



Rugby School

THE GOVERNING BODY OF RUGBY SCHOOL

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

Registered Charity Number 528752
www.rugbyschool.co.uk

THE GOVERNING BODY OF RUGBY SCHOOL

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THE GOVERNING BODY OF RUGBY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The Governing Body

B J O'Brien, LLB (2,3,4,5,6,7) (Chairman from 5 July 2020)
R J Elmhirst LLB (2,3,4,5,6) (Deputy Chairman from 5 July 2020)
L J Holmes, BA (Hons) (Chairman) (resigned 4 July 2020)
R C A Hingley, MA (Deputy Chairman) (resigned 4 July 2020)
N Bacon FCA CTA (2,3,5,7) (joined 17 November 2020)
J C Barwell OBE (2,3,4,7)
D J Bennett, MA (Hons) (resigned 4 July 2020)
C A Coates LLB (8) (joined 5 November 2021)
J Eastwood BA (Hons) (8)
R C Fletcher FRSA, MBA, Mphi (7)
Prof C J Howe ScD (1) (resigned 3 July 2021)
H Jackson BSc (Hons) (resigned 3 July 2021)
S Lebus, MA (5) (resigned 3 July 2021)
G V Lloyd-Jones (resigned 3 July 2021)
C Marten MA (1,6,8)
J Moreland MA, PGCE, NPQH (8)
A Pantelis (1) (joined 10 March 2021)
Rev Canon Dr M Pryce (1) (joined 1 September 2021)
General Sir T Radford KCB DSO OBE (6)
D Skailes BSC FCA (2,3,6)
P Smulders, BA, MBA (5)
C Wills LLP (5,7) (joined 17 November 2020)
G Woodward BA (Hons) (resigned 16 January 2022)

Appointed by

Governing Body
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Governing Body

Executive Head Master

P R A Green MA, PGCE

Chief Operating Officer and Clerk to the Governing Body

P A Nicholls MA (CANTAB), FCA

Deputy Executive Head

Dr N G Hampton MA (OXON), PhD, PGCE

Head of Rugby School

G Parker-Jones MA, PGCE

Head of Bilton Grange

G E B Jones MEd, BA (Hons), PGCE

Principal Address and Registered Office

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

THE GOVERNING BODY OF RUGBY SCHOOL

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Membership of Governing Body Committees (as of date of this report)

(1) Academic	(2) Finance, Audit & Estates	(3) Audit
(4) Investment	(5) International Development	(6) Nominations
(7) Arnold Foundation	(8) Risk, Compliance & Safeguarding	

Other Current Members of Governing Body Committees

W Assheton (2,3)	Dr C H Barnes (7)	Ms D W Batstone (7)	P Henderson (4)
C Howe (1)	S Lebus (5)	C T Lindsay (7)	M Mansell (2,3)
M D L Ponsonby (7)	M Ruffell (4)	A Stuart (1)	F Salway (2,3)
M Turner (7)	P Yates (4)		

(Relevant senior employees of the School are present in attendance at each Governing Body Committee but are not formally members)

Auditor

Crowe U.K. LLP
Cheltenham

Advisers

Bankers

National Westminster Bank plc, Rugby

Solicitors

Veale Wasbrough Vizards, Bristol

Surveyors

Farebrother, London

Principal Investment Managers

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

The Governing Body of Rugby School ("Governing Body"), who are the trustees of Rugby School including Bilton Grange (the "School"), present their Annual Report and the audited financial statements of the School for the year ended 30 June 2021. The Governing Body confirms that the financial statements comply with the charity's governing document, with current statutory requirements, with applicable accounting standards in the United Kingdom, with the Charities Statement of Recommended Practice (the Charities SORP (FRS 102)) and with the Charities Act 2011.

The School's Objectives

Charitable Objects

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

Statement of Values

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

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

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

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

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

Objectives for the Year

The Governing Body set the following aims for the academic year 2020/21:

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

Strategies to achieve Objectives

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

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

- increase the number of co-curricular, student-led opportunities and establish a specified student-led enrichment hour in the Scheme of Hours;
- develop further vocational societies;
- provide appropriate high quality educational facilities;
- offer opportunities to day students through the Lawrence Sheriff Foundation awards and bursaries;
- identify suitable candidates for Arnold Foundation funded places at the School through links with partner charities and schools in the maintained sector and working with The SpringBoard Bursaries Foundation;
- continue to emphasise the role of the chaplaincy.

Charitable Merger of Bilton Grange Preparatory School into Rugby School

On 6 January 2020, the assets and liabilities of Bilton Grange Trust Limited were transferred to the School by way of a charitable merger. Bilton Grange Prep School is a co-educational day boarding nursery, pre-prep and preparatory school for students aged from 3-13 years old. It operates a 3+ Nursery called The Nest, a Pre-Prep Department up to Year 3 and then a Prep Department up to sixth form (Year 8).

Review of the Year's Achievements and Performance

Principal activities of the year

Rugby School has 13 boarding houses and two day houses for 13–18 year old students. Bilton Grange is a predominantly day school for students aged from 3–13 years old, however it also has a boarding house for boys and a boarding house for girls in its Prep department.

The average number of students in Rugby School during the year was 842 (2020: 815). The total number of boarders was 658, which maintains the boarder/day ratio at approximately 80/20. The average number of students of Reception age up to sixth form in Bilton Grange was 305 (2020: 302) of whom the average number of boarders was 43.

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

Educational Performance

The exam results for summer 2021 were as follows:

All figures in percent	2021	2020	2019	2018	Eng. 2021	Eng. 2020
A Levels (including Pre-U)						
A* - A	83.3	70.5	63.8	60.9	44.3	38.1
A* - B	95.6	90.8	85.4	85.7		
A* - E (pass)	100.0	100.0	100.0	99.8		
GCSE						
A* / 9 - 8	77.7	66.4	61.9	57.4		
A* - A / 9 - 7	91.7	85.9	77.0	81.8	30.0	27.5
A* - B	97.7	95.5	86.8	94.5		
A* - C (pass) / 9 - 4	100.0	100.0	97.7	99.5	79.1	78.8

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL

FOR THE YEAR ENDED 30 JUNE 2021

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

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

- the school opened again in the Advent Term (September) 2020 under re restrictions advised by the DfE. Those students who were required to isolate or who were unable to return to School from overseas accessed all their live lessons online in a 'hybrid' format. For those who lived in time zones that made some lessons impractical to access, live lessons were recorded and made accessible on video recordings.
- The restrictions did not prevent the school from pursuing its whole person ethos as far as was safe. Sports training continued, as did music and drama, in an appropriately risk assessed manner. Student social interactions were carefully managed to balance the psychological risk of isolation within boarding households against the risks of COVID-19 within the context of government guidance. The result was that our students benefitted from as good a wholistic education as was possible in the circumstance.
- the closure of the school site in January 2021 as a result of the Covid-19 pandemic caused Rugby School to move its educational provision online through to the end of the Lent Term. At very short notice a full timetable of lessons was once again taught live online, academic enrichment events continued live online, sports, music, drama and other activities also continued to take place through the online medium making use of the Microsoft Office software suite with students logging in from around the world;
- as a consequence an exceptional programme of academic and co-curricular enrichment with over 150 clubs and societies was maintained (albeit with an element of online provision);
- excellent value-added results at both GCSE and A Level following TAGs led admittance to universities to remain strong, with almost all students progressing to university directly or following a gap year;
- outstanding results in academic competitions e.g. over 100 in UKMT Senior Maths Challenge;
- accreditation to begin teaching the International Baccalaureate Diploma Programme was awarded and teaching has now commenced as of September 2021;
- a Community Action Programme remained in place, suitably adjusted with an online rather than face-to-face medium, that enabled students to volunteer on different days of the week to participate in a wide range of community-based activities;
- In response to global and national events Rugby redesigned its PSHE and RSE provision to give greater emphasis to developing student thinking and understanding of the perspectives of people who are different from themselves and to encourage the further growth of our inclusive and sensitive culture.
- at Bilton Grange, a similar online learning environment was put in place at short notice with age appropriate online teaching provided for pupils from as young as 3+ to the full teaching programme for those at the top end of the School. Bilton Grange also contributed to the national need to keep the emergency services going and offered onsite teaching and learning for the children of key workers even as it provided a full remote learning approach for all students;
- students from Bilton Grange won a number of scholarships as they moved on to a range of public schools with the majority of Bilton Grange's leaving sixth formers and scholars progressing to Rugby;
- Across Rugby and Bilton Grange, all staff participated in a series of training sessions aimed at further developing our inclusive teaching and working culture.

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

- in 2020/21, 38% of Rugby School's students received concessions through Rugby School's Scholarships, Lawrence Sheriff Foundationships and Arnold Foundation schemes. These awards entitle students to financial assistance up to 100% of fees, subject to parental means testing;
- During the year, financial support towards the Rugby School fees was thereby provided for 314 students, representing 40% of students in Rugby School, including a significant number of students in receipt of a bursary for the full value of the School fees. A further 78 students at Bilton Grange received some form of financial support representing 26% of the students in Bilton Grange;
- we are particularly proud of our continued efforts to build on and develop student mentoring for Arnold Foundation students as part of our support for them.

Co-curricular highlights of the year

We were delighted to be awarded The Week's 'Best of the Best' award as 'Great for Co-curricular' and shortlisted for the Final of the TES awards for 'Best at Sports' award. This confirms that our co-curricular provision is amongst the best in the country thanks to a team of energetic staff who passionately believe that developing the whole person engenders life skills in our young people which changes their lives.

Preparing for the return to school and adapting to COVID restrictions challenged staff but the co-curricular programme was adapted, augmented and thrived despite the new challenges imposed.

Livestream

A positive outcome of the pandemic has been the development of a You Tube channel where music and drama performances were livestreamed, and Chapel was broadcast to the wider Rugby community around the world. The Macready was closed as a professional theatre, however the School hosted two performances from professional companies: one was to celebrate Black History month and the other a GCSE set text. Both were watched by a socially distanced Rugby School audience and live streamed to local state schools and to other schools across the world, including China. Generous sponsorship from Cemex paid for this to be free for all local state schools.

Rugby 360

The Community Action programme was re-launched as Rugby 360 with a new energy and dynamism. There was a focus on participation and engagement from all pupils in the XX to D Block and staff with service given by those who go into the community but also by bringing the community into Rugby School. Despite COVID-19 and having to diversify and move online, the programme flourished, with all 540 students from the XX to D Block being involved with service education every week.

Another benefit of the restrictions that COVID imposed was the creation of some new service initiatives and partnerships. These include mentoring younger students through the Rugby Portobello Trust in London via Zoom, weekly meetings with children from the Huruma slum in Kenya, as well as supporting care homes through the NHS charity 'Kissing it Better'. A group of 20 LXX and DB pupils volunteered their time and resources to introduce clubs and societies for students at Bilton Grange. Some of these new initiatives are expected to continue once COVID restrictions are lifted.

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

Pupil leadership

All co-curricular areas, including clubs and societies, were focused on developing pupil leadership. Clubs & Societies moved to being predominantly pupil-led with staff sponsors mentoring the pupil leaders to allow leadership characteristics and skills to grow. 15 pupils completed their nationally recognised Sports Leaders qualification and were also awarded their Level 2 Certificate in Coaching (Sport & Physical Activity). As COVID restrictions were lifted, these pupils started to go out into local primary schools to lead after-school sports sessions.

Duke of Edinburgh

Nearly 500 students completed their Bronze, Silver and Gold Duke of Edinburgh expeditions in June 2021. This enabled us to catch up on the expeditions postponed during the summer of 2020 due to the pandemic.

Music

Three pupils were awarded places in the inaugural School Organists' Association Young Organists' Competition. This is a success following a promotion of organ playing at both Rugby School and Bilton Grange, particularly after the refurbishment of the Chapel organ.

The whole of Rugby School gathered in Chapel for the first time since March 2020 on Monday 21 June 2021. Following a hymn practice, Rugby School was then recorded by BBC Radio 4 for their Sunday Worship which was broadcast 'as live' on Sunday 27 June 2021. The Temple Consort were also recorded by BBC Radio 3 for two Choral Evensongs which were broadcast over the summer. Rugby School remains one of only a very few schools to be asked to regularly contribute to Radio 3 & 4.

LAMDA, ABRSM & Trinity music and drama examinations took place in person for the first time since March 2020. The School then saw record numbers of pupils take these examinations in the final weeks of the year despite most of their preparation being in online lessons.

Rugby School also enjoyed two Summer Concerts in the TSR in the final weeks of term; one showcased the work that the strings and orchestra ensembles have done over the past year during lockdown and the other for wind and brass.

Performing Arts

Rugby School was accepted onto the National Theatre's Connections programme where the School worked with an up-and-coming young writer to premier their play at Rugby before taking it to Derby Theatre. The performance had an enormous cast of 55 E and F Block actors in the show. The newly established LAMDA and Dance Showcase also took place in the Macready, however Government regulations meant that there could not be a live audience, but it was livestreamed to a large audience of pupils, staff and parents.

The School saw a return of the Festival on The Close in the last week of term. Due to Covid, this was pared down from previous years with limits on combining the School and the public at the Festival stage. The School aims to resume this element of the Festival in June 2022. The evening performances were by Rugby School pupils who performed to the Rugby School community. These included the Concerto Concert, where the School's very best musicians play accompanied by a professional orchestra; Macbeth, the main School production which could not take place in February; the E & F Block National Theatre commissioned-play; as well as other pupil performances and a finale of Rock and Pop bands. The Festival's main focus was on the workshops which took place during the afternoons. There were a wide range of external facilitators who came to Rugby School to inspire and enthuse both the School's students and those from local schools who joined each afternoon.

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The traditional First Schools' Day, which could not take place in March, was amalgamated into the Festival on The Close. This was renamed 'Festival on The Close Service Day' to coincide with our renewed focus on service and the launch of Rugby 360. Nearly 400 primary school pupils visited the School from five local schools including two special schools. Through ongoing Rugby 360 activities we are developing and nurturing our relationship with both Brooke School and QUEST academy as we try to expand the horizons of our pupils beyond mainstream education. Rugby School pupils finished the year by delivering bespoke workshops to the primary school pupils who visit. There were workshops involving community scientists, linguists, sports leaders and art and design pupils. As part of the outreach of the day we worked with the Royal Birmingham Conservatoire Leap ensemble and the Birmingham Royal Ballet. As part of the picnic on The Close, Primary pupils watched a performance of Wild by contemporary dance company, Motionhouse, whilst enjoying their packed lunch. A supplementary part of the programme saw students from Rugby School leave the campus and head into four local primary schools to deliver workshops in their own schools. Overall, our workshops involved over 800 primary school pupils.

Sport

The School rebranded and updated its sports kit after partnering with Kukri sport and moving sales to their online website. The School also updated its sports scholarship programme and renamed it 'Aspiring Athletic Performer (AAP) Programme' to incorporate Sports Scholars and other talented pupils. The School provided support and mentoring for 68 AAPs. All AAPs received individual development plans that targeted shared goals within sport, and this was supported by 1:1 coaching, fitness testing, strength and conditioning sessions and a personal sports mentor.

Girls' cricket is now fully established after a five-year development programme. Following an introduction several years ago and matches played on Caldecotts and OBS, the first ever Girls' XI match was played on NBS. The refurbishment of the Near Turf astro was completed with it becoming the showcase hockey pitch.

A programme of home sports fixtures resumed following Covid at the start of the Trinity term with the boys' cricket XI playing Rugby Cricket Club. This was swiftly followed by our first away fixtures since COVID disrupted organised sport. The School was able to welcome parents to home fixtures following the May update to the Government guidance on Covid.

The year also saw the return of Sports Day and House athletics returned on the penultimate day of term as boys' Houses continue to compete for the Wrigley Cup and girls' Houses competed for the Charles Prest Cup.

Six girls are part of the Wasps netball squad. Two pupils were invited to Performance Centre hockey and prepared for selection for the England Hockey Futures Cup.

In cricket, Jacob Bethell represented Warwickshire CCC 2nd XI in a number of one-day and four-day matches. Ffion Purvis represented Warwickshire Ladies. Her School batting performances have caught the eye having scored over 250 runs before being out in any match. Edward Delville-Jones was selected into the GB cycling team. Albert Sitwell who won the Midlands Tour Grade 5 tennis tournament.

Other memorable moment of the year

The whole School gathered in a socially-distanced manner on The Close to mark the Duke of Edinburgh's funeral, a wonderful sign of unity within our community. The CCF were in attendance which was their first uniformed appearance since March 2020.

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The School enjoyed some visiting speakers with engagement from large groups of pupils and staff despite these being online. Stuart Lawrence, Stephen Lawrence's brother, inspired the School with the challenge to overcome injustice, fight racism and live life to the full as part of the School's Stephen Lawrence Day awareness. Matt Dickinson, author and journalist, led a session with the E and F Block as well as a group of English A Level students, encouraging their creative writing skills. Ulrich Ladurner, author and journalist, spoke about the impact of Brexit on Anglo-European relations. Ellie Holland, spoke to the Engineering Society on 'It's a women's world too'.

The new Levée were appointed just after Easter. Eight new enthusiastic LXX pupils started as the Co-curricular Levée. They have chosen to focus on participation, communication, mentorship and partnerships as their objectives for their year in office. To ensure participation and change, they have created inaugural Co-curricular Councils (Art & Design, Music, Performing Arts, Rugby 360, Sport) which each contain 9 pupils from a variety of year groups who will sit on their council for the year.

Plans for Future Years

The Governing Body continues to pursue the School's general objectives as set out earlier. The Governing Body has also set the following aims for the academic year 2021/22:

- to maintain the School's commitment to high academic standards;
- to facilitate curriculum, student and staff development through the implementation of an academic rolling plan;
- to enable our students to gain admittance to the best universities and courses they can;
- to develop the provision at Bilton Grange Preparatory School as a core part of the Rugby Group of Schools;
- to continue the pioneering work of the Arnold Foundation and use the bursaries programmes (Arnold Foundation and Lawrence Sheriff) to ensure that access to the School is as wide as possible;
- to develop a plan for outstanding and forward thinking emotional and physical health and well-being vision for 2022;
- to continue to explore opportunities to open overseas schools in partnership with suitable investors;
- to continue to develop and strengthen the 'Whole Person Whole Point' brand using positive and inspiring examples to illustrate our ethos in action;
- to plan and set up for the introduction of the International Baccalaureate in September 2021;
- to continue to improve the School's facilities and to protect the historic environment through capital projects to provide outstanding facilities that are safe, secure and inspirational places to live and work in;
- to continue to improve the sustainability of the School estate through an ongoing programme of capital investment.

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

Public Benefit Objectives

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

Widening access to the School

The Governing Body is conscious that the schools must remain accessible to talented children, irrespective of parental means. This was the main driving force for the launch of the Arnold Foundation for Rugby School in late 2002. As of September 2021, 156 students and former students had benefited from support provided by the Foundation since 2004. The Governing Body thanks all the donors who have contributed to this result and is delighted that there were 27 Arnold Foundation funded students at the School during 2020/21. In September 2021 the number of students in the School who are funded by the Arnold Foundation is 28.

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

The Governing Body is determined to ensure that these are directed to cases of greatest need; therefore scholarship and foundation scholarship awards are initially for a maximum of 5% of fees, such scholarships being, however, augmentable (up to 100% if necessary) based upon an assessment of parental means.

Bursaries policy

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

The total cost of scholarships, bursaries and augmentations during the year was £4.4 million (2020: £4.4 million) for the School including those of Bilton Grange.

Approximately a third of students receive awards. Awards entitle students to financial assistance up to 100% of fees, subject to parental means tests.

Contribution to local schools

One fifth of the annual net income from the London Estate totalling £0.67 million (2020: £0.78 million) was paid to our neighbour, Lawrence Sheriff School, which operates in the state sector.

Community partnerships and services

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

Such initiatives have included those detailed above in the Review of the Year's Achievements and Performance as well as:

- members of staff contributed their time voluntarily to a number of charitable causes such as assisting in the running of the Bradby Club, the Rugby Portobello Trust, and the Lawrence Sheriff Almshouses as well as acting as governors of a number of local primary schools;

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

- the School opened its sports and other facilities to many local individuals and organisations (including other schools) charging rates below those applying to commercial businesses, sometimes providing facilities free of charge;
- both Rugby School and Bilton Grange's facilities are provided free of charge for a number of charitable fundraising activities including school sports days, concerts, plays, art exhibitions local sporting organisations; and
- numerous local choirs and orchestras have held rehearsals and concerts in a number of School venues during the course of the year and the School has also hosted several events involving local schools.

Fundraising

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

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

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

Group Structure

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

Rugby School Enterprises Limited

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

Rugby School International Limited

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

Rugby School Projects Limited

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

The Arnold Foundation for Rugby School

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

The Rugby School General Charitable Trust

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

The Rugby School Combined War Memorial Fund

Originally established in honour of those members of the Rugby School family who fell in the two Great Wars, this trust (an associated entity) uses its investment income to fund scholarships or bursaries awarded to the children of Rugbeians who meet the criteria for financial assistance to attend or remain at Rugby School. The Trustees have expanded the Fund's objects by way of a Charity Commission Scheme in order to allow it to also support the children of those working in the emergency services and the NHS.

Financial Review

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

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

The School's operations for the year ended 30 June 2021 resulted in a breakeven figure (2020: £0.5 million deficit), after charging £3.74 million (2020: £3.60 million) for depreciation on the School's property and equipment, but before pension revaluation adjustments under FRS 102.

The consolidated net incoming resource for the year, before adjusting for scholarships and bursaries, was £3.8 million (2020: £14.7 million) which, in addition to the School's operating surplus, included:

- a reduction in fees in Lent Term 2021 related to the educational provision being on a remote basis for part of that time due to a pandemic related lockdown;
- a reduction in contributions from commercial enterprises as the School's results were impacted by the pandemic in the performance of its enterprises business and its international arm, which nevertheless contributed net funds to the group of £212,000;

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

- the furloughing of a number of sports centre and other non-teaching staff under the Government's Coronavirus Job Retention Scheme (CJRS), to mitigate the cash flow impact of the pandemic. This was in line with the Government's plans under the scheme to protect employment across sectors that could otherwise not operate. The School received support under the scheme from the government during the year equating to 4.5% of its annual staff costs. The School did not furlough teaching staff, as they were able to teach remotely. Noting that most of those furloughed were staff in the lowest quartile by hourly pay, the School opted to supplement the amount paid by the Government (80%) towards these staff to support their income to be at their normal pay level;
- the Arnold Foundation for Rugby School received endowed funds of £187,000 and restricted funds of £476,000 during the year;
- £590,000 was raised due to the auction proceeds from the sale of rare books which have been designated for the Bloxam Fund;
- a net transfer of £2.6 million from the London Estate, after the payment of the one-fifth share to Lawrence Sheriff School;
- other restricted funds in the Statement of Financial Activities include the School's Special Funds, the General Charitable Trust and the War Memorial Fund, which have generated combined net income (before realised and unrealised investment gains) of £0.2 million in the year, before providing for scholarships and bursaries;
- £4.4 million (representing 13.3% of gross fees) was used to fund scholarship and bursary awards. Assistance towards payment of the fees in this way was provided to a total of 338 students across Rugby School and Bilton Grange.

This left a consolidated net deficit before the revaluation of investments of £0.7 million (2020: £10.5 million surplus).

Including the year-end revaluation on investments, which are substantially either restricted or endowment related, and the pension scheme actuarial revaluation, there was a net increase in the Charity's funds for the year of £15.9 million (2020: £2.3 million) as the financial and property investments saw a recovery in values from the low points experienced due to the first Covid-related lockdown.

Balance Sheet

The movement of funds for the year generated total consolidated funds of £228 million standing to the credit of the School as at 30 June 2021 after including the merger of Bilton Grange. The underlying assets and liabilities are set out in the Balance Sheet and further analysed in the notes which accompany the financial statements.

Funds

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

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

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

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

Reserves Policy

The Governing Body has currently adopted the reserves objective that the School shall make an operating surplus after depreciation on a rolling three-year basis. The School does not expect to borrow money to cover operational requirements other than to cover short-term timing issues. The School has issued a £35 million private placement in order to fund various capital expenditure programmes in view for the coming five years.

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

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

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

The financial statements indicate that the majority of the school's unrestricted funds of £70 million (see note 22) are invested in premises and equipment of £56 million, £19 million in other designated funds as described above, leaving general unrestricted funds, or free reserves at a deficit of £3.5 million before any pension provision. Given the financial strength of the School, in particular the endowment investments, the Governing Body is satisfied that this is adequate.

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

Fundraising Performance

The Arnold Foundation received £0.67 million of donations and legacies in the year. These funds will be applied for the specific aim of providing means-tested bursary awards to those students whose parents would not otherwise be able to afford an education at Rugby School.

Investment Performance

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

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

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

Governance and Management

Charity Governance Code

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

Governing Body

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

Appointments, Recruitment and Training of Governors

Under the statutes, there is one nominated Governor and other members are appointed by the Governing Body itself. The Governors and principal officers are named on page 3 and 4 of this report.

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

At the end of the 2019-20 school year, on 4 July 2020, The Chairman of the Governing Body, Mrs Lucinda Holmes and the Deputy Chairman, Mr Robert Hingley retired and were replaced by Mr Barry O'Brien and Mr Jake Elmhirst respectively. Mr David Bennett stepped down as a governor on 4 July 2020. Resignations at the end of the 2020-21 school year included Prof Chris Howe, Mrs Helen Jackson, Mr Simon Lebus and Mr Gareth Lloyd-Jones on 3 July 2021. Ms Gemma Woodward resigned as a governor on 16 January 2022. On 17 November 2020, Mr Nick Bacon and Ms Claire Wills were appointed as governors. Ms Audrey Pantelis was appointed as a governor on 10 March 2021. The Reverend Canon Dr Mark Pryce was appointed as a governor on 1 September 2021. Ms Caroline Coates was appointed as a governor on 5 November 2021.

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

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

Governance

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

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

Organisational Management

Governing Body Committees

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

- Academic Committee: Review of academic policies and performance.
- Arnold Foundation Committee: Advise and support the trustees of the Arnold Foundation and the Governing Body in raising funds for the Arnold Foundation.
- Risk, Compliance and Safeguarding Committee: Legislation and inspection compliance, risk management.
- Finance, Audit and Estates Committee: Financial policy and general operations relating to the running of the School.
- Audit Committee: The Audit Committee is effectively a sub-committee of FAE and addresses financial reporting, systems and controls.
- International Development Committee: Formulation of the strategy for Rugby School's international development and recommend international projects.
- Investment Committee: Management and administration of Special Funds and all other non-property investments. The Governing Body have agreed that the School's investment portfolio be managed on a discretionary basis by its Investment Managers subject to policies and objectives that the Governing Body establishes from time to time having regard to the Investment Committee's recommendations.
- Nominations Committee: Review of Governing Body membership, including recommendations of individuals who might be co-opted to the Governing Body.

Membership of these committees is shown on pages 3 and 4.

Key Management Personnel

The Governing Body delegates the daily management of the School to the Executive Head Master. The Executive Head Master is aided by other Key Management Personnel as detailed below.

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

Changes to Organisational Management in 2020-21

From September 2020, the School and the Governing Body made changes to the organisational management of the School with Peter Green and Neil Hampton assuming the roles of Executive Head Master and Executive Deputy Head, respectively, and Gareth Parker Jones assuming the role of Head of Rugby School. Alex Osiatynski continued in the role of Head of Bilton Grange. The Executive Head Master manages the School via an executive leadership group at the strategic level supported by the respective Senior Management Teams at Rugby School and Bilton Grange working at an operational level.

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

The Executive Leadership Group comprised the Executive Head Master, the Chief Operating Officer, who is also Clerk to the Governing Body, the Executive Deputy Head the Head of Rugby School and the Head of Bilton Grange, the Development Director the Estates Director, the Finance Director, the HR Director, the International Development Director and the School Chaplain.

The Leadership Group of the School comprised the SMTs of the schools together with the Operations and Administration Management Group and any other members of the Executive Leadership Group.

Support

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

Principal Risk and Risk Management

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

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

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

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

REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2021

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

The Governing Body is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for that period. In preparing these financial statements, the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

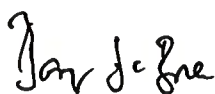
The Governing Body is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

Approval

This report and the accompanying financial statements were approved by the Governing Body on 2 March 2022.



B O'Brien, Chairman

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF RUGBY SCHOOL *(continued)*

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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



Crowe UK LLP
Statutory Auditor
Cheltenham

Date: 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.

THE GOVERNING BODY OF RUGBY SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2021

	Funds:	Unrestricted	Endowed	Restricted	2021	Unrestricted	Endowed	Restricted	2020
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME AND ENDOWMENTS FROM:									
Charitable Activities									
School fees receivable	2	31,807	-	-	31,807	27,516	-	-	27,516
Ancillary trading income	4	948	-	-	948	850	-	13	863
Other Trading Activities									
Trading income (non-ancillary)	5	873	-	-	873	2,114	-	-	2,114
Investments									
Investment income	6	286	64	4,829	5,179	134	74	5,385	5,593
Voluntary Sources									
Donations and legacies		187	188	532	907	893	101	730	1,724
Bilton Grange Merger by Donation		-	-	-	-	9,185	150	-	9,335
Sale of long-held donated assets		-	-	-	-	-	-	-	-
Other		1,498	-	6	1,504	942	-	100	1,042
Total Income		35,599	252	5,367	41,218	41,634	325	6,228	48,187
EXPENDITURE ON:									
Raising Funds									
Trading	7	596	-	-	596	1,086	-	-	1,086
Financing costs		268	-	-	268	122	-	-	122
Investment management costs		10	-	1,892	1,902	12	-	1,816	1,828
Fund-raising and development		-	-	372	372	-	-	302	302
Total cost of fundraising		874	-	2,264	3,138	1,220	-	2,118	3,338
Charitable Activities									
School operations		34,026	-	-	34,026	29,896	2	-	29,898
Scholarships, bursaries and prizes	3	-	-	4,131	4,131	-	-	3,664	3,664
Payment to Lawrence Sheriff School	9	-	-	667	667	-	-	776	776
Costs of Charitable Activities		34,026	-	4,798	38,824	29,896	2	4,440	34,338
Total Expenditure	7	34,900	-	7,062	41,962	31,116	2	6,560	37,678
Net Incoming Funds from Operations		699	252	(1,695)	(744)	10,518	323	(332)	10,510
Net gains/(losses) on investments	13	2,412	8,544	4,429	15,385	(290)	(7,543)	535	(7,298)
Net Income		3,111	8,796	2,734	14,641	10,228	(7,220)	204	3,212
Transfer between funds	20,21,22	-	(599)	599	-	(2,024)	-	2,024	-
Actuarial (loss)/gain on defined benefit pension scheme	18	1,240	-	-	1,240	(956)	-	-	(956)
NET MOVEMENT IN FUNDS		4,351	8,197	3,333	15,881	7,248	(7,220)	2,228	2,256
Reconciliation of Funds									
Balances brought forward at 1 July		65,779	124,612	21,392	211,783	58,531	131,832	19,164	209,527
BALANCES CARRIED FORWARD at 30 June		70,130	132,809	24,725	227,664	65,779	124,612	21,392	211,783

The notes on pages 28 to 55 form part of these financial statements.

**THE GOVERNING BODY OF RUGBY SCHOOL
BALANCE SHEETS
AS AT 30 JUNE 2021**

	Notes	Parent Charity		Consolidated	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
FIXED ASSETS					
Freehold properties, fixtures & equipment	12	56,115	56,399	56,115	56,399
Investments	13	150,203	139,391	171,787	156,879
		<u>206,318</u>	<u>195,790</u>	<u>227,902</u>	<u>213,278</u>
CURRENT ASSETS					
Stock		1	8	61	98
Debtors	14	6,811	4,929	6,261	4,600
Investments - deposits		680	242	680	242
Bank and cash		6,915	7,749	7,093	7,848
		<u>14,407</u>	<u>12,928</u>	<u>14,095</u>	<u>12,778</u>
CURRENT LIABILITIES					
Creditors due within one year	15	(9,132)	(8,111)	(9,365)	(8,321)
NET CURRENT ASSETS		<u>5,275</u>	<u>4,817</u>	<u>4,729</u>	<u>4,454</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		211,593	200,607	232,631	217,732
CREDITORS due after more than one year	16	<u>(3,615)</u>	<u>(3,400)</u>	<u>(3,615)</u>	<u>(3,400)</u>
NET ASSETS EXCLUDING PENSION LIABILITY PROVISIONS		207,978	197,207	229,016	214,332
Defined benefit pension scheme liability	18	(1,352)	(2,549)	(1,352)	(2,549)
NET ASSETS INCLUDING PENSION LIABILITY	19	<u>206,626</u>	<u>194,657</u>	<u>227,664</u>	<u>211,783</u>
FUNDS OF THE CHARITY:					
Endowment funds	20	121,521	115,708	132,809	124,612
Restricted funds	21	14,967	13,170	24,725	21,392
Unrestricted funds:					
Unrestricted income funds		71,490	68,328	71,482	68,328
Pension reserve		(1,352)	(2,549)	(1,352)	(2,549)
Total unrestricted funds	22	<u>70,138</u>	<u>65,779</u>	<u>70,130</u>	<u>65,779</u>
TOTAL CHARITY FUNDS		<u>206,626</u>	<u>194,657</u>	<u>227,664</u>	<u>211,783</u>

The deficit for the financial year in the financial statements of the parent charity was £21 thousand (2020: surplus of £0.5 million).

Approved by the Governing Body on 2 March 2022 and signed on their behalf by:


B J O'Brien – Chairman of Governing Body


P A Nicholls – Chief Operating Officer

R J A Elmhirst – Chairman of Finance Committee



The notes on pages 28 to 55 form part of these financial statements.

THE GOVERNING BODY OF RUGBY SCHOOL
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated	
	2021	2020
	£'000	£'000
Reconciliation of net income to net cash flow from operating activities:		
Net Income for the reporting period (as per the Statement of Financial Activities)	(746)	10,510
Elimination of non-operating cash flows:		
Investment income and bank interest receivable	(634)	(638)
Endowment donations	(187)	(251)
Depreciation	3,739	3,602
Transfer of Fixed Assets from Bilton Grange merger (@ NBV)	-	(4,727)
Decrease/(Increase) in stocks	37	83
(increase)Decrease in debtors	(1,661)	8,007
Increase in creditors	1,245	1,131
Increase/(Decrease) in Fees in advance scheme	(45)	(130)
Increase in pension scheme liability	43	38
Net cash provided by operating activities	1,791	17,687
Cash flows from investing activities:		
Purchase of fixed assets	(3,455)	(5,987)
Sale of fixed assets	-	-
Purchase of investments	(15,805)	(22,861)
Sale of investments	16,326	10,379
Investment income and bank interest receivable	634	638
Transfer (to)/from short term bank deposits	(438)	1,212
Net cash used in investing activities	(2,738)	(16,681)
Cash flows from financing activities:		
New endowments	187	251
Net cash provided by financing activities	187	251
Change in cash and cash equivalents in the reporting period	(760)	1,257
Cash and cash equivalents at the beginning of the reporting period	7,848	6,591
Cash and cash equivalents at the end of the reporting period	7,088	7,848
Analysis of cash and cash equivalents:		
Cash at bank	7,093	7,848
	7,093	7,848

The notes on pages 28 to 55 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Rugby School ("the School") is an unincorporated charity created by the will of Lawrence Sheriff in 1567 and is a recognised charity under the Charities Act 2011 registered in England & Wales (charity number 528752). Its trusts include the Will, the 1873 Scheme and the Rugby School Act 1922. The Governing Body of Rugby School is a body corporate incorporated by Act of Parliament, under the Public Schools Acts 1868, as the charity's corporate trustee. As well as being regulated by the Charities Act, the Governing Body and the School are regulated by the Public Schools Acts 1868 and 1872, by the 1873 Scheme, by the Rugby Lower School (Transfer) Act 1906 and by the Rugby School Act 1922. The principal address is The Bursary, 10 Little Church Street, Rugby, Warwickshire CV21 3AW.

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

(a) Basis of Accounting

The charity meets the definition of a public benefit entity.

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

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and republic of Ireland (FRS 102) issued on 16 July 2015 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

(b) Basis of Consolidation

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

No separate SOFA has been presented for the charity in the financial statements. The balance sheet of the parent charity is represented by the column headed "parent charity" and includes the results of School operations, the London Estate and the Special Funds, all of which are included within the same legal entity.

The separate parent charity's Statement of Financial Activities (SOFA) for the year ended 30 June 2021 shows gross income, excluding gift aid and donations from group entities, of £39.4 million (2020: £44.7 million) and a total deficit of £21,349 (2020: deficit of £488,194).

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

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

(c) Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated net of staff concessions and sibling discounts but include contributions received from Endowed and Restricted funds for scholarships and bursaries.

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

(d) Advance Fees

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

(e) Donations and legacies

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

The assets and liabilities of Bilton Grange Trust Limited were transferred to the School by way of a charitable merger deed dated the on 6 January 2020. Given the nature of the transaction, the transfer has been reflected in the School's accounts as a donation. The results of the School in the year ended 30 June 2020 reflect the assets and liabilities as transferred and the operations carried out by Bilton Grange since 6 January 2020.

(f) Expenditure

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

(g) Support costs

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

(h) Governance Costs

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

(i) Recognition of Liabilities

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

(j) Leased Assets

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

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

(k) Finance Costs

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

(l) Currency

The financial statements are prepared in sterling which is the functional currency of the School.

Income and expenditure transactions incurred in foreign currency have been translated during the course of the period at the rate of exchange ruling at the time of the transaction.

(m) Taxation

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

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

(n) Pension Schemes

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

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

(o) Tangible Fixed Assets

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

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

(p) Depreciation

Freehold land is not depreciated.

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

The principal annual rates over which assets are depreciated are:

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

(q) Investments and Investment Income

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

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

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

(r) Fund Accounting

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

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

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

- permanent endowment arises where a donor intends the gift to be permanently retained. All income for spending will accrue to the appropriate restricted fund.

- expendable endowment funds are accounted for similarly, except that, if required, the capital may be converted into income for spending.

Investment income and gains are allocated to the appropriate fund.

(s) Total Return Accounting

During the year ended 30 June 2021 Rugby School, under powers granted by section 104A of the Charities Act 2011, adopted a total return approach to the investment of the London Estate Investment (non-property) Portfolio. The powers permit the Trustees to invest these funds to maximise total return and to make available a portion of the total return for expenditure each year. The intention is to receive a return of 3% each, with a minimum UTR of £500,000. Until the Trustees decide to appropriate all of the Total Return, the unappropriated portion of the Total Return shall be 'Unapplied Total Return' and remain part of the endowment.

(t) Stocks

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

(u) Reserve for Repairs, Rehabilitation and Reconstruction

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

(v) Key judgements and assumptions

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

The following areas have been considered:

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

(w) Financial instruments

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

2. CHARITABLE ACTIVITIES – FEES RECEIVABLE

	2021 £000	2020 £000
The School's fee income comprises:		
Gross fees	32,890	28,881
Less scholarships/bursaries not funded from Restricted Reserves	(220)	(726)
Less staff, sibling and other concessions	(863)	(639)
School Fees Receivable (SOFA)	31,807	27,516
Less scholarships/bursaries/grant/prizes/other awards funded from Restricted Reserves	(4,131)	(3,664)
Net Fees	27,676	23,852
Add back from Restricted Reserve	4,131	3,664
	31,807	27,516

In the figures for the year ended 30 June 2021, we have separated out certain scholarships and bursaries which were supported from Designated and other Unrestricted Funds rather than from Restricted Reserves. These changes have not been reflected in the comparative figures for the year ended 30 June 2020.

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

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

	2021 £000	2020 £000
Foundation Scholarships	113	116
Scholarships	1,343	942
Arnold Foundation awards (means-tested)	1,018	1,067
Bursaries (means-tested)	1,656	1,538
Contribution to School fees	4,130	3,663
Prizes and Exhibitions	1	1
	4,131	3,664

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

	2021 £000	2020 £000
Scholarships	220	509
Bursaries (means-tested)	-	218
Contribution to School fees	220	727
Total scholarships, grants, prizes and other awards	4,351	4,391

4. CHARITABLE ACTIVITIES - OTHER INCOME

	2021 £000	2020 £000
Other educational charitable activities		
Registration fees	117	99
Courses	0	1
Other including tradesmen discounts and settlement fees	0	0
	<u>117</u>	<u>100</u>
Other ancillary activities		
Extra-curricular activities and trips (recharged)	338	269
Other including commissions	0	1
	<u>338</u>	<u>270</u>
Other trading activities		
School shop, museum, tuckshop and events	493	493
	<u>948</u>	<u>863</u>

5. TRADING INCOME AND EXPENDITURE

	2021 £000	2020 £000
Non-ancillary trading activities-including trading subsidiaries	<u>873</u>	<u>2,114</u>

Investment in subsidiary companies

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

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

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

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

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

Details of the significant subsidiaries and associated entities at 30 June 2021 are:

THE GOVERNING BODY OF RUGBY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	Company registration number	Shareholding %		Net Assets at 30 June 2021 £	Turnover (incl inv't income) £'000	Expenditure £'000	Profit in the Year £'000
Rugby School Enterprises Limited	2264068	100	£	(7,949)	459	467	(8)
Rugby School International Limited	10238790	100	1	1	499	499	0
Rugby School Projects Limited	10742346	100	1	1	0	0	0
The Arnold Foundation for Rugby School	4516482	-	-	18,907,791	1,246	1,446	(200)
Rugby School Combined War Memorial Fund	-	-	-	2,139,166	23	58	(35)

6. INVESTMENT INCOME

	2021 £000	2020 £000
Rents receivable	4,546	4,955
Income on financial investments	611	600
Interest receivable on cash portfolio	22	38
	<u>5,179</u>	<u>5,593</u>

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

	2021 £000	2020 £000
Cumulative Leasehold property income:		
Within one year	2,348	3,758
Between 1 – 5 years	5,347	11,476
Over 5 years	20,659	16,546
	<u>28,354</u>	<u>31,780</u>

7. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Note	Staff costs £000	Other costs £000	Deprec'n £000	2021 Total £000	2020 Total £000
Costs of Generating and Managing Funds:						
Trading costs		422	174	-	596	1,086
Fund-raising costs		203	169	-	372	302
Finance costs		-	268	-	268	122
Investment management Costs		-	1,902	-	1,902	1,829
		625	2,513	-	3,138	3,339
Charitable Activities						
School operations:						
Teaching		12,836	1,564	524	14,924	12,608
Welfare		925	3,547	212	4,684	4,320
Premises		3,452	3,595	3,003	10,050	8,284
Support (including ancillary trading expenditure)		2,058	1,924	-	3,982	4,331
Governance		88	298	-	386	355
School's operating costs		19,359	10,928	3,739	34,026	29,898
Scholarships, bursaries and prizes	3	-	4,131	-	4,131	3,664
Payment to Lawrence Sherriff School	9	-	667	-	667	776
Total Expenditure		19,984	18,239	3,739	41,962	37,678

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

8. EXPENDITURE

Total resources expended include the following amounts:

	2021 £000	2020 £000
Amounts accrued to advance fees	5	5
Governors' travel expenses (6 Governors)	18	10
Fees payable to the Charity's auditors for:		
• The audit of the Charity and Group accounts	53	52
• Tax services	4	7
• Pensions audit	6	6
• Financial due diligence	15	15

9. PAYMENT TO LAWRENCE SHERIFF SCHOOL

Under the Rugby School (Transfer) Act 1906, as amended by the Rugby School Act 1922 and an Order of the Secretary of State for Education and Science dated 30 October 1968, an annual sum is payable to Lawrence Sheriff School, consisting of the income from an initial investment of £34,500 (market value at 30 June 2021 of £957,430 (2020: £797,022)), plus one fifth of the remaining net annual income of the London Estate (before minor adjustments), plus £100. The total amount payable to Lawrence Sheriff School in respect of the 2020/21 financial year was £667,190 (2020: £776,423).

10. STAFF COSTS

Total Staff Costs:	2021 £000	2020 £000
Salaries and wages	16,024	13,909
Social security costs	1,467	1,379
Pension contributions	2,356	2,042
	<u>19,847</u>	<u>17,330</u>
Benefits – health insurance contributions	137	136
Salaries and wages	<u>19,984</u>	<u>17,466</u>

Staff costs include redundancy and termination costs of £22,000 (2020: £26,000) of which £20,000 remained outstanding at the year-end.

The average number of staff employed in the year was:

	2021 No	2020 No
Teaching	223	201
Operations and Administration	461	432
Total	<u>684</u>	<u>633</u>

The above figures for 2020 include staff at Bilton Grange only for the period from January 6 to 30 June 2020.

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

Key Management Personnel

The earnings of the Key Management Personnel are determined by the Nominations Committee and for the year to 30 June 2021 were £1.719 million (2020: £1.362 million) including P11d benefits, employer national insurance and pension contributions. Key Management Personnel are generally included in the table below and now include Bilton Grange's senior leadership team in full.

10. STAFF COSTS *(continued)*

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

	2021	2020
	No	No
£60,000 - £69,999	24	27
£70,000 - £79,999	5	10
£80,000 - £89,999	8	2
£90,000 - £99,999	1	1
£100,000 - £109,999	2	3
£120,000 - £129,999	2	1
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
£190,000 - £199,999	-	1
£230,000 - £239,999	1	-

33 of these employees (2020: 40) were members of a defined benefit pension scheme and 5 employees (2020: 5) were members of a defined contribution scheme at a charge of £52,112 for the year.

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

11. TAXATION

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

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

12. FREEHOLD LAND & BUILDINGS, FIXTURES AND EQUIPMENT

	Parent Charity and Consolidated			
	Freehold land & buildings	Assets under construction	Fixtures & equipment	Total
COST	£000	£000	£000	£000
As at 1 July 2020	89,057	-	8,023	97,080
Additions	2,784	221	450	3,455
Transfers	1,193	-	(1,193)	-
Disposals	-	-	(118)	(118)
As at 30 June 2021	93,034	221	7,162	100,417
DEPRECIATION				
As at 1 July 2020	35,467	-	5,214	40,681
Charge for the year	3,064	-	675	3,739
Transfers	434	-	(434)	-
Disposals	-	-	(118)	(118)
As at 30 June 2021	38,965	-	5,337	44,302
NET BOOK VALUE				
As at 30 June 2021	54,069	221	1,825	56,115
As at 30 June 2020	53,590	-	2,809	56,399

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

The net book value of equipment includes £0 relating to assets held under finance leases (2020: £15,000). A depreciation charge of £15,000 occurred in the year (2020: £16,000).

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

Capital Commitments

Capital commitments at 30 June 2021 amounted to £1,395,785 (2020: £695,000).

13. FIXED ASSET INVESTMENTS

Parent Charity

	London Estate £000	Bilton Grange £000	Special Funds £000	Compositio n of Fees £000	Total £000
Balance at 1 July 2020	108,853	4,748	24,310	1,480	139,391
Additions	1,724	-	7,072	-	8,796
Cash balance movement	53	3	(158)	18	(84)
Disposals at net proceeds	(2,082)	(10)	(7,038)	-	(9,130)
Revaluations	4,661	927	5,644	(2)	11,230
Balance at 30 June 2021	113,209	5,668	29,830	1,496	150,203
Represented by:					
Freehold properties	106,900	-	-	-	106,900
Financial investments	5,383	5,661	29,069	1,163	41,276
Cash deposits	926	7	761	333	2,027
	113,209	5,668	29,830	1,496	150,203

Consolidated

	Parent Charity £000	Arnold Foundation £000	War Memorial £000	Total £000
Balance at 1 July 2020	139,391	15,796	1,692	156,879
Additions	8,796	6,348	661	15,805
Cash balance movement	(84)	91	37	44
Disposals at net proceeds	(9,129)	(6,492)	(705)	(16,326)
Revaluations	11,230	3,748	407	15,385
Balance at 30 June 2021	150,204	19,491	2,092	171,787
Represented by:				
Freehold properties	106,900	-	-	106,900
Financial investments	41,277	19,135	2,042	62,454
Cash deposits	2,027	356	50	2,433
	150,204	19,491	2,092	171,787

The London Estate investments include property professionally valued by Farebrother, Chartered Surveyors as at 30 June 2016. The Governing Body's updated valuation of the property portfolio as at 30 June 2021 was obtained in consultation with the School's professional advisors and reflects the changes in the market conditions.

The London Estate investments includes £103.6 million property and £5.293 million in its managed equity portfolio.

13. FIXED ASSET INVESTMENTS *(continued)*

The BG designated investments were donated to the group on 6 January 2020 as part of the merger of Bilton Grange into the School. These have been recorded at cost as of the time of original purchase. The valuation on transfer of these investments totalled £4,954,303 as of 6 January 2020.

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

The gross rental income generated from the London Estate properties in 2020/21 was £4.34 million (2019/20 - £4.83 million).

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

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

14. DEBTORS

	Parent Charity		Consolidated	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	2,888	1,754	3,193	1,936
Taxation recoverable and accrued income from HMRC	-	294	4	315
Other debtors	812	641	1,006	814
Inter-group balances	1,054	708	-	-
Prepayments and accrued income	2,057	1,532	2,057	1,535
	6,811	4,929	6,260	4,600

Other debtors in 2020 included proceeds of the sale of long-held donated assets (Bloxam fund).

15. CREDITORS: due within one year

	Parent Charity		Consolidated	
	2021	2020	2021	2020
	£000	£000	£000	£000
Finance lease creditor	5	19	5	19
Trade creditors	2,709	2,439	2,782	2,464
Taxation and social security	551	77	556	78
Other creditors	1,745	1,744	1,825	1,824
Inter-group balances	-	-	-	-
Accruals and deferred income	1,676	1,600	1,751	1,704
Entrance fees and final term deposits	584	571	584	571
Advance fees	1,308	1,161	1,308	1,161
Advance fees via Scheme (note 17)	554	500	554	500
	9,132	8,111	9,365	8,321

16. CREDITORS: amounts due after more than one year

	Parent Charity		Consolidated	
	2021	2020	2021	2020
	£000	£000	£000	£000
Finance lease creditor	-	5	-	5
Entrance fees and final term deposits	3,153	2,834	3,153	2,834
Advance fees via Scheme (note 17)	462	561	462	561
	3,615	3,400	3,615	3,400

17. FEES IN ADVANCE SCHEME

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

	2021	2020
	£000	£000
Between 2 to 5 years	168	242
Between 1 to 2 years	294	319
	462	561
Within 1 year (note 15)	554	500
Balance at 30 June	1,016	1,061

17. ADVANCE FEE PAYMENTS *(continued)*

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

	2021	2020
	£000	£000
Balance at 1 July	1,061	897
New contracts	622	753
Refunds	-	-
Amounts accrued to contracts	1	1
	1,684	1,651
Amounts utilised in payment of fees to the School	(668)	(590)
Balance at 30 June	1,016	1,061

18. PENSION SCHEMES

(a) Teachers' Pension Defined Benefits Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,750,000 (2020: £1,511,000). There were no outstanding contributions payable at the year-end (2020 - £nil).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

18. PENSION SCHEMES *(continued)*

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

(b) Rugby School Pension and Life Assurance Scheme for Non-Teaching Staff (1973)

Composition of the Scheme

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

Actuarial valuation

A full actuarial valuation was carried out at 5 April 2018. These figures were rolled-forward to 6 April 2021, making adjustments to reflect benefits paid out of the Scheme and for differences between the assumptions used at 5 April 2018 and those at 6 April 2021. The valuation on 5 April 2018 showed a scheme surplus, and as a result, the contributions from the School ceased after October 2015.

The next tri-annual valuation date is set to be as of 5 April 2021 which will be completed for the 2021-22 accounts.

18. PENSION SCHEMES (continued)

The principal actuarial assumptions at the balance sheet date were:

	2021	2020
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions payment	5.00%	5.00%
Discount rate	2.08%	1.70%
Inflation assumption	3.39%	2.90%
Statutory rate of increase of pensions in deferment	3.39%	2.90%
Expected return on Scheme assets	1.70%	1.70%
Assumes life expectancy on retirement at age 60:		
Retiring today – males	26.4	25.9
Retiring today - females	29.0	28.0
Retiring in 15 years - males	27.5	27.1
Retiring in 15 years - females	30.2	29.3

The amounts recognised in the balance sheet are as follows:

	Market Value 2021 £000	Market Value 2020 £000
Fair value of Scheme assets	7,057	6,337
Present value of funded obligations	(8,409)	(8,886)
Deficit in the scheme	(1,352)	(2,549)

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

	2021 £000	2020 £000
Defined benefit obligation at 1 July	8,886	8,285
Interest cost	149	197
Benefits paid	(210)	(189)
Actuarial losses/(gains)	(416)	593
Defined benefit obligation at 30 June	8,409	8,886

18. PENSION SCHEMES (continued)

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

	2021	2020
	£000	£000
Fair value of scheme assets at 1 July	6,337	6,730
Employer Contributions		-
Benefit payments	(210)	(189)
Expected return on scheme assets	106	159
Actuarial gains / (losses)	824	(363)
Fair value of scheme assets at 30 June	7,057	6,337

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

	2021	2020
	£000	£000
Interest on pension scheme liabilities	(149)	(197)
Expected return on pension scheme assets	106	159
Total amount charged to the Statement of Financial Activities	(43)	(38)

Analysis of actuarial gains and losses:

	2021	2020
	£000	£000
Actual return less expected return on scheme assets	823	(363)
Experience gains and losses arising on the scheme liabilities	34	33
Changes to assumption underlying the present value of the scheme liabilities	383	(626)
Actuarial loss	1,240	(956)

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

	2021	2020
	%	%
Equities	30	19
Bonds	22	23
Gilts	-	-
Property	10	8
Other	33	30
Cash	5	20
	£000	£000
Actual return on the Scheme assets in the period	929	(204)

18. PENSION SCHEMES (continued)

Future expected rates of return

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

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

The School does not expect to contribute to the defined benefit pension scheme during 2021/22.

History of experience gains and losses:

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Present value of Scheme liabilities	8,409	8,886	8,285	8,037	7,920
Fair value of Scheme assets	7,057	6,337	6,730	6,987	7,003
Deficit	(1,352)	(2,549)	(1,555)	(1,050)	(917)
Experience gains /(losses) on the liabilities	34	33	(23)	(37)	11
Experience gains/(losses) on scheme assets	823	(363)	19	(71)	538
Actuarial gain/(loss)	1,240	(956)	(478)	(108)	493

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

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

With effect from 1 October 2001, the scheme was replaced by the Rugby School Group Stakeholder Pension Scheme. The School contributes double the employee contributions up to a maximum of 12% of pensionable pay. Employer contributions totalling £769,000 (2020: £496,000) were paid in respect of this pension scheme for the year. This increase was in part due to the addition of Bilton Grange staff for the full year and also reflects changes due to the implementation of a salary sacrifice scheme during the course of 2020-21. At the period-end £87,000 was payable in respect of employer and employee contributions to this scheme.

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

(d) Bilton Grange Stakeholder Pension Scheme for Non-Teaching Staff

From 6 January 2020, the School has operated a defined contribution pension scheme for certain non-teaching staff at Bilton Grange and those teaching staff who have opted into this pension scheme rather than being in the TPS. The pension cost charge represented contributions payable by the School to the fund; these contributions matched those of the employees up to a maximum of 5%.

This scheme was ended January 2021 and the employees were transferred to the Rugby School Group Stakeholder Pension Scheme for Non-Teaching Staff. Employer contributions totalling £22,000 (2020: £21,000) were paid in respect of this pension scheme for the year. At the period-end nil (2020: £7,000) was payable in respect of employer and employee contributions to this scheme.

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

19. ANALYSIS OF NET ASSETS

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

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

	Endowed Funds £000	Restricted Funds £000	Unrestricted Funds £000	Advance Fees £000	2021 Total £000
Parent Charity					
Fixed Assets	-	-	56,115	-	56,115
Investments	120,633	14,424	13,650	1,496	150,203
Net Current Assets/ (Liabilities)	888	543	4,808	(964)	5,275
Long Term Liabilities	-	-	(4,505)	(462)	(4,967)
	121,521	14,967	70,068	70	206,626
Consolidated					
Fixed Assets	-	-	56,115	-	56,115
Investments	132,505	24,136	13,650	1,496	171,787
Net Current Assets/(Liabilities)	304	589	4,800	(964)	4,729
Long Term Liabilities	-	-	(4,505)	(462)	(4,967)
	132,809	24,725	70,060	70	227,664

(b) Prior year analysis of net assets between funds

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

	Endowed Funds £000	Restricted Funds £000	Unrestricted Funds £000	Advance Fees £000	2020 Total £000
Parent Charity					
Fixed Assets	-	-	56,399	-	56,399
Investments	114,529	12,173	11,209	1,480	139,391
Net Current Assets/ (Liabilities)	1,179	997	3,504	(863)	4,817
Long Term Liabilities	-	-	(5,387)	(562)	(5,949)
	115,708	13,170	65,724	55	194,657
Consolidated					
Fixed Assets	-	-	56,399	-	56,399
Investments	123,870	20,319	11,209	1,480	156,879
Net Current Assets/(Liabilities)	743	1,073	3,504	(863)	4,454
Long Term Liabilities	-	-	(5,387)	(562)	(5,949)
	124,612	21,392	65,724	55	211,783

20. ENDOWED FUNDS

(a) Current year movement in endowed funds:

	Balance at 30 June 2020 £000	Incoming funds £000	Amounts expended £000	Total return to income £000	Investment gains/ (losses) £000	Balance at 30 June 2021 £000
Parent Charity						
London Estates: Property	102,631	-	-	-	3,590	106,221
London Estates: Equity	5,333	60	-	(599)	1,070	5,864
Lewis Benefaction fund	7,606	-	-	-	1,668	9,274
Bilton Grange	138	4	-	-	20	162
	115,708	64	-	(599)	6,348	121,521
Consolidated						
Arnold Foundation Awards	8,904	188	-	-	2,196	11,288
	124,612	252	-	(599)	8,544	132,809

(b) Prior year movement in endowed funds:

	Balance at 30 June 2019 £000	Incoming funds £000	Amounts expended £000	Total return to income £000	Investment gains/ (losses) £000	Balance at 30 June 2020 £000
Parent Charity						
London Estates: Property	111,668	-	-	-	(9,037)	102,631
London Estates: Equity	5,099	72	-	-*	162	5,333
Lewis Benefaction fund	6,760	-	-	-	846	7,606
Bilton Grange	-	152	(2)	-	(12)	138
	123,527	224	(2)	-	(8,041)	115,708
Consolidated						
Arnold Foundation Awards	8,306	101	-	-	497	8,904
	131,833	325	(2)	-	(7,544)	124,612

* Total return to income was £80,000 for 2019-2020 which was reversed by way of an offsetting transfer.

London Estates

The London Estate consists principally of property in London bequeathed by the School's founder, Lawrence Sheriff. This permanent endowment yields commercial and residential rental income (see restricted funds). Endowed funds also include equity investments (see Total Return note 20c). In the year there was an application of total return to income of £80,000 (see detail in Total Return note 20c).

Lewis Benefaction Fund

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

Arnold Foundation Awards

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

(c) Statement of Total Return

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

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

The Unapplied Total Return movements are:

	Preserved Value £000	Unapplied Value £000	Total £000
Brought forward:			
Preserved Value	4,204	-	4,204
Unapplied Total Return	-	1,049	1,049
Total	4,204	1,049	5,253
Movement in reporting period:			
Investment return: dividend/income	-	60	60
Investment return: gains/losses	-	1,070	1,070
Unapplied total return allocated to income	-	(479)	(479)
Unapplied total return allocated to capital	158	(158)	-
Grant to Lawrence Sheriff School	-	(120)	(120)
Net movement in reporting period:	158	373	531
Carried Forward:			
Preserved Value	4,362	-	4,362
Unapplied Total Return	-	1,422	1,422
Total	4,362	1,422	5,784

21. RESTRICTED FUNDS

(a) Current year movement in restricted funds:

	Balance at 30 June 2020 £000	Incoming funds £000	Amounts expended £000	Transfer £000	Total Return t/f applied to income £000	Investment gains £000	Balance at 30 June 2021 £000
Parent Charity							
Special Funds:							
Common Investment Fund	10,757	187	(855)	-	-	2,470	12,559
Lewis Benefaction Fund	-	77	(77)	-	-	-	-
London Estate	1,713	4,338	(4,997)	-	599	-	1,653
School	700	55	-	-	-	-	755
	13,170	4,657	(5,929)	-	599	2,470	14,967
Consolidated							
War Memorial	1,768	23	(58)	-	-	407	2,140
General Charitable Trust	-	56	(56)	-	-	-	-
Arnold Foundation for Rugby School	6,454	1,058	(1,446)	-	-	1,552	7,618
	21,392	5,794	(7,489)	-	599	4,429	24,725

(b) Prior year movement in restricted funds:

	Balance at 1 July 2019 £000	Incoming funds £000	Amounts expended £000	Transfer £000	Total Return t/f applied to income £000	Investment gains £000	Balance at 30 June 2020 £000
Parent Charity							
Special Funds:							
Common Investment Fund	10,373	182	(23)	-	-	225	10,757
Lewis Benefaction Fund	-	86	(86)	-	-	-	-
London Estate	2,210	4,988	(4,971)	(594)	80	-	1,713
School	505	-	-	195	-	-	700
	13,088	5,256	(5,080)	(399)	80	225	13,170
Consolidated							
War Memorial	1,745	26	(63)	-	-	60	1,768
General Charitable Trust	-	196	-	(196)	-	-	-
Arnold Foundation for Rugby School	4,332	749	(1,416)	2,539	-	250	6,454
	19,165	6,228	(6,559)	(1,944)	80	535	21,392

Common Investment Fund

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

Lewis Benefaction Fund

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

21. RESTRICTED FUNDS (continued)

London Estates

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

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

	2021	2020
	£000	£000
As at 1 July	1,350	1,775
Transfer from/to net income resources	-	(425)
As at 30 June	1,350	1,350

In accordance with an Order made by the Minister of Education on 15 January 1963, the Governing Body may transfer funds into a Reserve Fund for the reconstruction and development of the real property of the Foundation at Holborn (the London Estate). No funds were transferred out of restricted funds in the year (2020: £514,000) which represents fulfilment of restricted capital projects.

War Memorial Fund

The War Memorial Fund makes awards to help the children of Rugbeians, who are in need of financial assistance, to attend or to remain at Rugby School. The bursaries are assessed and awarded by Rugby School with funding being granted by the War Memorial Fund.

General Charitable Trust

The Trust receives income from covenants and legacies which were established prior to the existence of the Arnold Foundation. The income is gifted to the School, usually to assist with specific capital projects. In the year there was a transfer of £56,000 (2020: £196,000).

Arnold Foundation for Rugby School

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

	£000
Expended by the Arnold Foundation in the year to 30 June 2021 in accordance with the wishes of the donors:	
Bursary awards	1,018
Unexpended balance of gifts and legacies as at 30 June 2021:	
Restricted funds to be utilised for Bursary Awards	7,440
Unrestricted funds in Arnold Foundation (but treated as Restricted for the Group) to be utilised for bursary Awards	180
	8,620

Fundraising costs in the year of £373,000 (2020: £302,000) were met by Rugby School.

22. UNRESTRICTED FUNDS

(a) Current year movement in unrestricted funds:

	Balance 30 June 2020 £000	Incoming funds £000	Amounts expended £000	Transfers £000	Investment gains/ (losses) £000	Balance 30 June 2021 £000
Parent Charity						
Designated funds:						
Fixed assets fund	56,399	-	-	(284)	-	56,115
New boarding house fund	-	-	-	-	-	-
Building maintenance fund	334	-	(51)	-	-	283
RSE Fund	688	-	-	-	-	688
Bilton Grange designated	4,747	-	-	-	907	5,654
Bloxam Fund	10,197	588	-	-	1,507	12,292
General unrestricted funds:						
School operations	(4,037)	34,313	(34,101)	284	(2)	(3,543)
Pension reserve	(2,549)	-	(43)	-	1,240	(1,352)
	65,779	34,901	(34,195)	-	3,652	70,137
Consolidated						
Rugby School Enterprises	-	459	(466)	-	-	(7)
Rugby School International	-	499	(499)	-	-	-
Rugby School Projects	-	-	-	-	-	-
	65,779	35,859	(35,160)	-	3,652	70,130

(b) Prior year movement in unrestricted funds:

	Balance 1 July 2019 £000	Incoming funds £000	Amounts expended £000	Transfers £000	Investment gains/ (losses) £000	Balance 30 June 2020 £000
Parent Charity						
Designated funds:						
Fixed assets fund	49,287	4,753	(3,602)	5,962	-	56,399
New boarding house fund	-	-	-	-	-	-
Building maintenance fund	650	-	(335)	18	-	333
RSE Fund	737	430	(478)	-	-	689
Bilton Grange designated	-	4,883	(3)	59	(192)	4,747
Bloxam Fund	12,569	2	(6)	(2,237)	(131)	10,197
General unrestricted funds:						
School operations	(3,157)	29,267	(25,145)	(5,036)	33	(4,038)
Pension reserve	(1,555)	-	(38)	-	(956)	(2,549)
	58,531	39,336	(29,607)	(1,235)	(1,246)	65,779
Consolidated						
Rugby School Enterprises	-	1,458	(1,028)	(430)	-	-
Rugby School International	-	836	(481)	(355)	-	-
Rugby School Projects	-	4	-	(4)	-	-
	58,531	41,634	(31,116)	(2,024)	(1,246)	65,779

22. UNRESTRICTED FUNDS *(continued)*

Fixed asset fund

The fund carried forward at the year-end represents the net book amounts invested in tangible fixed assets. A transfer of £284,000 was made out of the fund (2020: transfer into the fund £2,312,000) which represents the fixed asset additions, disposals and depreciation for the year.

Building maintenance fund

Following an extensive survey of School properties, the building maintenance fund was established for maintenance priorities of the School's buildings over a five-year period. In the year £51,000 (2020: an additional £18,000) was expended from the fund.

RSE fund

The funds gifted by Rugby School Enterprises Limited are to be utilised on projects which would benefit a significant proportion of the School's community and may be used for bursaries for exceptional students. No transfer was made of RSE surplus for the year (2020: £430,000).

Bilton Grange fund

With the charitable merger of Bilton Grange into the School, the non-endowment investments previously held in the name of Bilton Grange Trust Limited were designated by the Governors to be used for capital investment into Bilton Grange and its facilities.

Bloxam fund

The funds in the Bloxam Fund are a portion of the proceeds of sales in 2019 and 2020 of long-held donated art works and rare books have been designated by the Governors to be utilised for bursary funding and for projects to benefit a significant proportion of the School's current and future community.

School operations

General unrestricted funds are retained to provide working capital.

23. FINANCIAL INSTRUMENTS

	2021 £000	2020 £000
Financial Assets measured at fair value through profit or loss including investment assets	62,452	50,894

24. FINANCE AND LEASE COMMITMENTS

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

	Parent Charity		Consolidated	
	2021 £000	2020 £000	2021 £000	2020 £000
Payable within 1 year	5	30	5	30
Payable between 2 to 5 years	-	8	-	8
Payable after more than 5 years	-	-	-	-
	<u>5</u>	<u>38</u>	<u>5</u>	<u>38</u>

During the year the School put in place an annually renewable, unsecured, on-demand, £5,000,000 overdraft facility with National Westminster Bank Plc. The facility has remained undrawn during the year ending 30 June 2021.

The School also retired 6% debenture loans and 5% debenture loans totalling £11,020 which were transferred to Rugby School under the Bilton Grange merger and paid off the interest due under those debentures.

On 30 June 2021, the School committed to enter into a 40-year private issue for £35 million placed with a single investor that closed and funded on 1 September 2021, due for repayment on 1 September 2061. Interest at 2.32% per annum is computed on a 30/360-day basis and payable semi-annually on 1 March and 1 September.

25. RELATED PARTY TRANSACTIONS

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

During the year, the children of Mrs H Jackson, a governor, received Head Master's Discretionary Awards totalling £6,440.

26. CONTINGENT LIABILITIES AND ASSETS

The School is in an ongoing dispute in relation to a former member of staff which is expected to progress to a tribunal. No provision has been made for a liability at 30 June 2021 as there remains considerable uncertainty as to the potential outcome of this claim in relation to both value and timing.

