



# Rugby School

**THE GOVERNING BODY OF RUGBY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**Registered Charity Number 528752**  
**[www.rugbyschool.co.uk](http://www.rugbyschool.co.uk)**

# **THE GOVERNING BODY OF RUGBY SCHOOL**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

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# THE GOVERNING BODY OF RUGBY SCHOOL

## ANNUAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

#### **The Governing Body**

B J O'Brien, LLB (2,3,4,5,6,7) (Chairman)  
R J Elmhirst LLB (2,3,4,5,6) (Deputy Chairman)  
R Aggarwal, MA, MBA  
N Bacon FCA, CTA (2,3,5,7)  
J C Barwell OBE (2,3,4,7)  
C A Coates LLB (6,8)  
J Eastwood BA (8) (resigned June 2023)  
A S Habib (joined October 2022)  
C Marten MA (1,6,8)  
J Moreland MA, PGCE, NPQH (8)  
A Pantelis (1) (resigned June 2023)  
Rev Canon Dr M Pryce (1)  
General Sir T Radford KCB DSO OBE (6)  
D Skailes BSC, FCA (2,3,6)  
P Smulders BA, MBA (5) (resigned November 2023)  
C Wills LLP (5,7)

#### **Appointed by**

Governing Body  
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Common Room  
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#### **Executive Head Master**

P R A Green MA, PGCE (5)

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

P A Nicholls MA, FCA

#### **Deputy Executive Head**

Dr N G Hampton MA, PhD, PGCE

#### **Head Master of Rugby School**

G Parker-Jones MA, PGCE

#### **Head Master of Bilton Grange**

G E B Jones MEd, BA, PGCE

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

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

**REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL  
FOR THE YEAR ENDED 30 JUNE 2023**

**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)	A Fox (7)
P Henderson (4)	C Howe (1)	S Lebus (5)	C T Lindsay (7)
M D L Ponsonby (7)	M Ruffell (4)	F Salway (2,3)	A Stuart (1)
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 other than as specified above)*

**Auditor**

Crowe U.K. LLP  
Cheltenham

**Advisers**

**Bankers**

National Westminster Bank plc, Rugby

**Investment Property Manager**

Tandem Property Asset Management, London

**Surveyors**

Farebrother, London

**Solicitors**

Veale Wasbrough Vizards, Bristol

**Principal Investment Managers**

Quilter Cheviot Ltd, London

Partners Capital LLP, London

Veritas Investment Management, London

WCM Investment Management, California

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

The Governing Body of Rugby School (“Governing Body”), who are the trustees of Rugby School including Bilton Grange (the “School” or the “Charity”), present their Annual Report and the audited financial statements of the School for the year ended 30 June 2023. 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 Charity’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 fundamental ethos of ‘the Whole Person is the Whole Point’ is everything we undertake at the schools to fulfil that principal aim.

The Charity’s Strategic Plan includes a Statement of the Rugby School Group Ethos:

- ‘Whole Person, Whole Point’ is a useful short-hand for encapsulating what a Rugby School Group education is. It is a modern interpretation of Arnoldian<sup>1</sup> traditions: character development, leadership, questioning, balance, belonging and inclusivity.
- All schools in the Group will maintain rigorous standards of best practice in safeguarding and child protection.
- Schools in the Group provide an education that focuses on learning dispositions, not simply the acquisition of knowledge, and includes the full range of academic disciplines.
- Through the mechanism of a learner profile, attitudes, values, skills and knowledge are given equal weighting in an education in which all students sing and make music, are physically active and play sport, are given opportunities for creativity, attend concerts and exhibitions, take part in academic enrichment, have regular meetings with their tutor, and are given leadership opportunities throughout the School.
- The Group strives to be an international network of best-in-class schools, forming genuine partnerships that are more than just a badge above the door; schools which are authentically ‘Rugby’ but with a local flavour.
- There is a culture in which students are encouraged to ask themselves ‘is there more to life than the immediately visible?’
- All students and staff have a commitment to serving others.
- All schools in the Group operate along the lines of a co-educational full boarding school with day pupils.
- There is a strong house system through which outstanding pastoral care is delivered, designed to foster a sense of belonging and inclusion.
- Schools in the Group cherish and nurture the values of team sport as embodied by the game of Rugby Football.

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<sup>1</sup> Arnoldian refers to Thomas Arnold, Rugby’s most famous Head Master from 1828-1842. His ethos for Rugby became a model for other public schools and exercised a strong influence on the education system of England and beyond.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

- All schools have a charitable and philanthropic mechanism to allow talented and academically able children to attend, regardless of their family's financial means or background.
- A global Rugbeian Society will preserve and enhance the bonds of friendship among current and former students, parents, teachers and friends.
- The Group aspires to set the agenda in terms of developing and promoting excellence in teaching and learning, being at the forefront of global thinking on educational matters, whilst being mindful of its history and heritage.
- The Group will attract, train and retain the best staff in the world, embracing diversity and inclusion, promoting their interests and helping them to develop personally and professionally.

The schools consistently strive for all-round excellence. They recognise 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 schools provide an environment where each student is encouraged to develop and fulfil his or her 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 2022/23:

- 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, Earle Fund, 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 'Whole Person Whole Point' ethos;
- to continue to explore opportunities to open overseas schools in partnership with suitable investors;
- to continue to improve the schools' facilities and to protect the historic environment through capital projects to improve and enhance the teaching, co-curricular and pastoral facilities throughout both schools;
- 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; at Bilton Grange this means maintaining the traditional Common Entrance syllabus in the core subjects while devising something more innovative in the other subjects;

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

- 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 in GCSEs, the IB and A levels. Rugby 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 schools 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;
- at Rugby School, continue to use a rigorous Personal Development Review (PDR) process involving the observation of lessons and the close scrutiny of all departments; at Bilton Grange, introduce a new, similar PDR system that focuses on a mentoring approach;
- maintain the House structure, which continues to be one of the defining features of life at Rugby School;
- 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;
- at Bilton Grange, also provide enhanced CPD opportunities including new pastoral 'listener' training and a 'mental health first aid' qualification;
- at Rugby School, enhance the process of Levee appointments and enhancing prefect training, including a programme of Graydin coaching;
- increase the number of co-curricular, student-led opportunities and establish a specified student-led enrichment hour in the Scheme of Hours;
- develop further vocational societies;
- provide appropriate high quality educational facilities;
- offer opportunities to day students through the Lawrence Sheriff Foundation awards and bursaries;
- develop the Earle Fund at Bilton Grange as a sister programme to the Arnold Foundation, offering fully-funded boarding places to children in Bilton Grange's Upper School;
- identify suitable candidates for Earle Fund and Arnold Foundation funded places at the schools directly or 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;
- extend the Rugby Schools Group reach by opening a nursery on the Bilton Grange site.

### **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, which take pupils from Year 3. Little Grange Nursery, for those aged from 6 months and up, opening in August 2022 on the Bilton Grange site.

The average number of students in Rugby School during the year was 864 (2022: 866). The total number of boarders averaged 656 during the year, which maintained the boarder/day ratio at approximately 75/25. The average number of students of Reception age up to sixth form in Bilton Grange was 383 (2022: 351) of whom the average number of full and weekly boarders was 60.

## REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023

Bilton Grange had successfully passed its ISI Regulatory Compliance Inspection in March 2022 and Rugby School in turn successfully passed its Focused Compliance and Educational Quality Inspection in September 2022 with headline judgments of “excellent” in all of the Key Findings. Meanwhile Little Grange Nursery received approval from Ofsted to open on the 1st August 2022.

Supporting access to the schools remained a priority for the Governors. In 2022/23, 14.9% of Rugby School's students and 9.4% of the children at Bilton Grange received concessions through Scholarships, Lawrence Sheriff Foundationships and Arnold Foundation schemes. These awards entitle students to financial assistance up to 100% of fees and in some cases extras. All concessions beyond 5% scholarship awards are subject to parental means testing. During the year, financial support towards the Rugby School fees was thereby provided for 342 students, representing 40.3% 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 119 students at Bilton Grange received some form of financial support representing 31.1% of the students in Bilton Grange. We are particularly proud of our continued efforts to build on and develop student mentoring for Arnold Foundation and Earle Fund students as part of our support for them.

The Schools’ activities and strategy over the year have continued to support each School’s Development Plans. Rugby 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 at Rugby School*

The exam results for summer 2023 in no small part continuing the national trend of a move closer to the historic average grades, as the exams ended the use of teacher assessed grades which were used nationally in summer 2021:

All figures in percent	2023	2022	2021	Eng. 2023	Eng. 2022
<b>A Levels (including Pre-U)</b>					
A* - A	<b>55.6</b>	67.6	83.3	<b>26.5</b>	35.8
A* - B	<b>83.0</b>	86.1	95.6	<b>52.7</b>	62.2
A* - E (pass)	<b>100.0</b>	100.0	100.0	<b>97.2</b>	98.4
<b>GCSE</b>					
A* / 9 - 8	<b>53.5</b>	65.6	77.7	<b>12.0</b>	
A* - A / 9 - 7	<b>74.7</b>	83.0	91.7	<b>21.6</b>	26.3
A* - B / 9 - 6	<b>88.7</b>	92.9	97.7	<b>35.6</b>	
A* - C (pass) / 9 - 4	<b>98.4</b>	99.6	100.0	<b>67.8</b>	67.3

As previously noted, both schools aim 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. However, the academic performance remains a priority and some of the principal achievements of the schools were:

- Excellent A Level and IB Diploma results meant that admittance to universities remained strong, with almost all students progressing to university directly or following a gap year;

## REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023

- The School enjoyed outstanding results in academic competitions, including Mathematics and Science Olympiads;
- For the first time students at Rugby School were awarded the International Baccalaureate Diploma. They achieved excellent results with strong successful take ups from universities;

### *Co-curricular highlights of the year at Rugby School*

The School's Whole Person, Whole Point ethos means that co-curricular activities are absolutely at the heart of the School's educational programme. This expresses itself in diverse areas:

#### *Sport*

Sport continues to remain front and centre at Rugby, and it is particularly gratifying to see the continued growth of Girls' sports. Our girls XV took to The Close for their first ever competitive fixture in March 2023, as they welcomed Oundle, this was followed up with our first girls team playing at Rosslyn Park sevens. In late August our girls' U15A rugby team departed for Pontlevoy to represent the school in the Heritage Cup as part of the Rugby World Cup celebrations. They were joined on the tour by our boys U15A team also.

The summer of 2023 saw a return of our first major sports tour since Covid with over 50 students heading to South Africa to take on some tough opposition in Rugby, Hockey, and Netball. This provided an excellent 'pre-season' for those in attendance. The netballers were lucky to receive a coaching session from Connie Francis, the coach of the Jamaican women's netball team.

Our Girls' 1st XI reaching the finals day of both the T20 and the 100-ball competition in the summer of 2023, going down narrowly in both finals in which rain played its part. These finals days coincided to be in the same week as the annual Marlborough match, in which the girls posted a score of 338/1 with both openers scoring centuries. They went on to win by 204 runs.

There has been significant investment in our racket's courts and a new strength and conditioning suite, which will continue to reinforce our position as one of the leading schools in the country for sport.

The number of pupils on academy pathways has again increased, particularly in cricket, and it is great to see ex-pupils now playing for England Women at T20 level, and for Warwickshire in the County Championship.

#### *Rugby 360*

It is a testament to the ongoing importance of service that we now have 550 pupils engaged in the Rugby 360 service programme each week. We have a thriving afterschool clubs programme, which impacted over 600 local Primary School children in 22-23. These children visit our site to engage in a 6-week curriculum enhancement afterschool club, led by Rugby School pupils. The sessions were offered in English, Maths, The Sciences, Sport, Modern and Ancient Languages. Continued success of our relationship with the local foodbanks have seen the students set up a community garden and start growing our own produce for donation. Harvest, Christmas, and Easter collections also continued. In Festival week, we welcomed over 2,000 local children on to campus to participate in workshops on site. We continue to have opportunities for our students to volunteer in hospitals (2), care homes (3), charity shops (14) and in schools (19).

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

### *Music*

Music remains extremely strong at Rugby School. We are privileged to have a student that won the BBC Young Chorister of The Year competition, which was broadcast on BBC2. The Rugby Chorister Programme was launched at Bilton Grange in September 2022 with 34 students signed up to the programme being supported by pupils and staff from Rugby School. We have also enjoyed many successful collaborations with cathedral choirs in Cambridge. Meanwhile, the chorister programme flourished as a partnership between Rugby School and Bilton Grange providing opportunities for Rugby's choir to learn to lead younger people and organ playing students to gain real life experience in playing in front of worshipers and with choirs.

The annual rock and pop night was a great success, with the winning band headlining at the Festival on The Close as a warm-up act for Bruno Mars (tribute). The quality of the chamber music continues to grow, and the Shostakovich and Brahms concerts from the Festival on The Close are good examples of this. The Blue Note society goes from strength to strength with strong numbers and a wider range of Rock, Pop, and Jazz acts on show. A particular area of growth has been the jazz piano. There have been two broadcasts on BBC Radio 4 for Sunday Worship (one that involved the whole school), and a live broadcast of Evensong on BBC Radio 3. The House singing competition was again a rousing event with the theme in 2022-23 'bands from the 90's'.

### *Performing Arts*

The Festival on The Close generated in the region of £5k for Cancer Research UK, and the whole week saw the highest levels of ticket sales since the inception of the event. We also saw an increase in the number of collaborations with local secondary schools, with some performances seen live in the Macready. The headline event of the week 'A night at the Musicals', hosted by Ken Bruce and backed by the BBC Concert Orchestra, was a spectacle to behold. There have again been many plays, productions, and performances throughout the year. The FB produced some acclaimed performances for Oxford University's Greek Drama, and we also staged 'Much ado about nothing' (Middle School Play), 'A Midsummer Night's Dream' (main school play), 'The Superior Residence' (Senior Scholars Play). There were numerous LAMDA showcases throughout the year, and there was also the inaugural Dance showcase.

### *Duke of Edinburgh*

After the challenges of completing the awards during Covid, over 200 students completed their Bronze and Gold Duke of Edinburgh expeditions in June/July 2023 with 50 pupils completing their silver expeditions during the Easter 2023 holiday. We recently had 23 students invited to Buckingham Palace to receive their Gold Award. In the past academic year, we saw 87 students complete their Bronze Award, 6 complete Silver, and 28 complete Gold (inc. OR's).

### *Levéé*

The new Levée was appointed just after Easter. Eight new enthusiastic LXX pupils started as the Co-curricular Levée. They have chosen to focus on communication, awareness, and inclusivity as their objectives for their year in office. Their first event of the year was to host a 'heritage' sports day for all our FB and EB, which saw events such as the three-legged race, tug of war, egg and spoon and sack races sit front and centre.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

### *Highlights of the year at Bilton Grange*

- Students from Bilton Grange won an impressive 29 scholarships (academic, D&T, computing, drama, music and sport) although only 22 were accepted.
- Whilst almost 60% of the leaving cohort moved on to Rugby, there were fourteen other public schools destinations for the leaving cohort of Biltonians. Of the leavers heading to Rugby, just under 50% were moving as boarders.
- The scholarships offered by senior schools included six academic scholarships. Three Bilton Grange students also received an award from their senior school for achieving the highest mark in their CE papers for a particular subject (Maths, Biology and Chemistry papers).
- Bilton Grange was delighted to see its Pre-Prep placed in the final for the 'Pre-Prep of the Year' category in the Independent School of the Year Awards 2023. The School was also shortlisted for the category 'Independent School of the Year for Outstanding New Initiative' and won the Muddy Stilettos award for 'originality in teaching music and the arts'. It was also tagged as 'highly commended' by Muddy Stilettos in the categories 'Most Creative Learning Through Play', 'Best Experiential Learning' and 'Best Eco Initiative'.
- The Rugby Choristers at Bilton Grange programme launched in September 2022 with 34 children from Y4-8 attending vocal training and undertaking Evensong performances over four days each week. As well as this, during the year some probationer choristers in Y3 were appointed. The programme has achieved national renown in various publications and performances have been well received.
- As part of the academic developments, the School adopted the principles of Quality First Teaching to guide the standards of teaching and learning. A new Professional Development Review (PDR) system was launched for teaching staff which was met positively because of its enhanced mentoring approach.
- A full range of sport, music and dramatic opportunities was in evidence at Bilton Grange. The Options programme (after school Clubs) was revamped to provide broader opportunity while the Activities programme was also revised to provide more structured purpose.
- In the area of Performing Arts, each year group had the chance to perform and the Upper School production of Matilda was generally regarded as spectacularly good quality. The staff performed a pantomime in December which was greatly enjoyed and the strength of this department was demonstrated with 4 children gaining a Drama scholarship to their senior school.
- Music is also thriving at Bilton Grange. Concerts were staged throughout the year ranging from soloist evenings to large scale ensemble concerts and jazz soirees. Large numbers of children performed. The chorister programme has been inspirational and teaching of music in the pre-prep has won awards for its originality. Seven of the scholarships offered by senior schools were for music.
- The sporting programme was full with a strong showing in the major team sports. Significant successes were achieved with national gold medals won by BG pupils in swimming and athletics while a number of boys and girls gained county / regional selection in rugby, hockey, netball and cricket. The provision for swimming, tennis and cross-country was improved and a new orienteering course was mapped and marked. Ten of the scholarships offered by senior schools were for sport.
- Following DEI training the previous year, a new staff DEI committee was established with regular meetings through the year. This helped to enhance the working culture within the school for both staff and pupils.
- The total amount raised by BG pupils for charities across the year was £11,883. Charities which benefited included Children in Need, The Hoskyn Centre and Jeans for Genes. Five carloads of donations were collected for the nearby refugee residents at the Dunchurch Park Hotel next door and many items of food were donated to the Rugby Foodbank as part of the School's Harvest Festival collection.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

- Little Grange Nursery opened on 1 August 2022, into temporary accommodation for the first 10 weeks while its permanent home was refurbished and then, from Mon 31 October, into its official home. Occupancy rates exceeded expectations from early on and the provision as well as standard of finish has been with very positive responses. The Nursery quickly settled well into its 51 week per year model with its first cohort of 'graduates' leaving at the end of the Summer term.

### **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 2023/24:

- 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 2024;
- 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 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;
- to continue to explore opportunities for on-line education, both commercially and for internal use.

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 2023**

### *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 which has expanded to offer places at Bilton Grange under the Earle Fund. As of September 2023, 177 students and former students had benefited from support provided by the Foundation since 2004. The Governing Body thanks all the donors who have contributed over the year and is delighted that there were 26 Arnold Foundation students and 3 Earle Fund students at the schools during 2022/23. Two of the new Arnold Foundation students had started as Earle Fund students. In September 2023 the number of students in the schools who are funded by the Arnold Foundation is 29 at Rugby School and a further 3 at Bilton Grange.

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 £5.5 million (2022: £4.7 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 £0.70 million (2022: £0.68 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:

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

- 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 Alms-houses as well as acting as governors of a number of maintained schools;
- 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 fund-raising 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 Rugbeian Community Office and Development Team organise fundraising activities and events and co-ordinate philanthropic support and involvement for the Arnold Foundation, Earle Fund and the schools. No entities within the Group 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 fundraising team within the Rugbeian Community 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, Little Grange Nursery 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 and directors of these associated charities and companies 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 profit 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. The company's distributable profit for the year is gifted to the School to be used for its principal activity.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

### *Little Grange Nursery Limited*

The principal activity of the company is the commercial provision of a nursery for children aged 6 months to 5 years and it received its Ofsted Registration in the Summer of 2022 before opening at Bilton Grange in August 2022.

### *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. The entity is planned to be active during the planned construction of a new boarding house at Bilton Grange over the coming years.

### *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 2023 resulted in net outgoing funds from operations of £2,158,000 (2022: a net incoming figure of £318,000), after charging £4.37 million (2022: £3.96 million) for depreciation on the School's property and equipment, but before pension revaluation adjustments under FRS 102.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

The consolidated net outgoing resources for the year, were heavily affected by a revaluation of the London Estate and stood at £12.3 million (2022: net incoming resources of £6.8 million) which, in addition to the School's operating surplus, included:

- the Arnold Foundation for Rugby School received gifts and legacies as endowed funds of £0.4 million and as restricted funds of a further £0.5 million during the year;
- a net transfer of £2.7 million from the London Estate, after the payment of the one-fifth share to Lawrence Sheriff School;
- £5.5 million (representing 13.5% of gross fees) was used to fund scholarship and bursary awards. Assistance towards payment of the fees in this way was provided to a total of 399 students across Rugby School and Bilton Grange.

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 decrease in the Charity's funds for the year of £12.2 million (2022: a net increase £7.9 million) as the property investments in the London Estate saw a significant decrease in value as a result of the significant changes in discount rates applied due to the rapid increases in interest rates. If the movement in the value of the London Estate property is excluded, the outturn would have been a £4.6 million increase in the Charity's funds.

### *Balance Sheet*

The movement of funds for the year generated total consolidated funds of £223 million standing to the credit of the School as at 30 June 2023. The underlying assets and liabilities are set out in the Balance Sheet and further analysed in the notes which accompany the financial statements.

### *Funds*

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

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

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.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

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 moved to an EBITDA based objective. 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.
- Building maintenance fund – used when the School sets 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.
- Bilton Grange fund – this fund relates to investments transferred to the Charity under the charitable merger in January 2020. The investments have been designated for usage in the planned projects at Bilton Grange.
- Bloxam Fund – The funds originated from a portion of the proceeds of sales in 2019 and 2020 of long-held donated art works and rare books which were 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.

The financial statements indicate that the majority of the school's unrestricted funds of £69 million (see note 22) are invested in premises and equipment of £63 million, £18 million in other designated funds as described above, leaving general unrestricted funds, or free reserves at a deficit of £11.9 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.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

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 £1 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 2023**

Mrs Audrey Pantelis resigned as governor in June 2023 and Mrs Janet Eastwood also resigned as a governor in June 2023. Mr A Habib was appointed as a governor on 13 October 2022. Mr C Greenhalgh was appointed as a governor on 4 September 2023.

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 Master of Rugby School and the Head Master 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 2023**

### **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 Board: 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.

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 Master of Rugby School and the Head Master of Bilton Grange, the Director of the Rugbeian Community, the Estates Director, the Finance Director, the HR Director, the International Development Director and the School Chaplain.

## **REPORT OF THE GOVERNING BODY OF RUGBY SCHOOL FOR THE YEAR ENDED 30 JUNE 2023**

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

### *Changes to Organisational Management in 2023-24*

After a good tenure, Peter Green, the Executive Head Master, has declared his intention to retire from his role from 1<sup>st</sup> January 2024. With his departure, the senior leadership of the group will change to be formed of the Head Master of Rugby School, the Head Master of Bilton Grange, the Executive Principal (Neil Hampton) and the Chief Operating Officer (Peter Nicholls), together known as the Executive Leadership. They will collectively report to the Governing Body and bear responsibility for the implementation of the group's strategy.

### *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 address the economic environment and cost-of-living challenges;
- an inappropriate mix of students or unfilled student places;
- the impact of the cost-of-living challenges on donations;
- the risk of an incoming government applying VAT to educational fees which could significantly affect parental demand;
- 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 2023**

### **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.

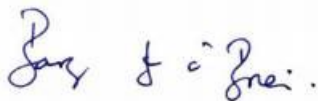
The Governing Body is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities 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 22 November 2023.



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 2023 which comprise the consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including 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 the parent charity's affairs as at 30 June 2023 and of the group's 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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. 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.

## 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 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Report of the Governing Body; or
- sufficient and proper 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 the Governing Body

As explained more fully in the Statement of Governing Body Responsibilities statement, the Governing Body 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 Board 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 Board are responsible for assessing the group 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 Governors 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 Acts 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governing Body and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with the accuracy of bursaries, scholarships and allowances, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, designing audit procedures over bursaries, scholarships and allowances, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### **Use of our report**

This report is made solely to the charity's Governors, 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 Governors 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 Governors as a body, for our audit work, for this report, or for the opinions we have formed.



**Crowe U.K. LLP**  
Statutory Auditor  
4<sup>th</sup> Floor, St James House  
St James Square  
Cheltenham  
GL50 3PR

Date: 20 December 2023

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 2023**

	<b>Funds:</b>	<b>Unrestricted</b>	<b>Endowed</b>	<b>Restricted</b>	<b>2023</b>	<b>Unrestricted</b>	<b>Endowed</b>	<b>Restricted</b>	<b>2022</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>INCOME AND ENDOWMENTS FROM:</b>									
<b>Charitable Activities</b>									
School fees receivable	2	38,276	-	-	<b>38,276</b>	35,113	-	-	35,113
Ancillary trading income	4	2,525	-	-	<b>2,525</b>	1,527	-	-	1,527
<b>Other Trading Activities</b>									
Trading income (non-ancillary)	5	2,994	-	-	<b>2,994</b>	1,759	-	-	1,759
<b>Investments</b>									
Investment income	6	465	194	5,692	<b>6,351</b>	406	69	5,489	5,964
<b>Voluntary Sources</b>									
Donations and legacies		1	258	582	<b>841</b>	1	1,382	676	2,059
<b>Other</b>		13	-	-	<b>13</b>	5	-	72	77
<b>Total Income</b>		<b>44,274</b>	<b>452</b>	<b>6,274</b>	<b>51,000</b>	<b>38,811</b>	<b>1,451</b>	<b>6,237</b>	<b>46,499</b>
<b>EXPENDITURE ON:</b>									
<b>Raising Funds</b>									
Trading	7	1,139	-	-	<b>1,139</b>	889	-	-	889
Financing costs		1,022	-	1	<b>1,023</b>	963	-	-	963
Investment management costs		28	94	2,024	<b>2,146</b>	12	-	2,029	2,041
Fund-raising and development		-	-	442	<b>442</b>	-	-	506	506
<b>Total cost of fundraising</b>		<b>2,189</b>	<b>94</b>	<b>2,467</b>	<b>4,750</b>	<b>1,864</b>	<b>-</b>	<b>2,535</b>	<b>4,399</b>
<b>Charitable Activities</b>									
School operations		43,509	-	11	<b>43,520</b>	37,515	-	-	37,515
Scholarships, bursaries and prizes	3	-	306	3,878	<b>4,184</b>	-	-	3,587	3,587
Payment to Lawrence Sheriff School	9	-	-	705	<b>705</b>	-	-	681	681
Costs of Charitable Activities		43,509	306	4,594	<b>48,409</b>	37,515	-	4,268	41,783
<b>Total Expenditure</b>	7	<b>45,698</b>	<b>400</b>	<b>7,061</b>	<b>53,159</b>	<b>39,379</b>	<b>-</b>	<b>6,803</b>	<b>46,182</b>
<b>Net (Expenditure)/Income</b>		<b>(1,424)</b>	<b>52</b>	<b>(787)</b>	<b>(2,159)</b>	<b>(568)</b>	<b>1,451</b>	<b>(566)</b>	<b>317</b>
Net gains/(losses) on investments	13	1,386	(13,877)	2,322	<b>(10,169)</b>	(1,619)	10,561	(2,463)	6,479
<b>Net Income</b>		<b>(38)</b>	<b>(13,825)</b>	<b>1,535</b>	<b>(12,328)</b>	<b>(2,187)</b>	<b>12,012</b>	<b>(3,029)</b>	<b>6,796</b>
Transfer between funds	20,21, 22	10	-	(10)	-	8	(69)	61	-
Release of Repairs Fund	21	-	-	(120)	<b>(120)</b>	-	-	-	-
Actuarial (loss)/gain on defined benefit pension scheme	18	222	-	-	<b>222</b>	1,113	-	-	1,113
<b>NET MOVEMENT IN FUNDS</b>		<b>193</b>	<b>(13,825)</b>	<b>1,406</b>	<b>(12,226)</b>	<b>(1,066)</b>	<b>11,943</b>	<b>(2,968)</b>	<b>7,909</b>
<b>Reconciliation of Funds</b>									
Balances brought forward at 1 July		<b>69,064</b>	<b>144,752</b>	<b>21,757</b>	<b>235,573</b>	<b>70,130</b>	<b>132,809</b>	<b>24,725</b>	<b>227,664</b>
<b>BALANCES CARRIED FORWARD at 30 June</b>		<b>69,257</b>	<b>130,927</b>	<b>23,163</b>	<b>223,347</b>	<b>69,064</b>	<b>144,752</b>	<b>21,757</b>	<b>235,573</b>

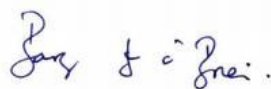
The notes on pages 28 to 55 form part of these financial statements.

**THE GOVERNING BODY OF RUGBY SCHOOL**  
**BALANCE SHEETS**  
**AS AT 30 JUNE 2023**

	Notes	Parent Charity		Consolidated	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>					
Freehold properties, fixtures & equipment	12	63,071	59,173	63,071	59,173
Investments	13	139,995	155,156	161,775	174,393
		<u>203,066</u>	<u>214,329</u>	<u>224,845</u>	<u>233,566</u>
<b>CURRENT ASSETS</b>					
Stock		10	0	110	78
Debtors	14	5,699	6,280	6,061	7,102
Investments – deposits		29,183	513	29,428	513
Bank and cash		11,351	43,588	11,542	43,680
		<u>46,243</u>	<u>50,381</u>	<u>47,141</u>	<u>51,373</u>
<b>CURRENT LIABILITIES</b>					
Creditors due within one year	15	(9,271)	(9,802)	(9,659)	(10,190)
		<u>36,972</u>	<u>40,579</u>	<u>37,482</u>	<u>41,183</u>
<b>NET CURRENT ASSETS</b>					
		<u>36,972</u>	<u>40,579</u>	<u>37,482</u>	<u>41,183</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>240,038</b>	254,908	<b>262,327</b>	274,749
<b>CREDITORS due after more than one year</b>	16	<b>(38,810)</b>	(38,813)	<b>(38,867)</b>	(38,873)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>201,228</b>	216,095	<b>223,460</b>	235,876
<b>PROVISIONS</b>					
Defined benefit pension scheme liability	18	(113)	(303)	(113)	(303)
		<u>201,115</u>	<u>215,792</u>	<u>223,347</u>	<u>235,573</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>	19	<b>201,115</b>	215,792	<b>223,347</b>	235,573
<b>FUNDS OF THE CHARITY:</b>					
<b>Endowment funds</b>	20	<b>117,719</b>	133,371	<b>130,927</b>	144,752
<b>Restricted funds</b>	21	<b>14,139</b>	13,342	<b>23,163</b>	21,757
<b>Unrestricted funds:</b>					
Unrestricted income funds		69,370	69,382	69,370	69,367
Pension reserve		(113)	(303)	(113)	(303)
<b>Total unrestricted funds</b>	22	<b>69,257</b>	69,079	<b>69,257</b>	69,064
		<u>201,115</u>	<u>215,792</u>	<u>223,347</u>	<u>235,573</u>
<b>TOTAL CHARITY FUNDS</b>		<b>201,115</b>	215,792	<b>223,347</b>	235,573

The deficit for the financial year in the financial statements of the parent charity was £2,157,000 (2022: deficit of £797,000).

Approved by the Governing Body on 22 November 2023 and signed on their behalf by:



B J O'Brien – Chairman of Governing Body



D Skales – Chairman of Audit Committee



P A Nicholls – Chief Operating Officer

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 2023**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of net income to net cash flow from operating activities:</b>		
Net Income for the reporting period (as per the Statement of Financial Activities)	<b>(2,158)</b>	318
Elimination of non-operating cash flows:		
Investment income and bank interest receivable	<b>(926)</b>	(749)
Endowment donations	<b>(258)</b>	(1,382)
Depreciation	<b>4,370</b>	3,961
Release of Repairs Fund	<b>(120)</b>	-
Transfer of Fixed Assets from Bilton Grange merger (@ NBV)	-	-
(Increase)/Decrease in stocks	<b>(32)</b>	(17)
(increase)/Decrease in debtors	<b>1,041</b>	(633)
Increase/(Decrease) in creditors	<b>(481)</b>	1,233
Increase/(Decrease) in Fees in advance scheme	<b>(55)</b>	(148)
Increase/(Decrease) in pension scheme liability	<b>32</b>	64
<b>Net cash provided by operating activities</b>	<b>1,413</b>	2,647
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	<b>(8,268)</b>	(7,021)
Sale of fixed assets	-	(2)
Purchase of investments	<b>(6,908)</b>	(8,111)
Sale of investments	<b>8,903</b>	12,228
Investment income and bank interest receivable	<b>926</b>	749
Transfer (to)/from short term bank deposits and equivalent	<b>(28,460)</b>	(285)
<b>Net cash used in investing activities</b>	<b>(33,807)</b>	(2,442)
<b>Cash flows from financing activities:</b>		
Increase in debt finance	-	35,000
New endowments	<b>258</b>	1,382
<b>Net cash provided by financing activities</b>	<b>258</b>	36,382
<b>Change in cash and cash equivalents in the reporting period</b>	<b>(32,138)</b>	36,587
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>43,680</b>	7,093
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>11,542</b>	43,680
<b>Analysis of cash and cash equivalents:</b>		
Cash at bank	11,542	43,680
	<b>11,542</b>	<b>43,680</b>

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 2023. 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 2023 shows gross income, excluding gift aid and donations from group entities, of £47.8 million (2022: £44.4 million) and a total deficit of £ 2,279,158 (2022: deficit of £797,589).

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.

**(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 normally 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. Some assets in the register have previously had their rates of depreciation adjusted to account for historic under-depreciation. 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 (generally)
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 2023 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

	2023 £000	2022 £000
The School's fee income comprises:		
Gross fees	40,894	37,392
Less scholarships/bursaries not funded from Restricted Reserves	(1,323)	(1,092)
Less staff, sibling and other concessions	(1,295)	(1,187)
<b>School Fees Receivable (SOFA)</b>	<b>38,276</b>	<b>35,113</b>
Less scholarships/bursaries/grant/prizes/other awards funded from Restricted Reserves	(4,184)	(3,587)
<b>Net Fees</b>	<b>34,092</b>	<b>31,526</b>
Add back from Restricted Reserve	4,184	3,587
	<b>38,276</b>	<b>35,113</b>

In the figures for the year ended 30 June 2023, we have separated out certain scholarships and bursaries which were supported from Designated and other Unrestricted Funds rather than from Restricted Reserves.

## 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:

	2023 £000	2022 £000
Foundation Scholarships	123	110
Scholarships	998	942
Arnold Foundation awards (means-tested)	1,180	1,108
Bursaries (means-tested)	1,880	1,422
Contribution to School fees	4,181	3,582
Prizes and Exhibitions	3	5
	<b>4,184</b>	<b>3,587</b>

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

	2023 £000	2022 £000
Scholarships	618	576
Bursaries (means-tested)	704	-
Contribution to School fees	1,322	576
Total scholarships, grants, prizes and other awards	<b>5,506</b>	<b>4,680</b>

#### 4. CHARITABLE ACTIVITIES - OTHER INCOME

	2023 £000	2022 £000
<b>Other educational charitable activities</b>		
Registration fees	147	161
Courses	28	7
Other including tradesmen discounts and settlement fees	-	-
	<u>175</u>	<u>168</u>
<b>Other ancillary activities</b>		
Extra-curricular activities and trips (recharged)	831	558
Other including commissions	-	0
	<u>831</u>	<u>558</u>
<b>Other trading activities</b>		
School shop, museum, tuckshop and events	1,519	801
	<u>2,525</u>	<u>1,527</u>

#### 5. TRADING INCOME AND EXPENDITURE

	2023 £000	2022 £000
Non-ancillary trading activities-including trading subsidiaries	<u>2,994</u>	<u>1,759</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.

Little Grange Nursery Limited's principal activity is the operation of a nursery which opened after the year end in August 2022.

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 2023 are:

THE GOVERNING BODY OF RUGBY SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

	Company registration number	Shareholding %		Net Assets at 30 June 2023 £	Turnover (incl inv't income) £'000	Expenditure £'000	Profit in the Year £'000
Rugby School Enterprises Limited	2264068	100	£	4	1,522	1,522	0
Rugby School International Limited	10238790	100	£	1	596	596	0
Rugby School Projects Limited	10742346	100	£	1	0	0	0
Little Grange Nursery Limited	13879790	100	£	1	997	982	15
The Arnold Foundation for Rugby School	4516482	-	-	-	1,692	1,683	9
Rugby School Combined War Memorial Fund	-	-	-	-	32	54	(22)

## 6. INVESTMENT INCOME

	2023 £000	2022 £000
Rents receivable	5,424	5,216
Income on financial investments	871	698
Interest receivable on cash portfolio	56	50
	<u>6,351</u>	<u>5,964</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:

	2023 £000	2022 £000
Cumulative Leasehold property income:		
Within one year	4,575	4,922
Between 1 – 5 years	10,242	9,563
Over 5 years	16,563	16,094
	<u>31,380</u>	<u>30,579</u>

## 7. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Note	Staff costs £000	Other costs £000	Deprec'n £000	2023 Total £000	2022 Total £000
<b>Costs of Generating and Managing Funds:</b>						
Trading costs		607	532	-	<b>1,139</b>	889
Fund-raising costs		218	224	-	<b>442</b>	506
Finance costs		-	1,022	-	<b>1,022</b>	963
Investment management Costs		-	2,146	-	<b>2,146</b>	2,041
		<b>825</b>	<b>3,924</b>	<b>-</b>	<b>4,749</b>	<b>4,399</b>
<b>Charitable Activities</b>						
School operations:						
Teaching		15,659	2,152	717	<b>18,528</b>	16,302
Welfare		1,128	5,510	197	<b>6,835</b>	5,915
Premises		3,874	4,741	3,457	<b>12,072</b>	10,324
Support (including ancillary trading expenditure)		2,485	3,269	-	<b>5,754</b>	4,659
Governance		90	242	-	<b>332</b>	315
School's operating costs		<b>23,236</b>	<b>15,914</b>	<b>4,371</b>	<b>43,521</b>	<b>37,515</b>
Scholarships, bursaries and prizes	3	-	4,184	-	<b>4,184</b>	3,587
Payment to Lawrence Sherrieff School	9	-	705	-	<b>705</b>	681
<b>Total Expenditure</b>		<b>24,061</b>	<b>24,727</b>	<b>4,371</b>	<b>53,159</b>	<b>46,182</b>

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

## 8. EXPENDITURE

Total resources expended include the following amounts:

	2023 £000	2022 £000
Amounts accrued to advance fees	<b>9</b>	5
Governors' travel expenses (6 Governors)	<b>4</b>	28
Fees payable to the Charity's auditors for:		
• The audit of the Charity and Group accounts	<b>68</b>	58
• Tax services	<b>15</b>	4
• Pensions audit	<b>1</b>	1
• VAT advisory services	<b>19</b>	0
• Financial due diligence	<b>0</b>	2

## 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 2023 of £937,932 (2022: £865,452), 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 2022/23 financial year was £704,743 (2022: £680,905).

## 10. STAFF COSTS

<b>Total Staff Costs:</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	<b>19,346</b>	17,350
Social security costs	<b>1,831</b>	1,594
Pension contributions	<b>2,788</b>	2,526
	<b>23,965</b>	21,470
Benefits – health insurance contributions	<b>96</b>	131
Salaries and wages	<b>24,061</b>	21,601

Staff costs include redundancy and termination costs of £nil (2022: £nil) of which £nil remained outstanding at the year-end.

The average number of staff employed in the year was:

	<b>2023</b>	<b>2022</b>
	<b>No</b>	<b>No</b>
Teaching	<b>264</b>	250
Operations and Administration	<b>496</b>	453
Total	<b>760</b>	703

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 2023 were £1,906 million (2022: £1.873 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:

	2023	2022
	No	No
£60,000 - £69,999	32	24
£70,000 - £79,999	13	6
£80,000 - £89,999	4	7
£90,000 - £99,999	4	1
£100,000 - £109,999	1	2
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1
£130,000 - £139,999	1	1
£150,000 - £159,999	-	-
£160,000 - £169,999	2	1
£230,000 - £239,999	-	-
£240,000 - £249,999	-	1
£260,000 - £270,000	1	-

42 of these employees (2022: 34) were members of a defined benefit pension scheme and employees 15 (2022: 7) were members of a defined contribution scheme at a charge of £118,284 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, Little Grange Nursery Limited or Rugby School Projects Limited.

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

	Parent Charity and Consolidated			
	Freehold land & buildings	Assets under construction	Fixtures & equipment	Total
<b>COST</b>	£000	£000	£000	£000
As at 1 July 2022	99,351	306	7,371	107,028
Additions	6,602	955	711	8,268
Transfers	1,125	(1,125)	-	-
Disposals	(40)	-	(158)	(198)
As at 30 June 2023	107,038	136	7,924	115,098
<b>DEPRECIATION</b>				
As at 1 July 2022	42,302	-	5,553	47,855
Charge for the year	3,690	-	680	4,370
Transfers	-	-	-	-
Disposals	(40)	-	(158)	(198)
As at 30 June 2023	45,952	-	6,075	52,027
<b>NET BOOK VALUE</b>				
As at 30 June 2023	<b>61,086</b>	<b>136</b>	<b>1,849</b>	<b>63,071</b>
As at 30 June 2022	<b>57,049</b>	<b>306</b>	<b>1,818</b>	<b>59,173</b>

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 (2022: £0). A depreciation charge of £0 occurred in the year (2022: £0).

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 in the form of orders approved and authorised, at 30 June 2023 amounted to £1,914,403 (2022: £2,789,520).

### 13. FIXED ASSET INVESTMENTS

#### Parent Charity

	<b>London Estate</b>	<b>Bilton Grange</b>	<b>Special Funds</b>	<b>Composition of Fees</b>	<b>Total</b>
	£000	£000	£000	£000	£000
Balance at 1 July 2022	121,070	5,128	27,608	1,350	155,156
Additions	576	7	2,915	(1)	3,497
Cash balance movement	145	(7)	366	59	563
Disposals at net proceeds	(854)	(2,314)	(2,954)	(25)	(6,147)
Revaluations	(16,167)	167	3,010	(84)	(13,074)
Balance at 30 June 2023	104,770	2,981	30,945	1,299	139,995
Represented by:					
Freehold properties	98,500	-	-	-	98,500
Financial investments	5,261	2,981	29,771	884	38,897
Cash deposits	1,009	-	1,174	415	2,598
	104,770	2,981	30,945	1,299	139,995

#### Consolidated

	<b>Parent Charity</b>	<b>Arnold Foundation</b>	<b>War Memorial</b>	<b>Total</b>
	£000	£000	£000	£000
Balance at 1 July 2022	155,156	17,385	1,852	174,393
Additions	3,497	2,077	186	5,760
Cash balance movement	563	511	74	1,148
Disposals at net proceeds	(6,147)	(2,489)	(267)	(8,903)
Revaluations	(13,074)	2,213	238	(10,623)
Balance at 30 June 2023	139,995	19,697	2,083	161,775
Represented by:				
Freehold properties	98,500	-	-	98,500
Financial investments	38,897	18,865	1,985	59,747
Cash deposits	2,598	832	98	3,528
	139,995	19,697	2,083	161,775

The London Estate investments include property professionally valued by Farebrother, Chartered Surveyors as at 30 June 2022. The Governing Body's updated valuation of the property portfolio as at 30 June 2023 was obtained in consultation with the School's professional advisors and reflects the changes in the market conditions.

The London Estate investments includes £98.5 million property and £6.3 million in its managed equity portfolio.

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

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

The gross rental income generated from the London Estate properties in 2022/23 was £5.1 million (2021/22 - £5.0 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 a number of different funds, the income and capital from which is restricted for specific purposes such as scholarships, grants and prizes.

### 14. DEBTORS

	Parent Charity		Consolidated	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	2,014	2,167	2,648	2,683
Taxation recoverable and accrued income from HMRC	-	-	2	-
Other debtors	1,307	2,410	1,352	2,706
Inter-group balances	329	100	-	-
Prepayments and accrued income	2,049	1,603	2,059	1,713
	<u>5,699</u>	<u>6,280</u>	<u>6,061</u>	<u>7,102</u>

**15. CREDITORS: due within one year**

	<b>Parent Charity</b>		<b>Consolidated</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>£000</b>	£000	<b>£000</b>	£000
Finance lease creditor	-	-	-	-
Trade creditors	<b>3,036</b>	3,311	<b>3,148</b>	3,398
Taxation and social security	<b>584</b>	593	<b>606</b>	600
Other creditors	<b>1,534</b>	1,543	<b>1,538</b>	1,546
Inter-group balances	-	-	-	-
Accruals and deferred income	<b>1,788</b>	1,875	<b>2,017</b>	2,156
Entrance fees and final term deposits	<b>1,097</b>	881	<b>1,117</b>	890
Advance fees	<b>818</b>	1,127	<b>818</b>	1,128
Advance fees via Scheme (note 17)	<b>414</b>	472	<b>415</b>	472
	<b>9,271</b>	9,802	<b>9,659</b>	10,190

In 2022 the School included an accrual of £160,000 to account for amounts likely to be due as historic underpayments of holiday pay the recent final judgment of the Supreme Court in relation to the Harpur Trust v Brazel case.

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

	<b>Parent Charity</b>		<b>Consolidated</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>£000</b>	£000	<b>£000</b>	£000
Finance lease creditor	-	-	-	-
Debt finance	<b>35,000</b>	35,000	<b>35,058</b>	35,000
Entrance fees and final term deposits	<b>3,311</b>	3,428	<b>3,310</b>	3,488
Advance fees via Scheme (note 17)	<b>499</b>	385	<b>499</b>	385
	<b>38,810</b>	38,813	<b>38,867</b>	38,873

**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:

	<b>2023</b>	2022
	<b>£000</b>	£000
Between 2 to 5 years	<b>262</b>	132
Between 1 to 2 years	<b>236</b>	253
	<b>498</b>	385
Within 1 year (note 15)	<b>414</b>	472
Balance at 30 June	<b>912</b>	857

## 17. ADVANCE FEE PAYMENTS *(continued)*

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

	2023	2022
	£000	£000
Balance at 1 July	857	1,016
New contracts	688	449
Refunds	-	-
Amounts accrued to contracts	5	-
	<b>1,550</b>	<b>1,465</b>
Amounts utilised in payment of fees to the School	<b>(638)</b>	<b>(608)</b>
Balance at 30 June	<b>912</b>	<b>857</b>

## 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 £1,976,234 (2022: £1,857,626). There was £231,645 accrued in respect of employer and employee contributions payable at the year-end (2022 - £221,181).

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)*

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 following a public consultation in 2021 the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations were completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has indicated that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is 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 6 April 2021 and showed the Scheme to be in deficit by £323,000; expressed as a percentage (assets divided by liabilities) the scheme was 95% funded on an 'ongoing basis'. The Actuary has advised that at 5 April 2022 the Scheme would be in surplus if assessed on a consistent set of assumptions reflecting market conditions at that date. Given this and the strong employer covenant the Trustees have agreed that it would be unnecessary to seek contributions from the School.

The next tri-annual valuation date is set to be as of 5 April 2024.

# 18. PENSION SCHEMES *(continued)*

The principal actuarial assumptions at the balance sheet date were:

	2023	2022
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions payment	5.00%	5.00%
Discount rate	5.22%	3.75%
Inflation assumption	3.68%	3.51%
Statutory rate of increase of pensions in deferment	3.68%	3.51%
Expected return on Scheme assets	5.22%	3.75%
Assumes life expectancy on retirement at age 60:		
Retiring today – males	26.5	26.4
Retiring today – females	29.2	29.0
Retiring in 15 years – males	27.7	27.6
Retiring in 15 years – females	30.4	30.2

The amounts recognised in the balance sheet are as follows:

	Market Value	Market Value
	2023	2022
	£000	£000
Fair value of Scheme assets	5,690	6,067
Present value of funded obligations	(5,803)	(6,370)
Deficit in the scheme	(113)	(303)

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

	2023	2022
	£000	£000
Defined benefit obligation at 1 July	6,370	8,409
Interest cost	235	173
Benefits paid	(209)	(190)
Actuarial losses/(gains)	(593)	(2,022)
Defined benefit obligation at 30 June	5,803	6,370

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

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

	2023	2022
	£000	£000
Fair value of scheme assets at 1 July	6,067	7,057
Employer Contributions		
Benefit payments	(209)	(190)
Expenses paid	(20)	(35)
Expected return on scheme assets	223	144
Actuarial gains / (losses)	(371)	(909)
Fair value of scheme assets at 30 June	5,690	6,067

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

	2023	2022
	£000	£000
Interest on pension scheme liabilities	(235)	(173)
Expenses	(20)	(35)
Expected return on pension scheme assets	223	144
Total amount charged to the Statement of Financial Activities	(32)	(64)

Analysis of actuarial gains and losses:

	2023	2022
	£000	£000
Actual return less expected return on scheme assets	(371)	(909)
Experience gains and losses arising on the scheme liabilities	(204)	(5)
Changes to assumption underlying the present value of the scheme liabilities	797	2,027
Actuarial loss	222	1,113

Actual return on the Scheme assets in the period	(£148,000)	(£765,000)
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## 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 3.75% 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 2022/23.

History of experience gains and losses:

	2023	2022	2021	2020	2019
	£000	£000	£000	£000	£000
Present value of Scheme liabilities	5,803	6,370	8,409	8,886	8,285
Fair value of Scheme assets	5,690	6,067	7,057	6,337	6,730
Deficit	(113)	(303)	(1,352)	(2,549)	(1,555)
Experience gains /(losses) on the liabilities	(204)	(5)	34	33	(23)
Experience gains/(losses) on scheme assets	(371)	(909)	823	(363)	19
Actuarial gain/(loss)	222	1,113	1,240	(956)	(478)

### (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 ££1,149,243 (2022: £971,515) 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 2022-23. At the period-end £114,007 (2022: £94,446) 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 £nil (2022: £nil) were paid in respect of this pension scheme for the year. At the period-end £nil (2022: £nil) 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:

	<b>Endowed Funds £000</b>	<b>Restricted Funds £000</b>	<b>Unrestricted Funds £000</b>	<b>Advance Fees £000</b>	<b>2023 Total £000</b>
<b>Parent Charity</b>					
Fixed Assets	-	-	63,071	-	<b>63,071</b>
Investments	112,964	14,468	11,263	1,300	<b>139,995</b>
Net Current Assets/ (Liabilities)	4,755	(329)	33,479	(933)	<b>36,972</b>
Long Term Liabilities	-	-	(38,424)	(499)	<b>(38,923)</b>
	<b>117,719</b>	<b>14,139</b>	<b>69,389</b>	<b>(132)</b>	<b>201,115</b>
<b>Consolidated</b>					
Fixed Assets	-	-	63,071	-	<b>63,071</b>
Investments	125,729	23,482	11,264	1,300	<b>161,775</b>
Net Current Assets/(Liabilities)	5,198	(319)	33,536	(933)	<b>37,482</b>
Long Term Liabilities	-	-	(38,482)	(499)	<b>(38,981)</b>
	<b>130,927</b>	<b>23,163</b>	<b>69,389</b>	<b>(132)</b>	<b>223,347</b>

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

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

	<b>Endowed Funds £000</b>	<b>Restricted Funds £000</b>	<b>Unrestricted Funds £000</b>	<b>Advance Fees £000</b>	<b>2022 Total £000</b>
<b>Parent Charity</b>					
Fixed Assets	-	-	59,173	-	<b>59,173</b>
Investments	128,358	13,024	12,424	1,350	<b>155,156</b>
Net Current Assets/ (Liabilities)	5,013	318	36,289	(1,041)	<b>40,579</b>
Long Term Liabilities	-	-	(38,731)	(385)	<b>(39,116)</b>
	<b>133,371</b>	<b>13,342</b>	<b>69,155</b>	<b>(76)</b>	<b>215,792</b>
<b>Consolidated</b>					
Fixed Assets	-	-	59,173	-	<b>59,173</b>
Investments	139,206	21,412	12,425	1,350	<b>174,393</b>
Net Current Assets/(Liabilities)	5,546	345	36,333	(1,041)	<b>41,183</b>
Long Term Liabilities	-	-	(38,791)	(385)	<b>(39,176)</b>
	<b>144,752</b>	<b>21,757</b>	<b>69,140</b>	<b>(76)</b>	<b>235,573</b>

## 20. ENDOWED FUNDS

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

	Balance at 30 June 2022 £000	Incoming funds £000	Amounts expended £000	Total return to income £000	Investment gains/ (losses) £000	Balance at 30 June 2023 £000
<b>Parent Charity</b>						
London Estates: Property	118,720	-	-	-	(16,783)	<b>101,937</b>
London Estates: Equity	5,245	94	-	-	616	<b>5,955</b>
Lewis Benefaction fund	9,244	100	(399)	-	882	<b>9,827</b>
Bilton Grange	162	-	(164)	-	2	-
	<b>133,371</b>	<b>194</b>	<b>(563)</b>	<b>-</b>	<b>(15,283)</b>	<b>117,719</b>
<b>Consolidated</b>						
Arnold Foundation Awards	11,382	258	163	-	1,405	<b>13,208</b>
	<b>144,753</b>	<b>452</b>	<b>(400)</b>	<b>-</b>	<b>(13,878)</b>	<b>130,927</b>

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

	Balance at 30 June 2021 £000	Incoming funds £000	Amounts expended £000	Total return to income £000	Investment gains/ (losses) £000	Balance at 30 June 2022 £000
<b>Parent Charity</b>						
London Estates: Property	106,221	-	-	-	12,499	<b>118,720</b>
London Estates: Equity	5,864	69	-	(69)	(618)	<b>5,246</b>
Lewis Benefaction fund	9,274	-	-	-	(31)	<b>9,243</b>
Bilton Grange	162	642	(642)	-	-	<b>162</b>
	<b>121,521</b>	<b>711</b>	<b>(642)</b>	<b>(69)</b>	<b>11,850</b>	<b>133,371</b>
<b>Consolidated</b>						
Arnold Foundation Awards	11,288	740	642	-	(1,289)	<b>11,381</b>
	<b>132,809</b>	<b>1,451</b>	<b>-</b>	<b>(69)</b>	<b>10,561</b>	<b>144,752</b>

#### *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 no application of total return to income (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	5,055	-	5,055
Unapplied Total Return	-	110	110
Total	<u>5,055</u>	<u>110</u>	<u>5,165</u>
Movement in reporting period:			
Investment return: dividend/income	-	-	-
Investment return: gains/losses	-	616	616
Unapplied total return allocated to income	-	-	-
Unapplied total return allocated to capital	578	(578)	-
Grant to Lawrence Sheriff School	-	-	-
Net movement in reporting period:	<u>578</u>	<u>38</u>	<u>616</u>
Carried Forward:			
Preserved Value			
Unapplied Total Return			
Total	<u>5,633</u>	<u>148</u>	<u>5,781</u>

## 21. RESTRICTED FUNDS

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

	Balance at 30 June 2022 £000	Incoming funds £000	Amounts expended £000	Transfer £000	Total Return t/f applied to income £000	Investmen t gains £000	Balance at 30 June 2023 £000
<b>Parent Charity</b>							
Special Funds:							
Common Investment Fund	10,963	160	(394)	-	-	1,278	<b>12,007</b>
Lewis Benefaction Fund	-	-	-	-	-	-	-
London Estate	1,654	5,216	(5,359)	(120)	-	-	<b>1,390</b>
School	725	46	(29)	-	-	-	<b>742</b>
	<b>13,342</b>	<b>5,422</b>	<b>(5,783)</b>	<b>(120)</b>	<b>-</b>	<b>1,278</b>	<b>14,139</b>
<b>Consolidated</b>							
War Memorial	1,878	32	(54)	-	-	237	<b>2,093</b>
General Charitable Trust	-	46	(36)	(10)	-	-	-
Arnold Foundation for Rugby School	6,537	774	(1,187)	-	-	807	<b>6,931</b>
	<b>21,757</b>	<b>6,274</b>	<b>(7,060)</b>	<b>(130)</b>	<b>-</b>	<b>2,322</b>	<b>23,163</b>

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

	Balance at 30 June 2021 £000	Incoming funds £000	Amounts expended £000	Transfer £000	Total Return t/f applied to income £000	Investment gains £000	Balance at 30 June 2022 £000
<b>Parent Charity</b>							
Special Funds:							
Common Investment Fund	12,559	138	(353)	-	-	(1,379)	<b>10,965</b>
Lewis Benefaction Fund	-	66	(66)	-	-	-	-
London Estate	1,653	5,086	(5,157)	-	69	-	<b>1,651</b>
School	755	57	(78)	(8)	-	-	<b>726</b>
	<b>14,967</b>	<b>5,347</b>	<b>(5,654)</b>	<b>(8)</b>	<b>69</b>	<b>(1,379)</b>	<b>13,342</b>
<b>Consolidated</b>							
War Memorial	2,140	26	(53)	-	-	(234)	<b>1,879</b>
General Charitable Trust	-	1	(1)	-	-	-	-
Arnold Foundation for Rugby School	7,618	863	(1,095)	-	-	(850)	<b>6,536</b>
	<b>24,725</b>	<b>6,237</b>	<b>(6,803)</b>	<b>(8)</b>	<b>69</b>	<b>(2,463)</b>	<b>21,757</b>

#### *Common Investment Fund*

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

#### *Lewis Benefaction Fund*

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

## 21. RESTRICTED FUNDS (continued)

### *London Estates*

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

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

	2023	2022
	£000	£000
As at 1 July	1,350	1,350
Transfer from/to net income resources	(120)	-
As at 30 June	<u>1,230</u>	<u>1,350</u>

In accordance with an Order made by the Minister of Education on 15 January 1963, the Governing Body may transfer funds into a Reserve Fund for the reconstruction and development of the real property of the Foundation at Holborn (the London Estate). No funds were transferred out of restricted funds in the year (2022: no funds) which represents fulfilment of restricted capital projects.

### *War Memorial Fund*

The War Memorial Fund makes awards to help the children of Rugbeians, who are in need of financial assistance, to attend or to remain at Rugby School. 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 £46,000 (2022: £1,000).

### *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 and to Bilton Grange via the Earle Fund.

	£000
Expended by the Arnold Foundation in the year to 30 June 2023 in accordance with the wishes of the donors:	
Bursary awards	<u>1,187</u>
Unexpended balance of gifts and legacies as at 30 June 2023:	
Restricted funds to be utilised for Bursary Awards	6,745
Unrestricted funds in Arnold Foundation (but treated as Restricted for the Group) to be utilised for bursary Awards	186
	<u>6,931</u>

Fundraising costs in the year of £440,000 (2022: £506,000) were met by Rugby School.

## 22. UNRESTRICTED FUNDS

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

	Balance 30 June 2022 £000	Incoming funds £000	Amounts expended £000	Transfers £000	Investment gains/ (losses) £000	Balance 30 June 2023 £000
<b>Parent Charity</b>						
Designated funds:						
Fixed assets fund	59,173	-	-	3,898	-	<b>63,071</b>
New boarding house fund	-	-	-	-	-	-
Building maintenance fund	282	-	-	-	-	<b>282</b>
RSE Fund	688	-	-	-	-	<b>688</b>
Bilton Grange designated	5,121	-	-	-	165	<b>5,286</b>
Bloxam Fund	11,199	(225)	(25)	-	850	<b>11,799</b>
General unrestricted funds:						
School operations	(7,081)	41,382	(42,540)	(3,888)	370	<b>(11,757)</b>
Pension reserve	(303)	-	(32)	-	222	<b>(113)</b>
	<b>69,079</b>	<b>41,157</b>	<b>(42,597)</b>	<b>10</b>	<b>1,608</b>	<b>69,257</b>
<b>Consolidated</b>						
Rugby School Enterprises	-	1,522	(1,522)	-	-	-
Rugby School International	-	596	(596)	-	-	-
Rugby School Projects	-	-	-	-	-	-
Little Grange Nursery	(15)	997	(983)	-	-	-
	<b>69,064</b>	<b>44,273</b>	<b>(45,698)</b>	<b>10</b>	<b>1,608</b>	<b>69,257</b>

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

	Balance 30 June 2021 £000	Incoming funds £000	Amounts expended £000	Transfers £000	Investment gains/ (losses) £000	Balance 30 June 2022 £000
<b>Parent Charity</b>						
Designated funds:						
Fixed assets fund	56,115	-	-	3,058	-	<b>59,173</b>
New boarding house fund	-	-	-	-	-	-
Building maintenance fund	283	-	-	-	-	<b>283</b>
RSE Fund	688	-	-	-	-	<b>688</b>
Bilton Grange designated	5,654	-	-	-	(534)	<b>5,120</b>
Bloxam Fund	12,292	(175)	-	-	(918)	<b>11,199</b>
General unrestricted funds:						
School operations	(3,543)	37,103	(37,424)	(3,050)	(167)	<b>(7,081)</b>
Pension reserve	(1,352)	-	(64)	-	1,113	<b>(303)</b>
	<b>70,137</b>	<b>36,928</b>	<b>(37,488)</b>	<b>8</b>	<b>(506)</b>	<b>69,079</b>
<b>Consolidated</b>						
Rugby School Enterprises	(7)	1,131	(1,124)	-	-	-
Rugby School International	-	749	(749)	-	-	-
Rugby School Projects	-	-	-	-	-	-
Little Grange Nursery	-	3	(18)	-	-	<b>(15)</b>
	<b>70,130</b>	<b>38,811</b>	<b>(39,379)</b>	<b>8</b>	<b>(506)</b>	<b>69,064</b>

## 22. UNRESTRICTED FUNDS (continued)

### Fixed asset fund

The fund carried forward at the year-end represents the net book amounts invested in tangible fixed assets. A transfer of £3,898,000 was made into the fund (2022: transfer out of the fund £3,058,000) which represents the net 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 £nil (2022: £nil was expended) 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. £530,835 transfer was made of RSE surplus for the year (2022: £383,306).

### 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. These funds will be used to support the construction of a new boarding house at Bilton Grange.

### 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. These funds are added to by various fundraising initiatives or donations from time to time.

### School operations

General unrestricted funds are retained to provide working capital.

## 23. FINANCE AND LEASE COMMITMENTS

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

	Parent Charity		Consolidated	
	2023	2022	2023	2022
	£000	£000	£000	£000
Payable within 1 year	283	283	283	283
Payable between 2 to 5 years	221	502	221	502
Payable after more than 5 years	-	-	-	-
	<u>504</u>	<u>785</u>	<u>504</u>	<u>785</u>

During the year the School maintained 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 2023.

## **23. FINANCE AND LEASE COMMITMENTS** *(continued)*

On 30 June 2021, the School committed to a 40-year private issue for £35 million placed with MetLife, 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.

## **24. 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.

Robin Fletcher, retired as a Governor of the School in May 2022 and in the year ended 30 June 2023 was paid £4,000 in relation to the writing of a book to mark the 200<sup>th</sup> anniversary of Rugby Football. Nil was outstanding at year end.

Elevation Coaching & Consulting Ltd, of which Audrey Pantelis, a Governor of the School at the time, is a director, was paid £2,966 in relation to diversity awareness training of which £nil was outstanding at year end.

The Think Smarter group, of which Rohin Aggarwal, a Governor of the School, is a director, was paid £9,764 in relation to the Rugby School Online initiative of which £nil was outstanding at year end.

## **25. CONTINGENT LIABILITIES AND ASSETS**

The School has been in a long-running dispute in relation to a former member of staff which has progressed to a tribunal. The findings of the tribunal were received after year end and were substantially in the School's favour. No provision has been made for a liability as of 30 June 2023 as there remains some uncertainty as to the potential outcome of this claim in relation to value.

The School has two further ongoing claims, one by parents of a former student who was unhappy with their experience at the School and one by a former employer who is claiming in relation to a workplace accident. No provision has been made for any liabilities for these claims at 30 June 2023 as there remains some uncertainty as to the potential outcome in relation to both value and timing.