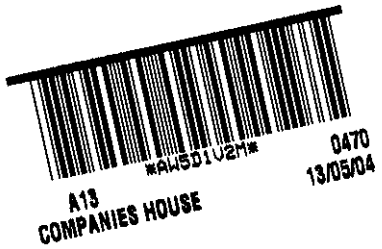
REGISTERED NUMBER: 259021

BOARD OF MANAGEMENT REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 AUGUST 2003
FOR
THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)



THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)

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For The Year Ended 31 August 2003

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THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)

COMPANY GENERAL INFORMATION
For The Year Ended 31 August 2003

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
F J Fitzherbert – Brockholes
Major T E Thorneycroft#
Mrs E M Drew#
M H R Hasslacher
Mrs M Cochrane (appointed September 2002)
Professor P Evans

(* Member of the Board of Management as at 31 August 2003)
(# Co-opted member of the Board of Management as at 31 August 2003)

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 — C I Dytor

- The Oratory Preparatory School — D L Sexon

CLERK TO THE GOVERNORS: A Bradshaw

ADDRESSES:

- The Oratory School
Woodcote
Reading
Berkshire

The Oratory Preparatory School
Goring Heath
Reading
Berkshire

COMPANY GENERAL INFORMATION (CONTINUED)
For The Year Ended 31 August 2003

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 1-2 Market Place Reading Berkshire RG1 2EQ
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 2003

The Governors submit their report and the audited accounts for the year ended 31 August 2003 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
Professor P Evans
T A H Tyler
F J Fitzherbert – Brockholes
Major T E Thorneycroft#
Mrs E M Drew#
M H R Hasslacher
Mrs M Cochrane

(* Member of the Board of Management as at 31 August 2003).
(# Co-opted member of the Board of Management as at 31 August 2003).

The Governors are charity trustees, directors and members of the company.

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

2002-2003 was a satisfactory year for the Association with the consolidated accounts showing an increase of funds for the year of £406,609 (2002 deficit £19,299). There were an average of 401 pupils in the Oratory School and 399 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 £4,060 (2002: £1,662).

FUTURE DEVELOPMENTS

The Association has begun the construction of a new boarding house to replace the existing FitzAlan House. The first phase of the project is expected to cost over £2 million and is scheduled to be completed by late August 2004.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 AUGUST 2003

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 the land and buildings for insurance purposes is approximately £21,000,000 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 as 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 £658 (2002: £20,076) 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 J J Eyston and C J French.

The members of the Board of Governors retiring by rotation at the Annual General Meeting will be F J Fitzherbert-Brockholes, M H R Hasslacher and M W Stilwell.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)
For The Year Ended 31 August 2003

RESERVES
Notes 14 to 15 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 donates the majority of its taxable profits to the Association under gift aid. 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: 28.04.04

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 2003 on pages seven to twenty-eight 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 thirteen to fifteen.

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 board of management 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 2003 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

Date: 15/5/04

THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended 31 August 2003

	Notes	2003 £	2002 £
INCOMING RESOURCES			
Donations, legacies and similar income resources:			
Donations		**93,750**	-
Income from operating activities:			
Activities in furtherance of the charity's objects:			
Fees receivable	1	**8,804,240**	8,100,969
Activities for generating funds:			
Trading Income	2	**354,013**	277,678
Investment income:			
Investment income	3	**9,482**	21,589
Interest receivable		**45,818**	24,951
Other incoming resources:		**117,802**	89,865
TOTAL INCOMING RESOURCES		**9,425,105**	8,515,052
RESOURCES EXPENDED			
Costs of generating funds:			
Trading expenditure		**152,748**	185,745
Charitable expenditure:			
Grants payable:			
Scholarships and bursaries		**726,775**	602,127
Costs of activities in furtherance of the charity's objects			
Teaching costs		**3,875,978**	3,663,800
Welfare		**1,588,416**	1,520,583
Premises		**1,424,875**	1,431,677
Support costs			
Administration of the School		**1,098,126**	950,451
Prize fund expenditure		**3,601**	4,612
Management and administration:			
Charity management		**40,917**	41,660
Management and administration		**115,248**	54,983
TOTAL RESOURCES EXPENDED	5	**9,026,684**	8,455,638
NET INCOMING RESOURCES		**398,421**	59,414
Net losses on investment assets:			
Realised		**(658)**	(20,076)
Unrealised		**9,066**	(58,637)
NET MOVEMENTS IN FUNDS		**406,829**	(19,299)
Balances brought forward at 1 September 2002		**8,808,683**	8,827,982
BALANCES CARRIED FORWARD AT 31 AUGUST 2003		**9,215,512**	8,808,683

Page 9 gives details of changes in resources applied for fixed assets for charity use.

THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)

BALANCE SHEETS
31 August 2003

	Notes	Consolidated 2003 £	Consolidated 2002 £	Association 2003 £	Association 2002 £
FIXED ASSETS:					
Tangible	6	**11,601,565**	10,464,466	**11,592,584**	10,458,921
Investments	7	**370,681**	393,781	**390,681**	413,781
		11,972,246	10,858,247	**11,983,265**	10,872,702
CURRENT ASSETS:					
Stocks		**152,372**	119,996	**56,230**	39,963
Debtors	8	**291,117**	500,963	**384,708**	555,195
Cash		**1,105,324**	598,530	**1,047,986**	569,857
		1,548,813	1,219,489	**1,488,924**	1,165,015
CREDITORS: amounts falling due within one year	9	**(1,939,298)**	(1,724,571)	**(1,892,325)**	(1,683,944)
NET CURRENT LIABILITIES		**(390,485)**	(505,082)	**(403,401)**	(518,929)
TOTAL ASSETS LESS CURRENT LIABILITIES:		**11,581,761**	10,353,165	**11,579,864**	10,353,773
CREDITORS: amounts falling due after more than one year	10	**(2,366,249)**	(1,544,482)	**(2,366,249)**	(1,544,482)
		9,215,512	8,808,683	**9,213,615**	8,809,291
UNRESTRICTED FUNDS:	14				
Designated funds		**6,089,032**	6,089,032	**6,085,732**	6,089,032
Unrestricted income funds		**3,127,883**	2,720,259	**3,127,883**	2,720,259
Non-charitable trading funds held by subsidiaries		**(1,403)**	(608)	**-**	-
TOTAL FUNDS		**9,215,512**	8,808,683	**9,213,615**	8,809,291

Approved by the Board of Management
On 28 Oct and signed on their behalf by

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

.....
C J SEHMER

The notes on pages 16 to 28 form part of these accounts

THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)

CONSOLIDATED CASHFLOW STATEMENT
For The Year Ended 31 August 2003

	Notes	2003 £	2002 £
Net cash inflow from operating activities	1	**2,003,285**	1,055,959
Returns on investments and servicing of finance	2	**55,300**	46,540
Capital expenditure and financial investment	2	**(1,672,123)**	(1,157,219)
		386,462	(54,720)
Financing	2	**375,092**	754,728
Increase/(Decrease) in cash in the period		**761,554**	700,008

	Notes		
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		**761,554**	700,008
New loans		**(415,208)**	(754,728)
Loan repayments		**40,115**	-
Change in net funds		**386,461**	(54,720)
Net funds at 1 September 2002		**(410,958)**	(356,238)
Net funds at 31 August 2003		**(24,497)**	(410,958)

Statement of changes in resources applied for fixed assets for charity use for the year ended 31 August 2003

	Total Funds
Net movement in funds for the year	406,829
Resources used for net acquisition of tangible fixed assets	(1,703,631)
Net movement in funds available for future activities	(1,296,802)

THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
For The Year Ended 31 August 2003

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

	2003 £	2002 £
Net incoming resources	**398,421**	59,414
Depreciation charges	**566,532**	543,779
Investment income	**(9,482)**	(21,589)
Bank and other interest	**(45,818)**	(24,951)
(Increase)/Decrease in stock	**(32,376)**	(571)
(Increase)/Decrease in debtors	**209,846**	89,406
(Increase)/Decrease in creditors	**961,161**	410,471
	2,003,285	1,055,959

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

	2003 £	2002 £
Returns on investments and servicing of finance		
Investment income	**9,482**	21,589
Bank and other interest received	**45,818**	24,951
	55,300	46,540
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**1,703,631**	1,151,346
Purchase of investments	**59,874**	383,047
Sale of investments	**(91,382)**	(377,174)
Net cash outflow for capital expenditure	**1,672,123**	1,157,219
Financing		
Repayment of loans	**(40,116)**	-
Increase in short-term loans	**-**	36,269
Increase in long-term loans	**415,208**	718,459
	375,092	754,728

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)
For The Year Ended 31 August 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 31.8.02	Cashflow	Other non-cash Changes	At 31.8.03
Cash at bank	343,770	761,554	-	1,105,324
Debt due within 1 year	(36,269)	(17,789)	-	(54,058)
Debt due after 1 year	(718,459)	(357,304)	-	(1,075,763)
Total	(410,958)	386,461	-	(24,497)

THE ORATORY SCHOOL ASSOCIATION
(LIMITED BY GUARANTEE)

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For The Year Ended 31 August 2003

	2003 £	2002 £
Gross charitable income	**9,071,092**	8,235,610
Non-charitable trading income	**354,013**	279,442
	9,425,105	8,515,052
Charitable expenditure	**8,873,936**	8,269,893
Non-charitable trading expenditure	**152,748**	185,745
Net income before investment asset disposals	**398,421**	59,414
Gain/(Loss) on disposal of fixed asset investments	**(658)**	(20,076)
Net income for the year	**397,763**	39,338

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 16 to 28 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 surplus of the parent company dealt with in the consolidated income and expenditure account is £404,324 (2002 £19,336 deficit)

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

STATEMENT OF ACCOUNTING POLICIES
For The Year Ended 31 August 2003

Assets not recognised in the Annual Accounts
The Oratory School Association owns a number of paintings and statues which it has acquired over the years. No valuation of these items has been undertaken and therefore they have not been capitalised in the financial statements.

Financial Reporting Standard No. 15 (FRS 15) first applied to the financial statements for the year ended 31 August 2000. Under FRS 15, the Trust would be required to capitalise on its balance sheet all tangible fixed assets, including inalienable assets. As transitional arrangements providing certain conditions apply, FRS 15 would permit the Association to exclude from its balance sheet those inalienable assets acquired prior to 1 March 2000. However, any assets acquired, or any improvements made, after 1 March 2000 would have to be capitalised.

The Oratory School Association does not believe that the valuation of these assets would be appropriate expenditure of charitable funds as they have no intention of disposing of them.

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 and Reporting by Charities" 2000 and with applicable accounting standards. They are drawn up on the historical cost of 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. Any amounts received for services not yet provided are included in creditors as fees received in advance. Fees receivable are stated before deducting bursaries, scholarships and other allowances. These are paid from a designated fund. These are included in fees receivable at the amount of the bursary/scholarship awarded.

Donations
Donations received for the general purposes of the charity are included as unrestricted funds.

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.

Foreign currencies
Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling of the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the dates of the transaction. The resulting exchange differences occurring during the year are dealt with as part of the operating surplus.

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 schemes are given in Note 19.

STATEMENT OF ACCOUNTING POLICIES (Continued)
For The Year Ended 31 August 2003

Capitalisation and replacement
Individual items costing over £500 and with an expected life of 3 years or more are capitalised along with collections of smaller items if the listed value is significant.

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.

Inalienable and historic assets
In addition to the capitalised fixed assets held for the charity's own use, the Oratory School Association also has a number of paintings and statues which span the history of the school and depict a number of its figureheads. No valuation of these has been made and accordingly these assets have not been capitalised in the financial statements.

Depreciation
The original school buildings, freehold land and capital under construction 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

Assets under construction are not depreciated.

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

Fund accounting
The Oratory School Association has various funds for which it is responsible and which require separate disclosure. These are as follows:

- Designated funds – The Association may at it discretion set aside funds for specific purposes, which would otherwise form part of the unrestricted funds of the Association.
- Unrestricted funds – Funds that are expendable at the discretion of the trustees on furtherance of the objects of the Association.

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.

STATEMENT OF ACCOUNTING POLICIES (Continued)
For The Year Ended 31 August 2003

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. Transfers are made to fees each term at the rate applying when the capital payment was made.

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.

Liabilities
Liabilities are recognised and provisions made in accordance with FRS 12.

Grants payable
No grants are made except for scholarships and bursaries.

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

		2003 £	2002 £
1.	**FEES**		
	Fees receivable consist of:		
	Gross fees		
	- External	**8,077,465**	7,498,842
	- Transfer from Scholarship and Bursary Fund	**726,775**	602,127
		8,804,240	8,100,969

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 donates the majority of its taxable profits to the Association and pays interest on monies owed to the Association. Its trading results, extracted from its audited accounts were:

	2003 £	2002 £
Turnover	**353,013**	264,675
Cost of sales	**(219,427)**	(171,181)
Gross profit	**133,586**	93,494
Administration (including interest paid)	**(70,625)**	(73,811)
Other operating income	**-**	-
Operating profit	**62,961**	19,683
Interest receivable	**548**	1,382
Net profit	**63,509**	21,065
Covenant – gross	**(58,849)**	(21,789)
Tax on profit on ordinary activities	**-**	-
Retained (deficit)/profit	**4,660**	(724)
Retained profit brought forward	**950**	1,674
Retained profit carried forward	**5,610**	950

Details of the subsidiary's balance sheet are given in note 7.

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

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 school. Its trading results extracted from its audited accounts were:

	2003 £	2002 £
Turnover	1,000	13,004
Cost of sales	(1,459)	(6,281)
Gross profit	(459)	6,723
Administrative expenses (including interest paid)	(1,234)	(4,298)
Operating profit/(loss)	(1,693)	2,425
Interest receivable and similar income	306	382
Net profit/(loss)	(1,387)	2,807
Covenant – gross	-	(2,046)
Tax on profit/(loss) on ordinary activities	-	-
Retained profit/(loss)	(1,387)	761
Retained profit/(loss) brought forward	(1,558)	(2,319)
Retained loss carried forward	(2,945)	(1,558)

Details of the subsidiary's balance sheet are given in Note 7.

		2003 £	2002 £
3.	**INVESTMENT INCOME**		
	Treasury stock	1,372	1,516
	Sterling bonds	2,454	2,613
	Unit trusts and investment trusts	5,656	17,460
		9,482	21,589
	Investment assets in the UK	9,280	19,846
	Investment assets outside the UK	202	1,743
		9,482	21,589

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

		2003	2002
		£	£
4.	**EXPENDITURE:**		
	Other expenditure includes:		
	Auditors' remuneration - Audit fees	**15,000**	15,000
	- Other services	**19,276**	8,751
	Depreciation	**566,532**	543,779
		£	£
	Total staff costs:		
	Wages and salaries	**4,466,004**	4,221,384
	Social security costs	**341,294**	312,546
	Pension contributions	**327,425**	240,544
		5,134,723	4,774,474

Neither the governors nor persons connected with them received any remuneration or other benefits from the Association or any connected organisation. Four Governors received travel expenses and two received accommodation expenses in the year ended 31 August 2003 of £1,361 (2002 £3,217). The Association paid £1,596 during the year to purchase indemnity insurance for the Governors and employees of the Association.

	2003	2002
	No.	No.
The number of employees whose emoluments exceeded £50,000 were:		
£50,000 - £60,000	**3**	1
£60,000 - £70,000	**1**	-
Average monthly number of employees:		
Educational Staff	**123**	116
Domestics and Matron	**32**	32
Administrative	**19**	18
Maintenance and Grounds	**19**	18
Catering	**40**	44
	233	228

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs	Other	Depreciation	Total	2002
	£	£	£	£	£
Grants payable:					
Scholarships and bursaries	-	726,775	-	726,775	602,127
Direct charitable expenditure:					
Teaching costs	3,549,351	233,458	93,169	3,875,978	3,663,800
Welfare	802,627	785,789	-	1,588,416	1,520,583
Premises	397,665	638,115	388,707	1,424,875	1,431,677
	4,749,643	1,657,362	481,876	6,889,269	6,616,060
Support costs:					
Administration of the School	377,228	637,528	83,370	1,098,126	950,451
Prize fund expenditure	-	3,601	-	3,601	4,612
Trading	-	151,462	1,286	152,748	185,745
	377,228	792,591	84,656	1,254,475	1,140,808
Management and administration:					
Charity management	7,852	33,065	-	40,917	41,660
Management and administration of the Charity	-	115,248	-	115,248	54,983
	7,852	148,313	-	156,165	96,643
	5,134,723	3,325,429	566,532	9,026,685	8,455,638

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

6. TANGIBLE FIXED ASSETS

	Subsidiaries		Association			
	Plant and Equipment	Assets under Construction	Land & Buildings	Plant & Equipment	Association Total	Consolidated Total
	£		£	£	£	£
Cost:						
At 1 September 2002	**20,841**	**-**	**12,045,144**	**2,569,374**	**14,614,518**	**14,635,359**
Additions	**4,722**	**625,487**	**823,477**	**249,945**	**1,698,909**	**1,703,631**
Disposals				**(3,358)**	**(3,358)**	**(3,358)**
At 31 August 2003	**25,563**	**625,487**	**12,868,621**	**2,815,961**	**16,310,069**	**16,335,632**
Depreciation:						
At 1 September 2002	**15,296**	**-**	**2,337,019**	**1,818,578**	**4,155,597**	**4,170,893**
Charge for the year	**1,286**	**-**	**348,243**	**217,003**	**565,246**	**566,532**
Eliminated on disposals	**-**	**-**		**(3,358)**	**(3,358)**	**(3,358)**
At 31 August 2003	**16,582**	**-**	**2,685,262**	**2,032,223**	**4,717,485**	**4,734,067**
Net Book Value:						
At 31 August 2003	**8,981**	**625,487**	**10,183,359**	**783,738**	**11,592,584**	**11,601,565**
At 31 August 2002	5,545	-	9,708,125	750,796	10,458,921	10,464,466

Land and building includes freehold land at a cost of £251,080 (2002: £251,080) which is not depreciated.

7. INVESTMENTS

	2003	2002
	£	£
Quoted and other investments		
Market value at 1 September 2002	**413,781**	486,621
Additions	**59,874**	383,047
Disposal at open market value	**(92,040)**	(397,250)
Revaluations	**9,066**	(58,637)
Market value at 31 August 2003	**390,681**	413,781
Historical cost at 31 August 2003	**455,295**	478,231

The Association owns 100% of the issued share capital of two subsidiaries with a total nominal value of £20,000 (2002: £20,000) and therefore the consolidated quoted investments are £370,681 (2002: 393,781). £630 (2002: £1,381) of investments are attributable to a designated prize fund. Of these quoted investments, £68,557 are invested in investment trusts and £302,124 are invested in fixed interest investment trusts.

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

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

	2003	2002
	£	£
Treasury stock - 2008 5%	**20,464**	-
Treasury stock - 2006 2%	**-**	29,862
Frank Russell Institutional Funds	**241,697**	221,111

	2003
The assets and liabilities of the subsidiaries were:	£
Oratory Trading Ltd	
Tangible fixed assets	**8,981**
Current assets	**6,629**
	15,610
Representing:	
Share capital	**10,000**
Profit and loss account	**5,610**
	15,610

Details of the subsidiary's profit and loss account are given in Note 2.

Academy Catering Ltd	
Current assets	**6,288**
Representing:	
Share capital	**10,000**
Profit and Loss account	**(3,712)**
	6,288

An analysis of the market value of listed investments is as follows:

	2003
	£
UK fixed interest	20,945
Sterling bonds	46,982
Investment trusts	259,900
Unit Trusts	42,223
UK shares	631
Market value at 31 August 2003	**370,681**

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

8. DEBTORS

	Consolidated		Association	
	2003	2002	**2003**	2002
	£	£	**£**	£
Fees	**182,127**	408,509	**182,127**	408,509
Trade debtors	**11,852**	8,482	**-**	-
Other debtors	**35,563**	33,691	**35,563**	33,691
Prepayments and accrued income	**61,575**	50,281	**54,180**	48,487
Subsidiary companies	**-**	-	**112,838**	64,508
	291,117	*500,963*	***384,708***	*555,195*

9 CREDITORS: due within one year

Bank overdraft	**-**	254,760	**-**	254,760
Bank loans	**54,058**	36,269	**54,058**	36,269
Fees received in advance	**829,500**	479,641	**829,500**	479,641
Advance fees and deposits	**421,593**	247,393	**421,593**	247,393
Trade creditors	**478,704**	582,893	**472,256**	565,990
Taxation and social security	**123,977**	103,647	**110,220**	97,066
Other creditors and accruals	**28,641**	17,143	**-**	-
Deferred income	**2,825**	2,825	**2,825**	2,825
Subsidiary companies	**-**	-	**1,873**	-
	1,939,298	1,724,571	**1,892,325**	1,683,944

10. CREDITORS: due after more than one year

Advance fees and deposits	**1,168,311**	701,023	**1,168,311**	701,023
Deferred income	**122,175**	125,000	**122,175**	125,000
Bank loans	**1,075,763**	718,459	**1,075,763**	718,459
	2,366,249	1,544.482	**2,366,249**	1,544,482

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

11. LOANS

An analysis of the maturity of loans is given below:

	2003	2002
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	254,760
Bank loans	**54,058**	36,269
	54,058	291,029
Amounts falling due between one and two years:		
Bank loans	**56,903**	38,276
Amounts falling due between two and five years:		
Bank loans	**159,330**	128,016
Amounts falling due in more than five years repayable by instalments:		
Bank loans	**859,830**	552,167

The bank loans are repayable by instalments at an interest rate determined by Lloyds TSB Bank plc.

12. SECURED DEBTS

The following secured debts are included within creditors

	2003	2002
	£	£
Bank overdraft	-	254,760
Bank loans	**1,075,763**	718,459
	1,075,763	973,219

The bank overdraft and loans are secured by mortgages over certain freehold properties and land owned by the association as well as a letter of negative pledge dated 14/06/2000. This letter of negative pledge, which is held by Lloyds TSB Bank plc guarantees that the Oratory School Association will ask for the permission of the bank before it changes any of the assets it holds to another party.

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

13. 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 15. Assuming pupils will remain in the school, advance fees will be applied as follows:

	2003	2002
	£	£
After 5 years	**16,755**	29,639
Within 2 to 5 years	**385,844**	156,455
Within 1 to 2 years	**249,783**	137,496
	652,382	323,590
Within 1 year	**391,271**	194,630
	1,043,653	518,220

Movements during the year:	£
Balance at 1 September 2002	518,220
New contracts	926,890
	1,445,110
Amounts utilised in payment of fees	(401,457)
Balance at 31 August 2003	**1,043,653**

14. UNRESTRICTED FUNDS

	Balance at 1 September 2002 £	Incoming Resources £	Resources Expended £	Transfers/ Investment gains/(losses) £	Balance at 31 August 2003 £
Designated funds – Note 15	**6,089,032**	**-**	**(726,775)**	**726,775**	**6,089,032**
Non-charitable trading funds held by subsidiaries	**(608)**	**354,013**	**(354,808)**	**-**	**(1,403)**
Unrestricted income funds	**2,720,259**	**9,071,092**	**(7,936,693)**	**(726,775)**	**3,127,883**
	8,808,683	**9,425,105**	**(9,018,276)**	**-**	**9,215,512**

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

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

15. DESIGNATED FUNDS

	Balance at 1 September 2002 £	Incoming Resources £	Resources Expended £	Transfers/ Investment gains/(losses) £	Balance at 31 August 2003 £
Capital reserve	**5,900,000**	-	-	-	**5,900,000**
Scholarship/Bursary Funds:					
- Oratory School	-	-	(651,080)	651,080	-
- Oratory Preparatory School	-	-	(75,695)	75,695	-
	-	-	(726,775)	726,775	-
Prize and Other Funds:					
- Oratory School	171,775	-	(1,988)	1,988	171,775
- Oratory Preparatory School	15,642	-	(1,612)	1,612	15,642
	187,417	-	(3,607)	3,607	187,417
Gatepier Fund	**1,615**	-	-	-	**1,615**
TOTAL	**6,089,032**	-	**(730,382)**	**730,382**	**6,089,032**

The designated prize funds are retained to cover the costs of presenting prizes etc at the school's prize giving ceremonies.

The Gatepier fund is the remainder of a fund used to move the gates to their present location when the building of the road separated the school from the original site of the gates.

16. CAPITAL COMMITMENTS

	2003 £	2002 £
Contracted for but not yet provided for:		
The Oratory School – Building of a new boarding house	**1,997,391**	-

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

17. OPERATING LEASE COMMITMENTS

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

	Other operating leases	
	2003	2002
	£	£
Expiring:		
In less than one year	**-**	2,924
In two to five years	**15,934**	10,749
	15,934	13,673

18. 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.

19. PENSION SCHEMES

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. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

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	807	
	12	

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 reporting entity is unable to identify its share of the underlying assets or liabilities.

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 2001.

Contributions are assessed in two parts. First, a normal contribution is determined. This is the contribution, expressed as a percentage of the salary of a teacher newly entering service, which would defray the cost of benefits payable in respect of that service. Currently, teachers pay 6% of salary whilst their employers pay the balance of the normal contribution. Secondly, a supplementary contribution is payable by employers if, as a result of the actuarial investigation, it is found that the accumulated liabilities of the Account for benefits to past and present teachers are not fully covered by normal contributions to be paid in future and by the fund built up from past contributions. Because the liabilities were put into balance for the 2001 valuation there is no supplementary contribution. From 1 April 2003, employers pay 13.5% of salary.

The last valuation of the TPS was for the period 1 April 1996 – 31 March 2001. The Government Actuary's report of March 2003 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £142,880 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £142,880 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 7%.

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.

NOTES TO THE ACCOUNTS
For The Year Ended 31 August 2003

20. CONTINGENT LIABILITY

The school received a grant in 1994 from the Combined Cadet Force (CCF) towards the cost of certain property improvements.

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 2003 an amount of £20,548 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 2003 an amount of £105,000 would have been payable to the CCF if they had ceased to use this facility for reasons outside their control within 20 years.