

CHARITY NUMBER: 1131425
COMPANY NUMBER: 06924216

**OAKHAM SCHOOL
TRUSTEES' REPORT
AND
FINANCIAL
STATEMENTS
YEAR ENDED 31 AUGUST 2017**

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YEAR ENDED 31 AUGUST 2017

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OAKHAM SCHOOL
ADDRESS, TRUSTEES, OFFICERS and PRINCIPAL ADVISORS
YEAR ENDED 31 AUGUST 2017

REGISTERED ADDRESS

Chapel Close
Market Place
Oakham, Rutland LE15 6DT
www.oakham.rutland.sch.uk

WEBSITE

TRUSTEES AND APPOINTMENT OF TRUSTEES

The Trustees of the School, who are also the Directors of the charitable Company, form its governing body and those Trustees who served during the year were:

Committee Membership							
Trustees	Finance & General Purposes	Buildings	Awards and Bursaries	Education	Nominations	Marketing	Policy & Compliance
1. The Rt Revd. The Lord Bishop of Peterborough							
2. Dean of Peterborough ¹					✓		
3. HM Lord Lieutenant of the County of Rutland				✓	✓		
4. J E Czarnota				✓		✓	
5. P S Douty	✓			✓			✓
6. R R Foulkes				✓			
7. Mrs J H Gibson				✓			
8. Prof N T Gorman ²	✓	✓	CHAIR	CHAIR	✓	✓	
9. Mrs J H Grundy		✓	✓				
10. H Haefeli ⁵	✓	✓				✓	
11. T F Hart ³	CHAIR	✓	✓	✓	✓	✓	
12. N D G Jones						✓	
13. P O Lawson ⁴	✓			✓	CHAIR	✓	CHAIR
14. A R M Little				✓	✓		
15. Mrs J P Lucas ⁵			✓			✓	✓
16. Mrs J M Osborne		✓					✓
17. G J Schanschieff						✓	
18. M G Wilson	✓	CHAIR					
19. S H Woolfe							✓

Under the School's constitution the number of Trustees should not be less than twelve or more than twenty-one. This number will include three ex-officio Trustees being The Lord Bishop of Peterborough, The Lord Lieutenant of the County of Rutland, and The Dean of Peterborough.

Not fewer than nine or more than eighteen co-optative Trustees to be appointed by resolution of the Trustees for the time being in office. Up to two persons nominated by the Trustees of Archdeacon Johnson's Almshouse Charity (Charity Number 214162) or any successor Charity may be appointed by resolution of the Trustees as co-optative Trustees.

Notes:

1. Retired 15 October 2016
2. Appointed Chair of Board 15 June 2017
3. Retired 15 June 2017, remains as Trustee of The Elizabethan Trust
4. Retired 15 June 2017; remains as member of the Board of the Foundation
5. Elected Co-Vice Chair of Trustees 12 October 2017

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ADDRESS, TRUSTEES, OFFICERS AND PRINCIPAL ADVISERS
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OFFICERS

Headmaster	Mr N M Lashbrook BA (Oxon)
Director of Operations & Strategic Planning and Clerk to the Trustees	Mr S C Piggott MA (Cantab), MBA
Senior Deputy Head	Mrs J L M North BA
Deputy Head (Pastoral & Co-Curricular)	Mrs S J Gomm BSc
Deputy Head (Academic)	Mr D A Harrow MA (Cantab)

BANKERS

NatWest Bank PLC
7 High Street
Melton Mowbray
Leicestershire
LE13 0TT

AUDITORS

haysmacintyre
26 Red Lion Square
London WC1R 4AG

SOLICITORS

Greenwoods Solicitors LLP
Monkstone House
City Road
Peterborough PE1 1JE

Able Brown HR Ltd
Seaton Grange Offices
Garage Lane
Seaton
Rutland LE15 9HT

INSURANCE BROKERS

AON Limited
Mercury Place
11 St George's Street
Leicester LE1 1DR

PENSIONS ADVISERS

Mitchell Consulting Actuaries Ltd
Albion Wharf
Albion Street
Manchester M1 5LN

HEATH & SAFETY ADVISERS

Owen David Risk Management Ltd
Wollerton Old Hall
Wollerton
Market Drayton TF9 3NA

**OAKHAM SCHOOL
TRUSTEES' REPORT
YEAR ENDED 31 AUGUST 2017**

The Trustees (who are also the Directors of the Charity for the purposes of the Companies Act) present their annual report and the audited financial statements of Oakham School for the year ended 31 August 2017. The Trustees confirm that the annual report and financial statements of the School comply with current statutory requirements, the requirements of the School's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (SORP (FRS 102)).

REFERENCE AND ADMINISTRATIVE INFORMATION

Oakham School is a registered Charity, number 1131425 and a Company Limited by Guarantee Registered in England and Wales, number 06924216. The registered name of the Charity and the Company is Oakham School. The School was founded by Robert Johnson Archdeacon of Leicester in 1584.

The principal address of the Charity and the registered office of the Company, as well as the School Trustees are as listed on page 1. The executive officers and particulars of the Charity's professional advisers are given on page 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Under the Charity Commission Scheme of 1 September 2009, the running of the School, together with all the unincorporated entity's unendowed assets and all its liabilities, were transferred to a new charitable Company, Oakham School (charity number: 1131425), as were its corporate and trust funds. The permanently endowed school premises and other school land remained with the unincorporated charity known as Trustees of Oakham School (original charity number: 527825, new charity number: 1131425/1) which operates as a subsidiary of the main charity.

Governing Document

The School is governed by its Memorandum of Association and Articles of Association as agreed on 29 May 2009.

Governing Body

As at 31 August 2017, the structure of the Charity consists of a governing body of School Trustees, the details of which are explained on page 1, together with information on how the members of the governing body are appointed to office. A thorough review of Governance was carried out in January 2017 by representatives of the Association of Governing Bodies of Independent Schools (AGBIS). The Board of Trustees have reviewed these recommendations and implementation has started following the appointment of Professor Neil Gorman as Chair of Trustees.

Recruitment and Training

New co-optative School Trustees are proposed by the Nominations Committee, and are then considered and appointed at full General Meetings of Trustees, following interviews, and supported by recommendations and personal references. Appointments are designed to ensure the Trustee Body contains a breadth of specialist skills to support the full range of Trustee duties and responsibilities. New Trustees are inducted into the workings of the Charity, including Board Policy and Procedures, by means of a comprehensive induction pack and introductory meetings with the Headmaster and Director of Operations. Trustees are offered update training courses and topical seminars run by AGBIS and professional advisers to the independent school sector from time to time as required and training records are maintained. The process for both induction and on-going training is under constant review to ensure that Trustees continue to be fully supported in discharging their corporate governance responsibilities.

OAKHAM SCHOOL
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2017

Organisational Management

The Charity Trustees and Directors of the Company, who are responsible for the overall management and control of the School, meet four times a year. The work of implementing most of their policies is carried out by the members of the Policy & Compliance Committee, which meets twice per year, and the Finance and General Purposes Committee (F&GPC) which meets three times per year.

The other principal committees are the Awards and Bursaries Committee, the Education Committee, the Marketing Committee, the Nominations Committee, and the Buildings Committee. With exception of the Nominations Committee, which meets as and when required, and the Awards Committee which meets once per year, each of these committees meets at least once per term. The day to day running of the school is delegated to the Headmaster, the Director of Operations & Strategic Planning and the Senior Leadership Team. The Headmaster and Director of Operations attend the meetings of the above committees, and other members of the Senior Leadership Team, notably the Senior Deputy Head and two other Deputy Heads, may also attend meetings if appropriate. The salaries of the Head and Director of Operations & Strategic Planning are benchmarked against the annual AGBIS salary survey. The Baines Cutler Solutions Teacher and Senior Staff Salary and Benefits Survey April 2014 and BCS Teacher Salary, Benefits and Workload April 2017 have been used to benchmark the salaries of other members of the Senior Leadership Team.

Group Structure and Relationships

There are two unincorporated charities which operate as subsidiaries of the main charity and as such are not required to publish separate independent accounts. The first is The Trustees of Oakham School which, as previously set out, holds the permanently endowed school premises and other land. The second is the Oakham School Foundation.

The Oakham School Foundation was formed at a meeting of the founding Trustees on 30 August 2000 and was registered with the Charity Commission on 17 July 2002, registered number 527825/15. The Foundation's objects are to advance or assist in the advancement of the charitable aims and objectives of Oakham School. The principal aim of the Foundation is to raise funds to support the on-going development of the School, and the objects of the Foundation Trustees are limited to achieving these aims.

As required by the Trust Deed, all Foundation Trustees are appointed by the Trustees of Oakham School. At least three of those Foundation Trustees should also be themselves Trustees of Oakham School ("representative Trustees"). The Foundation Trustees who served during the year were:

Mrs J Osborne +	Mr T F Hart +
Mr P O Lawson +	Mr S K Mehra
Mr R Barnes	Mr N C Wilson
Mr S Woolfe +	

+ representative Trustees

Following the Incorporation of the parent charity on 1 September 2009, the Foundation's charity number changed to 1131425/2. The School has a wholly owned non-charitable subsidiary company, Oakham School Enterprises Limited (OSEL) which actively traded throughout the year. The Elizabethan Trust is a separate charitable entity which exists to support the aims of Oakham School and has common trustees. The Trustees of Oakham School have reviewed the relationship with the Elizabethan Trust during the year and consider that effectively the School has control over the activities of the Trust. On this basis, the activities of the Trust have been consolidated into the financial statements of the School.

OAKHAM SCHOOL
TRUSTEES' REPORT (CONTINUED)
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The School actively pursues the attainment of the highest standards, partly through networking with other major Schools and partly through peer group studies for the evaluation of quality and performance improvement methods. The School also cooperates with local schools and other organisations in its on-going endeavours to widen public access to the schooling available, to optimise the use of its cultural, sporting and other physical facilities for local public benefit, and to awaken in pupils an awareness of the social context of the all-round education they receive at the School. In addition, the School benefits from the loyalty, commitment and generosity of a thriving network of Old Oakhamians whose close support is greatly appreciated and gladly acknowledged.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Objects of the Charity are for the advancement of education for the public benefit of boys and girls and in particular (but not limited to):

- 1) The operation of Oakham School as a Boarding and Day School to be conducted in accordance with the principles and practices of the Church of England;
- 2) The establishment and operation of any other Boarding and/or Day Schools associated with Oakham School;
- 3) Ancillary or incidental educational activities; and
- 4) Other associated activities for the benefit of the community.

Educational Aims

1. The School aims to provide the highest standards of teaching and learning, so that all pupils can fulfil their academic potential. In providing a broad and engaging academic curriculum there is an abiding aim for academic excellence and intellectual curiosity which will cultivate a lifelong love of learning.
2. The School aims to give all Oakhamians the values and life skills to be prepared for the many challenges of life after school.
3. The School aims to provide pupils with a range of opportunities to develop and pursue interests of a physical, cultural or creative nature within the scope of the Total Curriculum. Particular attention is paid to creating opportunities for pupils to exercise innovation, teamwork and leadership.
4. The School aims to offer all pupils compassionate and consistent pastoral support through Houses and Tutor groups. Each boy and girl is valued and respected for their individuality within a very supportive community, based on a boarding ethos in which mutual respect takes the highest priority.
5. The School is a Christian foundation which aims to encourage pupils to investigate and experience Christian faith and worship, while providing opportunities for children of diverse religious backgrounds to explore moral questions and the spiritual dimension of their lives.

The Charity principally provides education in Oakham to boys and girls from the ages of 10 to 18. Many of these pupils come from the immediate vicinity of the county of Rutland, and others come from elsewhere in the UK, as well as overseas. Indeed 30 different nationalities are represented by pupils in the school, and 18% of the pupil body (45% of Form 6 and Form 7 full boarders) are international students. The School's facilities are put to good educational use during holiday periods, with activities including language schools, sporting events and other courses.

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TRUSTEES' REPORT (CONTINUED)
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Operational Aims

1. The School aims to provide and maintain high standards of governance and management among Trustees, Senior Leadership Team and among the other senior members of the Teaching and Support Staff. The School aims to manage its financial resources and facilities effectively, in order to maintain and improve the educational provision available to its pupils.
2. The School aims to fulfil its charitable purpose through participation in mutually beneficial partnerships (both formal and informal) with other organisations, e.g. maintained schools, and through bursarial funding to widen access. The School aims to ensure its social responsibility through contributions to the local community and greater environmental sustainability.
3. The School aims to be a good employer, providing conditions of employment and environment that supports its employees in the fulfilment of their responsibilities and professional development.
4. The School aims to safeguard the health and safety of all who live and work within it, and to promote the well-being of its pupils.
5. The School aims to maintain the loyalty and support of its pupils, parents and alumni through good communication, and to secure the recruitment of suitable pupils through the effective work of the Admissions and Marketing departments.
6. The School aims to maintain and develop its facilities.

Public Benefit Aims and Intended Impact

Although the Charity functions primarily as a School, consistent with the Objects for which it was founded, it is involved in many other activities that are of public benefit, and makes available the use of its facilities for community use. The Senior Deputy Head has overall responsibility for the development and coordination of community links, thus ensuring leadership in this area at Senior Leadership Team level. Community initiatives focus on three areas: community service by both pupils and staff, both locally and further afield; provision of facilities on a charitable basis for community use; and provision of staff expertise to other educational establishments. The key elements of Oakham School's activities which demonstrate its firm commitment to public benefit comprise:

1. Support of Harlington School

Harlington School is a 6th Form Academy in the town of Oakham set up in September 2015. Oakham School was instrumental in helping set up the school and Oakham's Headmaster and the Chair of Trustees are both governors of the school. In particular, Oakham has:

- a. provided its first Head
- b. assisted with drafting policies regarding admissions, human resources, curriculum, students, teaching, ethos and standards
- c. assisted with the recruitment and selection of staff
- d. supported the leadership team to achieve a good or better OFSTED rating
- e. given access to science laboratories for Harlington pupils
- f. provided opportunities for Harlington pupils for academic enrichment through talks, shared trips, individual student use of the Oakham's Smallbone Library, events such as Week of the Word, UCAS talks and careers advice
- g. provided some limited teaching

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2. The awarding of means-tested bursaries

In the year, 76 pupils (2015/16: 80) benefitted from means-tested bursaries totalling £987,305 (2015/16: £1,040,976), representing an average award of £12,991 (2015/16: £13,012). Trustees aim to award around 5% of gross fee income as means-tested bursaries. Within this amount, the School funds two 110% Springboard bursaries.

3. Partnership and outreach programme

- a. Free concerts (c 80 performances per year) for the community.
- b. Support in kind for Oakham Choral Society, Rutland Concert Band and Rutland Big Band.
- c. Partnering a Cadet Expansion Programme with Kettering Buccleuch Academy, including training and administrative support to enable the Academy to be standalone in September 2017.
- d. The annual Combined Cadet Force (CCF) Duke of Edinburgh Gold Award expedition always involves some formal community work. In summer 2017, participants worked in Iceland on a variety of projects.
- e. Partnering with Brooke Hill Academy to run a Project 500 STEM-themed reading challenge.
- f. Working with the Catmose Partnership on their Newly Qualified Teacher (NQT) programme.
- g. Language sessions delivered at local state primary school during International week.
- h. Mentoring of Postgraduate Certificate of Education (PGCE) students.
- i. DT, Music and Sports coaching days offered to local prep and primary schools.
- j. The provision of a dedicated member of staff to promote links between Oakham and Harington School.

The School stresses the importance of community service to its pupils who participate in a wide range of activities which include:

- a. ICT training and activities for elderly people in conjunction with Age UK.
- b. E-safety training for Rutland Social Services, other schools and the Police
- c. Assistance at local mother and toddler groups
- d. Help with local nurseries and primary schools
- e. Annual Harvest Party for local elderly residents
- f. Assistance in local charity shops

Members of Oakham staff are involved in projects and schemes within and beyond the community:

- a. The Director of Music is Trustee and Vice Chair for Arts for Rutland.
- b. A Physics Teacher is the organiser of the Rutland Astronomical Society.
- c. The Head Librarian, regularly speaks at regional and national Librarian conferences as well as writing for the *School Libraries in View*, (the journal of the Schools Library Group).
- d. The Contingent Commander, is an ex-officio Committee member of the Oakham Branch of the Royal British Legion and the CCF Representative for the Leicestershire & Derbyshire Reserve Forces & Cadets Association.
- e. Many of the School's staff are governors at local primary schools.

4. Raising funds for charity

The School raised £26,000 for 20 charities through 37 fund raising events.

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5. Free use of the School's facilities by clubs and communities

The School makes available at no charge its Pavilion, Wilson Auditorium, Chapel and Old Hall. In excess of 400 hours were staged in Oakham's facilities at no charge. A market rate would have been around £25,000.

6. Hiring out of swimming pool, sports hall and other sports facilities

Important users include Oakham C of E Primary School, Brooke Priory School, Melton Swim Club, Dive Rutland, Oakham Cricket Club and Rutland Mixed Hockey.

7. Loan of equipment

The School loans the use of equipment such as Laser Cutters for design and technology work and Samba instruments to primary and prep schools.

Objectives for the Year

Each year, the senior leadership team develops a School Improvement Plan (SIP) which is shared with Trustees. The SIP 2015-2017 has a number of key workstreams:

- Development of Teaching and Learning
- Development of the curriculum in the Lower, Middle and Upper School
- Development of the business model to increase surplus

Areas forming part of the SIP included Academic, Pastoral, Spiritual Development, Staff Development and Engagement, Internationalism, Comms and Marketing, Admissions, Estates including Grounds, IT and Finance.

It remained a strategic objective that the overall school size should not exceed an optimal 1,080, to include 50% boarders, and to retain the genuine co-educational ethos across all age groups.

Strategies to achieve the year's objectives

An extremely important strategy was to amend the boarding offer. Historically Oakham had offered either full boarding or 3 night day-boarding at 90% of the fee of full boarding. Market research suggested strongly that parents were looking for a weekly boarding option, which Oakham calls flexi-boarding which offers up to five nights per week boarding. The price of this flexi-boarding is 95% of the full boarding fee.

The Trustees held an Away Day in May to commence a new strategy development process. Four work streams were identified, namely:

1. Education
2. Pastoral
3. External Links
4. Financial (Surplus Enhancement)

Working parties comprising Trustees and senior leadership were set up and have been meeting regularly since the Away Day.

It is planned that the working parties conclude their strategy development work and for all work streams to be brought together by the end of the calendar year 2017.

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Principal activities of the year

This year the School averaged 1,062 pupils (2016: 1,059) of whom 492 (2016: 498) were day pupils, 19 (2016: nil) were flexi-boarders, 173 (2016: 178) were day boarders and 378 (2016: 383) were full boarders.

Oakham School's aim as an educational Charity for children is to benefit the public by providing a first class education independent of the state system. The aim is to achieve the highest quality of academic tuition and the development of wider sporting, artistic and social skills in all the School's pupils. The School offers an environment where each pupil can develop and fulfil his or her own potential, in order to build self-confidence and inculcate a lifelong desire to contribute to the wider community.

It is the policy of the School to provide a broad and balanced academic, creative and recreational curriculum. This is designed to allow every pupil to maximise his or her personal strengths, in and beyond the classroom, and to provide as many opportunities as possible for personal enthusiasms and interests to flourish. We hope our pupils will grow to be confident in their own abilities, and to carry a love of learning and a desire to prove good citizens, beyond their school career.

Oakham School welcomes pupils from all backgrounds. To admit a prospective pupil, we need to be satisfied that Oakham School will be able to educate and develop that pupil to the best of his or her potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes. We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

Oakham School is committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share in this commitment. Parents are given regular information about their children's social and academic progress, both in formal parent meetings and written communications, as well as other, more informal communications.

Work continued on progressing the School's Capital Development Plan. The Sports Hall and Swimming Pool were subject of a £1.5m remodelling and refurbishment which saw expanded dry side pupil and staff changing rooms, a large spectator viewing balcony overlooking the 1st XV rugby and 1st XI cricket pitches, a new classroom, a new reception and a new staff office. The swimming pool received a new roof with a high degree of insulation, an automatic pool cover and double glazing. This will reduce energy costs very substantially. The squash courts were refurbished and considerable aesthetic treatments in terms of cladding were made to the harsh 1970s elevations. A major project carried out by the skilled in-house Estates team was the remodelling of the ground floor of the former police station to become a state of the art Medical and Pastoral Centre. The Lower Astro Pitch was renewed and a shock pad introduced. This Astro Pitch services both the needs of hockey and girls' tennis. The first phase of a site signage project was implemented, with 17 external signs being erected and the new Faculty of Social Science being fully signed. Investment in site signage will continue in the coming years.

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The rolling upgrade programme in our teaching buildings and Boarding and Day Houses continued across the campus. Classroom refurbishments took place in Modern Foreign Languages (Ashburton building), Science and Computer Science. Changing rooms were upgraded in Chapmans and Barrow. A link was formed between Littles and the Memorial Library, two buildings which form part of Round House as part of a project to upgrade pupil accommodation in Roundhouse. In terms of infrastructure, roof renewals, boiler upgrades and fire system upgrades all continued.

Expenditure on utilities had been running at around £850,000 per year and considerable focus was spent in managing this expenditure more closely, implementing energy reducing measures and, in the case of water, identifying and rectifying two leaks. This effort has been helped with the Health & Safety Officer being given energy management responsibilities.

Volunteers

Old Oakhamians helped with School fundraising and cultural activities to the extent of more than 1,000 hours of voluntary service during the year, and the Board would like to take this opportunity to say how much their continuing and valuable support was appreciated.

Asset Cover for Funds

Note 18 to the accounts sets out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the Charity's obligations on a fund by fund basis.

The School's tangible assets are all held for use by the School.

Reserves Policy

The Trustees regularly review the level and nature of the total funds of the School. The Trustees anticipate that the School will continue to accumulate sufficient reserves by means of annual operating surpluses to generate resources for the continued development of the School.

Due to the heavy investment in fixed assets, notably buildings, in the School, there are currently no free reserves in the School (2016: £nil). However, the Trustees are satisfied that external finance facilities provide an additional and adequate safety net if it should be required. A £3m 3 year secured Revolving Credit Facility is in place which runs through to mid-2019. Furthermore, The Elizabethan Trust, is now consolidated into the School's accounts and had total funds of £5,095k at 31 August 2017 (2016: £4,848k). Of the total funds, £3,141k (2016: £3,085k) were unrestricted. The funds are primarily held in common investment funds which are managed by regulated UK based fund managers. Accordingly, they consider that the going-concern basis remains appropriate for the preparation of the School's accounts.

Investment Powers, Policy and Performance

The governing document imposes no specific restrictions on Trustees' investment powers.

During the prior year endowed and restricted funds represented by long-term investments were transferred to The Elizabethan Trust, a related charity, whose core aim is to support the objectives of Oakham School. The purpose of the transfer was to enable the investments to be managed together with other long-term holdings of The Elizabethan Trust for the benefit of the School.

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TRUSTEES' REPORT (CONTINUED)
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STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Results in public examinations this year included some encouraging headlines. Combining results in A Levels and with International Baccalaureate (IB), 73% of entries were graded A*/A/B (2016 82%). The average score for IB was 36.1 points (2016: 37.2 points) comparing very favourably to the worldwide average of 30.2. Nine students achieved 40 points or more, the equivalent of 4 A*s at A level. At A Levels, 69% of students (2016: 73%) gained A*/A/B. This proportion compares to Oakham's best result in the last ten years of 81.9%. 34 (2016: 31) students gained straight A*s/As at A-level. 81% of GCSE/IGCSE entries achieved A*/A/B and 58% (2016: 62%) were graded A* or A.

Oakham achieved an A level League Table ranking of 68th of those schools which submit data based on the proportion achieving A* or A equivalent.

The academic endeavours of Oakham's pupils are supported by the magnificent Smallbone Library. This includes 20,000 non-fiction titles, 10,000 fiction titles and 25 subscription databases. There are on average 600 pupil visits per day and an average of 80 pupils doing prep each evening.

In terms of the many academic enrichment opportunities at Oakham, this was the second year in which students' teams entered the "Teen Tech Awards" (which encourages innovative thinking in STEM subjects). As last year the school achieved an impressive number of awards in the National Finals: winning categories in Research & Information Literacy, and also in Health Awareness. The school has been designated as a Teen Tech Centre of Innovation and Creativity.

A team of Modern Foreign Language students from Oakham also won the SCOOP Regional Journalism Competition for the second year running. A team of Economists won the regional competition in the Bank of England's prestigious Target 2.0 Competition. A group of year 8 students won the Forensic Challenge at the Salters' Festival of Chemistry. Two final year design students won the national DTI Challenge with their ingenious design for a cooling system. Two other students were individual winners in the national Alu D&T Challenge.

Oakham Politics Students were selected by the EU Parliament to represent the UK at the Euroschola Conference – for the ninth year running! One student was selected to take part in the Model United Nations International Court of Justice – one of only 16 judges across the world.

One student artist won the student portrait prize at The Leicester Society of Artists Exhibition.

In addition to the excellent academic achievements, the School has continued to reach impressive levels of excellence in a range of extra-curricular activities. Exceptional levels of performance are a regular feature of Music, Sport and Drama. In Music, 600 music lessons are scheduled per week, as well as 20 rehearsals for 20 different ensembles. We put on at least 60 musical concerts per year, if not more. Every Wednesday during term time we have a lunchtime concert with performances from music scholars at All Saints' Church. Six of these were given exclusively by Lower School pupils, a record. Music at Oakham has enjoyed another highly successful year, during which the School's musicians have excelled in the spotlight of major performances in the national arena. Nearly 300 students excelled in the school's annual Gala Concert, held this year in the spectacular surroundings of Birmingham Town Hall. Members of the Chamber Choir, Symphony and Chamber Orchestras embarked on a very successful tour of northern Italy performed in a number of spectacular cathedrals.

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TRUSTEES' REPORT (CONTINUED)
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Many accomplished pupil musicians can be found playing in major national and regional ensembles, including the National Youth Music Theatre, the National Children's Choir, the Britten Sinfonia Academy, the National Children's Orchestra, the National Children's Wind Orchestra and the National Youth Orchestra.

In Drama, the Main School Production was a Shakespearean double bill to celebrate Shakespeare's Quatercentenary. *Twelfth Night*, with an all-female cast, and *Hamlet* were performed in the round to sell out audiences for a week in November. The Middle School's production was a superbly executed macabre musical – *The Addams Family*. The Lower School performed *Treasure Island* in the summer term and the year was ended with a stunning Drama Scholars' Production of *Playhouse Creatures*. The school's own theatre troupe, "The Running Torch Theatre Company" took their production of *Chaucer Retold* to the Edinburgh Fringe Festival. 5 students have now taken up there places at top drama schools across the UK and Ireland.

In Sport, the year has been a very successful one for Oakham teams and individuals in competitions locally and nationally as well as in providing sporting participation for the whole of the Oakham community. The 1st XI boys hockey team reached the National Cup Quarter Finals before losing to the eventual winners and they were also national indoor semi-finalists. The 1st XI and U16 girls' hockey sides were both County Champions. The 1st VII netball teams won both the County and Midlands Championships. The 1st XI cricket team were rated as one of the best teams nationally winning 11 of their 13 matches. The U15 cricketers reached the National Twenty20 semi-finals and the U12 side were Regional Twenty20 winners. In rugby the 1st XV reached the semi-finals of the National Champions Trophy and the semi-finals of the National Sevens at Rosslyn Park.

There has been significant success for individuals with 17 students gaining national honours in boys and girls hockey, girls' football, rugby, shooting, sailing, skiing, and swimming. Many others (over 100) gained county and regional representation. The school is rightly very proud of our sporting heritage and takes great care to nurture these talents through coaching and strength and conditioning training so that pupils of all ages are able to achieve their aspirations.

The School laid on a wide range of international trips for its pupils including:

- Kenya expedition: supporting rural village schools
- Nepal expedition: mountain trekking and scuba diving
- Sports tour (hockey, netball and rugby) to South Africa
- India expedition: working in partnership with the Doon School to support a rural village school
- Duke of Edinburgh Gold Award trekking in Norway
- Sailing at the Feva World Championships in Medemblik, Netherlands
- Music tour to Italy
- Diving trip to Mexico

The School's extensive activities programme, which includes the organisation of 140 activities a week using 180 staff and is run in conjunction with Sport, provides all pupils with a genuine opportunity to find their niche: the Combined Cadet Force and Community Service continue to be particular strengths of the School and provide a real element of service to the community within the school curriculum. 18 Cadets were awarded their BTec Diploma in Teamwork and Personal development. Oakham School was the first school to reach 1000 Gold Duke of Edinburgh awards and an astonishing 5000 awards back in 2011. 53 Gold Awards were received in 2017. The richness of the wider curriculum is further enhanced by the Creative Arts in which exceptional work is produced in the Art School and Jerwoods School of Design. Voluntary Action within the community remains a popular choice for those pupils who do not wish to pursue CCF or Duke of Edinburgh. Following the award in 2015 of the Career Mark, the Careers Department was awarded the new Quality in Careers Standard in 2017.

OAKHAM SCHOOL
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2017

Fundraising Performance

The School's fundraising efforts have been delegated, since 2000, to the Oakham School Foundation. With the Jerwood School of Design, the Mehra Faculty of Science and the BAF Smith Pavilion among the key achievements of the first 10 years, work is now underway to build upon that success and secure gifts for funding the next stages of capital development. The priority for the next five years is the building of a new Music School and improvement in facilities for Drama, additional Sports Facilities and the raising of funds to support bursaries. Success in this campaign will require higher levels of parent support than has previously been necessary. Fund-raising consultants Graham Pelton were appointed for a two year engagement to assist with setting up the systems, process and structures to enable fundraising to be at the heart of the School.

As at 31 August 2017, donations, commitments and pledges in the quiet phase of fund-raising since May 2015 totalled £858,000. The monetary value of the potential pipeline of donors being worked on was £2.6m.

The Campaign was publicly launched just after year end on 8 September 2017 coinciding with the formal opening of the Faculty of Social Sciences on the basis that 40% of the £2 million Phase 1 target had been raised. There is a clear case for support aligned to the School's vision. The fundraising database supports the progression of potential donors and processes and procedures are now in place, which allow sustained fundraising and stewardship.

Engaging potential supporters with the School on a long-term basis is now a key priority, along with having a donor centric approach to fundraising.

OAKHAM SCHOOL
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The results for the year are set out on pages 21 and 22. In the year to 31 August 2017, the net income funds from operations was £732,000 (2016: net expenditure of £200,000). There were also unrealised gains on investments arising in The Elizabethan Trust of £409,000 (2016: £318,000).

Gross fee income for the year reflected an increase of 2.3% on the previous year (2016: increase of 5.5%). As planned, the School invested significant capital funds amounting to £2,767,000 in the year (2016: £3,270,000). The capital expenditure in the year was primarily in respect of planned enhancement of the School's academic, sporting and pastoral / medical facilities.

The School's trading company, Oakham School Enterprises Limited (OSEL), contributed £174,000 (2016: £129,000) in recognition of its use of School facilities. After allowing for this contribution, OSEL made a residual profit of £40,000 (2016: profit of £38,000) which was gifted to the School.

The Senior Leadership Team and Trustees monitor the performance of the School through a series of Key Performance Indicators tracked over many years and benchmarked against the independent school sector and specific comparable peer groups within the sector. Pupil numbers are vital in terms of income and surpluses and likely future numbers are tracked carefully through the Admissions Department and through lead indicators (enquiry levels, parent visits, numbers at Open Days, numbers registered for entrance examinations etc). 70% of the School's operating expenditure is represented by the overall wage bill. 50% of operating expenditure is represented by the wage bill of the teaching establishment. Staff costs as well as the pupil: teacher ratio and teaching cost per pupil are tracked carefully. One of the most important indicators is investment surplus (surplus before depreciation, profit or loss on disposal of fixed assets and unrealised investment gains or losses). The investment surplus for Oakham School including OSEL the activities of the Foundation and the investment performance of the Elizabethan Trust was £2,059,000 (2016: £1,284,000), representing 8.9% (2016: 5.6 %) of net fee income.

FUTURE PLANS

The School's five-year Strategic Development Plan to 2022 is currently under development as part of a strategic planning process as described earlier in the report. Various work streams will be concluded by the end of December 2017.

After a careful review of the direction the School wished to adopt in terms of ICT strategy, the School decided to adopt dockable tablets using the Microsoft Office 365 environment and its suite of tools, many of which are well-suited to collaborative working. These were procured during August and September 2017 and roll out commenced just after year end. There will be significant amounts of training for Teaching Staff during 2017/18 to ensure the full functionality of these devices is used in a pedagogical environment in the classroom.

The start of the academic year 2017/18 saw a new model in the Lower School whereby rather than two boarding houses (boys, girls) and two day houses (also boys, girls) there will be two mixed day / boarding houses for each of boys and girls. A project commenced in August 2017 at the Lower School buildings (Jerwoods) to remodel and extend facilities to suit this structure, in particular addressing shortcomings in pupil changing facilities. A net additional classroom is being added. The capacity of Lower School could increase to 216 (4 houses of 54 pupils). This project will be in two Phases: Phase 1 August 2017 – January 2018; Phase 2 June 2018 – October 2018. Pupils will be supported by a resident houseparent, resident matron for girls and one for boys and a resident tutor, in addition to their non-resident housemasters and mistresses and tutors. The Head of Lower School is also resident on site.

OAKHAM SCHOOL
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2017

Subject to the level of surpluses and success of fundraising, future capital expenditure is likely to be focused on the Performing Arts and enhancing girls' boarding facilities.

Planning and business decisions are supported by a 3 year financial model.

RISK MANAGEMENT

The Board of Trustees is responsible for the strategic management of the risks faced by the School. Identification of risk and appropriate control and mitigation procedures is delegated to the Finance and General Purposes Committee, assisted at a detailed operational level by the Senior Leadership Team. Assessment of risks occurs throughout the year, and the formal Risk Register is reviewed and updated by Trustees at the Policy Committee in October. The summary document identifies risks, assesses their impact and likelihood and where necessary, recommends controls to mitigate and monitor risks.

Key risks which have been identified through the risk management process (with actions and mitigants shown in brackets) during the year include:

- The level of financial surplus is somewhat below peer group norms and does not permit the School to invest as it would wish (three year financial plan; greater control of establishment headcount and the wage bill; scrutiny of teaching establishment)
- Pupil numbers and pupil mix: (introduction of the new boarding model and flexi-boarding (up to 5 night); improvements to KPIs coming from the Admissions Department)
- Site security (incremental improvements to make the School's intrinsically very open site more secure; introduction of additional CCTV)

Macro risks which have been discussed in detail at Trustee and Senior Management Level include:

- The lack of affordability of independent fee-paying schools to ever-growing proportions of the population (very detailed market research; Affordability Survey launched in October 2017)
- Child safeguarding (Trustee with child-safeguarding responsibility has walked through all policies and procedures)
- Developments at competitor schools (continued focus on excellent educational outcomes for Oakham's pupils)

The key controls used by the Charity include:

- Formal agendas for all Committee and Board activity;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels;
- Use of expert external professional advice.

OAKHAM SCHOOL
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2017

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustees (who are also directors of Oakham School for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RELEVANT AUDIT INFORMATION

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

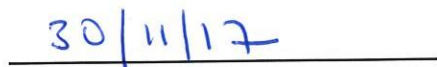
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In approving this Trustees' Report, the Trustees are also approving the Strategic Report in their capacity as company directors.

Signed on behalf of the Trustees:



Professor N Gorman
Chairman of Trustees



Date

OAKHAM SCHOOL
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OAKHAM SCHOOL
YEAR ENDED 31 AUGUST 2017

Opinion

We have audited the consolidated financial statements of Oakham School for the year ended 31 August 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated 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 charitable company's affairs as at 31 August 2017 and of the group's and parent charitable company's net movement in funds, including the 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 Companies Act 2006.

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

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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

OAKHAM SCHOOL
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OAKHAM SCHOOL
YEAR ENDED 31 AUGUST 2017

Auditor's responsibilities for the audit of the financial statements

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

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

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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.


OAKHAM SCHOOL
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OAKHAM SCHOOL
YEAR ENDED 31 AUGUST 2017

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Samantha Coutinho (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
26 Red Lion Square
London
WC1R 4AG

30/11/17

OAKHAM SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds	Restricted Funds	Endowed Funds	2017	2016 as restated
		£000	£000		£'000	£000
Income and Endowments from:						
Charitable activities						
School fees receivable	2	23,097	-	-	23,097	22,814
Ancillary trading income	3	3,071	-	-	3,071	2,844
Other Trading Activities						
Non ancillary trading income	4	808	-	-	808	705
Investments						
Investment Income	5	166	35	-	201	194
Bank and other interest		3	-	-	3	8
Voluntary Sources						
Donations and legacies		-	79	-	79	72
Other income						
Profit on sale of assets		241	-	-	241	17
TOTAL INCOME		<u>27,386</u>	<u>114</u>	<u>-</u>	<u>27,500</u>	<u>26,654</u>
Expenditure on:						
Raising funds						
Non-ancillary trading		577	-	-	577	522
Financing costs		72	-	-	72	46
Fundraising & Development		251	-	-	251	256
	8	<u>900</u>	<u>-</u>	<u>-</u>	<u>900</u>	<u>824</u>
Charitable activities						
Education and grant making	8	<u>25,799</u>	<u>69</u>	<u>-</u>	<u>25,868</u>	<u>26,030</u>
Total expenditure		<u>26,699</u>	<u>69</u>	<u>-</u>	<u>26,768</u>	<u>26,854</u>
Net Income/(expenditure) from operations before transfers and investment gains carried forward						
		<u>687</u>	<u>45</u>	<u>-</u>	<u>732</u>	<u>(200)</u>

OAKHAM SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds	Restricted Funds	Endowed Funds	2017	2016 as restated
		£000	£000	£000	£000	£000
Net income/(expenditure) from operations before transfers and investment gains brought forward		687	45	-	732	(200)
Transfers	18	-	-	-	-	-
Unrealised gains on investments	11	<u>235</u>	<u>12</u>	<u>162</u>	409	318
Net income		922	57	162	1,141	118
Fund balances brought forward at 1 September 2016 (as restated)	18	<u>24,953</u>	<u>617</u>	<u>1,434</u>	27,004	26,886
Fund balances carried forward at 31 August 2017	18	<u>25,875</u>	<u>674</u>	<u>1,596</u>	28,145	27,004

All operations of the company continued throughout both years and no operations were acquired or discontinued in either year.

The company had no recognised gains or losses in the year other than those above.

The accompanying notes on pages 25 to 43 are an integral part of this statement of financial activities.

The statement of financial activities includes the income and expenditure account. Details of comparative figures by fund can be found in note 21.

OAKHAM SCHOOL
(COMPANY NUMBER 06924216)
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31 AUGUST 2017

	Notes	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
FIXED ASSETS					
Tangible fixed assets	10	31,059	29,722	31,059	29,616
Investments	11	5,042	4,701	-	-
		<u>36,101</u>	<u>34,423</u>	<u>31,059</u>	<u>29,616</u>
CURRENT ASSETS					
Stock	12	212	228	20	21
Debtors	13	1,131	1,136	1,312	1,385
Bank and cash		2,954	939	2,842	775
		<u>4,297</u>	<u>2,303</u>	<u>4,174</u>	<u>2,181</u>
CREDITORS: due within one year	14	<u>(8,186)</u>	<u>(6,981)</u>	<u>(8,135)</u>	<u>(6,919)</u>
NET CURRENT LIABILITIES		(3,889)	(4,678)	(3,961)	(4,738)
TOTAL ASSETS LESS CURRENT LIABILITIES		32,212	29,745	27,098	24,878
CREDITORS: due after more than one year					
Advance fees scheme	15	(2,638)	(1,511)	(2,638)	(1,511)
Deposits	16	(1,333)	(1,230)	(1,333)	(1,230)
Leasing		(96)	-	(96)	-
TOTAL NET ASSETS		<u>28,145</u>	<u>27,004</u>	<u>23,031</u>	<u>22,137</u>
Endowment funds	18	1,596	1,434	-	-
Restricted funds	18	674	617	316	287
Unrestricted funds	18	25,875	24,953	22,715	21,850
TOTAL FUNDS	18	<u>28,145</u>	<u>27,004</u>	<u>23,031</u>	<u>22,137</u>

The net movement in funds of the Charity for the year were £894,000 (2016: reduction of £128,000).

The financial statements were approved and authorised for issue by the board of Directors on 30 November 2017 and signed on its behalf by

Chairman 
N. GORMAN

Chairman of Finance Committee
H. HREFELI



The notes on pages 25 to 43 form part of these financial statements.

OAKHAM SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

	2017 £000	2016 £000
Reconciliation of net income / (expenditure) to net cash flow from operating activities:		
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)	732	(200)
Elimination of non-operating cash flows:		
- Investment income and bank interest receivable	(134)	(123)
- Bank interest paid	14	2
- Endowment donations	(79)	(72)
Depreciation	1,327	1,484
Surplus on sale of fixed assets	(241)	(17)
Decrease in stocks	16	16
Decrease / (Increase) in debtors	5	(87)
Increase in creditors	1,040	661
Increase in Fees in Advance scheme	1,278	787
Increase in deposits	67	18
Net cash provided by operating activities	4,025	2,469
Cash flows from investing activities:		
Purchase of fixed assets	(2,767)	(3,270)
Sale of fixed assets	344	18
Purchase of investments	(55)	(61)
Sale of investments	123	158
Investment income and bank interest receivable – excludes rental income	134	123
Net cash used in investing activities	(2,221)	(3,032)
Cash flows from financing activities:		
New endowments	79	72
Net increase / (decrease) in Hire Purchase/Leasing Contracts	146	(16)
Bank interest paid	(14)	(2)
Net cash provided by financing activities	211	54
Change in cash and cash equivalents in the reporting period.	2,015	(509)
Cash and cash equivalents at the beginning of the reporting period	939	1,448
Cash and cash equivalents at the end of the reporting period	2,954	939
Analysis of cash and cash equivalents:		
Cash at bank	2,954	939

**OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

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

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Trustees have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 16.

The accounts present the consolidated statement of financial activities (SOFA), the consolidated cash flow statement and the consolidated and Charity balance sheets comprising the consolidation of the School and with its wholly owned subsidiary Oakham School Enterprises Limited and the Elizabethan Trust. No separate SOFA has been presented for the Charity alone, as permitted by Section 408 of the Companies Act 2006.

The School is a Public Benefit Entity. On 1 September 2009, the Charity was incorporated into a new Charity Number 1131425, and a Company Limited by Guarantee Registered in England and Wales, number 06924216. Prior to September 2009 the School's Charity Number was 527825.

Critical accounting judgements and key sources of estimation uncertainty

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

Judgements made by the Trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets, the element of staff costs which are capitalised in relation to capital projects and the provision for bad and doubtful debts which are discussed below. The following accounting policies have been applied consistently in dealing with items which are considered material in relations to the School's financial statements.

Fees and similar income

Fees receivable are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School.

Investment income

Investment income is accounted for on a receivable basis.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Trading income

Trading income, including income from the school shop, is included when receivable.

Donations

Donations subject to specific wishes of the donors are carried to relevant restricted or endowed funds.

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year.

Pension costs

Retirement benefits to employees of the School are provided through three pension schemes, two defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows:

- (a) The Teachers' Pension Scheme – the scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the school accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.
- (b) The Independent Schools' Pensions Scheme – This is a funded multi-employee defined benefit scheme for members of Support Staff. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme, where the Scheme assets are co-mingled for investment purposes and benefits are paid from the total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.
- (c) Defined Contribution Scheme for Support Staff –Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

Expenditure and basis of allocation of costs

Expenditure is allocated to expense headings on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates.

Support costs are those costs incurred directly in support expenditure on the objects of the Charity. Governance costs include external audit, any legal advice for the Trustees and all costs of complying with constitutional and statutory requirements such as the costs of Trustee meetings and preparing statutory accounts.

Operating Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial Instruments

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

Tangible fixed assets

Expenditure on the acquisition, construction or enhancement of land and buildings together with vehicles, furniture, machinery and other equipment costing more than £10,000 is capitalised and carried in the balance sheet at historical cost. ICT equipment costs are written off as incurred.

Other expenditure on equipment incurred in the normal day-to-day running of the School and its subsidiaries is charged to the Statement of Financial Activities as incurred.

The cost of land and buildings includes interest which arose in previous years when borrowings were used to finance the building programme.

Depreciation

Depreciation is provided to write off the cost of all relevant tangible fixed assets less estimated residual value based on current market prices, in equal annual instalments over their expected useful economic lives as follows:

Freehold buildings	50 or 75 years
Improvements and extensions	20 years
Fittings and equipment	7 years and 10 years
Motor vehicles	5 years

Stocks

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

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using closing quoted market prices. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The School does not directly acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or sub-sectors.

Investment in subsidiaries are valued at cost less provision for impairment.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Fund accounting

The Oakham School funds are split into three categories: unrestricted funds, restricted funds and permanent endowment funds. A brief outline of the nature of these funds is as follows:

- **Unrestricted Funds**
Unrestricted funds may be expended at the discretion of the Trustees in furtherance of the objects of the School.
- **Restricted Funds**
Restricted funds are funds subject to specific trusts as declared by the original donor(s) but which are still within the objects of the School. The income of the restricted funds may only be expended in accordance with the terms of the specific trusts and the capital may or may not be expended dependent upon the term of the specific trusts.
- **Permanent Endowment**
Permanent endowment funds are capital funds where there is no power to convert the capital into income and which must generally be held indefinitely. Certain assets can be exchanged and may be subject to depreciation or loss.

2. CHARITABLE ACTIVITIES FEES RECEIVABLE

	2017	2016
	£000	£000
Fees receivable consist of:		
Gross fees	26,194	25,601
Less: total scholarships bursaries, grants and allowances paid for from unrestricted funds	<u>(3,097)</u>	<u>(2,787)</u>
	<u>23,097</u>	<u>22,814</u>

Additional scholarships and bursaries of £51,000 (2016: £110,000) were paid for from Restricted Funds.

3. ANCILLARY TRADING INCOME

	2017	2016
	£000	£000
Charges for trips and other extra-curricular activities	2,508	2,297
Additional tuition fees	234	258
Registration fees	44	40
Deposit fees forfeited	1	7
Charges for overdue fees	2	2
Fees Remission premiums	184	179
Sundry Income	98	61
	<u>3,071</u>	<u>2,844</u>

Charges for trips and other extra-curricular activities represent parental contributions to the cost of such activities which are reflected in support costs in the analysis of the total expenditure in note 8.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

4. NON-ANCILLARY TRADING INCOME

	2017	2016
	£000	£000
Non-Ancillary Trading activity-trading subsidiary	<u>808</u>	<u>705</u>

The non-ancillary trading activity is undertaken by Oakham School Enterprises Limited, a wholly owned subsidiary of the School.

5. INVESTMENT INCOME

	2017	2016
	£000	£000
Rents receivable	70	79
Income from Common Investment Funds	131	115
	<u>201</u>	<u>194</u>
Bank and other interest received	<u>3</u>	<u>8</u>
	<u>204</u>	<u>202</u>

6. EXPENDITURE

	2017	2016
	£000	£000
Other expenditure includes:		
Operating lease rentals (plant & machinery)	113	110
Auditors' remuneration:		
For audit - School	18	25
For audit - OSEL	3	4
For audit - Elizabethan Trust	3	4
Non-audit fees - School	1	1
Non-audit fees - OSEL	<u>1</u>	<u>1</u>

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

7. STAFF COSTS

	2017	2016 £000
Total Staff costs		
Wages and salaries	14,011	13,775
Social security costs	1,350	1,220
Pension contributions	1,744	1,653
	<u>17,105</u>	<u>16,648</u>

Total staff costs include £199,000 (2016: £69,000) of school labour used to complete capital projects and therefore included in the addition to tangible fixed assets in the year.

The average number of employees during the year was 536 (2016: 541) of which 237 (2016: 236) were teaching or teaching support staff. 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. The average number of employees during the year calculated on a full time equivalent basis was 409 (2016: 412) of which 197 (2016: 200) were teaching or teaching support staff.

Neither the Trustees nor persons connected with them received any remuneration or other benefits from the School or any connected organisation. Trustees' travel and other expenses of £128 were reimbursed in the year (2016: nil).

	2017 £000	2016 £000
Aggregate employee benefits of key management personnel	<u>623</u>	<u>596</u>

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

	2017 No	2016 No
£60,001 - £70,000	15	23
£70,001 - £80,000	3	-
£110,001 - £120,000	1	1
£140,001 - £150,000	1	1

In 2017, eighteen (2016: twenty-three) of the above were members of the Teachers' Pension Scheme, a defined benefit scheme. Pension contributions were made into The Independent Schools' Pension Scheme ('the Scheme'), defined benefit scheme and subsequently into a Defined Contribution Scheme for the other two higher paid employees (2016: two) employees (2016: two).

During the year there were redundancy or termination payments made which amounted to £27k (2016: £28k).

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

8. ANALYSIS OF TOTAL EXPENDITURE

2017

	<i>Staff costs</i>	<i>Other</i>	<i>Depreciation</i>	<i>Total</i>
	£000	£000	£000	£000
Raising and managing funds:				
Non-ancillary trading	232	345		577
Financing costs under Advance fee Contracts	-	58	-	58
Bank interest and other finance costs	-	14	-	14
Fundraising for voluntary sources	91	160	-	251
	<u>323</u>	<u>577</u>	<u>-</u>	<u>900</u>
Total cost of generating and managing fund				
Charitable activities:				
Teaching costs	12,174	1,169	-	13,343
Grants from restricted funds	-	69	-	69
Welfare costs	2,000	1,281	-	3,281
Premises costs	857	1,677	1,327	3,861
Support costs	1,552	3,737	-	5,289
Governance costs	-	25	-	25
	<u>16,583</u>	<u>7,958</u>	<u>1,327</u>	<u>25,868</u>
Total cost of charitable activities				

2016

	<i>Staff costs</i>	<i>Other</i>	<i>Depreciation</i>	<i>Total</i>
	£000	£000	£000	£000
Raising and managing funds:				
Non-ancillary trading	187	335	-	522
Financing costs under Advance fee Contracts	-	44	-	44
Bank interest and other finance costs	-	2	-	2
Fundraising for voluntary sources	43	213	-	256
	<u>230</u>	<u>594</u>	<u>-</u>	<u>824</u>
Total cost of generating and managing funds				
Charitable activities:				
Teaching costs	12,035	1,217	-	13,252
Grants from restricted funds	-	244	-	244
Welfare costs	1,911	1,223	-	3,134
Premises costs	1,033	1,857	1,484	4,374
Support costs	1,370	3,621	-	4,991
Governance costs	-	35	-	35
	<u>16,349</u>	<u>8,197</u>	<u>1,484</u>	<u>26,030</u>
Total cost of charitable activities				

Support costs include the cost of trips and other extra-curricular activities to the extent that parental contributions have been received to cover such cost. The parental contributions are included within Ancillary Trading in note 3.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

9. TAXATION

The School and Elizabethan Trust have charitable status and are thus exempt from corporation tax. There is no UK corporation tax charge, in respect of the current or prior years, incurred by the trading subsidiary, Oakham School Enterprises Limited.

10. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Freehold land and buildings £000	Improvements and extensions to buildings £000	Motor Vehicles £000	Fittings and Equipment £000	Total £000
Cost (or frozen* valuation)					
1 September 2016	34,707	6,342	352	4,542	45,943
Additions	56	1,928	23	760	2,767
Disposals	(85)	(389)	(32)	(393)	(899)
31 August 2017	34,678	7,881	343	4,909	47,811
Depreciation					
1 September 2016	9,628	3,414	253	2,926	16,221
Disposals	(20)	(360)	(31)	(385)	(796)
Charge for year	675	369	39	244	1,327
31 August 2017	10,283	3,423	261	2,785	16,752
Net book values					
31 August 2017	24,395	4,458	82	2,124	31,059
<i>31 August 2016</i>	<i>25,079</i>	<i>2,928</i>	<i>99</i>	<i>1,616</i>	<i>29,722</i>

*The School has elected, in accordance with Section 35.10(d) of FRS102, to use the carrying value on 1 September 2014, the date of transition to FRS102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost.

The value of freehold land included in freehold land and buildings as at 31st August 2017 was £608,000 (2016: £608,000). No depreciation is charged on this land asset. Included within freehold land and buildings is overdraft interest which arose in previous years when borrowings were used to finance the building programme. The total interest capitalised is £135,000 (2016: £140,000).

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

11. INVESTMENTS – GROUP AND CHARITY

	2017 £	2016 £
Market value as at 1 September 2016	4,701	4,480
Acquisitions at cost	55	61
Disposals at carrying costs	(123)	(158)
Unrealised gain on revaluation	409	318
Market value as at 31 August 2017	<u>5,042</u>	<u>4,701</u>
Historical cost as at 31 August 2017	<u>4,199</u>	<u>4,267</u>

All investments are held in common investment funds which are managed by regulated UK based fund managers.

The charity had an investment in its trading subsidiary of £2 as at 31 August 2017 (31 August 2016: £2).

12. STOCK

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Catering	20	21	20	21
School Shop	192	207	-	-
	<u>212</u>	<u>228</u>	<u>20</u>	<u>21</u>

13. DEBTORS

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Fees	462	610	462	610
Trade Debtors	444	297	-	-
Loan to subsidiary undertaking	-	-	206	206
Gift Aid payment due from subsidiary undertaking	-	-	40	38
Sundry debtors	33	103	413	407
Prepayments	192	126	191	124
	<u>1,131</u>	<u>1,136</u>	<u>1,312</u>	<u>1,385</u>

Interest is chargeable at 2.5% per annum above the base rate as varied from time to time of Barclays Bank PLC on the loan to the subsidiary.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

14. CREDITORS: DUE WITHIN ONE YEAR

	Group		Charlty	
	2017	2016	2017	2016
	£000	£000	£000	£000
Fees received before the year end	3,497	2,554	3,497	2,554
Trade Creditors	967	705	955	681
Taxes and Social Security	632	392	594	357
Other creditors	648	1,004	647	1,001
	5,744	4,655	5,693	4,593
Advance Fees Scheme (see note 15 below)	2,191	2,040	2,191	2,040
Deposits (see note 16 below)	251	286	251	286
	8,186	6,981	8,135	6,919

Fees received before the year end relate to amounts paid prior to the commencement of the following Winter Term. These amounts are in addition to the contractual amounts paid under the Advance Fees Scheme set out under note 15.

15. ADVANCE FEES SCHEME – GROUP AND CHARITY

Parents may enter into a contract to pay fees to the School to cover future periods. The money may be returned subject to specific conditions. Assuming pupils will remain in the School, advance fees will be applied as follows:

	2017	2016
	£000	£000
After 5 years	117	96
Within 2 to 5 years	1,513	701
Within 1 to 2 years	1,008	714
	2,638	1,511
Within 1 year	2,191	2,040
	4,829	3,551

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

15. ADVANCE FEES SCHEME – GROUP AND CHARITY (CONTINUED)

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

	£000	£000
Balance at 1 September 2016	3,551	
New contracts	3,837	
Amounts accrued to contract as debt-financing costs	<u>59</u>	
		7447
Amounts utilised in payment of fees to the School		<u>(2,618)</u>
Balance at 31 August 2017		<u>4,829</u>

16. DEPOSITS – GROUP AND CHARITY

Deposits represent money held against future costs incurred by the school on behalf of pupils. These are returned when pupils leave.

	2017 £000	2016 £000
After 5 years	180	200
Within 2 to 5 years	744	729
Within 1 to 2 years	<u>408</u>	<u>301</u>
	1,332	1,230
Within 1 year	<u>251</u>	<u>286</u>
	<u>1,583</u>	<u>1,516</u>

17. FINANCIAL INSTRUMENTS

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Financial assets measured at fair value (a)	<u>5,042</u>	<u>4,701</u>	-	-
Financial assets measured at amortised cost (b)	<u>3,843</u>	<u>1,949</u>	<u>3,963</u>	<u>2,036</u>
Financial liabilities measured at amortised cost (c)	<u>11,620</u>	<u>9,331</u>	<u>11,607</u>	<u>9,303</u>

(a) Includes investment assets.

(b) Includes cash, trades debtors and other debtors.

(c) Includes trade and other creditors & acceptance deposits and fees in advance.

Impairment losses of £75,000 were charged to financial assets measured at amortised cost in the year (2016: £nil).

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18. ALLOCATION OF THE NET ASSETS

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

	Fixed Assets £000	Net Current Assets/ (Liabilities) £000	Long Term Liabilities £000	Balance 31 August 2017 £000
Charity				
Restricted funds (note 19b)	-	316	-	316
Unrestricted funds (note 19c)	31,059	(4,277)	(4,067)	22,715
Total charity funds	31,059	(3,961)	(4,067)	23,031
Consolidated				
Endowment funds (note 19a)	1,596	-	-	1,596
Restricted funds (note 19b)	353	5	-	358
Unrestricted funds (note 19c)	3,093	49	-	3,142
Trading subsidiary reserves	-	18	-	18
Total group funds	36,101	(3,889)	(4,067)	28,145

	Fixed Assets £000	Net Current Assets/ (Liabilities) £000	Long Term Liabilities £000	Balance 31 August 2016 £000
Charity				
Restricted funds	-	287	-	287
Unrestricted funds	29,616	(5,025)	(2,741)	21,850
Total charity funds	29,616	(4,738)	(2,741)	22,137
Consolidated				
Endowment funds	1,434	-	-	1,434
Restricted funds	326	4	-	330
Unrestricted funds	3,047	38	-	3,085
Trading Subsidiary Reserves	-	18	-	18
Total group funds	34,423	(4,678)	(2,741)	27,004

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18a. ENDOWMENT FUNDS

	<i>Balance 1 September 2016</i>	Movement in resources			Balance 31 August 2017
	<i>£000</i>	Income £000	Expenditure £000	Investment Gains £000	£000
Consolidated					
Odell Bequest Fund	8	-	-	-	8
Anderson Prize	8	-	-	1	9
Duesbury-Bowes Fund	18	-	-	2	20
Lt. Col John Wilson Scholarship Fund	325	-	-	34	359
Dewar Memorial Fund	22	-	-	3	25
BAF Smith Sports Scholarship Fund	156	-	-	11	167
Anna Haefeli Scholarship Fund	164	-	-	17	181
Endowment Fund	428	-	-	61	489
Mehra Scholarship	172	-	-	18	190
Scholarship Funds	118	-	-	13	131
Prize Funds	15	-	-	2	17
	<u>1,434</u>	<u>-</u>	<u>-</u>	<u>162</u>	<u>1,596</u>

Endowed funds are defined as those that are to be treated as capital and may not be spent as income. The donors of the above funds have stipulated that the investment income arising may only be used for the purpose of funding scholarships and prizes for Oakham School.

The Lt. Col. John Wilson Scholarship Fund represents a legacy from a former pupil of Oakham School. The income from the investment is to be applied specifically to assist boys who would otherwise have been forced to leave Oakham School through lack of funds.

The Anna Haefeli Scholarship Fund provides funding for an Arts Scholar to join Oakham School for the duration of the sixth form.

The Mehra Scholarship provides funding for a pupil with outstanding talent moving into the Sixth Form.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18b. RESTRICTED FUNDS

	Balance 1 September 2016 £000	Income £000	Expenditure £000	Investment Gains £000	Transfers £000	Balance 31 August 2017 £000
Charity						
Oakham School Foundation Fund	250	79	(50)	-	-	279
Other Donations	27	-	-	-	-	27
Scholarship Fund	10	-	-	-	-	10
	<u>287</u>	<u>79</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>316</u>
 Consolidated						
Odell Bequest Fund	6	-	-	-	-	6
Anderson Prize	4	1	-	-	-	5
Duesbury-Bowes Fund	5	1	-	-	-	6
Lt. Col John Wilson Scholarship Fund	155	12	(10)	-	-	157
Dewar Memorial Fund	7	1	-	-	-	8
BAF Smith Sports Scholarship Fund	2	-	-	-	-	2
Anna Haefeli Scholarship Fund	3	6	(9)	-	-	-
Endowment Fund	1	-	-	-	-	1
Mehra Scholarship	12	6	-	-	-	18
Scholarship Funds	134	8	-	12	-	154
Prize Funds	1	-	-	-	-	1
	<u>617</u>	<u>114</u>	<u>(69)</u>	<u>12</u>	<u>-</u>	<u>674</u>

The Oakham School Foundation Fund represents donations received less fund raising costs attributable to The Oakham School Foundation. The principal aim of the Foundation is to raise funds to support the ongoing development of the School, and the objects of the Foundation Trustees are limited to achieving these aims

The Restricted Funds arising on consolidation represent income earned on Endowed Funds.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18c. UNRESTRICTED FUNDS

	<i>Balance 1 September 2016</i>	Income	Expenditure	Investment Gains	Transfers	<i>Balance 31 August 2017</i>
	£000	£000	£000	£000	£000	£000
Parent Charity						
General fund	-	26,483	(25,764)	-	(719)	-
Fixed asset fund	<u>21,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>865</u>	<u>22,715</u>
Total charity funds	21,850	26,483	(25,764)	-	146	22,715
Consolidated						
Trading subsidiary reserves	18	808	(768)	-	(40)	18
Mandy Barnett Memorial Fund	172	6	(10)	13	-	181
Foseco Award	93	3	-	7	-	103
Rutland Scholarship	482	17	(28)	35	-	506
Humphrey Wanstall Bequest Fund	380	13	-	28	-	421
Quatercentenary Scholarship Fund	1,509	53	(129)	111	-	1,544
Foreman Scholarship	110	3	-	8	-	121
General fund (land)	106	-	-	-	(106)	-
Discretionary Fund	233	-	-	33	-	266
	<u>24,953</u>	<u>27,386</u>	<u>(26,699)</u>	<u>235</u>	<u>-</u>	<u>25,875</u>

19. CAPITAL COMMITMENTS

Capital expenditure authorised and contracted for at the balance sheet date amounted to £443,000 (2016: £852,000) for building projects and £26k (2016: £ nil,) in respect of equipment.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION SCHEMES

Defined benefit schemes

Teachers' Pension 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 £1,356,399 (2016: £1,367,713) and at the year-end £107,712 (2016 - £111,577) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 and the Teachers' Pension Scheme Regulations 2014. 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 following scheme valuations undertaken by the Government Actuary Department. The latest published valuation report in respect of the TPS was based on data as at 31 March 2012. This report confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015.

The Department of Education has also devolved the scheme administration costs to scheme employers in the form of an administration charge of 0.08% of the employers' salary costs which has resulted in a total employer payment rate of 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation to be published in 2018 based on data as at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

The Independent Schools' Pension Scheme

From March 2012 until the end of January 2017, the School participated in The Independent Schools' Pension Scheme ('the Scheme'), which is a funded multi-employer defined benefit scheme for members of Support Staff. The Scheme provides a pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service, and is thus a Defined Benefit Scheme. The Scheme is contracted-out of the State Scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme, where the Scheme assets are co-mingled for investment purposes and benefits are paid from the total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the five months to 31 January 2017, represents the employer contributions payable which were £158,770 based on a long-term contribution rate of 14.1%

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The last formal valuation of the Scheme was performed as at 30 September 2014 by a professionally qualified actuary using the 'Projected Unit' Method. The market value of the Scheme's assets at the valuation date was £110.0 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £37.4 million, equivalent to a past service funding level of 75%.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £37.4 million would be dealt with by the payment of deficit contributions from 1 September 2016 to 31 August 2029. The level of deficit contribution in the first year will be £2.341 million and this will rise by 3% per annum.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an ongoing funding basis, by 31 August 2029.

Oakham School has no share in this liability until the publication of the next Triennial Valuation as at 30 September 2017. Following such publication, Oakham School will be required to contribute towards the reduction of any continuing shortfall as determined by the Scheme Trustee.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

Oakham School has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme, based on the financial position of the scheme as at 30 September 2014. At this date the estimated employer debt for Oakham School was £1,745,420.

In January 2017, the School ceased to be a participant in the Defined Benefit section of The Independent Schools' Pension Scheme. This did not, however, represent an event triggering the employer debt because the School's participation transferred to the Defined Contribution element of the same scheme.

Defined contribution scheme

The School offers the Independent Schools' Pension Scheme to members of Support Staff. The provision is based on double-matching of an employee's contribution up to a maximum of 10% of gross salary. The cost for the year represents the School's contributions to the scheme of £229,095 (2016: £24,566).

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

21. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES BY FUND TYPE

Year ended 31 August 2016	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total Funds £'000
Income and endowments from:				
Charitable activities				
School fees receivable	22,814	-	-	22,814
Ancillary trading income	2,844	-	-	2,844
Other Trading Activities				
Non-ancillary trading income	705	-	-	705
Investments				
Investment income	156	38	-	194
Bank and other interest	8	-	-	8
Voluntary Sources				
Donations and legacies	-	72	-	72
Other Income				
Profit on sale of assets	17	-	-	17
TOTAL INCOME	<u>26,544</u>	<u>110</u>	<u>-</u>	<u>26,654</u>
Expenditure on				
Costs of generating funds				
Non-ancillary trading	522	-	-	522
Financing costs	46	-	-	46
Fundraising & development	256	-	-	256
	<u>824</u>	<u>-</u>	<u>-</u>	<u>824</u>
Charitable activities				
Schools and grant making	25,786	244	-	26,030
Total expenditure	<u>26,610</u>	<u>244</u>	<u>-</u>	<u>26,854</u>
Net outgoing funds from operations before transfers and investment gains carried forward	<u>(66)</u>	<u>(134)</u>	<u>-</u>	<u>(200)</u>

OAKHAM SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

21. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND TYPE – CONTINUED

	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total Funds £000
Net outgoing funds from operations before transfers and investment gains brought forward	(66)	(134)	-	(200)
Transfer	-	-	-	-
Unrealised gains on Investment assets	164	19	135	318
NET MOVEMENT IN FUNDS	98	(115)	135	118

22. PRIOR YEAR ADJUSTMENT

The Trustees of Oakham School have reviewed the relationship with The Elizabethan Trust during the year and consider that effectively the School has control over the activities of the Trust. On this basis, the activities of the Trust have been consolidated into the financial statements of the School and the prior year adjustment detailed below has been made.

Reconciliation of the net income for the financial year as previously stated to that restated	Unrestricted funds 2016 £'000	Restricted funds 2016 £'000	Endowment funds 2016 £'000	Total funds 2016 £'000
(Deficit)/Surplus as previously reported	31	(159)	-	(128)
Investment income	77	38	-	115
School Fees receivable	(170)	-	-	(170)
Net gain on investments	164	19	135	318
Education and grant making costs	(4)	(13)	-	(17)
Surplus/(Deficit) as restated	98	(115)	135	118

Reserves reconciliation – 1 September 2015

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
As at 1 September 2015 – as previously reported	21,837	446	-	22,283
Net assets of The Elizabethan Trust	3,018	286	1,299	4,603
As at 1 September 2015 – Restated	24,855	732	1,299	26,886

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

22. PRIOR YEAR ADJUSTMENT – CONTINUED

Reserves reconciliation – 1 September 2016

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
As at 1 September 2016 – as previously reported	21,868	287	-	22,155
Net assets of The Elizabethan Trust	3,085	330	1,434	4,849
As at 1 September 2016 – Restated	<u>24,953</u>	<u>617</u>	<u>1,434</u>	<u>27,004</u>

23. CONTROL

In the opinion of the Trustees the company has no controlling party.