

REGISTERED NUMBER: 259021

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**BOARD OF MANAGEMENT REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 AUGUST 2002**



**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

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For The Year Ended 31 August 2002**

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**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**COMPANY GENERAL INFORMATION
For The Year Ended 31 August 2002**

BOARD OF GOVERNORS:

J J Eyston*
C J Sehmer*
V Rev R Byrne*
C J French*
N R Purnell
M W Stilwell
T A H Tyler

Dr R I D Simpson (deceased July 2002)
Rt Rev Mgr R Brown (resigned 26 Sept 2002)
F J Fitzherbert – Brockholes
Major T E Thorneycroft*
Mrs E M Drew*
M H R Hasslacher
Mrs M Cochrane (appointed September 2002)
Mr P Evans (appointed September 2002)

(*Member of the Board of Management as at 31 August 2002)

SECRETARY:

A J Tinkel

REGISTERED OFFICE:

The Oratory School
Woodcote
Berkshire
RG8 0PJ

COMPANY REGISTRATION NUMBER:

259021

CHARITY REGISTERED NUMBER:

309112

OFFICERS:

HEADMASTERS:

- The Oratory School
- The Oratory Preparatory School

C I Dytor
D L Sexon

CLERK TO THE GOVERNORS:

A V Phillips

ADDRESSES:

- The Oratory School
Woodcote
Reading
Berkshire

The Oratory Preparatory School
Goring Heath
Reading
Berkshire

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**COMPANY GENERAL INFORMATION (CONTINUED)
For The Year Ended 31 August 2002**

AUDITORS:	James & Cowper 3 Wesley Gate Queens Road Reading Berkshire RG1 4AP Chartered Accountants and Registered Auditor
SOLICITORS:	Veale Wasbrough Orchard Court Orchard Lane Bristol BS1 5DS
BANKERS:	Lloyds TSB Bank Plc 33 Market Place Reading Berkshire RG1 2DJ
INVESTMENT ADVISERS:	Credit Suisse (UK) Limited 5 Cabot Square Canary Wharf London E14 4QR
INSURANCE BROKER:	D E Ford Limited Poppleton Grange Low Poppleton Lane York YO26 9GZ

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**REPORT OF THE BOARD OF MANAGEMENT
For The Year Ended 31 August 2002**

The Governors submit their report and the audited accounts for the year ended 31 August 2002 prepared in accordance with applicable accounting standards and the Statement of Recommended Practice for Accounting and Reporting by Charities issued in October 2000.

STATUS AND ADMINISTRATION

The Oratory School Association is a Charity constituted under a Declaration of Trust in 1927, amended by Deed of Agreement in 1931. It is incorporated as a company limited by guarantee. It is a registered charity.

The governors who served during the period were:

J J Eyston*
C J Sehmer*
V Rev R Byrne*
C J French*
N R Purnell
M W Stilwell
T A H Tyler

Dr R I D Simpson (deceased July 2002)
Rt Rev Mgr R Brown (resigned 26 Sept 2002)
F J Fitzherbert – Brockholes
Major T E Thorneycroft*
Mrs E M Drew*
M H R Hasslacher

(*Member of the Board of Management as at 31 August 2002)

The Governors are charity trustees, directors and members of the company. Mrs M Cochrane and Mr P Evans were appointed Governors in September 2002.

The Governors are appointed by the Board of Governors following approval by the chairman and deputy chairman of the Board. Governors are appointed for three years after which they retire or are re-elected by the Board. Full details are in the company's articles of association.

OBJECTS

The objects for which the Association is established are to provide general, physical, moral and religious education in particular in accordance with Roman Catholic doctrines and practices for boys and girls in any part of the world and for that purpose to carry on and maintain the Oratory Schools.

These objects are presently met by the Association being currently responsible for the Oratory School and the Oratory Preparatory School.

REVIEW OF ACTIVITIES AND FINANCIAL RESULTS

2001-2002 was a satisfactory year for the Association despite the consolidated accounts showing a decrease of funds for the year of £19,299 (2001: surplus £13,202). There were an average of 397 pupils in the Oratory School and 384 pupils in the Oratory Preparatory School.

As in former years the Association has granted scholarships and bursaries to a number of pupils and has helped the Newman Trust in its work by providing holiday facilities for young disabled persons. Other charitable contributions made during the year amounted to £1,662 (2001: £2,510).

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**REPORT OF THE BOARD OF MANAGEMENT
For The Year Ended 31 August 2002**

POLICY

The Oratory School and the Oratory Preparatory School provide for 800 boarding and day pupils; boys between the ages of 3 and 18 and girls up to the age of 13.

The schools were founded by John Henry Newman in 1859 specifically to meet the educational needs of the Roman Catholic laity, and in founding The Oratory Schools, Newman created a new type of Roman Catholic education which he foresaw as meeting the needs of the modern age.

Today the schools are lay run as Newman had always intended them to be. Pastoral care of the pupils is thus in the hands of laymen and their wives whilst the Chaplain is parish priest to both school communities and the lay staff work with him to promote the Roman Catholic life of the schools.

Newman wanted his school to have the atmosphere of home, and we have been able to provide friendly residential accommodation, designed so that the House staff can maintain an easy supervision over the pupils.

We are proud to have as our Founder a great Christian thinker, but we are even more proud to be entrusted with his vision of Roman Catholic education to produce educated Christian young men and women for the modern age.

FIXED ASSETS

The Woodcote Estate is vested in Trustees for the benefit of and free use by The Oratory School. The Oratory School Association, as owners of the School, are responsible for all outgoings thereon.

The value of land and buildings for insurance purposes is approximately £17,000,000 higher than book value. No calculation of the deferred tax arising on this excess has been made because there is no intention to sell and in any case, the company is not subject to UK corporation tax.

INVESTMENT POWERS

To invest the monies of the Association not immediately required for its purposes, in or upon such investments, securities or property as may be thought fit, and in any part of the world, subject nevertheless to such conditions (if any) as may for the time being be imposed or required by law.

The performance of investments during the year has been disappointing with realised losses of £20,076 (2001: £3,469) but these results are in line with general stock market performance.

ORGANISATION

The Board of Governors of the Association are ultimately responsible for the general policy of the schools. General responsibility is delegated to the Board of Management with the day to day management being the responsibility of the two Headmasters and the Bursar.

The members of the Board of Management are detailed on page 1.

The members of the Board of Management retiring by rotation at the Annual General Meeting will be C French and J Sehmer.

The members of the Board of Governors retiring by rotation at the Annual General Meeting will be E Drew, T Thorneycroft and A Tyler.

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**REPORT OF THE BOARD OF MANAGEMENT
For The Year Ended 31 August 2002**

RESERVES

Notes 12 and 13 to the financial statements detail the level and movement of reserves held by the Association. The reserves policy of the school has been based on the school's objectives. Its main features are:

- a) to achieve a margin of working capital sufficient to enable all aspects of the school's activities to be conducted efficiently
- b) to provide resources to cover for unexpected or unavoidable expenditure that cannot be met from current income.

The Governors' policy is to maintain adequate liquidity either from cash or overdraft facilities to achieve this. The Governors have continued to keep the bank overdraft facility under review to ensure there is adequate cover for the school's working capital requirements.

RISKS

The Governors examine the major risks that the Association faces each financial year. Various sub-committees and key individuals have taken responsibility to monitor, control and report on these risks to mitigate any impact that they may have on the Association in the future.

ORATORY TRADING LIMITED

The Association owns 100% of the ordinary share capital of Oratory Trading Limited, which provides leisure, sporting and recreational activities to third parties and fuel supplies to the Association. It covenants its taxable profits to the Association. The results and position of Oratory Trading Limited are included in the consolidated financial statements.

ACADEMY CATERING LIMITED

The Association also owns 100% of the ordinary share capital of Academy Catering Limited. This company provides catering and linen hire to third parties. It covenants its taxable profits to the Association. The results and position of Academy Catering Limited are included in the consolidated financial statements.

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

Company law requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the results of the group for that period. In preparing those financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, James & Cowper, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD OF MANAGEMENT:

J J EYSTON *J J Eyston*

Dated:

15th May 2003

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ORATORY SCHOOL ASSOCIATION**

We have audited the financial statements of The Oratory School Association for the year ended 31 August 2002 on pages seven to twenty-two which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and accounting policies set out on pages twelve to thirteen.

This report is made to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governors and auditors

As described on page five the company's Board of Management are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Board of Management is not consistent with the financial statements, if the charitable company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Board of Management and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2002 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.


James & Cowper
Registered Auditor and
Chartered Accountants
3 Wesley Gate
Queens Road
Reading
Berkshire RG1 4AP

Dated: 19 May 2003

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended 31 August 2002**

	Notes	Unrestricted Funds	
		2002	2001
		£	£
INCOMING RESOURCES			
Income from operating activities:			
Fees receivable	1	8,100,969	7,423,856
Trading income		277,678	251,917
Investment income:			
Investment income		21,589	13,001
Interest receivable		24,951	37,776
Other incoming resources		89,865	100,968
TOTAL INCOMING RESOURCES		8,515,052	7,827,518
RESOURCES EXPENDED			
Charitable expenditure			
Grants payable:			
Scholarships and bursaries		602,127	624,397
Direct charitable expenditure:			
Teaching costs		3,663,800	3,338,136
Welfare		1,520,583	1,506,162
Premises		1,431,677	1,298,643
Support costs:			
Administration of the School		950,451	681,940
Trading expenditure		185,745	128,053
Prize fund expenditure		4,612	3,445
Management and administration:			
Charity management		41,660	44,622
Management and administration		54,983	81,507
TOTAL RESOURCES EXPENDED	4	8,455,638	7,706,905
NET INCOMING RESOURCES		59,414	120,613
Net losses on investment assets:			
Realised		(20,076)	(3,469)
Unrealised		(58,637)	(103,942)
NET MOVEMENT IN FUNDS		(19,299)	13,202
Balances brought forward at 1 September 2001		8,827,982	8,814,780
BALANCES CARRIED FORWARD AT 31 AUGUST 2002		8,808,683	8,827,982

The notes on pages 12 to 22 form part of these accounts

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**BALANCE SHEETS
31 August 2002**

	Notes	Consolidated		Association	
		2002 £	2001 £	2002 £	2001 £
FIXED ASSETS:					
Tangible	5	10,464,466	9,856,899	10,458,921	9,854,685
Investments	6	393,781	466,621	413,781	486,621
		<u>10,858,247</u>	<u>10,323,520</u>	<u>10,872,702</u>	<u>10,341,306</u>
CURRENT ASSETS:					
Stocks		119,996	119,424	39,963	60,000
Debtors	7	500,963	590,369	555,195	652,279
Cash		598,530	110,541	569,857	50,337
		<u>1,219,489</u>	<u>820,334</u>	<u>1,165,015</u>	<u>762,616</u>
CREDITORS: amounts falling due within one year	8	(1,724,571)	(1,859,092)	(1,683,944)	(1,818,515)
NET CURRENT LIABILITIES		<u>(505,082)</u>	<u>(1,038,758)</u>	<u>(518,929)</u>	<u>(1,055,899)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>10,353,165</u>	<u>9,284,762</u>	<u>10,353,773</u>	<u>9,285,407</u>
CREDITORS: amounts falling due after more than one year	9	(1,544,482)	(456,780)	(1,544,482)	(456,780)
		<u>8,808,683</u>	<u>8,827,982</u>	<u>8,809,291</u>	<u>8,828,627</u>
UNRESTRICTED FUNDS:	12				
Designated funds		6,089,032	6,093,627	6,089,032	6,093,627
Unrestricted income funds		2,720,259	2,735,000	2,720,259	2,735,000
Non-charitable trading funds held by subsidiaries		(608)	(645)	-	-
		<u>8,808,683</u>	<u>8,827,982</u>	<u>8,809,291</u>	<u>8,828,627</u>

Approved by the Board of Management
On 14 May 2003 and signed on their behalf by

..... J. J. Eyston
J J EYSTON

.....
C J SEHMER

The notes on pages 12 to 22 form part of these accounts

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**CONSOLIDATED CASHFLOW STATEMENT
For The Year Ended 31 August 2002**

	Notes	2002 £	2001 £
Net cash inflow from operating activities	1	1,055,959	1,075,665
Returns on investments and servicing of finance	2	46,540	50,777
Capital expenditure and financial investment	2	(1,157,219)	(2,490,029)
		(54,720)	(1,363,587)
Financing	2	754,728	-
Increase/(Decrease) in cash in the period		700,008	(1,363,587)
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		700,008	(1,363,587)
Net funds at 1 September 2001		(356,238)	1,007,349
Net funds at 31 August 2002		343,770	(356,238)

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
For The Year Ended 31 August 2002**

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASHFLOW FROM OPERATIONS

	2002 £	2001 £
Net incoming resources	59,414	120,613
Depreciation charges	543,779	442,120
Investment income	(21,589)	(13,001)
Bank and other interest	(24,951)	(37,776)
(Increase)/Decrease in stock	(571)	(12,059)
(Increase)/Decrease in debtors	89,406	(211,636)
Increase/(Decrease) in creditors	410,471	777,082
(Profit)/Loss on disposal of fixed assets	-	10,322
	<u>1,055,959</u>	<u>1,075,665</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Investment income	21,589	13,001
Bank and other interest received	24,951	37,776
	<u>46,540</u>	<u>50,777</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	1,151,346	2,455,636
Sale of tangible fixed assets	-	-
Purchase of investments	383,047	221,618
Sale of investments	(377,174)	(187,225)
	<u>1,157,219</u>	<u>2,490,029</u>
Financing		
Increase in short-term loans	36,269	-
Increase in long-term loans	718,459	-
	<u>754,728</u>	<u>-</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 31.8.01	Cash flow	Other non-cash changes	At 31.8.02
Net cash:				
Cash at bank	<u>(356,238)</u>	<u>700,008</u>	<u>-</u>	<u>343,770</u>
Analysed in Balance Sheet				
Cash at bank	<u>(356,238)</u>			<u>343,770</u>

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For The Year Ended 31 August 2002**

	2002 £	2001 £
Gross charitable income	8,235,610	7,575,601
Non-charitable trading income	279,442	251,917
	<u>8,515,052</u>	<u>7,827,518</u>
Charitable expenditure	8,269,893	7,578,852
Non-charitable trading expenditure	185,745	128,053
	<u></u>	<u></u>
Net income before investment asset disposals	59,414	120,613
Gain/(loss) on disposal of fixed asset investments	(20,076)	(3,469)
	<u></u>	<u></u>
Net income for the year	<u>39,338</u>	<u>117,144</u>

Notes

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 7 which together with notes to the accounts on pages 12 to 22 provides the full information on the movements during the year on all the funds of the group.

The parent company has taken advantage of Section 230 Companies Act 1985 in not preparing its own Income and Expenditure Account. The deficit of the parent company dealt with in the consolidated income and expenditure account is £19,336 (2001 £4,311 surplus).

None of the Association's activities were acquired or discontinued during the current and previous years.

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**STATEMENT OF ACCOUNTING POLICIES
For The Year Ended 31 August 2002**

Accounting convention

The accounts of the Association are prepared in accordance with The Charities (Accounts and Reports) Regulations 1995, the Statement of Recommended Practice "Accounting by Charities" 2000 and with applicable accounting standards. They are drawn up on the historical accounting basis except that investments held as fixed assets are carried at market value. The group financial statements consolidate the results of the company and its two subsidiary companies.

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 before deducting bursaries, scholarships and other allowances. These are paid from a designated fund.

Donations

Donations subject to specific wishes of donors are carried to relevant restricted funds, or to endowed funds where the amount is required to be held as permanent capital.

Consolidation

Any services supplied to the Association by its two subsidiary companies, Oratory Trading Limited and Academy Catering Limited, are treated as a cost of the Association and the sale proceeds and associated costs are excluded from the amounts shown for trading income and trading expenditure.

Expenditure

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

Operating leases

Rentals payable are charged against revenue in the period in which they are incurred.

Pension schemes

The Association contributes to the Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the Association by the Scheme Administrator.

The Association also operated a group personal pension defined contribution scheme. The defined benefit pension scheme was discontinued on 1 December 1999. This scheme is currently being run as a closed fund with benefits being paid as they fall due. Full details of the Pension's schemes are given in Note 18.

Capitalisation and replacement

The costs of new buildings and extensions are capitalised.

The Oratory School is sited on the Woodcote Estate which is vested in Trustees for the benefit of and free use by The Oratory School. The Estate reverts to the Trustees if it ceases to be used as a school. Additions to school building on the Estate are capitalised as it is considered the Association has an equitable right to compensation for these additions if the Estate were to revert to the Trustees.

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**STATEMENT OF ACCOUNTING POLICIES
For The Year Ended 31 August 2002**

Depreciation

The original school buildings, freehold land and building work in progress are not depreciated. Depreciation of other assets is provided at rates to write off the excess of cost over estimated residual amount over their estimated useful lives as follows:

Freehold property	2% straight line
Furniture and equipment	10-33% straight line
Motor vehicles	25% straight line

Investments

Investments held as fixed assets are carried at market value. The gain/loss on investments sold during the year is the difference between the amount at which the investment was valued at the beginning of the year, or cost if purchased during the year, and sale proceeds.

Current assets

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

Capital reserve

Included within unrestricted funds is a designated reserve to represent the permanent capital of the Association.

Bursary and scholarship fund

An annual transfer is made between the Unrestricted Income Fund and the Bursary and Scholarship Fund to cover grants made during the year.

Grants receivable

Grants received by the Association, which relate to expenditure on tangible fixed assets are taken to income over the useful economic life of the asset to which the grant relates. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less amounts taken to income in the Statement of Financial Activities.

Advance fee payment scheme

The School operates an Advance Fee Payment Scheme. The Scheme is offered to assist parents who wish to make a once only capital payment to secure a termly remission of fees for a specified period.

The balance sheet liability represents the amount of the original capital payment, less amounts transferred to settle actual school fees.

Deposits received in advance

The School receives a deposit from each pupil when they join. These deposits are repayable on demand when the pupil leaves. However, as only a small proportion of pupils are expected to leave within 12 months the deposits received are treated as being due after one year.

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 August 2002**

	2002 £	2001 £
1. FEEs		
Fees receivable consist of:		
Gross fees		
- External	7,498,842	6,799,459
- Transfer from Scholarship and Bursary Fund	602,127	624,397
	<u>8,100,969</u>	<u>7,423,856</u>

2. **TRADING INCOME**

The Association owns 100% of the ordinary share capital of Oratory Trading Limited, which provides leisure, sporting and recreational activities to third parties and fuel supplies to the Association. It covenants its taxable profits to the Association and pays interest on monies owed to the Association. Its trading results, extracted from its audited accounts were:

	2002 £	2001 £
Turnover	264,675	211,915
Cost of sales	(171,181)	(102,809)
Gross profit	<u>93,494</u>	<u>109,106</u>
Administration (including interest paid)	(73,811)	(75,325)
Other operating income	-	-
Operating profit	<u>19,683</u>	<u>33,781</u>
Interest receivable	1,382	1,332
Net profit	<u>21,065</u>	<u>35,113</u>
Covenant – gross	(21,789)	(34,789)
Tax on profit on ordinary activities	-	-
Retained (deficit)/profit	<u>(724)</u>	<u>324</u>
Retained profit brought forward	1,674	1,350
Retained profit carried forward	<u>950</u>	<u>1,674</u>

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 August 2002**

The Association also owns 100% of the ordinary share capital of Academy Catering Limited. This company provides catering and linen hire to third parties. It covenants its taxable profits to the Association and pays interest on monies owed to the Association. Its trading results extracted from its audited accounts were:

	2002 £	2001 £
Turnover	13,004	47,502
Cost of sales	(6,281)	(32,744)
Gross profit	6,723	14,758
Administrative expenses (including interest paid)	(4,298)	(6,182)
Operating profit/(loss)	2,425	8,576
Interest receivable and similar income	382	707
Net profit/(loss)	2,807	9,283
Covenant – gross	(2,046)	(613)
Tax on profit/(loss) on ordinary activities	-	-
Retained profit/(loss)	761	8,670
Retained profit/(loss) brought forward	(2,319)	(10,989)
Retained loss carried forward	(1,558)	(2,319)

3. EXPENDITURE:	£	£
Other expenditure includes:		
Auditors' remuneration - Audit fees	15,000	14,750
Other services	8,751	10,471
Total staff costs:	£	£
Wages and salaries	4,221,384	3,904,549
Social security costs	312,546	293,488
Pension contributions	240,544	213,298
	4,774,474	4,411,335

Neither the governors nor persons connected with them received any remuneration or other benefits from the Association or any connected organisation. The Governors were reimbursed for expenses in the year ended 31 August 2002 of £3,217 (2001 £1,403). The Association paid £1,733 during the year to purchase indemnity insurance for the Governors and employees of the Association.

**THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
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	2002 No.	2001 No.
The number of employees whose emoluments exceeded £50,000 were:		
£50,000 - £60,000	<u>1</u>	<u>1</u>
Average monthly number of employees:		
Educational Staff	116	111
Domestics and Matron	32	33
Administrative	18	17
Maintenance and Grounds	18	19
Catering	44	49
	<u>228</u>	<u>229</u>

4. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other £	Depreciation £	Total £	2001 £
Grants payable:					
Scholarships and bursaries	-	602,127	-	602,127	624,397
Direct charitable expenditure:					
Teaching costs	3,263,718	293,022	107,060	3,663,800	3,338,136
Welfare	806,161	714,422	-	1,520,583	1,506,162
Premises	331,662	751,817	348,198	1,431,677	1,298,643
	<u>4,401,541</u>	<u>1,759,261</u>	<u>455,258</u>	<u>6,616,060</u>	<u>6,142,941</u>
Support costs:					
Administration of the School	364,846	497,952	87,653	950,451	681,940
Prize fund expenditure	-	4,612	-	4,612	3,445
Trading	-	184,877	868	185,745	128,053
	<u>364,846</u>	<u>687,441</u>	<u>88,521</u>	<u>1,140,808</u>	<u>813,438</u>
Management and administration:					
Charity management	8,087	33,573	-	41,660	44,622
Management and administration of the Charity	-	54,983	-	54,983	81,507
	<u>8,087</u>	<u>88,556</u>	<u>-</u>	<u>96,643</u>	<u>126,129</u>
	<u>4,774,474</u>	<u>3,137,385</u>	<u>543,779</u>	<u>8,455,638</u>	<u>7,706,905</u>

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5. TANGIBLE FIXED ASSETS

	Subsidiaries Plant & Equipment £	Land & Buildings £	Association Plant and Equipment £	Association Total £	Consolidated Total £
COST:					
At 1 September 2001	16,642	11,103,493	2,363,878	13,467,371	13,484,013
Additions	4,199	941,651	205,496	1,147,147	1,151,346
At 31 August 2002	20,841	12,045,144	2,569,374	14,614,518	14,635,359
DEPRECIATION:					
At 1 September 2001	14,428	2,018,435	1,594,251	3,612,686	3,627,114
Charge for year	868	318,584	224,327	542,911	543,779
At 31 August 2002	15,296	2,337,019	1,818,578	4,155,597	4,170,893
NET BOOK VALUE:					
At 31 August 2002	5,545	9,708,125	750,796	10,458,921	10,464,466
At 31 August 2001	2,214	9,085,058	769,627	9,854,685	9,856,899

Land and buildings includes freehold land at a cost of £251,080 (2001: £251,080) which is not depreciated.

6. INVESTMENTS

	Association 2002 £	2001 £
Quoted and other investments		
Market value at 1 September 2001	486,621	568,198
Additions	383,047	221,618
Disposal at opening market value	(397,250)	(199,253)
Revaluations	(58,637)	(103,942)
Market value at 31 August 2002	413,781	486,621
Investment assets in the UK	357,923	412,890
Investment assets outside the UK	55,858	73,731
Market value at 31 August 2002	413,781	486,621
Historical cost at 31 August 2002	478,231	481,396

The Association owns 100% of the issued share capital of two subsidiaries with a total nominal value of £20,000 (2001: £20,000) and therefore the consolidated quoted investments are £393,781 (2001: £466,621). £1,381 (2001: £1,364) of investments are attributable to a designated prize fund. Approximately 75% of the investments are held in Unit Trusts and the remaining 25% in Fixed Interest Bonds.

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Individual investments which represent 5% or greater of the investment fund:

	2002	2001
	£	£
British Petroleum – 25p Ords	-	23,444
Treasury stock – 2006 2%	29,862	-
Frank Russell Institutional Funds	221,111	24,190

7. DEBTORS

	Consolidated		Association	
	2002	2001	2002	2001
	£	£	£	£
Fees	408,509	395,318	408,509	395,318
Trade debtors	8,482	21,978	-	-
Other debtors	33,691	26,954	33,691	62,356
Prepayments and accrued income	50,281	146,119	48,487	145,784
Subsidiary companies	-	-	64,508	48,821
	500,963	590,369	555,195	652,279

8. CREDITORS: due within one year

Bank overdraft	254,760	466,779	254,760	466,779
Bank loans	36,269	-	36,269	-
Fees received in advance	479,641	576,511	479,641	576,511
Advance fees and deposits	247,393	103,242	247,393	103,242
Trade creditors	582,893	595,459	565,990	578,969
Taxation and social security	103,647	95,346	97,066	90,189
Other creditors and accruals	17,143	18,930	-	-
Deferred income	2,825	2,825	2,825	2,825
	1,724,571	1,859,092	1,683,944	1,818,515

9. CREDITORS: due after more than one year

Advance fees and deposits	701,023	328,484	701,023	328,484
Deferred income	125,000	128,296	125,000	128,296
Bank loans	718,459	-	718,459	-
	1,544,482	456,780	1,544,482	456,780

Amounts falling due in more than five years:

Repayable by instalments:

Bank loans	552,167	-	552,167	-
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The bank loans and bank overdraft in notes 8 and 9 are secured on freehold property owned by the Association.

**THE ORATORY SCHOOL ASSOCIATION
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**NOTES TO THE FINANCIAL STATEMENTS
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10. ADVANCE FEE PAYMENT SCHEME

Included in creditors for the Association are amounts received into the advance fee payment scheme. The accounting policy for this is detailed on page 13. Assuming pupils will remain in the school, advance fees will be applied as follows:

	2002 £	2001 £
After 5 years	29,639	-
Within 2 to 5 years	156,455	16,788
Within 1 to 2 years	137,496	20,867
	323,590	37,655
Within 1 year	194,630	46,503
	518,220	84,158
Movements during the year:		£
Balance at 1 September 2001		84,158
New contracts		679,454
		763,612
Amounts utilised in payment of fees		(245,392)
Balance at 31 August 2002		518,220

11. ALLOCATION OF THE CHARITY NET ASSETS

The charity has no restricted funds or endowment funds and the net assets are therefore attributable to the unrestricted funds.

12. UNRESTRICTED FUNDS

	Balance At 1 September 2001 £	Incoming Resources £	Resources Expended £	Transfers/ Investment gains/(losses) £	Balance At 31 August 2002 £
Designated funds					
Note 13	6,093,627	5,759	(606,739)	602,144	6,094,791
Non-charitable trading funds held by subsidiaries	(645)	279,442	(279,405)	-	(608)
Unrestricted income funds	2,735,000	8,229,851	(7,569,494)	(680,857)	2,714,500
	8,827,982	8,515,052	(8,455,638)	(78,713)	8,808,683

The unrestricted income fund is retained to cover the costs of plant and equipment and to provide working capital.

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13. DESIGNATED FUNDS

	Balance 1 September 2001 £	Incoming Resources £	Resources Expended £	Transfers/ Investment gains/(losses) £	Balance 31 August 2002 £
Capital reserve	5,900,000	-	-	-	5,900,000
Scholarship/Bursary Funds:					
- Oratory School	-	-	(537,261)	537,261	-
- Oratory Preparatory School	-	-	(64,866)	64,866	-
	-		(602,127)	602,127	-
Prize and Other Funds:					
- Oratory School	174,666	5,239	(2,908)	17	177,014
- Oratory Preparatory School	17,346	520	(1,704)	-	16,162
	192,012	5,759	(4,612)	17	193,176
Gatepier Fund	1,615	-	-	-	1,615
TOTAL	6,093,627	5,759	(606,739)	602,144	6,094,791

14. CAPITAL COMMITMENTS

	2002 £	2001 £
Contracted for but not yet provided for:		
The Oratory School		
Refurbishment of St John and Faber House	-	403,741
	-	403,741

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15. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	Other operating leases	
	2002	2001
	£	£
Expiring:		
In less than one year	2,924	2,650
In two to five years	10,749	9,346
	13,673	11,996

16. PRIOR YEAR COMPARATIVES

Adjustments were made to corresponding amounts of expenditure in the Statement of Financial Activities to make them comparable with the amounts shown for the current year. This was required due to a change in the basis of allocating depreciation between departments to reflect more accurately the control over purchasing fixed assets. This did not affect the net movement in funds for the year.

	£
Teaching costs	(30,966)
Welfare	(36,086)
Premises	48,369
Administration	18,683

Deferred income has this year been split between amounts due within one year and that greater than one year and therefore the comparatives have also been restated.

17. RELATED PARTY DISCLOSURES

The company is controlled by the Board of Management.

On the basis that 100% of the company's voting rights are controlled within the group and consolidated financial statements in which the company is included have been made publicly available, the company has taken advantage of the exemption under FRS8 not to disclose intra-group transactions.

18. PENSION SCHEMES

Retirement benefit scheme

The company operated a funded, defined benefit scheme which was discontinued on 1 December 1999. The Scheme is currently being run as a closed fund with benefits being paid as they fall due.

The latest valuation as at 1 December 1999 showed that the Regular Contribution Rate had been 16.5% of Pensionable Salaries (inclusive of members' contributions) as from 1 December 1997.

At the valuation date, the market value of assets was £656,000, whilst the actuarial value was £533,000.

The actuarial value of the assets represented 123% of the accrued benefits based on Pensionable Salaries projected to Normal Retirement Age or the date of earlier withdrawal.

At the valuation date there was no deficiency on a current fund level basis.

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The actuary has considered the valuation as at 31 August 2002. The major assumptions made were:

Rate of increases in pensions in payment	
- where based on LPI	2.6%
- prior to 6 April 1997	2.5%
Rate of revaluation for deferred pensions	2.6%
Discount rate	5.9%

The assets of the scheme and the expected rate of return were

	Value as at 31/08/02 £000	Long term rate of return
Total value of assets	819	7%
Present value of scheme liabilities	<u>807</u>	
Surplus	<u>12</u>	

Teachers superannuation scheme

The company participates in the Teachers' Superannuation Scheme. The company makes contributions in accordance with recommended rates. This is a defined benefit scheme.

The Teachers' Superannuation Scheme is assessed every five years in accordance with the advice of the Government Actuary using a prospective benefits valuation method. The latest valuation of the scheme was at 31 March 1996, however, it is currently under review.

The Government Actuary's report of June 1999 revealed that the total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £65,670 million. The value of the assets (estimated future contributions together with the proceeds from notional investments held at the valuation date) was £6,170 million. The Government Actuary concluded, in his supplementary report of March 2000 specifying an alternative pattern of employers' supplementary contribution, that a deficiency of £3,960 million could be eliminated by supplementary contributions of 0.4% of pay from 1 April 2000 to March 2002 and of 1.35% from April 2002 to 31 March 2040. The financial assumptions of the Government Actuary's report were that prices would increase by 5% and salaries by 6.5% and the rate of return on investments would be 8.5%.

Group personal pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension costs charged represent contributions paid in the year.

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19. CONTINGENT LIABILITY

The school received a grant in 1994 from the Combined Cadet Force (CCF) towards the cost of certain property improvements. In accordance with Statement of Standard Accounting Practice No. 4, this grant is now being taken to income over the useful economic life of the related asset.

As a condition of this grant, the CCF have free use of this facility. A further condition attached to this grant is that the CCF have the right to reclaim a portion of the grant if at any stage within 20 years, they cease to use the building for reasons outside their control.

At 31 August 2002 an amount of £22,603 would have been payable to the CCF if they had ceased to use this facility for reasons outside their control.

A further grant was made under similar circumstances in 1999. At 31 August 2002 an amount of £110,000 would have been payable to the CCF if they had ceased to use this facility for reasons outside their control within 20 years.