Wars, this trust (an associated entity) uses its investment income to fund scholarships or bursaries awarded to the children of Rugbeians who meet the criteria for financial assistance to attend or remain at Rugby School.

## **Financial Review**

The School endeavours to ensure financial stability and continuing solvency year on year so that it can pursue its educational aims and objectives. Rugby School's management continues to recognise the importance of strong cost control, seeking to contain cost increases as much as possible while ensuring that the School continues to deliver first class education and pastoral care.

The School's charitable activities continue to be the main source of the Charity's consolidated income and expenditure.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

The School's operations for the year ended 30 June 2019 resulted in a surplus of £0.77 million (2018: £0.89 million), after charging £2.99 million (2018: £3.11 million) for depreciation on the School's property and equipment, but before pension revaluation adjustments under FRS 102; this represented 2.9% (2018: 3.4%) of gross fee income.

The consolidated net incoming resource for the year, before adjusting for scholarships and bursaries, was £18.9 million (2018: £5.9 million) which, in addition to the School's operating surplus, included:

- the Arnold Foundation for Rugby School received endowed funds of £0.09 million and restricted funds of £0.80 million during the year;
- a net surplus of £4.47 million from the London Estate, of which £3.68 million (2018: £2.40 million) is reflected in the School's restricted funds, after the payment of the one-fifth share to Lawrence Sheriff School;
- other restricted funds in the Statement of Financial Activities include the School's Special Funds and War Memorial Fund, which have generated combined net income of £0.34 million in the year, before providing for scholarships and bursaries;
- Proceeds from the sale of valuable artefacts raised £12.57 million at auction.

Of the £18.9 million that was available from the group net incoming resources, £3.86 million (representing 14.5% of gross fees) was used to fund scholarship and bursary awards. Assistance towards payment of the fees in this way was provided to a total of 295 students.

This left a consolidated net incoming resource before the revaluation of investments of £15.5 million (2018: £2.47 million). Including the year-end revaluation on investments and the pension scheme actuarial revaluation, there was a net increase in the Charity's funds for the year of £18.4 million (2018: £5.8 million).

### *Balance Sheet*

The movement of funds for the year generated total consolidated funds of £209 million standing to the credit of the School as at 30 June 2019. The underlying assets and liabilities are set out in the Balance Sheet and further analysed in the notes which accompany the financial statements.

### *Funds*

The results of School operations (fees and related income less expenditure to administer, maintain and develop the School) are identified separately within the body of the financial statements. The use of net funds generated by this activity is unrestricted.

Endowed funds are predominantly represented by the London Estate, consisting principally of property in London bequeathed by the School's founder, Lawrence Sheriff. This permanent endowment yields commercial, retail and residential rental income and, after accounting for the costs of its maintenance and administration, one fifth of the remaining surplus (plus one fifth of the income from certain non-property investments) is paid to Lawrence Sheriff School, a neighbouring secondary school originally established by the Governing Body of Rugby School and now operating in the state sector. Of the four-fifths which remain, the primary use is to fund foundations, scholarships and bursaries. Any remaining balance is unrestricted in use, but in practice is applied to finance capital projects which are of long-term benefit or accumulated for the same uses in future years.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

Restricted funds can only be used for specified purposes and, accordingly, the School accounts separately for such assets, and for the income and expenditure related to them. The Consolidated Statement of Financial Activities further analyses these restricted funds as Special funds, consisting principally of fixed interest bearing securities and holdings in investment trusts and equities, many of which arose originally from bequests for specific purposes, such as scholarships, bursaries and prizes. The annual net income from such funds is used exclusively for the specified purposes, with any unallocated amounts being carried forward for the specific purposes in future years.

Other restricted funds consist primarily of gifts and legacies received through the Arnold Foundation for Rugby School, but also through the General Charitable Trust and the War Memorial Fund (see above). Gifts from the General Charitable Trust are utilised in the period. The carried forward balance of other items on the Statement of Financial Activities relates to the Arnold Foundation for Rugby School and the War Memorial Fund (see note 21).

### **Reserves Policy**

The Governing Body has currently adopted the reserves objective that the School shall make an operating surplus after depreciation on a rolling three-year basis and shall not borrow money other than to cover short-term timing issues.

In addition, it is the intention of the Governing Body that, on a continuing basis, the School will retain sufficient unrestricted reserves to sustain the fixed assets which are used by the School for its charitable activities. In those years where there are free reserves, the School may consider advancing the capital expenditure programme or designating funds for an identified programme of capital maintenance and investment. In other years where the School may have negative free reserves, the School aims to manage the day to day working capital requirements through careful management of short term liquid resources.

The policy on the unrestricted reserves ensures that a proportion is allocated as designated funds, established in respect of:

- Fixed assets fund – the School will retain sufficient unrestricted reserves to sustain the fixed assets which are used by the School for its charitable activities.
- New boarding house fund – the School set aside monies towards the cost of building a new boarding house as part of the refurbishment of the School's existing boarding accommodation.
- Building maintenance fund - the School is setting aside additional monies towards the costs of maintaining the School's facilities as part of its development plans.
- Rugby School Enterprises fund – the funds gifted to the School by the trading subsidiary are to be utilised on projects determined by the Governing Body which benefit a significant proportion of the School's community. During the current year this encompassed the provision of additional scholarships.

The financial statements indicate that the majority of the school's unrestricted funds of £58.5 million (see note 22) are invested in premises and equipment of £49.3 million, £12.4 million in designated funds as described above, leaving general unrestricted funds, or free reserves, of £(3.2) million before any pension provision. Given the financial strength of the School, in particular the endowment investments, the Governing Body is satisfied that this level is adequate.



## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

The Governing Body prepares a detailed long term plan having regard to the School's financial and physical resources, so that at all times the School retains the strength and flexibility to respond to contingencies and to longer term needs that may not be currently foreseen. Accordingly, the Governing Body consider that the School and the group have adequate resources and flexibility for the foreseeable future and consequently the adoption of the going concern basis is appropriate in preparing the financial statements.

The reserves policy is monitored by the Finance & Audit Committee and is reviewed annually.

### **Fundraising Performance**

The Arnold Foundation received £622,500 of donations and legacies in the year. These funds will be applied for the specific aim of providing means-tested bursary awards to those students whose parents would not otherwise be able to afford an education at Rugby School.

### **Investment Performance**

In relation to its financial investments, the Governing Body aims to optimise the returns generated by the investments such that, over the long term, the capital values are, at the least, maintained when adjusted for inflation.

This objective will be achieved if the benchmark, determined for each fund, is exceeded by at least 0.5% per annum on a rolling 3, 5 and 10 year period, provided the total return targets are also met.

There are no specific restrictions other than that the investments should be suitable for trusts. The School's investment performance is monitored regularly against objectives by the Investment Committee.

In the year to 30 June 2019, the performance achieved the benchmark objective.

## **Governance and Management**

### *Charity Governance Code*

The Governing Body understands that effective governance is critical in running the charity and uses the Charity Governance Code as an important tool in assisting with the continuous review of governance of the charity.

### *Governing Body*

Rugby School ("the School") is an unincorporated charity created by the will of Lawrence Sheriff in 1567 and is a recognised charity under the Charities Act 2011 (charity number 528752). Its trusts include the Will, the 1873 Scheme and the Rugby School Act 1922. The Governing Body of Rugby School is a body corporate incorporated by Act of Parliament, under the Public Schools Acts 1868, as the charity's corporate trustee. As well as being regulated by the Charities Act, the Governing Body and the School are regulated by the Public Schools Acts 1868 and 1872, by the 1873 Scheme, by the Rugby Lower School (Transfer) Act 1906 and by the Rugby School Act 1922.

### *Appointments, Recruitment and Training of Governors*

Under the statutes, there is one nominated Governor and other members are appointed by the Governing Body itself. The Governors and principal officers are named on page 2 and 3 of this report.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

On 14 June 2019 The Lord Bishop of Birmingham, David Urquhart and Mr Anthony Thomas stepped down as Governors. On 9 November 2019, Mr Robin Fletcher was appointed as a governor.

Where the Governing Body itself co-opts a new member, this follows a selection process and a recommendation from its Nominations Committee. Governors are selected for their skills and experience across an appropriate spectrum. Before taking up appointment, new Governors visit the school for induction, receive key information relating to the charity and sign an appointment letter. All Governors are encouraged to attend the annual strategic planning meeting which often incorporates trustee-training issues.

The Governing Body's voluntary code on retirements provides that, with the exception of the Lord Lieutenant and the Chairman and Deputy Chairman, members of the Governing Body do not normally serve more than ten years, unless, in exceptional circumstances, the Governing Body determines otherwise.

### *Governance*

The Governing Body is responsible for the overall management and control of the School and meets at least once a term. Its principal responsibilities are to:

- ensure that the school is run in accordance with its charitable objectives and that all the functions of the school are authorised by the powers provided by its statutes and regulations and by charity law;
- act in the best interests of the School and current and future beneficiaries at all times;
- appoint the Head Master and after consultation with the Head Master, the Deputy Head(s), the Assistant Head(s) and the Chief Operating Officer and approve their terms and conditions;
- in consultation with the Head Master and his management team, set the strategy and policies by which the School will be run;
- approve the Development Plan;
- ensure that the School meets the objectives that the Governing Body sets from time to time.
- control finance by approving realistic budgets and longer-term plans and by approving systems and safeguards that optimise the chances that they will be achieved;
- ensure the effective and efficient administration of the School and its resources, striving for best practice in good governance;
- ensure that the School is compliant with appropriate statutory and advisory regulations and aims for best practice in this area;
- understand the extent of duties in relation to risk management and to legal compliance and be satisfied that there is a rolling programme for meeting them;
- ensure that competent professional advice is taken when necessary;
- appoint a Chairman and Deputy Chairman;
- appoint members to its committees; and
- review and approve the terms of reference and the output of these committees.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

### **Organisational Management**

#### *Governing Body Committees*

The Governing Body has appointed the following committees (shown alphabetically) of its members to oversee the activities set out below. Membership is supplemented by some of the principal officers of the School and by others with appropriate specialist knowledge. All these committees report regularly to the Governing Body and their terms of reference are reviewed annually.

- Academic Committee. Review of academic policies and performance.
- Bursaries Committee. The award of scholarship augmentations and bursaries on the basis of assessed financial need.
- Collections Committee. Identifies, catalogues and protects such works of art, artefacts or other items or collections of historical and/or educational merit as may be in the possession of the School.
- Compliance and Risk Management Committee. Legislation and inspection compliance, risk management.
- Finance and Audit Committee. Financial policy and general operations relating to the running of the School. Audit and financial reporting, systems and controls.
- International Development Committee. Formulation of the strategy for Rugby School's international development and recommend international projects.
- Investment Committee. Management and administration of Special Funds and all other non-property investments. The Governing Body have agreed that the School's investment portfolio be managed on a discretionary basis by its Investment Managers subject to policies and objectives that the Governing Body establishes from time to time having regard to the Investment Committee's recommendations.
- London Estate Committee. Management and administration of property assets in London.
- Nominations Committee. Review of Governing Body membership, including recommendations of individuals who might be co-opted to the Governing Body.
- Pensions Committee. Consideration of developments in relation to pensions and the associated implications for the School's pension schemes. The periodic review of costs and liabilities associated with these pension schemes.
- Remuneration Committee. Provides an oversight of the School's remuneration policy, and its implementation, for both teaching and operational and administration staff.

Membership of these committees is shown on pages 2 and 3.

#### *Key Management Personnel*

Under the statutes the Governing Body delegates the daily management of the School to the Head Master. The Head Master is aided by other Key Management Personnel comprising the Chief Operating Officer, Deputy Heads, Assistant Heads, Admissions Registrar and the Development Director.

Remuneration of the Key Management Personnel is set by the Nominations Committee with the policy objective of providing appropriate incentives to encourage performance and of rewarding fairly any individual contributions to the School's success.

The Head Master is assisted on academic and operational matters by the:

- Senior Management Team (SMT) which includes the Chief Operating Officer, who is also Clerk to the Governing Body, Deputy Heads, Assistant Heads, Senior Housemaster and Head of HR.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2019**

- Leadership Group which in addition to SMT members includes the Admissions Registrar, Estates Manager, Development Director, Commercial Manager and Head of Finance.

### *Support*

The School and the Governing Body greatly appreciate the important and valuable support given to the School in so many ways by Rugbeians and many other friends of the School. Above all, the Governing Body remains deeply grateful to the entire staff, both teaching and operational and administrative, whose unstinting hard work and loyalty has enabled the School to achieve its major objectives.

### **Principal Risk and Risk Management**

The Governing Body conducts annually a review of risk assessments undertaken by the School's management to identify the major risks to which the School (and the subsidiary and associated entities covered by this report) is exposed, and the systems for their mitigation. The Governing Body's Compliance and Risk Management Committee reviews the School's Risk Management Report termly.

The Governing Body consider the principal risks faced by the School to be:

- affordability of fees by parents across the independent school sector;
- future demand for independent education and particularly boarding education;
- an inappropriate mix of students or unfilled student places;
- the ability to quickly implement any strategic change and the costs involved in implementation, particularly where the change is outside the School's control, such as changes in legislation.

In the opinion of the Governing Body, the School (and the subsidiary and associated entities) has established resources and review systems which, under normal conditions, should allow those risks to be mitigated to an acceptable level in its day-to-day operations.

### **Statement of Governing Body responsibilities in respect of the Annual Report and the Financial Statements**

The Governing Body is responsible for preparing the 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 Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for that period. In preparing these financial statements, the Governing Body is 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.

**REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL  
FOR THE YEAR ENDED 30 JUNE 2019**

The Governing Body 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. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

Crowe UK LLP has indicated its willingness to be re-appointed as statutory auditors.

**Approval**

This report and the accompanying financial statements were approved by the Governing Body on 20 November 2019.

Mrs L J Holmes  
Chairman

A handwritten signature in black ink, appearing to read 'Mrs L J Holmes', is written over the printed name and title.



## **INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF RUGBY SCHOOL**

### **Opinion**

We have audited the financial statements of Rugby School for the year ended 30 June 2019 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group 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 group's and of the parent charity's affairs as at 30 June 2019 and of the group's incoming resources and application of resources, including its income 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 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the 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 group's or the parent 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 GOVERNING BODY OF RUGBY SCHOOL .(continued)**

### **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 financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; 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 trustees' responsibilities statement set out on page 19, 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 group's and the parent 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.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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](http://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 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 charity's 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Crowe UK LLP**  
Statutory Auditor  
Cheltenham

Date: 10 December 2019

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**THE GOVERNING BODY OF RUGBY SCHOOL**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<b>Funds:</b>		<b>Unrestricted</b>	<b>Endowed</b>	<b>Restricted</b>	<b>2019</b>	<b>Unrestricted</b>	<b>Endowed</b>	<b>Restricted</b>	<b>2018</b>
Notes		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME AND ENDOWMENTS FROM:</b>									
<b>Charitable Activities</b>									
School fees receivable	2	26,635	-	-	<b>26,635</b>	25,809	-	-	25,809
Ancillary trading income	4	1,028	-	26	<b>1,054</b>	1,076	-	32	1,108
<b>Other Trading Activities</b>									
Trading income (non-ancillary)	5	2,185	-	-	<b>2,185</b>	1,545	-	-	1,545
<b>Investments</b>									
Investment income	6	207	102	5,912	<b>6,221</b>	213	-	5,467	5,680
<b>Voluntary Sources</b>									
Donations and legacies		-	88	1,055	<b>1,143</b>	-	606	833	1,439
Sale of long-held donated assets		12,569	-	-	<b>12,569</b>	-	-	-	-
<b>Other</b>		-	-	-	-	10	-	-	10
<b>Total Income</b>		<b>42,624</b>	<b>190</b>	<b>6,993</b>	<b>49,807</b>	<b>28,653</b>	<b>606</b>	<b>6,332</b>	<b>35,591</b>
<b>EXPENDITURE ON:</b>									
<b>Raising Funds</b>									
Trading	7	1,002	-	-	<b>1,002</b>	730	-	-	730
Financing costs		81	-	-	<b>81</b>	50	-	-	50
Investment management costs		1	-	1,119	<b>1,120</b>	-	-	1,797	1,797
Fund-raising and development		-	-	326	<b>326</b>	-	-	318	318
<b>Total cost of fundraising</b>		<b>1,084</b>	<b>-</b>	<b>1,445</b>	<b>2,529</b>	<b>780</b>	<b>-</b>	<b>2,115</b>	<b>2,895</b>
<b>Charitable Activities</b>									
School operations		27,141	-	11	<b>27,152</b>	26,107	-	7	26,114
Scholarships, bursaries and prizes	3	442	-	3,423	<b>3,865</b>	351	-	3,083	3,434
Payment to Lawrence Sheriff School	9	-	-	748	<b>748</b>	-	-	677	677
<b>Costs of Charitable Activities</b>		<b>27,583</b>	<b>-</b>	<b>4,182</b>	<b>31,765</b>	<b>26,458</b>	<b>-</b>	<b>3,767</b>	<b>30,225</b>
<b>Total Expenditure</b>	7	<b>28,667</b>	<b>-</b>	<b>5,627</b>	<b>34,294</b>	<b>27,238</b>	<b>-</b>	<b>5,882</b>	<b>33,120</b>
<b>Net Incoming Funds from Operations</b>	8	<b>13,957</b>	<b>190</b>	<b>1,366</b>	<b>15,513</b>	<b>1,415</b>	<b>606</b>	<b>450</b>	<b>2,471</b>
Net gains/(losses) on investments	13	26	2,340	1,042	<b>3,408</b>	(29)	2,339	1,121	3,431
<b>Net Income</b>		<b>13,983</b>	<b>2,530</b>	<b>2,408</b>	<b>18,921</b>	<b>1,386</b>	<b>2,945</b>	<b>1,571</b>	<b>5,902</b>
Transfer between funds	20,21,22	347	(537)	190	-	584	-	(584)	-
Actuarial (loss)/gain on defined benefit pension scheme	18	(478)	-	-	<b>(478)</b>	(108)	-	-	(108)
<b>NET MOVEMENT IN FUNDS</b>		<b>13,852</b>	<b>1,993</b>	<b>2,598</b>	<b>18,443</b>	<b>1,862</b>	<b>2,945</b>	<b>987</b>	<b>5,794</b>
<b>Reconciliation of Funds</b>									
Balances brought forward at 1 July		<b>44,679</b>	<b>129,839</b>	<b>16,566</b>	<b>191,084</b>	<b>42,817</b>	<b>126,894</b>	<b>15,579</b>	<b>185,290</b>
<b>BALANCES CARRIED FORWARD at 30 June</b>		<b>58,531</b>	<b>131,832</b>	<b>19,164</b>	<b>209,527</b>	<b>44,679</b>	<b>129,839</b>	<b>16,566</b>	<b>191,084</b>

The notes on pages 24 to 50 form part of these financial statements.



**THE GOVERNING BODY OF RUGBY SCHOOL  
BALANCE SHEETS  
AS AT 30 JUNE 2019**

	Notes	Parent Charity		Consolidated	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>					
Freehold properties, fixtures & equipment	12	49,287	41,279	49,287	41,279
Investments	13	137,223	137,261	151,695	150,121
		<u>186,510</u>	<u>178,540</u>	<u>200,982</u>	<u>191,400</u>
<b>CURRENT ASSETS</b>					
Stock		7	2	180	350
Debtors	14	12,615	2,466	12,607	3,412
Investments - deposits		1,454	4,374	1,454	4,374
Bank and cash		6,518	3,054	6,591	3,237
		<u>20,594</u>	<u>9,896</u>	<u>20,832</u>	<u>11,373</u>
<b>CURRENT LIABILITIES</b>					
Creditors due within one year	15	(7,604)	(7,271)	(7,932)	(8,042)
		<u>12,990</u>	<u>2,625</u>	<u>12,900</u>	<u>3,331</u>
<b>NET CURRENT ASSETS</b>					
		<u>199,500</u>	<u>181,165</u>	<u>213,882</u>	<u>194,731</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>199,500</u>	<u>181,165</u>	<u>213,882</u>	<u>194,731</u>
<b>CREDITORS due after more than one year</b>	16	(2,800)	(2,597)	(2,800)	(2,597)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>196,700</u>	<u>178,568</u>	<u>211,082</u>	<u>192,134</u>
<b>PROVISIONS</b>					
Defined benefit pension scheme liability	18	(1,555)	(1,050)	(1,555)	(1,050)
		<u>195,145</u>	<u>177,518</u>	<u>209,527</u>	<u>191,084</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>	19				
		<u>195,145</u>	<u>177,518</u>	<u>209,527</u>	<u>191,084</u>
<b>FUNDS OF THE CHARITY:</b>					
<b>Endowment funds</b>	20	123,527	122,264	131,832	129,839
<b>Restricted funds</b>	21	13,087	10,655	19,164	16,566
<b>Unrestricted funds:</b>					
Unrestricted income funds		60,086	45,649	60,086	45,729
Pension reserve		(1,555)	(1,050)	(1,555)	(1,050)
<b>Total unrestricted funds</b>	22	<u>58,531</u>	<u>44,599</u>	<u>58,531</u>	<u>44,679</u>
		<u>195,145</u>	<u>177,518</u>	<u>209,527</u>	<u>191,084</u>
<b>TOTAL CHARITY FUNDS</b>					
		<u>195,145</u>	<u>177,518</u>	<u>209,527</u>	<u>191,084</u>

The profit for the financial year dealt with in the financial statements of the parent charity is £17.6 million (2018: £1.1 million).

Approved by the Governing Body on 20 November 2019 and signed on their behalf by:



Mrs L J Holmes – Chairman of Governing Body



R C A Hingley – Chairman of Finance & Audit Committee



P A Nicholls – Chief Operating Officer

The notes on pages 24 to 50 form part of these financial statements.

**THE GOVERNING BODY OF RUGBY SCHOOL  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of net income to net cash flow from operating activities:</b>		
Net Income for the reporting period (as per the Statement of Financial Activities)	<b>15,513</b>	<b>2,471</b>
Elimination of non-operating cash flows:		
Investment income and bank interest receivable	<b>(787)</b>	<b>(967)</b>
Endowment donations	<b>(89)</b>	<b>(606)</b>
Depreciation	<b>2,992</b>	<b>3,107</b>
Surplus on sale of fixed assets	<b>-</b>	<b>(9)</b>
Decrease/(Increase) in stocks	<b>169</b>	<b>(61)</b>
(Increase) in debtors	<b>(9,195)</b>	<b>(1,338)</b>
Increase in creditors	<b>590</b>	<b>561</b>
(Decrease) in Fees in advance scheme	<b>(497)</b>	<b>(487)</b>
Increase in pension scheme liability	<b>27</b>	<b>25</b>
<b>Net cash provided by operating activities</b>	<b>8,723</b>	<b>2,696</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	<b>(11,000)</b>	<b>(6,385)</b>
Sale of fixed assets	<b>-</b>	<b>9</b>
Purchase of investments	<b>(5,665)</b>	<b>(17,155)</b>
Sale of investments	<b>7,500</b>	<b>20,617</b>
Investment income and bank interest receivable	<b>787</b>	<b>967</b>
Transfer (to)/from short term bank deposits	<b>2,920</b>	<b>(2,636)</b>
<b>Net cash used in investing activities</b>	<b>(5,458)</b>	<b>(4,583)</b>
<b>Cash flows from financing activities:</b>		
New endowments	<b>89</b>	<b>606</b>
<b>Net cash provided by financing activities</b>	<b>89</b>	<b>606</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>3,354</b>	<b>(1,281)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>3,237</b>	<b>4,518</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6,591</b>	<b>3,237</b>
<b>Analysis of cash and cash equivalents:</b>		
Cash at bank	<b>6,591</b>	<b>3,237</b>
	<b>6,591</b>	<b>3,237</b>

The notes on pages 24 to 50 form part of these financial statements.

## 1. PRINCIPAL ACCOUNTING POLICIES

Rugby School ("the School") is an unincorporated charity created by the will of Lawrence Sheriff in 1567 and is a recognised charity under the Charities Act 2011 registered in England & Wales (charity number 528752). Its trusts include the Will, the 1873 Scheme and the Rugby School Act 1922. The Governing Body of Rugby School is a body corporate incorporated by Act of Parliament, under the Public Schools Acts 1868, as the charity's corporate trustee. As well as being regulated by the Charities Act, the Governing Body and the School are regulated by the Public Schools Acts 1868 and 1872, by the 1873 Scheme, by the Rugby Lower School (Transfer) Act 1906 and by the Rugby School Act 1922.

The principal address is The Bursary, 10 Little Church Street, Rugby, Warwickshire CV21 3AW.

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Charities Statement of Recommended Practice (the Charities SORP (FRS102)), Financial Reporting Standard 102 and the Charities Act 2011 and the Rugby School Act 1922. A summary of the principal accounting policies, which have been applied consistently, is set out below.

### (a) Basis of Accounting

The charity meets the definition of a public benefit entity.

The Governing Body consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The financial statements are prepared on a going concern basis in accordance with the historical cost accounting basis except that investments held as fixed assets, including investment properties, are carried at market value at the balance sheet date.

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 July 2015 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

### (b) Basis of Consolidation

The consolidated statement of financial activities (SOFA), balance sheet and the consolidated cash flow statement include the financial statements of the School, its subsidiary undertakings and associated entities made up to 30 June 2019. The subsidiary undertakings of Rugby School Enterprises Limited, Rugby School International Limited and Rugby School Projects Limited are all trading companies. The associated entities are The Arnold Foundation for Rugby School, Rugby School General Charitable Trust and Rugby School War Memorial Fund, all of which are registered charities.

No separate SOFA has been presented for the charity in the financial statements. The balance sheet of the parent charity is represented by the column headed "parent charity" and includes

the results of School operations, the London Estate and the Special Funds, all of which are included within the same legal entity.

The separate parent charity's Statement of Financial Activities (SOFA) for the year ended 30 June 2019 shows gross income, excluding gift aid and donations from group entities, of £45,895,000 (2018: £31,928,000) and a total surplus of £17,627,000 (2018: £1,122,000).

The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cash-flow statement with the consolidated financial statements.

The consolidation has been carried out on a line by line basis.

**(c) 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 net of staff concessions and sibling discounts but include contributions received from Endowed and Restricted funds for scholarships and bursaries.

The provision of scholarships, augmentations and additional financial support is reviewed at least annually.

**(d) Advance Fees**

The School offers parents the opportunity to pay for up to 7 years fees in advance in accordance with a written contract. The amount received is invested and interest is accrued to contracts. This is treated as deferred income until the student joins the School, whereupon the fees for each term are released to fee income. Amounts received as Advance Fees may be returned to parents subject to specified conditions.

**(e) Donations and legacies**

Donations are credited to revenue when receivable. Legacies are recognised as receivable once probate has been granted and notification has been received if sufficient information regarding the value is provided. Entitlement to legacies may be included in the year of notification subject to the funds being received during that financial year or within 2 months after the year-end. It is the policy of the Trustees that any shares or other securities that are donated be converted to cash as soon as possible. No amounts are included in the financial statements for services generated by volunteers.

Donations subject to specific wishes of the donors are retained in relevant restricted funds.

**(f) Expenditure**

All expenditure is accounted for on an accruals basis as soon as a liability is considered probable and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been apportioned according to time spent.

**(g) Support costs**

Support costs include expenses which enable charitable activities and fund generating to be undertaken. These costs include finance and human resources and are allocated on a basis consistent with the use of the resource.

**(h) Governance Costs**

Governance costs relate to the general running of the charity. These costs include audit, legal advice for Governing Body and costs associated with meeting constitutional and statutory requirements such as the cost of Committee meetings, the preparation of statutory financial statements and satisfying public accountability.

**(i) Recognition of Liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

**(j) Leased Assets**

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the term of the lease.

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as though they had been purchased outright. The amount capitalised is depreciated over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the SOFA in proportion to the remaining balance outstanding.

**(k) Finance Costs**

These include amounts accrued in accordance with the terms of the Advance Fee contracts.

**(l) Currency**

The financial statements are prepared in sterling which is the functional currency of the School. Income and expenditure transactions incurred in foreign currency have been translated during the course of the period at the rate of exchange ruling at the time of the transaction.

**(m) Taxation**

As a registered charity, the School is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Although the School is registered for VAT, School fees are exempt from VAT. Irrecoverable VAT on costs incurred is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, as appropriate.

**(n) Pension Schemes**

The School contributes to the Government's Teachers' Pension Scheme, a defined benefit scheme, at rates set by the Scheme Actuary and advised to the School by the Scheme Administrator. The pension liability is the responsibility of the Teachers' Pension Scheme. As a result, it is not possible to identify the assets and liabilities of the Scheme that are attributable to the School. Accordingly, the Scheme is accounted for as if it were a defined contribution scheme.

The School also contributes to the Rugby School Pension and Life Assurance Scheme for Non-Teaching Staff, a defined benefit scheme, and the Rugby School Group Stakeholder Pension Scheme, a defined contribution scheme. The defined benefit scheme is administered by trustees and wholly invested with Baillie Gifford, at rates recommended by the Scheme Actuary. The defined contribution scheme is administered by Aviva.

**(o) Tangible Fixed Assets**

Expenditure on the acquisition or construction of new buildings, fixtures, fittings and equipment costing over £5,000 are capitalised and carried in the balance sheet at historical cost less depreciation. In certain circumstances, where the original costs of assets are not ascertainable, a reasonable estimate of the cost, if material, has been used.

Other expenditure on fixtures and equipment incurred in the normal day-to-day running of the School and its subsidiaries, and costing less than £5,000, is charged to the SOFA as incurred. An impairment review of fixed assets is carried out on a regular basis.

**(p) Depreciation**

Freehold land is not depreciated.

Depreciation of other assets is calculated to write off the cost of the tangible fixed assets, less their estimated residual value, on a straight-line basis over the expected useful economic life of the assets. Additions of freehold buildings and refurbishments are depreciated from the beginning of the year following completion.

The principal annual rates over which assets are depreciated are:

New building (incl. chapel organ)	50 years
Refurbishments	15 - 25 years
All-weather pitches and telecommunications work	15 years
Computer equipment	3 years
Other fixtures, fittings and equipment	5 years

**(q) Investments and Investment Income**

Investments are included at closing mid-market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are reported in the Statement of Financial Activities.

Investment properties (which are all held in the London Estate) are valued on an open market value basis. A formal professional valuation is carried out every 5 years and prepared on an informal basis in the intervening period. No depreciation is provided on investment properties.

Income from investments is included, together with the related tax credit, in the year in which it is receivable. Rent receivable from investment property is classified as investment income.

**(r) Fund Accounting**

Unrestricted funds are available for use at the discretion of the Governing Body in furtherance of the general objectives of the School and have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Governing Body for particular purposes.



Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the School for particular purposes.

Endowed funds are funds for which the capital must be retained in accordance with specific restrictions imposed by donors. In particular:

- permanent endowment arises where a donor intends the gift to be permanently retained. All income for spending will accrue to the appropriate restricted fund.
- expendable endowment funds are accounted for similarly, except that, if required, the capital may be converted into income for spending.

Investment income and gains are allocated to the appropriate fund.

**(s) Total Return Accounting**

During the year ended 30 June 2019 Rugby School, under powers granted by section 104A of the Charities Act 2011, adopted a total return approach to the investment of the London Estate Investment (non property) Portfolio. The power permits the Trustees to invest these funds to maximise total return and to make available a portion of the total return for expenditure each year. The intention is to receive a return of 3% each, with a minimum UTR of £500,000. Until the Trustees decide to appropriate all of the Total Return, the unappropriated portion of the Total Return shall be 'Unapplied Total Return' and remain part of the endowment.

**(t) Stocks**

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

**(u) Reserve for Repairs, Rehabilitation and Reconstruction**

In order to maintain the London Estate properties in good order, and with the authority granted by the Minister of Education, a designated reserve is set aside for repairs, rehabilitation and reconstruction. An appropriate sum is transferred to the reserve from the incoming resources of the London Estate to provide sufficient funds to meet liabilities arising in the foreseeable future.

**(v) Key judgements and assumptions**

Estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other reasonable factors relevant to the circumstances.

The following areas have been considered:

- Pension liability. The School engages a firm of actuaries to provide expert advice about the assumptions made relating to the discount rate used, changes in retirement ages and mortality rates and the effect on the pension liability of changes in these assumptions.
- Investment property valuation. The School engages a firm of chartered surveyors to provide advice on the assumptions relating to the valuation.

**(w) Financial instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, with the exception of investments which are held at fair value. The school and its entities only have financial assets and liabilities of a kind that qualify as basic financial instruments.

## 2. CHARITABLE ACTIVITIES – FEES RECEIVABLE

	2019 £000	2018 £000
The School's fee income comprises:		
Gross fees	26,964	26,193
Less staff, sibling and other concessions	(329)	(384)
<b>School Fees Receivable (SOFA)</b>	<b>26,635</b>	<b>25,809</b>
Note: Less Scholarships/Bursaries/Grant/Prizes/Other Awards	(3,865)	(3,434)
<b>Net Fees</b>	<b>22,770</b>	<b>22,375</b>
Add back from Restricted Reserve	3,865	3,434
	<b>26,635</b>	<b>25,809</b>

## 3. CHARITABLE ACTIVITIES - SCHOLARSHIPS, GRANTS, PRIZES AND OTHER AWARDS

The total scholarships, grants, prizes and other awards paid for by Endowed and Restricted Funds comprise:

	2019 £000	2018 £000
Foundation Scholarships	87	107
Scholarships	1,306	1,097
Arnold Foundation awards (means-tested)	1,137	1,200
Bursaries (means-tested)	1,327	1,017
Contribution to School fees	3,857	3,421
Prizes and Exhibitions	8	8
Support to other charities – from unrestricted funds	-	5
	<b>3,865</b>	<b>3,434</b>

## 4. CHARITABLE ACTIVITIES - OTHER INCOME

	2019 £000	2018 £000
<b>Other educational charitable activities</b>		
Registration fees	80	74
Courses	11	6
Other including tradesmen discounts and settlement fees	1	1
	<b>92</b>	<b>81</b>
<b>Other ancillary activities</b>		
Extra-curricular activities and trips (recharged)	284	363
Other including commissions	26	32
	<b>310</b>	<b>395</b>
<b>Other trading activities</b>		
School shop, museum, tuckshop and events	652	632
	<b>1,054</b>	<b>1,108</b>



## 5. TRADING INCOME AND EXPENDITURE

	2019	2018
	£000	£000
Non-ancillary trading activities-including trading subsidiaries	<u>2,185</u>	<u>1,545</u>

### Investment in subsidiary companies

The School has three wholly owned subsidiaries, Rugby School Enterprises Limited, Rugby School International Limited and Rugby School Projects Limited, all are registered in England and Wales. The revenue accounts, cash flow, assets and liabilities are consolidated in these financial statements. Full financial statements are filed with the Registrar of Companies.

Rugby School Enterprises Limited's principal activity is to supply third parties with the School's sports, catering and other facilities when these are not required by the School. The company covenants its taxable profits to the School.

Rugby School International Limited's principal activity is the provision to third parties of support to establish new premium international schools associated with Rugby School, in relation to using the Rugby School trademarks and know-how.

Rugby School Projects Limited's principal activity is the supply of design and build construction projects.

Additionally, the School has three further associated charities - the Arnold Foundation for Rugby School, the Rugby School General Charitable Trust and the Rugby School War Memorial Fund.

Details of the significant subsidiaries and associated entities at 30 June 2019 are:

	Company registration number	Shareholding %		Net Assets at 30 June 2019 £	Turnover (including investment income) £'000	Expenditure £'000	Profit in the Year £'000
Rugby School Enterprises Limited	2264068	100	£	4	1,740	(1,164)	576
Rugby School International Limited	10238790	100	£	1	791	(427)	364
Rugby School Projects Limited	10742346	100	£	1	3,347	(3,261)	86
The Arnold Foundation for Rugby School	4516482	-	-	12,637,887	886	(1,137)	(251)
Rugby School Combined War Memorial Fund	528760	-	-	1,745,181	34	-	34

## 6. INVESTMENT INCOME

	2019 Total £000	2018 Total £000
Rents receivable	5,434	4,713
Income on UK quoted investments	635	809
Interest receivable on UK cash portfolio	152	158
	<b>6,221</b>	<b>5,680</b>

The rents receivable relate to leasehold property leases on the London Estate (note 13). The future cumulative minimum lease income under non-cancellable operating leases on the London Estate are as follows:

	2019 £000	2018 £000
Cumulative Leasehold property income:		
Within one year	4,215	4,258
Between 1 – 5 years	9,725	8,947
Over 5 years	9,904	8,916
	<b>23,844</b>	<b>22,121</b>

## 7. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Note	Staff costs £000	Other costs £000	Depreciation £000	2019 Total £000	2018 Total £000
<b>Costs of Generating and Managing Funds:</b>						
Trading costs		321	681	-	1,002	730
Fund-raising costs		255	71	-	326	318
Finance costs		-	81	-	81	50
Investment management costs		-	1,121	-	1,121	1,797
		576	1,954	-	2,530	2,895
<b>Charitable Activities</b>						
School operations:						
Teaching		8,948	1,394	398	10,740	10,517
Welfare		1,314	3,137	132	4,583	4,493
Premises		2,162	2,958	2,462	7,582	7,299
Support (including ancillary trading expenditure)		1,769	2,124	-	3,893	3,574
Governance		83	270	-	353	231
School's operating costs	8	14,276	9,883	2,992	27,151	26,114
Scholarships, bursaries and prizes	3	-	3,865	-	3,865	3,434
Payment to Lawrence Sherriff School	9	-	748	-	748	677
<b>Total Expenditure</b>		<b>14,852</b>	<b>16,450</b>	<b>2,992</b>	<b>34,294</b>	<b>33,120</b>

Support costs are attributable to the charitable activity of the provision of education and include finance, human resources, information technology, marketing, secretarial and legal support.

## 8. EXPENDITURE

Total resources expended include the following amounts:

	2019 £000	2018 £000
Amounts accrued to advance fees	4	6
Governors' travel expenses (6 Governors)	7	5
Fees payable to the Charity's auditors for:		
• The audit of the Charity and Group accounts	59	58
• Tax services	5	2
• Pensions audit	5	5

## 9. PAYMENT TO LAWRENCE SHERIFF SCHOOL

Under the Rugby School (Transfer) Act 1906, as amended by the Rugby School Act 1922 and an Order of the Secretary of State for Education and Science dated 30 October 1968, an annual sum is payable to Lawrence Sheriff School, consisting of the income from an initial investment of £34,500 (market value at 30 June 2019 of £782,317; (2018: £911,625)), plus one fifth of the remaining net annual income of the London Estate (before minor adjustments), after leaving £984 of income to be invested, plus £100. The total amount payable to Lawrence Sheriff School in respect of the 2018/19 financial year was £747,615 (2018: £677,049).

## 10. STAFF COSTS

Total Staff Costs:	2019 £000	2018 £000
Salaries and wages	12,212	12,020
Social security costs	1,154	1,129
Pension contributions	1,354	1,267
	<b>14,720</b>	<b>14,416</b>
Benefits – health insurance contributions	132	142
Salaries and wages	<b>14,852</b>	<b>14,558</b>

Staff costs include redundancy and termination costs of £25,000 (2018: £47,000) of which £nil remained outstanding at the year-end.

The average number of staff employed in the year was:

	2019	2018
Teaching	155	149
Operations and Administration	409	413
Total	<b>564</b>	<b>562</b>

## 10. STAFF COSTS *(continued)*

The School employs a significant number of part-time staff, many of whom are only employed for a few hours each week during term time.

### *Key Management Personnel*

The earnings of the Key Management Personnel are determined by the Nominations Committee and for the year to 30 June 2019 were £1.155 million (2018: £1.257 million) including P11d benefits, employer national insurance and pension contributions. All Key Management Personnel are included in the table below.

The number of employees whose emoluments, including P11d benefits but excluding employer national insurance and pension contributions, exceeded £60,000 on an annual basis were:

	2019	2018
	No	No
£60,000-£69,999	22	22
£70,000-£79,999	6	6
£80,000 - £89,999	2	3
£90,000 – £99,999	3	3
£110,000 - £119,999	1	-
£160,000 - £169,999	-	1
£170,000 - £179,999	-	1
£180,000 - £189,999	1	-

30 of these employees (2018: 29) were members of a defined benefit pension scheme and 5 employees (2018: 7) were members of a defined contribution scheme at a charge of £52,000 for the year.

No Governors or persons connected with them received any remuneration or other benefits from the School or any connected organisation.

## 11. TAXATION

The School has charitable status and is thus exempt from corporation tax on primary purpose activities.

There is no UK corporation tax charge, in respect of the current or prior years, incurred by the trading subsidiaries, Rugby School Enterprises Limited, Rugby School International Limited or Rugby School Projects Limited.

## 12. FREEHOLD LAND & BUILDINGS, FIXTURES AND EQUIPMENT

	Parent Charity and Consolidated			
	Freehold land & buildings	Assets under construction	Fixtures & equipment	Total
<b>COST</b>	£000	£000	£000	£000
As at 1 July 2018	65,775	3,669	3,555	72,999
Additions	6,084	4,061	855	11,000
Transfers	2,797	(2,797)	-	-
Disposals	-	-	(165)	(165)
As at 30 June 2019	<u>74,656</u>	<u>4,933</u>	<u>4,245</u>	<u>83,834</u>
<b>DEPRECIATION</b>				
As at 1 July 2018	29,349	-	2,371	31,720
Charge for the year	2,407	-	585	2,992
Disposals	-	-	(165)	(165)
As at 30 June 2019	<u>31,756</u>	<u>-</u>	<u>2,791</u>	<u>34,547</u>
<b>NET BOOK VALUE</b>				
As at 30 June 2019	<u>42,900</u>	<u>4,933</u>	<u>1,454</u>	<u>49,287</u>
As at 30 June 2018	<u>36,426</u>	<u>3,669</u>	<u>1,184</u>	<u>41,279</u>

Fixtures and equipment includes kitchen assets, purchased in line with the catering contract.

The net book value of equipment includes £31,000 relating to assets held under finance leases (2018: £46,000). A depreciation charge of £15,000 occurred in the year (2018: £16,000).

In addition to the assets recorded on the balance sheet, the School has a collection of works of art and museum exhibits, which it has acquired over many years, mostly as gifts. A physical inventory of these assets is maintained but since such assets are held for educational purposes and are not for sale, the Governing Body consider that they do not meet the definition of Heritage Assets in the financial statements and the cost of valuation outweighs any benefit gained. In the opinion of the Governing Body the depreciated historical cost of these assets would now be immaterial.

### Capital Commitments

Capital commitments at 30 June 2019 amounted to £2,283,000 (2018: £8,941,000).

### 13. FIXED ASSET INVESTMENTS

#### Parent Charity

	London Estate £000	Special Funds £000	Composition of Fees £000	Total £000
Balance at 1 July 2018	118,373	16,644	2,244	137,261
Additions	2,320	3,166	447	5,933
Cash balance movement	(811)	(1,922)	(691)	(3,424)
Disposals at net proceeds	(1,944)	(2,293)	(604)	(4,841)
Revaluations	1,161	1,107	26	2,294
Balance at 30 June 2019	119,099	16,702	1,422	137,223
Represented by:				
Freehold properties	114,000	-	-	114,000
Investments listed on the UK Stock Exchange	4,287	16,410	1,133	21,830
Cash deposits	812	292	289	1,393
	119,099	16,702	1,422	137,223
Historical cost	13,318	12,265	1,402	26,985

#### Consolidated

	Parent Charity £000	Arnold Foundation £000	War Memorial £000	Total £000
Balance at 1 July 2018	137,261	11,344	1,517	150,122
Additions	5,933	3,141	434	9,508
Cash balance movement	(3,424)	(304)	(115)	(3,843)
Disposals at net proceeds	(4,841)	(2,340)	(319)	(7,500)
Revaluations	2,294	994	120	3,408
Balance at 30 June 2019	137,223	12,835	1,637	151,695
Represented by:				
Freehold properties	114,000	-	-	114,000
Investments listed on the UK Stock Exchange	21,830	12,729	1,646	36,205
Cash deposits	1,393	106	(9)	1,490
	137,223	12,835	1,637	151,695
Historical cost	26,985	10,276	1,361	38,622

The London Estate investments include property professionally valued by Farebrother, Chartered Surveyors as at 30 June 2016. The Governing Body's updated valuation of the property portfolio as at 30 June 2019 was obtained in consultation with the School's professional advisors and reflects the changes in the market conditions.

The London Estate investments includes £114 million property and £5.099 million in its managed equity portfolio.

### 13. FIXED ASSET INVESTMENTS *(continued)*

To fulfil the requirements of FRS 102, the Governing Body have included the properties in the financial statements at the open market valuation, though it is the intention of the Governing Body to retain the investment properties within the School's endowed funds (note 20) with only the income being used towards the School's charitable purposes. As described in the Governors' Report, Rugby School's share of the net income from these properties is used primarily to finance foundations, scholarships, bursaries and other allowances awarded by the School.

The gross rental income generated from the London Estate properties in 2018/19 was £5.32 million (2017/18 - £4.66 million; 2016/17 - £4.26 million).

The Estate is wholly owned by Rugby School. However, under the terms of the Rugby Lower School (Transfer) Act 1906 and of the Rugby School Act 1922, and as recorded in Note 9, one fifth of the annual net income from this Estate is paid to Lawrence Sheriff School in Rugby.

Special Funds comprise 7 different funds, the income and capital from which is restricted for specific purposes such as scholarships, grants and prizes.

### 14. DEBTORS

	Parent Charity		Consolidated	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	1,364	1,258	1,567	1,392
Taxation recoverable	-	-	3	189
Other debtors	10,304	459	10,451	1,075
Inter-group balances	374	-	-	-
Prepayments and accrued income	573	749	586	756
	<u>12,615</u>	<u>2,466</u>	<u>12,607</u>	<u>3,412</u>

Other debtors include proceeds of the sale of long-held donated assets (Bloxam fund).

### 15. CREDITORS: due within one year

	Parent Charity		Consolidated	
	2019	2018	2019	2018
	£000	£000	£000	£000
Finance lease creditor	20	20	20	20
Trade creditors	2,900	2,850	2,915	2,860
Taxation and social security	154	102	169	118
Other creditors	2,361	1,363	2,431	1,435
Inter-group balances	-	251	-	-
Accruals and deferred income	1,230	1,292	1,458	2,216
Entrance fees and final term deposits	456	567	456	567
Advance fees (note 17)	483	826	483	826
	<u>7,604</u>	<u>7,271</u>	<u>7,932</u>	<u>8,042</u>

**16. CREDITORS:** amounts due after more than one year

	<b>Parent Charity</b>		<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Finance lease creditor	<b>10</b>	30	<b>10</b>	30
Other creditors :				
Entrance fees and final term deposits	<b>2,376</b>	2,000	<b>2,376</b>	2,000
Advance fees (note 17)	<b>414</b>	567	<b>414</b>	567
	<b>2,800</b>	2,597	<b>2,800</b>	2,597

**17. ADVANCE FEE PAYMENTS**

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Between 2 to 5 years	<b>165</b>	271
Between 1 to 2 years	<b>249</b>	296
	<b>414</b>	567
Within 1 year (note 15)	<b>483</b>	826
Balance at 30 June	<b>897</b>	1,393

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 July	<b>1,393</b>	1,880
New contracts	<b>509</b>	623
Refunds	-	(22)
Amounts accrued to contracts	<b>3</b>	6
	<b>1,905</b>	2,487
Amounts utilised in payment of fees to the School	<b>(1,008)</b>	(1,094)
Balance at 30 June	<b>897</b>	1,393



## 18. PENSION SCHEMES

### (a) Teachers' Pension Defined Benefits Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £954,000 (2018: £924,000). There were no outstanding contributions payable at the year-end (2018 - £nil).

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 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.

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.

## 18. PENSION SCHEMES *(continued)*

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

### (b) Rugby School Pension and Life Assurance Scheme for Non-Teaching Staff

#### Composition of the Scheme

The School operates a defined benefit pension scheme, the Rugby School Pension and Life Assurance Scheme for Non-Teaching Staff (1973). This is an approved funded pension scheme. The assets of the Scheme are held separately from the assets of the School in trustee administered funds. The Scheme closed to future accrual on 5 April 2006. Contributions to the Scheme are assessed in accordance with the advice of a qualified actuary.

#### Actuarial valuation

A full actuarial valuation was carried out at 5 April 2018 and updated to 30 June 2019 by a qualified actuary. The valuation on 5 April 2018 showed a scheme surplus, and as a result, the contributions from the School ceased after October 2015.

The next tri-annual valuation date is 5 April 2021.

The principal actuarial assumptions at the balance sheet date were:

	2019	2018
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions payment	5.00%	5.00%
Discount rate	2.40%	2.80%
Inflation assumption	3.30%	3.00%
Statutory rate of increase of pensions in deferment	3.30%	3.00%
Expected return on Scheme assets	2.40%	2.80%
Assumes life expectancy on retirement at age 60:		
Retiring today – males	26.4	26.5
Retiring today - females	28.5	28.5
Retiring in 15 years - males	27.6	27.8
Retiring in 15 years - females	29.8	29.8

The amounts recognised in the balance sheet are as follows:

	Market Value	Market Value
	2019	2018
	£000	£000
Fair value of Scheme assets	6,730	6,987
Present value of funded obligations	(8,285)	8,037
Deficit in the scheme	(1,555)	(1,050)

# 18. PENSION SCHEMES *(continued)*

Change in the present value of the defined benefit obligation are as follows:

	2019	2018
	£000	£000
Defined benefit obligation at 1 July	8,037	7,920
Interest cost	216	220
Benefits paid	(465)	(140)
Actuarial losses	497	37
Defined benefit obligation at 30 June	8,285	8,037

Change in the present value of the scheme assets are as follows:

	2019	2018
	£000	£000
Fair value of scheme assets at 1 July	6,987	7,003
Employer Contributions		
Benefit payments	(465)	(140)
Expected return on scheme assets	189	195
Actuarial gains	19	(71)
Fair value of scheme assets at 30 June	6,730	6,987

Analysis of the amounts charged within the Statement of Financial Activities are as follows:

	2019	2018
	£000	£000
Interest on pension scheme liabilities	(216)	(220)
Expected return on pension scheme assets	189	195
Total amount charged to the Statement of Financial Activities	(27)	(25)

Analysis of actuarial gains and losses:

	2019	2018
	£000	£000
Actual return less expected return on scheme assets	19	(71)
Experience gains and losses arising on the scheme liabilities	(23)	(37)
Changes to assumption underlying the present value of the scheme liabilities	(474)	-
Actuarial loss	(478)	(108)

## 18. PENSION SCHEMES *(continued)*

The major categories of Scheme assets as a percentage of total Scheme assets are as follows:

	2019	2018
	%	%
Equities	22	22
Bonds	31	27
Gilts	-	-
Property	9	10
Other	32	37
Cash	6	4
	£000	£000
Actual return on the Scheme assets in the period	208	124

### Future expected rates of return

The expected rates of return to apply from the valuation date forward are shown net of a 0.35% deduction to allow for investment management fees. The assumptions have been derived as follows:

- the return on bonds is set to be equal to the discount rate, less 0.35%,
- the net return on gilts is set equal to the yield on 15 year fixed interest gilts, less 0.35%,
- the net return on equities and property is set to be 3% above the return on 15 year fixed interest on gilts, less 0.35%;
- the return on cash is taken to be equal to the return on 15 year fixed interest gilts, less 0.35%,
- the return on other assets such as commodities and infrastructure has been set to be 2.8% above the 15 year fixed interest gilt yield, less 0.35%.

The School does not expect to contribute to the defined benefit pension scheme during 2019/20.

### History of experience gains and losses:

	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000
Present value of Scheme liabilities	8,285	8,037	7,920	7,809	6,734
Fair value of Scheme assets	6,730	6,987	7,003	6,438	6,538
Deficit	(1,555)	(1,050)	(917)	(1,371)	(196)
Experience gains /(losses) on the liabilities	(23)	(37)	11	56	(140)
Experience gains /(losses) on scheme assets	19	(71)	538	(274)	86
Actuarial gain/(loss)	(478)	(108)	493	(1,238)	(471)

**18. PENSION SCHEMES** *(continued)*

**(c) Rugby School Group Stakeholder Pension Scheme for Non-Teaching Staff**

From 1 October 1997 to 30 September 2001, Rugby School operated a defined contribution pension scheme for certain non-teaching staff. The pension cost charge represented contributions payable by the School to the fund; these contributions matched those of the employees up to a maximum of 5%.

With effect from 1 October 2001, the scheme was replaced by the Rugby School Group Stakeholder Pension Scheme. The School contributes double the employee contributions up to a maximum of 12% of pensionable pay. Employer contributions totalling £417,000 (2018: £377,000) were paid in respect of this pension scheme for the year.

The assets of both schemes are held separately from the School in independently administered funds.

## 19. ANALYSIS OF NET ASSETS

### (a) Current year analysis of net assets between funds:

The net assets are held for the various funds and advance fees as follows:

	Endowed Funds £000	Restricted Funds £000	Unrestricted Funds £000	Advance Fees £000	2019 Total £000
<b>Parent Charity</b>					
Fixed Assets	-	-	49,287	-	49,287
Investments	125,219	10,582	-	1,422	137,223
Net Current Assets/ (Liabilities)	(1,692)	2,505	13,135	(958)	12,990
Long Term Liabilities	-	-	(3,941)	(414)	(4,355)
	<u>123,527</u>	<u>13,087</u>	<u>58,481</u>	<u>50</u>	<u>195,145</u>
<b>Consolidated</b>					
Fixed Assets	-	-	49,287	-	49,287
Investments	133,526	16,747	-	1,422	151,695
Net Current Assets/(Liabilities)	(1,694)	2,417	13,135	(958)	12,900
Long Term Liabilities	-	-	(3,941)	(414)	(4,355)
	<u>131,832</u>	<u>19,164</u>	<u>58,481</u>	<u>50</u>	<u>209,527</u>

### (b) Prior year analysis of net assets between funds

The net assets are held for the various funds and advance fees as follows:

	Endowed Funds £000	Restricted Funds £000	Unrestricted Funds £000	Advance Fees £000	2018 Total £000
<b>Parent Charity</b>					
Fixed Assets	-	-	41,279	-	41,279
Investments	124,434	10,581	-	2,246	137,261
Net Current Assets/ (Liabilities)	(2,170)	74	6,394	(1,673)	2,625
Long Term Liabilities	-	-	(3,079)	(568)	(3,647)
	<u>122,264</u>	<u>10,655</u>	<u>44,594</u>	<u>5</u>	<u>177,518</u>
<b>Consolidated</b>					
Fixed Assets	-	-	41,279	-	41,279
Investments	132,010	15,865	-	2,246	150,121
Net Current Assets/(Liabilities)	(2,171)	701	6,474	(1,673)	3,331
Long Term Liabilities	-	-	(3,079)	(568)	(3,647)
	<u>129,839</u>	<u>16,566</u>	<u>44,674</u>	<u>5</u>	<u>191,084</u>



## 20. ENDOWED FUNDS

### (a) Current year movement in endowed funds:

	Balance at 30 June 2018 £000	Incoming funds £000	Amounts expended £000	Total return to income £000	Investment gains/ (losses) £000	Balance at 30 June 2019 £000
<b>Parent Charity</b>						
London Estates: Property	110,668	-	-	-	1,000	111,668
London Estates: Equity	5,373	102	-	(537)	161	5,099
Lewis Benefaction fund	6,223	-	-	-	537	6,760
	122,264	102	-	(537)	1,698	123,527
<b>Consolidated</b>						
Arnold Foundation Awards	7,575	88	-	-	642	8,305
	129,839	190	-	(537)	2,340	131,832

### (b) Prior year movement in endowed funds:

	Balance at 1 July 2017 £000	Incoming funds £000	Amounts expended £000	Transfer £000	Investment gains/ (losses) £000	Balance at 30 June 2018 £000
<b>Parent Charity</b>						
London Estates	114,629	-	-	-	1,412	116,041
Lewis Benefaction fund	5,801	-	-	-	422	6,223
	120,430	-	-	-	1,834	122,264
<b>Consolidated</b>						
Arnold Foundation Awards	6,464	606	-	-	505	7,575
	126,894	606	-	-	2,339	129,839

#### London Estates

The London Estate consists principally of property in London bequeathed by the School's founder, Lawrence Sheriff. This permanent endowment yields commercial and residential rental income (see restricted funds). Endowed funds also include equity investments (see Total Return note 20c). In the year there was an application of total return to income of £537,000 (see detail in Total Return note 20c).

#### Lewis Benefaction Fund

The Lewis Benefaction Fund is an expendable endowment capital fund which generates income for the provision of scholarships and bursaries. The income from the fund is fully utilised for this purpose (see restricted funds) and the capital has not been expended.

#### Arnold Foundation Awards

The Arnold Foundation endowed funds includes £50 of permanent funds and the balance relates to expendable endowment funds which generate income for the financing of bursary awards to Rugby School. This fund is held by the Arnold Foundation for Rugby School. The income from the fund is utilised for this purpose (see restricted funds).

## 20. ENDOWED FUNDS *(continued)*

### (c) Statement of Total Return

The School adopted a Total Return policy for its London Estate Endowed Non Property Investment Funds only. This allows investment managers greater flexibility in managing funds within the agreed risk parameters. Unapplied total returns are the total returns on the investments (capital or income in nature), less monies paid out of the Endowed Funds.

The preserved value is protected with an annual CPI uplift and is based on a valuation date of 31 July 2009.

The Unapplied Total Return movements are:-

	Preserved Value £000	Unapplied Value £000	Total £000
Brought forward:			
Preserved Value	4,021	-	4,021
Unapplied Total Return	-	1,352	1,352
Total	4,021	1,352	5,373
Movement in reporting period:			
Investment return: dividend/income	-	102	102
Investment return: gains/losses	-	161	161
Unapplied total return allocated to income	-	(430)	(430)
Unapplied total return allocated to capital	130	(130)	-
Grant to Lawrence Sheriff School	-	(107)	(107)
Net movement in reporting period:	130	(404)	(274)
Carried Forward:			
Preserved Value	4,151	-	4,151
Unapplied Total Return	-	948	948
Total	4,151	948	5,099

## 21. RESTRICTED FUNDS

### (a) Current year movement in restricted funds:

	Balance at 1 July 2018	Incoming funds	Amounts expended	Transfer	Total Return t/f applied to income	Investment gains	Balance at 30 June 2019
	£000	£000	£000	£000	£000	£000	£000
<b>Parent Charity</b>							
Special Funds:							
Common Investment Fund	9,603	181	18	-	-	570	<b>10,372</b>
Lewis Benefaction Fund	-	90	(90)	-	-	-	-
London Estate	1,046	5,379	(4,081)	(671)	537	-	<b>2,210</b>
School	6	-	(11)	510	-	-	<b>505</b>
	<b>10,655</b>	<b>5,650</b>	<b>(4,164)</b>	<b>(161)</b>	<b>537</b>	<b>570</b>	<b>13,087</b>
<b>Consolidated</b>							
War Memorial	1,591	34	-	-	-	120	<b>1,745</b>
General Charitable Trust	-	512	-	(512)	-	-	-
Arnold Foundation for Rugby School	4,320	797	(1,463)	326	-	352	<b>4,332</b>
	<b>16,566</b>	<b>6,993</b>	<b>(5,627)</b>	<b>(347)</b>	<b>537</b>	<b>1,042</b>	<b>19,164</b>

### (b) Prior year movement in restricted funds:

	Balance at 1 July 2017	Incoming funds	Amounts expended	Transfer	Total Return t/f applied to income	Investment gains	Balance at 30 June 2018
	£000	£000	£000	£000	£000	£000	£000
<b>Parent Charity</b>							
Special Funds:							
Common Investment Fund	8,752	246	(110)	-	-	715	9,603
Lewis Benefaction Fund	-	92	(92)	-	-	-	-
London Estate	1,282	4,805	(4,148)	(893)	-	-	1,046
School	5	-	(7)	8	-	-	6
	<b>10,039</b>	<b>5,143</b>	<b>(4,357)</b>	<b>(885)</b>	<b>-</b>	<b>715</b>	<b>10,655</b>
<b>Consolidated</b>							
War Memorial	1,451	42	-	-	-	98	1,591
General Charitable Trust	-	17	-	(17)	-	-	-
Arnold Foundation for Rugby School	4,089	1,130	(1,525)	318	-	308	4,320
	<b>15,579</b>	<b>6,332</b>	<b>(5,882)</b>	<b>(584)</b>	<b>-</b>	<b>1,121</b>	<b>16,566</b>

#### Common Investment Fund

The Common Investment Fund consists of numerous funds, the income and capital being restricted for specific purposes. With the approval of the Charity Commission, there is a pooling system under which investments belonging to its restricted fund are pooled. The majority of the funds are restricted for the provision of scholarships, bursaries and prizes.

#### Lewis Benefaction Fund

The income from the endowed fund is fully utilised for the provision of scholarships and bursaries.

## 21. RESTRICTED FUNDS *(continued)*

### London Estates

The London Estate endowment yields commercial and residential rental income and, after accounting for the costs of its maintenance and administration, one fifth of the remaining surplus (plus one fifth of the income from certain non-property investments) is paid to Lawrence Sheriff School, a neighbouring secondary school originally established by the Governing Body of Rugby School and now operating in the state sector. Of the four fifths which remain, the primary use is to fund foundations and scholarships. Any remaining balance is unrestricted in use, but in practice is applied to finance capital projects which are of long-term benefit or accumulated for the same uses in future years.

Included within the London Estate Fund is a Reserve Fund for repairs, rehabilitation and reconstruction:

	2019	2018
	£000	£000
As at 1 July	1,046	1,282
Transfer from/to net income resources	729	(236)
As at 30 June	<u>1,775</u>	<u>1,046</u>

In accordance with an Order made by the Minister of Education on 15 January 1963, the Governing Body may transfer funds into a Reserve Fund for the reconstruction and development of the real property of the Foundation at Holborn (the London Estate). £671,000 (2018: £893,000) was transferred out of restricted funds which represents fulfilment of restricted capital projects.

### War Memorial Fund

The War Memorial Fund makes awards to help the children of Rugbeians, who are in need of financial assistance, to attend or to remain at Rugby School.

### General Charitable Trust

The Trust receives income from covenants and legacies which were established prior to the existence of the Arnold Foundation. The income is gifted to the School, usually to assist with specific capital projects. In the year there was a transfer of £511,000 (2018: £17,000), predominantly for the Temple Reading Room Development.

### Arnold Foundation for Rugby School

The Arnold Foundation fund is monies given to provide funds and future income for the provision of bursary awards to Rugby School.

	£000
Expend by the Arnold Foundation in the year to 30 June 2019 in accordance with the wishes of the donors:	
Bursary awards	<u>1,137</u>
Unexpended balance of gifts and legacies as at 30 June 2019:	
Bursary awards	4,177
Unrestricted fund, but to be utilised for bursary awards	<u>155</u>
	<u>4,332</u>

Fundraising costs in the year of £326,000 (2018: £318,000) were met by Rugby School.

## 22. UNRESTRICTED FUNDS

### (a) Current year movement in unrestricted funds:

	Balance at 1 July 2018 £000	Incoming funds £000	Amounts expended £000	Transfers £000	Investment gains/ (losses) £000	Balance at 30 June 2019 £000
<b>Parent Charity</b>						
Designated funds:						
Fixed assets fund	41,279	-	-	8,008	-	<b>49,287</b>
New boarding house fund	1,350	-	-	(1,350)	-	-
Building maintenance fund	1,034	-	(499)	115	-	<b>650</b>
RSE Fund	601	-	(441)	577	-	<b>737</b>
Bloxam Fund	-	12,569	-	-	-	<b>12,569</b>
General unrestricted funds:						
School operations	1,385	27,439	(26,109)	(5,898)	26	<b>(3,157)</b>
Pension reserve	(1,050)	-	(27)	-	(478)	<b>(1,555)</b>
	<b>44,599</b>	<b>40,008</b>	<b>(27,076)</b>	<b>1,452</b>	<b>(452)</b>	<b>58,531</b>
<b>Consolidated</b>						
Rugby School Enterprises	-	1,740	(1,164)	(576)	-	-
Rugby School International	-	791	(427)	(364)	-	-
Rugby School Projects	80	85	-	(165)	-	-
	<b>44,679</b>	<b>42,624</b>	<b>(28,667)</b>	<b>347</b>	<b>(452)</b>	<b>58,531</b>

### (b) Prior year movement in unrestricted funds:

	Balance at 1 July 2017 £000	Incoming funds £000	Amounts expended £000	Transfers £000	Investment gains/ (losses) £000	Balance at 30 June 2018 £000
<b>Parent Charity</b>						
Designated funds:						
Fixed assets fund	38,001	-	-	3,278	-	41,279
New boarding house fund	2,700	-	-	(1,350)	-	1,350
Building maintenance fund	984	-	(600)	650	-	1,034
RSE Fund	362	-	(357)	596	-	601
General unrestricted funds:						
School operations	1,712	26,718	(25,079)	(1,937)	(29)	1,385
Pension reserve	(917)	-	(25)	-	(108)	(1,050)
	<b>42,842</b>	<b>26,718</b>	<b>(26,061)</b>	<b>1,237</b>	<b>(137)</b>	<b>44,599</b>
<b>Consolidated</b>						
Rugby School Enterprises	-	1,674	(1,078)	(596)	-	-
Rugby School International	(25)	181	(99)	(57)	-	-
Rugby School Projects	-	80	-	-	-	80
	<b>42,817</b>	<b>28,653</b>	<b>(27,238)</b>	<b>584</b>	<b>(137)</b>	<b>44,679</b>

## 22. UNRESTRICTED FUNDS *(continued)*

### Fixed asset fund

The fund carried forward at the year-end represents the net book amounts invested in tangible fixed assets. A transfer of £8,008,000 (2018: £3,278,000) was made into the fund which represents the fixed asset additions, disposals and depreciation for the year.

### New boarding house fund

The new boarding house fund has been established for the building of a new boarding house to enable the other houses to be relocated during future substantial refurbishment of the School's existing boarding accommodation. In the year there was a transfer of £1,350,000 (2018: £1,350,000) to complete the project.

### Building maintenance fund

Following an extensive survey of School properties, the building maintenance fund was established for maintenance priorities of the School's buildings over a five-year period. In the year an additional £115,000 (2018: £650,000) was designated for future use.

### RSE fund

The funds gifted by Rugby School Enterprises Limited are to be utilised on projects which would benefit a significant proportion of the School's community and may be used for bursaries for exceptional students. A transfer was made of the RSE surplus for the year of £577,000 (2018: £596,000).

### Bloxam fund

The funds arose from the sale of long-held donated art works and are to be utilised on projects to benefit a significant proportion of the School's current and future community.

### School operations

General unrestricted funds are retained to provide working capital.

## 23. FINANCIAL INSTRUMENTS

	2019	2018
	£000	£000
Financial Assets measured at fair value through profit or loss <i>(a)</i>	36,205	33,411
Financial Assets measured at amortised cost <i>(b)</i>	21,593	10,078
Financial Liabilities measured at amortised cost <i>(c)</i>	10,732	10,471

*(a) Includes investment assets*

*(b) Includes cash, trade debtors and other debtors*

*(c) Includes trade and other creditors, acceptance deposits, fees in advance*



## 24. LEASE COMMITMENTS

The School has the following minimum lease payments, due in relation to non-cancellable lease agreements:

	Parent Charity		Consolidated	
	2019	2018	2019	2018
	£000	£000	£000	£000
Payable within 1 year	46	52	46	52
Payable between 2 to 5 years	22	49	22	49
Payable after more than 5 years	-	-	-	-
	<u>68</u>	<u>101</u>	<u>68</u>	<u>101</u>

## 25. RELATED PARTY TRANSACTIONS

The children of staff and Governors may attend the School, subject to the normal entry procedures. In such cases, Governors pay School fees at the standard rates, but staff members receive a discount.

During the year, the children of Mrs H Jackson, a governor, received Head Master's Discretionary Awards totalling £6,258.

## 26. POST BALANCE SHEET EVENTS

On 30 August 2019 a merger was agreed with Bilton Grange Preparatory School, a main feeder school into Rugby School. The date of completion for this merger will be January 2020.

