

THE ARNOLD FOUNDATION FOR RUGBY SCHOOL

REPORT OF THE TRUSTEES

&

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Company Number: 4516482

Registered Charity Number: 1095856

Website: www.rugbyschool.co.uk/arnold-foundation

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THE ARNOLD FOUNDATION FOR RUGBY SCHOOL

TRUSTEES, MEMBERS AND ADVISORS

Trustees

B J O'Brien

Appointed by:

Ex Officio, as Chairman of the Governing Body of Rugby School (from 4 July 2020)

L J Holmes

Ex Officio, as Chairman of the Governing Body of Rugby School (until 4 July 2020)

C Wills (Chair)

Ex Officio as Chair of the Arnold Foundation Board (appointed 18 Nov 2020)

R C Fletcher

Ex Officio, as President of the Rugbeian Society

P R A Green

Ex Officio, as Executive Head Master of Rugby School

Other Members of the Foundation Board

Dr C H Barnes

Governing Body of Rugby School

D Batstone

Governing Body of Rugby School

C T Lindsay

Governing Body of Rugby School

M D L Ponsonby

Governing Body of Rugby School

M Turner

Governing Body of Rugby School

Company Secretary

P A Nicholls

Director of Development

K A Wilson

Advisors:

Investment Managers

Quilter Cheviot Investment Management Ltd, London

Bankers

Natwest Bank, Rugby

Solicitors

Veale Wasbrough Vizard, Bristol

Auditor

Crowe U.K. LLP, Cheltenham

Registered and Principal Office

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

Company Number

4516482

Charity Number

1095856

Website

www.rugbyschool.co.uk/arnold-foundation

Report of the Trustees for the year ended 30 June 2021

The Trustees of the Arnold Foundation for Rugby School (the 'Foundation') present their annual report and the audited financial statements for the year ended 30 June 2021.

The information with respect to Trustees, officers and advisors, as shown on page 3, forms part of the Annual Report and is current at the date of this report. The financial statements comply with the charity's trust deed, with current statutory requirements, applicable Accounting Standards in the United Kingdom, and the Charities Statement of Recommended Practice (the Charities SORP (FRS 102)).

Objectives and Activities

Charitable Objectives

The principal aim of the Foundation is to raise funds for Rugby School:

- to provide more bursary awards for boarding places, subject to parental means testing, thereby widening access to the School, so that more talented students may benefit from an education at Rugby School, irrespective of their families' ability to pay the fees; and
- to improve the infrastructure of the School.

The Trustees principal objective for the year is to continue to prioritise recruiting the right candidates and engaging the next generation of advocates and donors.

In addition, the Trustees had set the following objectives for 2020/21:

- Use the 18th birthday celebrations for the Arnold Foundation to recruit new donors and celebrate the commitment of generous involvement since 2003;
- Develop income targets and strategies to secure a further £25 million and funding for 40 Arnold Foundation students each year by 2030 at Rugby School and Bilton Grange;
- Build the endowment for the long term through a commitment to the campaign for legacies.

Public Benefit Objectives

In setting the Foundation's objectives the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

Strategies for achieving the Objectives

The Trustees' strategy for achieving these objectives is to increase awareness of the Arnold Foundation for Rugby School, particularly to Rugbeians, and to encourage donations so as to create funds which may be used to provide the finances to support both current and future students through Rugby School.

Report of the Trustees for the year ended 30 June 2021 *(continued)*

Staff and Supporters

The Trustees greatly appreciate the important and valuable support and hard work given by the entire School staff but above all the Trustees are deeply grateful to Rugbeians, parents and many other friends of the School whose generosity has enabled the Trustees to achieve their objectives in the current year.

Fundraising

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

Rugby School and the Arnold Foundation are members of the Fundraising Regulator and are committed to the Code of Fundraising Practice for fundraising and the marketing of both charities.

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

Review of Achievements and Performance

There were 27 Arnold Foundation students in the School throughout the year 2020/21 (2019/20: 28). Financial fee support for all 27 of these students was provided from funds raised by the Foundation.

In September 2021 the number of Arnold Foundation students in the school was 28, with students having fees funded by the Foundation.

As of September 2021, a total of 156 students and former students are benefitting or have benefitted from support provided by the Foundation since 2004.

The Arnold Foundation Board is focussed on building a strong programme of funded bursaries at Rugby School and Bilton Grange.

Due to the ongoing Covid-19 pandemic, fund raising and friend raising events were postponed with activities moving online, such as:

- a virtual online celebration to mark the 18th birthday of the Arnold Foundation including a broadcast Thanksgiving service from the Rugby School Chapel and the production of a new film;
- the annual appeal for parents of leavers to leave their deposits with the Arnold Foundation for Rugby School;
- the annual Arnold Foundation Review was circulated to the whole community marking 18 years and outlining plans for the future;

Report of the Trustees for the year ended 30 June 2021 *(continued)*

- a successful Wine Auction held on line and in collaboration with Sotheby's
- the continued development of the 'If you will, they can' legacy programme with more future legators joining the Charles Shorto Legacy Society;
- Delivered a successful telethon resulting in funds raised and the recruitment of many new regular donors;
- supporting the American Friends of Rugby School including the dissolution of their 501 c 3 and a new campaign for fundraising from Rugbeians in the USA; and
- further developed the online community for Rugbeians through Rugbeians Connect which is offered through the Graduway programme.

Whilst the lockdown and subsequent restrictions have curtailed the opportunities for Rugbeians to meet in person, regular news bulletins from the Executive Head Master to donors, and social media platforms including Rugbeians Connect, Facebook, Twitter and LinkedIn have continued to be utilised to communicate with the wider Rugbeian Community. Generous donations and gifts have continued even through this difficult period.

Plans for Future Periods

The Trustees' principal objective for the coming year is to continue to prioritise recruiting the right candidates and engaging the next generation of advocates and donors.

In addition, the Trustees have set the following objectives for the coming year:

- Build on the momentum of the 18th birthday celebrations;
- Launch the Earle Fund for boarding bursaries at Bilton Grange;
- Launch the Parent Ambassador initiative to promote greater engagement among parents and support for our fundraising initiatives;
- Further develop and implement strategies to secure funding for 40 Arnold Foundation students each year. Refresh the donor base and engage new major donors;
- Organise and deliver a successful Giving Day to engage new donors and promote the Arnold Foundation across Rugby School and Bilton Grange;
- Reintroduce a comprehensive programme of engagement for Rugbeians, Biltonians, parents and Arnold Foundation Ambassadors with events and activities in Rugby, London and elsewhere; and
- Build the endowment for the long term through our continued commitment to an ongoing campaign for legacies.

Financial Review

The Statement of Financial Activities for the year is set out on page 13 of the financial statements.

Donations and gifts continue to be the Foundation's main source of income with a total of £509,301 (2019-20: £2,798,966) received during the year. Investment income of £210,922 (2019-20: £215,339), legacies of £153,615 (2019-20: £73,057) and a gift in kind of £372,606 (2019-20: £302,341), brought the total incoming resources to £1,246,434 (2019-20: £3,389,703).

Report of the Trustees for the year ended 30 June 2021 *(continued)*

The Trustees, the Development Board and the Governing Body of Rugby School wish to record their thanks to all of the donors who have contributed to the Foundation.

During the year £1,017,689 was used to provide financial assistance for school fees and necessary extras including uniform, laptop, books and trips for Arnold Foundation students at Rugby School.

Fundraising Costs

The Trustees and the Governing Body of Rugby School have jointly agreed that all fundraising costs for 2020/21 shall be borne by the School. In order that both the benefits and the costs of fundraising may be transparent, such costs are, for the time being, charged to the Foundation but then covered by a gift in kind transfer from Rugby School, as shown on the Statement of Financial Activities.

This generated net income for the year, before the revaluation of investments, of -£199,833 (2020: net expenditure of £1,973,357). Following the revaluation of investments at the year-end the Foundation has total funds of £18.9 million.

The underlying assets and liabilities are set out in the Balance Sheet on page 14 and further analysed in the notes accompanying the financial statements.

Reserves Policy

The Foundation aims to achieve sufficient restricted and endowed fund investments to generate sufficient investment income to support 40 Arnold Foundation students in Rugby School on a continuing annual basis.

Whilst these funds are being established, the policy is to hold sufficient restricted and unrestricted funds to be able to provide two years of financial assistance for both the current Arnold Foundation students and those to be recruited within the next year.

Investment Policy, Objectives and Performance

It is the policy of the Trustees that any shares or other securities that are gifted to the Foundation be realised for cash as soon as possible. The proceeds, together with all cash donations to the Foundation, are placed with the Investment Manager for deposit.

The investment performance is monitored regularly against objectives set by the School's Investment Committee. In the year ended 30 June 2021 the performance matched the benchmark.

The Trustees anticipate that funds required by the Foundation to be expended within the short term (e.g. on bursary awards for students at Rugby School), should be placed on bank deposit.

Report of the Trustees for the year ended 30 June 2021 *(continued)*

Structure, Governance and Management

The Arnold Foundation for Rugby School (the “Foundation”) is a company limited by guarantee and does not have a share capital. The sole member of the company is Rugby School, registered charity number 528752. The Governing Body of Rugby School, a statutory corporation created under the Public Schools Act 1868 and the Rugby School Act 1922, is the trustee of Rugby School.

The Foundation is also registered with the Charity Commission under charity number 1095856.

The Trustees are appointed to have the general control and management of the company and are its Companies Acts directors. The ex-officio Trustees are the Chairman of the Governing Body of Rugby School, the Executive Head Master of Rugby School, the President of the Rugbeian Society, all for the time being and by virtue of their respective offices. Ms Claire Wills was also appointed to be a Trustee and to the role of Chair of the company. Further Trustees may be elected by the member from time to time.

Trustees are selected for their skills and experience across an appropriate spectrum. Before taking up appointment, new Trustees visit the school for the purpose of induction, receive key information relating to the charity and sign an appointment letter. All Trustees are encouraged to attend the termly Trustees’ meetings which incorporate trustee-training issues.

The Governing Body of Rugby School has also appointed a committee called the Arnold Foundation Board which includes all of the Trustees. While the Board has no statutory powers or responsibilities, its purpose is to advise and support the Trustees and the Governing Body of Rugby School in raising funds for the School and the Foundation.

Key Management Personnel

The Foundation delegates the daily management to the Executive Head Master of Rugby School. The Executive Head Master is aided by other Key Management Personnel of the School comprising the Chief Operating Officer and the Director of Development.

The Foundation’s Key Management Personnel do not receive any remuneration from the Foundation. Remuneration of the School’s Key Management Personnel is set by the School’s Nomination Committee with the policy objective of providing appropriate incentives to encourage performance and of rewarding fairly any individual contribution to the School’s success.

Report of the Trustees for the year ended 30 June 2021 *(continued)*

Principal Risks and Uncertainties

The Arnold Foundation Board undertakes an annual review of the major risks of the Foundation and the system for their mitigation. The Board consider that the main risk is the inability to raise sufficient funds to support future Arnold Foundation students through their education at Rugby School, however effective financial forecasts and realistic planning ensures that student recruitment does not exceed the planned expenditure.

In addition, the Governing Body of Rugby School conducts annually a review of risk assessments undertaken by the School's Management Team to identify the major risks to which the School and its associated companies are exposed, and the system for their mitigation. In the opinion of the Governing Body, the School and its associated companies have established resources and review systems, which, under normal conditions, should allow those risks to be mitigated to an acceptable level in its day-to-day operations.

Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Trustees for the year ended 30 June 2021 *(continued)*

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

Disclosure of information to the auditors

The Trustees confirm that at the time when this report was approved, the following applies:

- so far as each Trustee is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information.

Crowe U.K LLP has indicated its willingness to be reappointed as statutory auditors.

This report has been prepared taking advantage of the exemptions available to small companies under the Companies Act 2006.

Approved by the Trustees at their meeting on 2 March 2022 and signed by order of the Trustees:



Claire Wills

Chair of the Arnold Foundation for Rugby School

Independent Auditor's Report to the Trustees of The Arnold Foundation for Rugby School

Opinion

We have audited the financial statements of The Arnold Foundation for Rugby School for the year ended 30 June 2021 which comprise Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Trustees of The Arnold Foundation for Rugby School *continued.....*

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 9, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

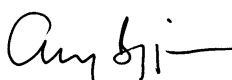
We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Biggin
Senior Statutory Auditor

For and on behalf of Crowe U.K. LLP Statutory Auditor, Cheltenham

Date: 25 March 2022

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

Statement of Financial Activities for the year ended 30 June 2021 (including the Income & Expenditure Account) for the Arnold Foundation

	Notes	Unrestricted Funds £	Endowed Funds £	Restricted Funds £	Year 2021 £	Unrestricted Funds £	Endowed Funds £	Restricted Funds £	Year 2020 £
INCOME AND ENDOWMENTS FROM:									
Income from Generated Funds									
Donations and gifts		19,684	33,755	455,862	509,301	4,446	27,825	2,766,725	2,798,966
Legacies		-	153,615	-	153,615	-	73,057	-	73,057
Gift in kind	5	372,606	-	-	372,606	302,341	-	-	302,341
Investment income	2	-	-	210,922	210,922	-	-	215,339	215,339
Total Income		392,290	187,370	666,784	1,246,444	306,787	100,882	2,982,064	3,389,703
EXPENDITURE									
Costs of Raising Funds									
Fund-raising costs for donations and legacies	3	(372,606)	-	(55,981)	(428,587)	(302,341)	-	(46,880)	(349,221)
Costs of Raising Funds		(372,606)	-	(55,981)	(428,587)	(302,341)	-	(46,880)	(349,221)
Expenditure on charitable activities									
Bursaries		-	-	(1,017,689)	(1,017,689)	-	-	(1,067,155)	(1,067,155)
Total Expenditure	4	(372,606)	-	(1,073,670)	(1,446,276)	(302,341)	-	(1,114,035)	(1,416,376)
Net (expenditure) / income		19,684	187,370	(406,886)	(199,832)	4,446	100,882	1,868,029	1,973,357
Net gains on investments	7	-	2,195,939	1,552,303	3,748,242	-	497,810	250,327	748,137
NET MOVEMENT IN FUNDS		19,684	2,383,309	1,145,417	3,548,410	4,446	598,692	2,118,356	2,721,494
Reconciliation of Funds:									
Balance brought forward at 1 July 20/19		159,796	8,904,800	6,294,785	15,359,381	155,350	8,306,108	4,176,429	12,637,887
FUND BALANCES CARRIED FORWARD AT 30 JUNE 21/20	10	179,480	11,288,109	7,440,202	18,907,791	159,796	8,904,800	6,294,785	15,359,381

The notes on pages 16 to 23 form part of these financial statements.

Balance Sheet as at 30 June 2021

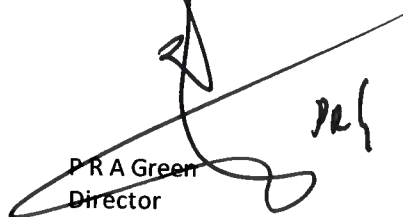
	Notes	2021 £	2020 £
Investments	7	19,491,231	15,795,961
Current assets			
Debtors	8	27,380	21,963
Cash at bank and in hand		13,975	2,142
		41,355	24,105
Creditors: amounts due within one year	9	(624,795)	(460,685)
NET CURRENT ASSETS		(583,440)	(436,580)
TOTAL ASSETS	10	18,907,791	15,359,381
Capital and reserves:			
Endowment funds	11	11,288,109	8,904,801
Restricted funds	12	7,440,202	6,294,784
Unrestricted funds	13	179,480	159,796
TOTAL FUNDS		18,907,791	15,359,381

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 13 to 23 were approved by the Trustees on 2 March 2022 and are signed on their behalf by:



C Wills
Chair



P R A Green
Director

The Arnold Foundation for Rugby School
Registered company number: 4516482

The notes on pages 16 to 23 form part of these financial statements.

THE ARNOLD FOUNDATION FOR RUGBY SCHOOL

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	£	£
Reconciliation of net income to net cash flow from operating activities:		
Net Income for the reporting period (as per the Statement of Financial Activities)	(199,832)	1,973,357
Elimination of non-operating cash flows:		
-Investment income and bank interest receivable	(210,922)	(215,339)
-Endowment donations	(187,370)	(100,882)
(Increase)/Decrease in debtors	(5,417)	16,749
Increase/(Decrease) in creditors	164,109	217,471
	<hr/>	<hr/>
Net cash provided by operating activities	(439,432)	1,891,356
Cash flows from investing activities:		
Purchase of investments	(6,439,047)	(4,597,405)
Sale of investments	6,492,020	2,384,392
Investment income and bank interest receivable	210,922	215,339
	<hr/>	<hr/>
Net cash used in investing activities	263,895	(1,997,674)
Cash flows from financing activities:		
New endowments	187,370	100,882
	<hr/>	<hr/>
Net cash provided by financing activities	187,370	100,882
Change in cash and cash equivalents in the reporting period	11,833	(5,436)
Cash and cash equivalents at the beginning of the reporting period	2,142	7,578
	<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	13,975	2,142
Analysis of cash and cash equivalents:		
Cash at bank	13,975	2,142

Notes to the Financial Statements for the year ended 30 June 2021

1. Principal Accounting Policies

Legal Status

The Foundation is a Public Benefit Entity registered as a company limited by guarantee (company number 4516482) and also as a charity in England and Wales (charity number 1095856), operating from premises at Rugby School, Rugby, Warwickshire.

Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Charities Statement of Recommended Practice (the Charities SORP (FRS 102)), the Charities Act 2011 and the Companies Act 2006.

Having reviewed the funding facilities available to the Foundation together with future projected cash-flows, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. The company participates in a cash pooling facility in order to maximise the assets of the group. Accordingly, the Foundation will continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 9.

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

The functional currency of the Foundation is considered to be the British Pound.

Donations, legacies and gifts in kind

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

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Any irrecoverable VAT is charged to the Statement of Financial Activities (SOFA).

Support costs

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

Notes to the Financial Statements for the year ended 30 June 2021 *(continued)*

Governance costs

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

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

Recognition of liabilities

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

Taxation

As a registered charity, the Arnold Foundation for Rugby School is entitled to certain tax exemptions on income and surpluses carried out in furtherance of the charity's primary objectives.

Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and have not been designated for other purposes.

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

Endowed funds are funds for which the capital must be retained in accordance with specific restrictions imposed by donors. Income will accrue to the appropriate restricted fund.

Endowed funds may be further classified as:

- permanent endowment funds arise where a donor intends the gift to be retained in perpetuity; or
- expendable endowment funds are accounted for similarly, except that the capital may be converted into income for spending at the discretion of the Trustees or in circumstances stipulated by the donor.

Investment income and gains are allocated to the appropriate fund.

Notes to the Financial Statements for the year ended 30 June 2021 *(continued)***Investments and Investment Income**

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

Income from investments is included, together with the related tax credit, in the period in which it is received.

Financial instruments

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

Key Judgements and Assumptions

Estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other reasonable factors relevant to the circumstances. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

2. Investment income

	2021	2020
	£	£
Income on UK quoted investments	210,922	214,777
Interest receivable	0	562
	210,922	215,339

3. Fundraising costs for donations and legacies

	Unrestricted funds	Restricted funds	2021	2020
	£	£	£	£
Staff costs	203,196	-	203,196	240,760
Marketing and publicity	83,993	-	165	16,394
Office costs	47,754	-	89,786	41,117
Legal and professional	37,663	-	79,459	4,070
Investment management	55,981	-	55,981	46,880
	428,587	-	428,587	349,221

Notes to the Financial Statements for the year ended 30 June 2021 *(continued)***4. Analysis of total expenditure**

	Staff costs £	Other costs £	2021 £	2020 £
Costs of Generating Funds				
Fund-raising costs	203,196	225,391	428,587	349,221
Total	203,196	225,391	428,587	349,221
Charitable Activities				
Bursaries	-	1,017,690	1,017,690	1,067,155
Total	-	1,017,690	1,017,690	1,067,155

Audit fees are met by the Governing Body of Rugby School.

5. Contribution from Rugby School

The Trustees and the Governing Body of Rugby School have jointly agreed that for the current period all the costs of generating funds shall be borne by the School but in order that both the benefits and the costs of fundraising may be transparent, such costs are, for the time being, charged to the Foundation but then covered by a funds transfer from Rugby School.

6. Employee, Trustee and Key Management Personnel Information

The average monthly number of people, including Trustees, working for the Foundation was 3 (2020: 4).

No Trustees, Key Management Personnel or employees received any remuneration or reimbursement of expenses from the Foundation during the period (2020: none).

7. Investments

	Total £
Balance at 1 July 2020	15,795,961
Additions	6,439,165
Disposals (at net proceeds)	(6,492,020)
Revaluation gains	3,748,125
Balance at 30 June 2021	19,491,231
Represented by:	
Investments listed on the UK Stock Exchange	19,135,168
Cash deposits	356,063
	19,491,231
 Historic cost	 13,805,300

Notes to the Financial Statements for the year ended 30 June 2021 *(continued)***8. Debtors**

	2021	2020
	£	£
Tax recoverable	7,991	7,157
Other debtors	19,389	14,806
	<u>27,380</u>	<u>21,963</u>

9. Creditors

	2021	2020
	£	£
Other accruals	14,000	11,000
Due to the Governing Body of Rugby School	610,795	449,685
	<u>624,795</u>	<u>460,685</u>

10. Analysis of Net Assets

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

10a. Current year analysis of net assets between funds:

	Endowed Funds	Restricted Funds	Unrestricted Funds	2021 Total Funds
	£	£	£	£
Investments	11,871,548	7,440,202	179,480	19,491,229
Net Current Assets	(583,438)	-	-	(583,438)
Total Net Assets	11,288,110	7,440,202	179,480	18,907,791

10b. Prior year analysis of net assets between funds:

	Endowed Funds	Restricted Funds	Unrestricted Funds	2020 Total Funds
	£	£	£	£
Investments	8,904,801	6,294,784	596,376	15,795,961
Net Current Assets	-	-	(436,580)	(436,580)
Total Net Assets	8,904,801	6,294,784	159,796	15,359,381

Notes to the Financial Statements for the year ended 30 June 2021 *(continued)***11. Endowed Funds****11a. Current year movement in endowed funds:**

	Balance at 1 July 2020 £	Incoming Funds £	Amounts Expended £	Investment Net Gains £	Balance at 30 June 2021 £
Arnold Foundation - permanent endowment	50	-	-	-	50
Arnold Foundation awards-expendable endowment	8,904,751	187,370	-	2,195,938	11,288,059
	8,904,801	187,370	-	2,195,938	11,288,109

11b. Prior year movement in endowed funds:

	Balance at 1 July 2019 £	Incoming Funds £	Amounts Expended £	Investment Net Gains £	Balance at 30 June 2020 £
Arnold Foundation - permanent endowment	50	-	-	-	50
Arnold Foundation awards-expendable endowment	8,306,058	100,882	-	497,811	8,904,751
	8,306,108	100,882	-	497,811	8,904,801

Arnold Foundation Permanent Endowment

Under the terms of the company's Memorandum of Association, the original endowment of £50 is permanent and may not be expended.

Arnold Foundation Awards

The expendable capital funds provide future income for the financing of bursary awards to Rugby School. The income from the fund is utilised for this purpose (see restricted funds).

Notes to the Financial Statements for the year ended 30 June 2021 *(continued)***12. Restricted Funds****12a. Current year movement in restricted funds:**

	Balance at 1 July 2020	Incoming funds	Amounts expended	Investment Net Gains	Balance at 30 June 2021
	£	£	£	£	£
Arnold Foundation awards	6,292,884	666,784	(1,073,670)	1,552,304	7,438,302
Performing Arts	1,900	-	-	-	1,900
Total	6,294,784	666,784	(1,073,670)	1,552,304	7,442,202

12b. Prior year movement in restricted funds:

	Balance at 1 July 2019	Incoming funds	Amounts expended	Investment Net Gains	Balance at 30 June 2020
	£	£	£	£	£
Arnold Foundation awards	4,174,529	2,982,064	(1,114,035)	250,326	6,292,884
Performing Arts	1,900	-	-	-	1,900
Total	4,176,429	2,982,064	(1,114,035)	250,326	6,294,784

Arnold Foundation awards

The fund's principal aim is to raise monies for the financing of bursary awards to Rugby School, widening access to Rugby School, so that more talented people may benefit from an education at Rugby, irrespective of their parents' ability to pay the fees.

Funds have also been donated to the Arnold Foundation for Rugby School to improve the School's facilities.

13. Unrestricted Funds**13a. Current year movement in unrestricted funds:**

	Balance at 1 July 2020	Incoming Funds	Amounts expended	Investment Net Gain	Balance at 30 June 2021
	£	£	£	£	£
Unrestricted funds	159,796	392,290	(372,606)	-	179,480

13b. Prior year movement in unrestricted funds:

	Balance at 1 July 2019	Incoming Funds	Amounts expended	Investment Net Gain	Balance at 30 June 2020
	£	£	£	£	£
Unrestricted funds	155,350	306,787	(302,341)	-	159,796

Notes to the Financial Statements for the year ended 30 June 2021 *(continued)*

14. Financial Instruments

	2021	2020
	£	£
Financial Assets measured at fair value through profit or loss <i>(a)</i>	19,491,231	15,795,961
Financial Assets measured at amortised cost <i>(b)</i>	33,364	16,946
Financial Liabilities measured at amortised cost <i>(c)</i>	1,481,833	460,685

(a) Includes investment assets

(b) Includes cash, trade debtors and other debtors

(c) Includes trade and other creditors

15. Related Party Transactions

There are no other related party transactions.

16. Ultimate Controlling Party

The ultimate controlling party is the Governing Body of Rugby School, a charity registered in the England & Wales (registered number 528752). A copy of the consolidated accounts may be obtained from Rugby School c/o The Bursary, 10, Little Church Street, Rugby, CV21 3AW.

