Company registered number: 00259021
Charity registered number: 309112

THE ORATORY SCHOOLS ASSOCIATION
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

THURSDAY
L774PGUB
LD2 31/05/2018 #353
COMPANIES HOUSE

THE ORATORY SCHOOLS ASSOCIATION

GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2017

Board of Governors

(* Member of the Finance & General Purpose Committee as at 31 August 2017)
(Resigned from the Board of Governors in May 2017)**

Dr C B T Hill Williams *, (Chairman)
M J Berkeley
B F H Bettesworth
Rt Rev R J Byrne *
Mrs M Cochrane
Mrs M E Edwards
Professor P W Evans *
F J Fitzherbert-Brockholes
C J French */**
M H R Hasslacher *
HH K A D Hornby
N R Purnell *
Rev J N Saward
C J Sehmer *
M W Stilwell *
Col C R Sutherland
N J Tanner

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2017

Company registered number

00259021

Charity registered number

309112

Registered office

The Oratory School, Woodcote, Reading, Berkshire, RG8 0PJ

Addresses

The Oratory School, Woodcote, Reading, Berkshire, RG8 0PJ
The Oratory Preparatory School, Goring Heath, Reading, Berkshire, RG8 7SF

Clerk to the Governors and Bursar

M W Halsall

Headmasters

The Oratory - J J Smith
The Oratory Preparatory School - R M Stewart

Independent Auditor

James Cowper Kreston, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS

Bankers

Lloyds Bank Plc, 1-2 Market Place, Reading, Berkshire, RG21 2EQ

Solicitors

Veale Wasbrough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5DS

Investment Advisers

Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Insurance Broker

D E Ford Limited, Poppleton Grange, Low Poppleton Lane, York YO26 9GZ

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Oratory Schools Association (the company and the group) for the year ended 31 August 2017. The governors confirm that the Annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Oratory Schools Association is a Charity (Registered number 309112) constituted under a Declaration of Trust in 1927, amended by Deed of Agreement in 1931. It is incorporated as a company limited by guarantee. Its Memorandum of Association was amended by special resolutions on 2 March 1950, 11 June 1980, 5 November 1984, 30 April 1997 and 26 January 2011. Its Articles of Association were adopted by special resolution passed on 30 April 1964 and amended by special resolutions on 11 June 1980, 16 June 1982, 5 June 1986, 30 April 1997 and 26 January 2011.

Governing Body

The governors are charity trustees, directors and members of the company. New governors are appointed by the Board of Governors following screening and approval by the Finance & General Purpose Committee. Governors are appointed for three years after which they retire or are re-elected to the Board. The governors who served during the year were:

Dr C B T Hill Williams (Chairman)
M J Berkeley
B F H Bettesworth
Rt Rev R J Byrne
Mrs M Cochrane
Mrs M E Edwards
Professor P W Evans
F J Fitzherbert-Brockholes
C J French
M H R Hasslacher
HH K A D Hornby
N R Purnell
Rev J N Saward
C J Sehmer
M W Stilwell
Col C R Sutherland
N J Tanner

The members of the Board of Governors retiring by rotation at the next Annual General Meeting (May 2018) will be M J Berkeley and Rev J N Saward.

Recruitment and Training of Governors

New governors are elected by the existing governors, acting by majority. The governors regularly seek to recruit and appoint highly qualified volunteer governors, and new governors are selected on the basis of the contribution that they will make to the governance of the Association and the skills that they can offer. New governors are provided with a Governor's portfolio containing detailed information about the Association and the schools and given an introduction to the activities of the Association by a member of the Finance & General Purpose Committee. Existing governors are encouraged to be trained and are provided with training as and when required. Training sessions were held during Michaelmas term 2016 and Lent term 2017 and all governors are encouraged to attend AGBIS seminars throughout the year to maintain an up-to-date knowledge of their role. All Governors are required to undergo Safeguarding and Prevent training.

Organisational Management

The Governing Body provides strategic leadership to the Association. It meets formally three times a year. It elects a Finance & General Purpose Committee, which meets at least six times a year. There are Property*, Academic and Investment sub committees, which meet as required.
(The Property Sub-committee was disbanded in May 2017)

The members of the Finance & General Purpose Committee are detailed on the company general information page.

The members of the Finance & General Purpose Committee retiring by rotation at the next Annual General Meeting in May 2018 will be Professor P W Evans and N R Purnell.

The day to day management of the schools is entrusted to the respective Headmasters supported by their Senior Management Teams, together with the Bursar. The Headmasters and the Bursar, who are listed in the company general information section, attend meetings of the Governing Body, the Finance & General Purpose Committee and the sub committees. The Bursar also acts as Clerk to the Governors. Key management personnel are remunerated at appropriate levels as determined by the Finance & General Purpose Committee.

Particulars of the Association's professional advisers are also detailed in the company general information section.

Group Structure and Relationships

The Association owns 100% of the ordinary share capital of Oratory Trading Limited, which provides leisure, sporting and recreational activities to third parties and runs retail outlets on the sites for uniform and tuck. 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.

The Association also owns 100% of the ordinary share capital of Academy Catering Limited. This company is dormant.

Risk Management

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.

The key controls used by the Association include:

- formal agendas for all Board and committee activity
- detailed terms of reference for all committees
- comprehensive business planning, budgeting and management accounting
- the maintenance of a regularly reviewed Association risk register
- established organisational structure and lines of reporting
- formal written policies
- clear authorisation and approval levels, and vetting procedures as required by law for the protection of the vulnerable.

The Governing Body maintains a Risk Register, which is reviewed regularly at Committee meetings. The Register, which is maintained by the Bursar, covers such areas as:

- Governance risk
- Operations risk
- Financial risk
- External risk
- Compliance with the Law risk

The main risks to the success of the Association are considered to be:

- Academic standards
- Affordability
- Competition from other local schools
- Inadequate marketing
- Changes to Government tax treatment of independent schools

OBJECTIVES AND ACTIVITIES

Charitable Objects

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

The objects are met by the Association which is currently responsible for The Oratory School and The Oratory Preparatory School.

The Oratory School was founded by Blessed John Henry Newman in 1859 specifically to meet the educational needs of the Roman Catholic laity, and in founding The Oratory School, Newman created a new type of Roman Catholic education which he foresaw as meeting the needs of the modern age. The Association now educates children of all faiths, and none, in an inclusive Catholic context.

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 lay men and women 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.

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

Public Benefit Aims

The Association's principal purpose is to educate and, in doing so, it provides a number of benefits to the public, including:

- Sharing its facilities with the local communities and organisations, primarily those with a Roman Catholic affiliation.
- Providing means tested bursaries to enable boys and girls from less wealthy families to enjoy the benefits of an education by the Association.
- Instilling in pupils a sense of public service and an understanding of how the benefits they have received through their education can be used to the advantage of the wider community.
- Furthering the Association's charitable objects.

The main beneficiaries from the Association's work are boys aged 2 to 18 and girls aged 2 to 13 attending its schools. The Association offers means tested bursary support for less well-off families. There are no geographic restrictions on entry.

The governors have considered the operation of the Schools and do not believe that there is any detriment resulting from their activities that should be offset against the benefit they provide.

The aims of the Association continue to be reviewed by the governors in the light of the Charity Commission's general guidance on public benefit and the governors are satisfied that the Objects and aims allow the delivery of public benefit that is related to the aims and the report that follows demonstrates that those benefits are tangible and considerable. In the furtherance of these aims, the governors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub sector guidance concerning the operation of the Public Benefit requirement under that Act.

Public Benefit Achievements

In addition to its educational work, it remains an objective for the Association to be a good neighbour to and to be an active part of the local community. The governors believe that a school has a duty to extend its services to its community, and can thus, in the broadest sense, identify its beneficiaries as all who benefit from the institution.

The Association raises funds continually for a number of charities and it makes its sports facilities available mostly at no cost or for a nominal charge to a large number of local schools, clubs and groups.

The governors continuously keep under review the public benefit that the Association provides. The Board of Governors considered, in particular, the supplementary guidance for charities that advance education and for fee charging charities and built its conclusions into its Public Benefit Strategy.

In 2016/17 there were 76 pupils (74 in 2015/16) receiving bursaries for all or part of their fees, according to their families' circumstances. The Association also provides three completely free places to be awarded to deserving Catholic pupils who would not otherwise be able to afford the fees. The Association provided space and support for a number of organisations, including:

a. Subsidised use of facilities for a residential retreat by the Confraternity of Catholic Clergy.
b. Subsidised use of facilities for a residential Evangelium conference.
c. The swimming pools at both schools are used by a significant number of outside schools, both private and state, as well as clubs and groups.
d. The Prep school pitches are used by a local youth football club.
e. An Oratory School minibus is made available to a local state primary school to allow it to use the School's facilities.

The Association offers a variety of scholarships at both The Oratory School and The Oratory Preparatory School recognising academic, sporting and musical ability as well as all round achievement. Scholarships are awarded by the Headmasters following examination and review.

The Association intends to reduce the value of scholarships awarded as a proportion of total fees and increase the amounts awarded through means tested bursaries. However, because scholarships awarded at age 11 or 13 will be effective for seven or five years, the total cost of scholarships will fall slowly. In 2016-17 the cost of scholarships amounted to £450,000 (3.56% of total fees) [£514,000 or 3.65% in 2016]. The cost of means tested bursaries and free places at both schools amounted to £440,000 (3.48% of total fees) [£391,000 or 2.78% in 2016].

Educational Achievement at The Oratory School (Ages 11 to 18)

The School celebrated another strong set of A Level results with the A*-B grades up 5% on last year; the majority of pupils gained entry to their first or second choice universities.

High achievers at A Level were one boy who met his offer of D1, A, A for Fitzwilliam College, Cambridge to study Classics, others achieved: (KCL - Law) D1, 4As, 1B; (KCL – Geography) 2A*s 1A; (Bath – Engineering) 3As plus an A in the Extended Project.

Once again the Art Department continued to impress with the Pre-U results for Art & Design including 13 Distinctions, as well as contributing a healthy 9 A*s at A Level, highlighting once more the School's strength in the disciplines of Art, Graphics and Photography. With very few AS results upon which to comment after the uncoupling of the A Level courses, one special mention should be made of the triplets who succeeded in producing a clean-sweep of 6 A grades from their Maths and Further Maths A Levels.

At GCSE the highest achievers included one boy who recorded an impressive 9 A* grades, another with 8 A*s and three boys who all achieved 6 A*s.

There were some excellent departmental performances, particularly in Maths where 35% of the grades were at A* level, whilst in Biology, Chemistry and Physics there were over 30% A*s.

In sport, highlights were the Colts win at the Stonyhurst Sevens tournament, the school's First VIII winning the Ball Cup and the football 2nd XI winning the Thames Valley League. At Bisley our cadets won the Cadet Champion at Arms and the Cadet Falling Plate, and a Silver Medal in the Ashburton Competition. Minor sports too have been very successful: the school's badminton team only lost one game last season in the 2016/17 season, and the range of sports at which the school has competed has widened significantly, to include handball, water polo, volleyball, triathlon, swimming and, for the first time, fishing. The 1st XI cricket pitch was voted one of the 100 best in the country by *Cricketer* magazine.

Of the many musical highlights, perhaps most memorable was the Consort trip to Hong Kong, where the group sang in St John's Cathedral and Macau Cathedral. It was also their significant privilege to sing Compline in the Chapel of Keble College, Oxford, with their Chapel Choir.

Educational Achievement at The Preparatory School (Ages 2 to 13)

The school continues to offer an all-round education to boys and girls in its care and to encourage effort and achievement both inside and outside the classroom. This breadth of educational experience is evident from the number of awards gained by the pupils leaving at 11+ and 13+, who between them won 14 awards (academic, music, art, drama, sport and all round). 8 pupils left Year 6 and 42 left Year 8 at the end of the Summer Term, with 11 boys going on to the Oratory School.

In the Commonwealth Essay competition, one pupil was one of two Highly Commended awards in the Junior Section, which effectively meant that he was joint third in the Commonwealth. He was also the highest placed recipient of an award from the United Kingdom.

In sport, all girls and boys had the chance to represent the School in competitive matches, as the School continued to pursue its twin aims of sporting excellence and "sport for all". In rugby the under 8A and Colts A went unbeaten and the 1st XV reached the last 64 of the national schools cup narrowly losing to a school in Gloucestershire. In football the school increased its win percentage to 78.4% (up 18.3%) scoring a record 605 goals in the process with the U8A, U8D, U9E, U10A and Colts B finishing their season unbeaten. We also had boys attend trials with QPR, Swindon, Wycombe, Reading and Oxford throughout the year with Southampton hosting a tournament on the school grounds for all local schools. The Pre Prep hosted their 8th annual football tournament where the Y2 boys narrowly lost to Chandlings in the final. The Cricket season also saw a rise in the win rate increasing 72% (25% increase) with the U8A going unbeaten all season. 8 boys were recruited for county cricket for the winter season from our school.

The girls had a record number of sports scholarships for the academic year with three girls achieving sport related awards to Bradfield, Wellington and Abbey. The U8A and U9A had unbeaten season in Hockey and the U11A and 1st VII lost only one match throughout the Michaelmas term. The U9A and U9B won the Yateley Manor hockey tournament and the 1st VII won the Thorngrove Netball competition.

We had much success in the minor sports area of the school with the OPS winning the OPS Cross Country Meet and Eagle House which involved 21 different schools; we had first place finishes in four of the races at both events. We came narrowly second at the OS Greyhound meet and also Ludgrove relays. In Athletics we won the St Andrews meet and won all the relays bar the U10 Girls. We introduced new sports to the minor house competitions this year in Table Tennis, Water Polo, Badminton, Real Tennis, Volleyball, Ultimate Frisbee and Triathlon as our activities programme continues to blossom.

In swimming, three pupils finished in the top ten nationally in their events at the IAPS prep schools finals. One boy won Bronze in the long jump at the IAPS National Championships and a Year 3 girl represented Great Britain in Biathlon in a competition in Italy, where she finished fourth.

The School continues to produce quality drama throughout the age range. Once again the OPS performed in the prestigious Shakespeare Schools Festival, this year with a production of *Hamlet*. Year 3 performed "Peace and Goodwill" and Year 4 Jack and the Beanstalk. Senior pupils put on a production of Oliver – including staff members. An increasing number of pupils have started to attend Lamda sessions, either in group or individual lessons. All the children who were entered for examinations last term passed with distinction.

Music continues to be a particular strength, with nearly three quarters of pupils in the Prep part of the School receiving individual musical tuition and large numbers participating in the various choirs and instrumental ensembles. The school's Jazz Band went on tour to Torquay once again. The Choristers sang St Cecilia Mass in St John's Church, Hyde Park in the Autumn term and recently led the Mass with the Schola from the Oratory School at the Catholic Independent Schools Conference near Oxford.

Residential trips for pupils included those to Paris northern France (Year 6), Belgium (Year 8), Rome (Year 7), Shropshire (Year 7) and South Africa (Year 8). Year 8 also go to Skern Lodge in the summer and all Year 7 girls to Kilve Court at the start of the school year. Beardog Camps are organised for both Year 4 and Year 5 pupils. A host of other activities and visits enrich a very full academic and co-curricular programme.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

The principal activities for the year have been the running of two schools with 340 senior pupils and 440 junior pupils and the continued development and enhancement of the organisation.

This year, works carried out at The Oratory School included major refurbishment of the main Chapel roof, the Refectory and works on the gas safety system to the Morey building laboratories. At the Preparatory School, further improvements were achieved in the upgrading of year group classrooms and the provision of a special needs classroom. In addition, considerable work was carried out in the areas of health and safety and accessibility to ensure that not only were the schools compliant, but also that the provision in both areas is improved year-on-year.

Investment Performance

The Association's portfolio is managed by Ruffer LLP and showed a 6.6% improvement over the twelve months to 30 June 2017. Their results are monitored on a regular basis.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Reserves Policy

- The notes to the financial statements detail the level and movement of reserves held by the Association. The reserves policy has been based on the Association's objectives. Its main features are:
- To provide resources to cover for unexpected or unavoidable expenditure that cannot be met from current income.
- To achieve a margin of working capital sufficient to enable all aspects of the schools' activities to be conducted efficiently.
- To build reserves to repay borrowed funds used for the major building programme for improving boarding and other facilities.

Funding

In 2001 the governors of The Oratory Schools Association embarked on a major building programme. This eventually included two new boarding houses, a major renovation of the theatre and a state of the art swimming pool, housed in a major renovation of the Sports Hall at The Oratory School; a purpose built swimming pool and an Early Years Centre at The Oratory Preparatory School; major improvements to classrooms, maintenance facilities and staff accommodation at both schools and the purchase of a number of houses for staff in the village. In 2016, after fourteen years, this major programme came to an end and the governors decided that there should be a period during which no more major on site developments would take place. However, work

began in July 2017 on a new full-sized astroturf pitch at the Prep School, which was due to be completed in November 2017.

This building programme, which cost in the region of £25 million, was financed largely by provisions set aside for depreciation of assets and from bank borrowings which, in turn, also need to be repaid over time out of similar provisions. Over the years, loans totalling £6,750,000 have been taken out with repayments due over 15 to 20 years; overdraft facilities have also been available to cover short term troughs in cash flow. With the planned temporary hiatus in the building programme, the governors decided not to increase long term borrowings further at that point but to use the overdraft facility also to cover some of the recent construction costs. The increase in the resulting overdraft led to an increase in the deficit of net current assets, but it is not the intention of the governors to maintain it at that level and, to the extent that some ongoing lower level development may be necessary, further bank loans will be considered.

Results for the Year

The consolidated funds before investment and actuarial gains and losses showed a decrease of £1,163,742 (2016: increase of £253,131). This adverse change reflected an imbalance between the departure of a large number of school leavers at the top of the Oratory School compared with a relatively smaller number of new pupils joining at the lower end of the school. It also reflected a very substantial expenditure on maintenance works including those relating to new Health & Safety regulations across the facilities of both schools. The Governors made the decision not to take any compensating actions or short term savings which could have an adverse effect on the future of the schools. In making this decision the Governors took into account the current negotiations relating to the development potential of land owned by the Association which upon materialisation would produce a significant effect upon the assets of the Association.

Investment Policy

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

The Governors' powers are 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 Association has placed its funds with professional managers and monitors the results on a regular basis.

FUTURE PLANS

The Association's key objectives are:

- To achieve and maintain the school rolls at a steady state level of approximately 400 at each school;
- To improve the current high standards of academic achievement as measured by external public examinations and independent value added criteria;
- To provide a dedicated Sixth Form Centre at the Oratory School;
- To provide an enlarged and modernised Music Department facility at the Oratory School;
- To provide a new kitchen and dining facility at the Prep School;
- To continue to build links with local secondary and junior schools;
- To continue to increase and encourage community access to the schools' facilities.

Fixed Assets

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

The value of the land and buildings for insurance purposes is approximately £19,360,000 higher than book value. No calculation of the deferred tax arising on this excess has been made because The Oratory School Trust has no intention to sell and the company is not subject to UK corporation tax.

GOVERNORS' RESPONSIBILITIES STATEMENT

The governors (who are also directors of The Oratory Schools Association for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the governors to prepare financial statements for each financial year. Under company and charity law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the governors are required to:

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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are governors at the time when this Governors' report is approved has confirmed that:

- so far as that governor is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that governor has taken all the steps that ought to have been taken as a governor in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

AUDITOR

The auditor, James Cowper Kreston, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

This report, incorporating the Group strategic report, was approved by the governors, in their capacity as company directors, on 30 May 2018 and signed on their behalf by:



Dr C B T Hill Williams

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ORATORY SCHOOLS ASSOCIATION

OPINION

We have audited the financial statements of The Oratory Schools Association (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2017 set out on pages 14 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards , including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2017 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Governors' Report for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF GOVERNORS

As explained more fully in the Governors' responsibilities statement, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ORATORY SCHOOLS ASSOCIATION



Michael Farwell MA FCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS
Date: 31/5/2018

THE ORATORY SCHOOLS ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:				
Donations and grants	3	**2,915**	**2,915**	2,825
Charitable activities	7	**11,724,473**	**11,724,473**	13,233,969
Other trading activities	4,5	**729,317**	**729,317**	638,742
Investments	6	**14,566**	**14,566**	13,033
TOTAL INCOME		**12,471,271**	**12,471,271**	13,888,569
EXPENDITURE ON:				
Raising funds	5	**343,972**	**343,972**	302,858
Charitable activities:				
Charitable activities		**13,211,650**	**13,211,650**	13,249,759
Governance		**79,391**	**79,391**	82,821
TOTAL EXPENDITURE	9	**13,635,013**	**13,635,013**	13,635,438
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS/(LOSSES)		**(1,163,742)**	**(1,163,742)**	253,131
Net gains/(losses) on investments	18	**(53,767)**	**(53,767)**	82,680
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		**(1,217,509)**	**(1,217,509)**	335,811
Actuarial gains/(losses) on defined benefit pension schemes	27	**52,000**	**52,000**	(87,000)
NET MOVEMENT IN FUNDS		**(1,165,509)**	**(1,165,509)**	248,811
RECONCILIATION OF FUNDS:				
Total funds brought forward		**14,796,000**	**14,796,000**	14,547,189
TOTAL FUNDS CARRIED FORWARD		**13,630,491**	**13,630,491**	14,796,000

All activities relate to continuing operations.

All gains and losses recognised in the year are included above. The surplus / (deficit) for the period for Companies Act purposes comprises the net income / (expenditure) for the year plus other realised gains and losses and was £1,025,571 (2016: £243,270).

The notes on pages 18 to 40 form part of these financial statements.

THE ORATORY SCHOOLS ASSOCIATION
REGISTERED NUMBER: 00259021

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	17		**22,659,675**		23,617,482
Investments	18		**1,050,830**		1,256,246
			23,710,505		24,873,728
CURRENT ASSETS					
Stocks		**120,086**		155,456	
Debtors	19	**538,166**		395,990	
Cash at bank and in hand		**335,809**		262,888	
		994,061		814,334	
CREDITORS: amounts falling due within one year	20	**(5,588,729)**		(4,646,816)	
NET CURRENT LIABILITIES			**(4,594,668)**		(3,832,482)
TOTAL ASSETS LESS CURRENT LIABILITIES			**19,115,837**		21,041,246
CREDITORS: amounts falling due after more than one year	21		**(5,380,346)**		(6,102,246)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			**13,735,491**		14,939,000
Defined benefit pension scheme liability	27		**(105,000)**		(143,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			**13,630,491**		14,796,000
CHARITY FUNDS					
Unrestricted funds:	23				
Unrestricted funds excluding pension liability	23	**13,735,491**		14,939,000	
Pension reserve	23	**(105,000)**		(143,000)	
Total unrestricted funds			**13,630,491**		14,796,000
TOTAL FUNDS			**13,630,491**		14,796,000

The financial statements were approved and authorised for issue by the governors on 30 May 2018 and signed on their behalf, by:

.....
M H R Hasslacher

.....
C J Sehmer

The notes on pages 18 to 40 form part of these financial statements.

THE ORATORY SCHOOLS ASSOCIATION
REGISTERED NUMBER: 00259021

COMPANY BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	17		**22,643,846**		23,596,945
Investments	18		**1,060,831**		1,266,247
			23,704,677		24,863,192
CURRENT ASSETS					
Stocks		**34,904**		31,885	
Debtors	19	**735,708**		647,768	
Cash at bank and in hand		**98,464**		37,753	
		869,076		717,406	
CREDITORS: amounts falling due within one year	20	**(5,470,822)**		(4,569,537)	
NET CURRENT LIABILITIES			**(4,601,746)**		(3,852,131)
TOTAL ASSETS LESS CURRENT LIABILITIES			**19,102,931**		21,011,061
CREDITORS: amounts falling due after more than one year	21		**(5,380,346)**		(6,102,246)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			**13,722,585**		14,908,815
Defined benefit pension scheme liability	27		**(105,000)**		(143,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			**13,617,585**		14,765,815
CHARITY FUNDS					
Unrestricted funds:					
Unrestricted funds excluding pension liability		**13,722,585**		14,908,815	
Pension reserve		**(105,000)**		(143,000)	
Total unrestricted funds			**13,617,585**		14,765,815
TOTAL FUNDS			**13,617,585**		14,765,815

The financial statements were approved and authorised for issue by the governors on 30 May 2018 and signed on their behalf, by:

.....
M H R Hasslacher

.....
C J Sehmer

The notes on pages 18 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	24	**(486,635)**	2,450,786
Cash flows from investing activities:			
Income from investments		**14,566**	13,033
Purchase of tangible fixed assets	17	**(76,265)**	(709,241)
Proceeds from sale of investments	18	**526,597**	225,550
Purchase of investments	18	**(374,948)**	(287,318)
Net cash provided by/(used in) investing activities		**89,950**	(757,976)
Cash flows from financing activities:			
Repayments of borrowings		**(502,423)**	(542,037)
Net cash used in financing activities		**(502,423)**	(542,037)
Change in cash and cash equivalents in the year		**(899,108)**	1,150,773
Cash and cash equivalents brought forward		**(967,850)**	(2,118,623)
Cash and cash equivalents carried forward		**(1,866,958)**	(967,850)

The notes on pages 18 to 40 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Assets not recognised in the annual accounts

The Oratory Schools Association owns a number of paintings and statues which it has acquired over the years. No valuation of these items has been undertaken and the charity 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. Accordingly, and as permitted by the Charities SORP (FRS 102), such assets are not recognised on the balance sheet.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Oratory Schools Association meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.3 Company status

The company is a company limited by guarantee. The members of the company are the governors named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the governors in furtherance of the general objectives of the company and which have not been designated for other purposes.

1.5 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 included in fees receivable at the amount of the bursary/scholarship awarded.

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

1. ACCOUNTING POLICIES (CONTINUED)

1.6 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.

Support costs have not been allocated to the separate expenditure headings of teaching costs, welfare and premises as the main activity is the provision of education and any allocation would not make more meaningful presentation.

1.7 Grants payable

No grants are made except for scholarships and bursaries.

1.8 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 operates a group personal pension defined benefit 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 the notes to the financial statements.

1.9 Tangible fixed assets and depreciation

All assets costing more than £1,000 with an estimated 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 buildings 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.

In addition to the capitalised fixed assets held for the charity's own use, The Oratory Schools 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

Freehold land and assets under construction are not depreciated.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Motor vehicles / plant and equipment	-	10-33% straight line
Building improvements	-	10% straight line

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliabily in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains on investments' in the Statement of financial activities.

(i) Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment.

1.11 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.12 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.13 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.

1.14 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.

1.15 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

1.16 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

1. ACCOUNTING POLICIES (CONTINUED)

1.17 Debtors

Trade and other debtors are recognised at the settlement amount after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

1.18 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.19 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.20 Financial instruments

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like fees and other amounts receivable and payable.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Bad debts
Using information available at the balance sheet date, the charity makes judgements based on experience regarding the level of provision required to account for potentially uncollectible amounts.

Pensions
Various assumptions are made in reporting the performance of the charity's share of the pension scheme. A valuation is carried out for reporting purposes by a qualified independent actuary. The principal actuarial assumptions made are disclosed in note 27.

3. INCOME FROM DONATIONS AND GRANTS

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Grants	**2,915**	**2,915**	2,825
Total 2016	2,825	2,825	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Non ancillary trading income	**175,076**	**175,076**	148,713
Total 2016	148,713	148,713	

Non ancillary trading income

	2017 £	2016 £
External courses and sports tuition	**149,252**	108,462
Rents and recharges	**8,449**	11,186
School fees protection insurance	**17,375**	29,065
Total	**175,076**	148,713

5. TRADING ACTIVITIES OF SUBSIDIARIES

	Unrestricted funds 2017 £	Total funds 2016 £
Trading income		
Trading income	**554,241**	490,029
Trading expenditure		
Trading expenses	**301,683**	264,266
Trading wages & salaries	**37,581**	32,466
Trading depreciation	**4,708**	6,126
	343,972	302,858
Net income from trading activities of subsidiaries	**210,269**	187,171

In 2016, all of the income from trading activities related to unrestricted funds.

6. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	**14,566**	**14,566**	13,033
Total 2016	13,033	13,033	

Investment income

	2017 £	2016 £
Treasury stock	**1,174**	1,121
Unit trusts and investments	**13,392**	11,912
Total	**14,566**	13,033

Split by location

	2017 £	2016 £
Investment assets in the UK	**7,877**	5,434
Investment assets outside the UK	**6,689**	7,599
Total	**14,566**	13,033

7. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Gross fees less scholarships and bursaries	**11,706,232**	**11,706,232**	13,209,942
Registration fees and forfeited deposits	**18,241**	**18,241**	24,027
	11,724,473	**11,724,473**	13,233,969
Total 2016	13,233,969	13,233,969	

8. DETAIL OF INCOME FROM CHARITABLE ACTIVITIES

School fees

	2017 £	2016 £
Gross fees	**12,597,268**	14,125,188
Less scholarships and bursaries	**(891,036)**	(915,246)
Total	**11,706,232**	13,209,942

Other ancillary income

	2017 £	2016 £
Registration fees and forfeited deposits	**18,241**	24,027

Consolidated extras are included within school fees.

9. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Fundraising	**37,581**	**4,708**	**301,683**	**343,972**	302,978
Costs of raising funds	**37,581**	**4,708**	**301,683**	**343,972**	302,978
Teaching costs	**5,298,376**	**182,814**	**618,133**	**6,099,323**	6,408,897
Welfare	**1,295,650**	**16,184**	**844,595**	**2,156,429**	1,898,674
Premises	**574,053**	**1,066,119**	**1,878,178**	**3,518,350**	3,509,775
Support costs	**914,410**	**-**	**523,138**	**1,437,548**	1,432,293
Charitable activities	**8,082,489**	**1,265,117**	**3,864,044**	**13,211,650**	13,249,639
Expenditure on governance	**14,667**	**-**	**64,724**	**79,391**	82,821
	8,134,737	**1,269,825**	**4,230,451**	**13,635,013**	13,635,438
Total 2016	8,202,911	1,359,665	4,072,862	13,635,438	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	**1,269,825**	1,359,665
Interest payable	**192,839**	253,451

During the year, no governors received any remuneration (2016 - £NIL).
During the year, no governors received any benefits in kind (2016 - £NIL).

Governors received reimbursement of expenses amounting to £5,972 in the current year (2016: £6,952). The Association paid £2,316 (2016: £2,193) during the year to purchase indemnity insurance for the Governors and the employees of the Association.

11. AUDITOR'S REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditor in respect of:		
Audit fees	**18,900**	18,500
Other services	**10,040**	10,380

12. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	**6,765,354**	6,862,084
Social security costs	**604,366**	585,227
Other pension costs (Note 27)	**765,017**	755,600
	8,134,737	8,202,911

The average number of persons employed by the company during the year was as follows:

	2017 No.	2016 No.
Educational Staff	**162**	163
Domestics and Matron	**40**	41
Administrative	**31**	34
Maintenance and Grounds	**18**	23
Catering	**0**	39
	251	300

The number of higher paid employees was:

	2017 No.	2016 No.
In the band £60,001 - £70,000	**2**	1
In the band £70,001 - £80,000	**1**	1
In the band £80,001 - £90,000	**1**	1
In the band £90,001 - £100,000	**0**	2
In the band £110,001 - £120,000	**1**	0
In the band £120,001 - £130,000	**0**	1

The charity considers its key management personnel comprise the Governors and senior management team. The total employment benefits, including employer pension and national insurance contributions, of the key management personnel were £995,803 (2016: £990,711).

13. FINANCE COSTS

	2017 £	2016 £
Loan interest payable	**192,839**	253,451
Bank charges	**47,076**	50,250
Brokers charges	**12,005**	11,363
	251,920	315,064

14. TRADING INCOME

The Association owns 100% of the ordinary share capital of Academy Catering Limited. This company provided catering and linen hire to third parties. It has been dormant for the whole of 2016 and 2017.

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 are shown in note 16.

15. PARENT COMPANY RESULTS

The parent company has taken advantage of Section 408 Companies Act 2006 in not preparing its own Statement of financial activities. The net movement of funds after investment and pension movements within the parent company alone is a deficit of £1,148,230 (2016: £254,717 surplus).

16. ORATORY TRADING LIMITED

	2017	2016
	£	£
Turnover	**554,241**	490,029
Cost of sales	**(266,541)**	(230,011)
Gross profit	**287,700**	260,018
Administration (including interest paid)	**(77,551)**	(72,967)
Operating profit	**210,149**	187,051
Donated under gift aid	**(214,676)**	(192,956)
Retained profit	**(4,527)**	(5,905)
Retained profit brought forward	**27,725**	33,630
Retained profit carried forward	**23,198**	27,725

17. TANGIBLE FIXED ASSETS

Group	Land and buildings £	Building improvements £	Plant and equipment £	Total £
Cost				
At 1 September 2016	**29,307,274**	**6,418,246**	**4,563,141**	**40,288,661**
Additions	**11,511**	**235,753**	**64,754**	**312,018**
At 31 August 2017	**29,318,785**	**6,653,999**	**4,627,895**	**40,600,679**
Depreciation				
At 1 September 2016	**7,578,991**	**5,077,222**	**4,014,966**	**16,671,179**
Charge for the year	**564,020**	**534,516**	**171,289**	**1,269,825**
At 31 August 2017	**8,143,011**	**5,611,738**	**4,186,255**	**17,941,004**
Net book value				
At 31 August 2017	**21,175,774**	**1,042,261**	**441,640**	**22,659,675**
At 31 August 2016	21,728,283	1,341,024	548,175	23,617,482

Company	Land and buildings £	Building improvements £	Plant & machinery £	Total £
Cost				
At 1 September 2016	**29,307,274**	**6,418,246**	**4,476,015**	**40,201,535**
Additions	**11,511**	**235,753**	**64,754**	**312,018**
At 31 August 2017	**29,318,785**	**6,653,999**	**4,540,769**	**40,513,553**
Depreciation				
At 1 September 2016	**7,578,991**	**5,077,222**	**3,948,377**	**16,604,590**
Charge for the year	**564,020**	**534,516**	**166,581**	**1,265,117**
At 31 August 2017	**8,143,011**	**5,611,738**	**4,114,958**	**17,869,707**
Net book value				
At 31 August 2017	**21,175,774**	**1,042,261**	**425,811**	**22,643,846**
At 31 August 2016	21,728,283	1,341,024	527,638	23,596,945

Included in land and buildings is freehold land at cost of £269,548 (2016 - £269,548) which is not depreciated.

Assets under construction are included within building improvements. When a new building is completed the cost is transferred to land and buildings.

18. FIXED ASSET INVESTMENTS

Group	Quoted and other investments £
Market value	
At 1 September 2016	**1,256,246**
Additions	**374,948**
Disposals	**(526,597)**
Revaluations	**(53,767)**
At 31 August 2017	**1,050,830**
Historical cost	**990,330**

Group investments at market value comprise:

	UK £	Overseas £	2017 £	2016 £
Quoted and other investments	**581,509**	**469,321**	**1,050,830**	1,256,246

Group material investments

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

	31 August 2017 £	31 August 2016 £
1.25% Treasury Index	**125,034**	66,866
Ruffer SICAV Fixed Income Z GBP	**159,455**	145,012
CF Ruffer Total Return C Income	**-**	92,028
0.125% Treasury Index-Linked	**-**	71,495
	284,489	375,401

The Association owns 100% of the issued share capital of two subsidiaries with a book value of £10,001 (2016: £10,001) and therefore consolidated quoted investments are £1,050,830 (2016: £1,256,246). Of these quoted investments, £608,706 are invested in investment trusts and £442,124 are invested in fixed interest investment trusts.

18. FIXED ASSET INVESTMENTS (continued)

Company	Quoted and other investments £	Unlisted securities £	Total £
Market value			
At 1 September 2016	**1,256,246**	**20,000**	**1,276,246**
Additions	**374,948**	**-**	**374,948**
Disposals	**(526,597)**	**-**	**(526,597)**
Revaluations	**(53,767)**	**-**	**(53,767)**
At 31 August 2017	**1,050,830**	**20,000**	**1,070,830**
Impairment			
At 1 September 2016 and 31 August 2017	**-**	**9,999**	**9,999**
Net book value			
At 31 August 2017	**1,050,830**	**10,001**	**1,060,831**
At 31 August 2016	1,256,246	10,001	1,266,247
Historical cost	**990,330**	**-**	**990,330**

Company investments at market value comprise:

	UK £	Overseas £	2017 £	2016 £
Quoted and other investments	**581,509**	**469,321**	**1,050,830**	1,256,246
Group	**10,001**	**-**	**10,001**	10,001
Total	**591,510**	**469,321**	**1,060,831**	1,266,247

Analysis of the market value of listed investments

	2017 £	2016 £
UK fixed interest	**442,124**	283,424
Investment trusts	**509,445**	874,644
UK shares	**99,261**	98,178
Total	**1,050,830**	1,256,246

The assets and liabilities of the subsidiaries were:

ORATORY TRADING LIMITED	2017 £	2016 £
Tangible fixed assets	**15,822**	20,538
Net current assets	**17,376**	17,187
	33,198	37,725
Representing:		
Share capital	**10,000**	10,000
Profit and loss account	**23,198**	27,725
	33,198	37,725

ACADEMY CATERING LIMITED	2017 £	2016 £
Net current assets	**12,460**	12,460
	12,460	12,460
Representing:		
Share capital	**10,000**	10,000
Profit and loss account	**2,460**	2,460
	12,460	12,460

19. DEBTORS

	Group		Company	
	2017 £	2016 £	**2017** £	2016 £
Trade debtors	**379,390**	303,863	**287,835**	287,167
Amounts owed by group undertakings	**-**	-	**289,097**	272,760
Prepayments and accrued income	**158,776**	92,127	**158,776**	87,841
	538,166	395,990	**735,708**	647,768

Trade debtors

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Fees	**278,505**	278,183	**278,505**	278,183
Trade debtors	**91,555**	16,696	**-**	-
Other debtors	**9,330**	8,984	**9,330**	8,984
Total	**379,390**	303,863	**287,835**	287,167

20. CREDITORS: Amounts falling due within one year

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Bank loans and overdrafts	**2,656,466**	1,692,877	**2,656,466**	1,692,877
Trade creditors	**536,168**	256,725	**481,874**	220,016
Other taxation and social security	**197,744**	199,064	**161,889**	173,493
Advance fee scheme and fees invoiced in advance	**1,545,026**	1,636,314	**1,545,026**	1,636,314
Other creditors	**186,617**	197,334	**176,618**	187,335
Accruals and deferred income	**466,708**	664,502	**448,949**	659,502
	5,588,729	4,646,816	**5,470,822**	4,569,537

21. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Bank loans	**3,844,590**	4,338,573	**3,844,590**	4,338,573
Fee deposits	**1,352,515**	1,381,115	**1,352,515**	1,381,115
Advance fees	**97,791**	297,108	**97,791**	297,108
Deferred income	**85,450**	85,450	**85,450**	85,450
	5,380,346	6,102,246	**5,380,346**	6,102,246

Included within the above are amounts falling due as follows:

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Between one and two years				
Bank loans	**453,911**	453,911	**453,911**	453,911
Between two and five years				
Bank loans	**1,054,473**	1,321,633	**1,054,473**	1,321,633
Over five years				
Bank loans	**2,336,206**	2,563,029	**2,336,206**	2,563,029

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Repayable by instalments	**2,336,206**	2,563,029	**2,336,206**	2,563,029

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

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 June 2000. This letter of negative pledge, which is held by Lloyds Bank plc, guarantees that the Oratory Schools Association will ask for the permission of the bank before it charges any of the assets that it holds to another third party.

SECURED DEBTS

	2017	2016
	£	£
Bank overdraft	**2,202,767**	1,230,738
Bank loans	**4,298,289**	4,800,712
Total	**6,501,056**	6,031,450

22. 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 in accounting policies. Assuming pupils will remain in the school, advance fees will be applied as follows:

	2017 £	2016 £
Within 1 year	-	-

Movements during the year

	2017 £	2016 £
Balance at 1 September 2016	-	10,332
New contracts	-	-
		10,332
Amounts utilised in payment of fees	-	(10,332)
Balance at 31 August 2017	-	-

23. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Brought forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried forward £
Unrestricted funds					
General Funds - all funds	**14,939,000**	**12,471,271**	**(13,621,013)**	**(53,767)**	**13,735,491**
Pension reserve	**(143,000)**	**-**	**(14,000)**	**52,000**	**(105,000)**
	14,796,000	**12,471,271**	**(13,635,013)**	**(1,767)**	**13,630,491**

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds					
General Funds - all funds	14,590,189	13,888,569	(13,622,438)	82,680	14,939,000
Pension reserve	(43,000)	-	(13,000)	(87,000)	(143,000)
	14,547,189	13,888,569	(13,635,438)	(4,320)	14,796,000
Total of funds	14,547,189	13,888,569	(13,635,438)	(4,320)	14,796,000

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

24. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group	
	2017	2016
	£	£
Net (expenditure)/income for the year (as per Statement of Financial Activities)	**(1,217,509)**	335,811
Adjustment for:		
Depreciation charges	**1,269,825**	1,359,665
Losses/(gains) on investments	**53,767**	(82,680)
Income from investments	**(14,566)**	(13,033)
Loss on the disposal of fixed assets	**-**	28,517
Decrease/(increase) in stocks	**35,370**	(7,773)
Increase in debtors	**(142,176)**	(133,365)
(Decrease)/increase in creditors	**(485,346)**	950,644
Movement in pension deficit valuation	**(38,000)**	100,000
Pension scheme actuarial (loss)/gain	**52,000**	(87,000)
Net cash (used in)/provided by operating activities	**(486,635)**	2,450,786

25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2017	2016
	£	£
Cash in hand	**335,809**	262,888
Overdraft facility repayable on demand	**(2,202,767)**	(1,230,738)
Total	**(1,866,958)**	(967,850)

26. CONTINGENT LIABILITIES AND ASSETS

The school received a grant in 1999 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 a 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 2017 an amount of £64,000 would have been payable to the CCF if they had ceased to use this facility for reasons outside their control within 20 years of the issue of the grant.

27. PENSION SCHEMES

The company sponsors The Oratory Schools Association Retirement & Death Benefits Scheme, a defined benefit arrangement which closed to future accrual on 1 December 1999. A full actuarial valuation was carried out at 30 November 2014 and updated to 31 August 2017 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent actuarial valuation showed a surplus of £18,000. The organisation has agreed with the Trustees that it will pay amounts equal to the levy payments required to be made to the Pension Protection Fund. Management and administration expenses are payable in addition as and when they are due.

Principal actuarial assumptions at the balance sheet date:

	2017	2016
Discount rate at 31 August	**2.50 %**	2.10 %
Pension in payment increases in line with inflation up to 5% per annum	**3.20 %**	3.00 %
Revaluation rate for deferred pensioners	**2.40 %**	2.20 %
Inflation (RPI)	**3.30 %**	3.10 %
Inflation (CPI)	**2.40 %**	2.20 %

The assets in the scheme were:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
With-profits policies	**363,000**	353,000
Total fair value of assets	**363,000**	353,000

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	**496,000**	426,000
Interest cost	**10,000**	15,000
Actuarial (gains)/losses	**(38,000)**	88,000
Benefits paid	**(11,000)**	(22,000)
Expenses	**11,000**	11,000
Closing defined benefit obligation	**468,000**	496,000

Changes in the fair value of scheme assets were as follows:

	2017 £	2016 £
Opening fair value of scheme assets	**353,000**	361,000
Interest income	**7,000**	13,000
Actuarial gains	**14,000**	1,000
Benefits paid	**(11,000)**	(22,000)
	363,000	353,000

27. PENSION SCHEMES (continued)

The mortality assumption adopted at 31 August 2017 imply the following life expectancies:

Male retiring in 2017	23.1
Female retiring in 2017	25.5
Male retiring in 2037	25.0
Female retiring in 2037	27.4

The best estimate of contributions to be paid by the organisation to the scheme for the period commencing 1 September 2017 is £Nil.

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2017	2016	2015	2014	2013
	£	£	£	£	£
Defined benefit obligation	**(468,000)**	(496,000)	(404,000)	(471,000)	(901,000)
Scheme assets	**363,000**	353,000	361,000	407,000	929,000
(Deficit)/surplus	**(105,000)**	(143,000)	(43,000)	(64,000)	28,000
Experience adjustments on scheme liabilities	**6,000**	71,000	6,000	(56,000)	(3,000)
Experience adjustments on scheme assets	**14,000**	1,000	(9,000)	2,000	21,000

27. PENSION SCHEMES (continued)

Teachers Superannuation Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

The pension charge for the year includes contributions payable to the TPS of £619,048 (2016: £582,155).

28. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings		Other	
	2017	2016	**2017**	2016
Group	**£**	£	**£**	£
Amounts payable:				
Between 1 and 5 years	**-**	-	**183,729**	71,958
After more than 5 years	**-**	-	**-**	28,185
Total	**-**	-	**183,729**	100,143

29. RELATED PARTY TRANSACTIONS

The company is controlled by the Board of Governors.

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 the Charities SORP (FRS 102) not to disclose intra-group transactions.