

BROMSGROVE SCHOOL
(a company limited by guarantee)
(incorporating Bromsgrove School Scholarship and Prize Fund,
David Walters Memorial Fund and The Society of Friends of
Bromsgrove School Endowment Trust)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2020

Company Number 4808121
Charity Number 1098740

Haysmacintyre LLP
Chartered Accountants
Registered Auditors
London

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS

THE GOVERNORS AND GOVERNING BODY

Mr P West (SC; GC; FPC; RC)	Chairman & Chairman of Safeguarding & Welfare Committee
Lt Col M S Ballard (HC; SC)	
Dr C Barnett (EC, GC)	Chairman of Education Committee
Mr C D E Cameron (FPC; IC; SC)	
Mrs A E Cleary (EC)	
Dr C Lidbury (EC; SC)	
Mrs J Loynton (BC)	
Mr M Luckman (EC; RC)	Chairman of Risk & Strategy Committee
Mr W Roden (IC; FPC)	Chairman of Investments Committee
Mr I Stringer (BC)	Chairman of Building Committee
Mr G Strong (GC; HC; BC)	Chairman of Health and Safety Committee & Chairman of Governance Committee
Mr N J Venning (IC; SC)	Resigned 17 January 2020
Mr D R Walters (FPC; RC; GC)	Chairman of Finance & Property Committee
Mrs D Waltier (HC)	

FPC = Member of Finance & Property Committee
EC = Member of Education Committee
BC = Member of Building Committee
IC = Member of Investment Committee
NC = Member of Governance Committee
HC = Member of Health & Safety Committee
RC = Member of Risk and Strategy Committee
SC = Member of Safeguarding and Welfare Committee

CLERK TO THE GOVERNORS AND COMPANY SECRETARY

Mr J Sommerville (Thomas Horton & Sons)

HEADMASTER

Mr P Clague

Website: www.bromsgrove-school.co.uk

PRESIDENT

Mr S Towe CBE DL

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (continued)

ADVISERS

Bankers:	Lloyds TSB Bank Plc 112 High Street Bromsgrove Worcs B61 8EZ
Solicitors:	Veale Wasbrough Orchard Court Orchard Lane Bristol BS1 5WS Harrison Clark Rickerbys Ellenborough House Wellington Street Cheltenham GL50 1YD
Auditors:	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Investment Advisers:	Rathbones Temple Point 1 Temple Row Birmingham B2 5LG
Insurance Brokers:	Marsh Ltd 4 Milton Road Haywards Heath, West Sussex RH16 1AH

STATUS AND ADMINISTRATION

Bromsgrove School is a company limited by guarantee, not having a share capital and is governed by its memorandum and articles of association.

Company Registration number:	4808121
Registered Charity number:	1098740
Registered office:	Worcester Road Bromsgrove Worcestershire B61 7DU

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

CHAIRMAN'S STATEMENT

2020 will go down as one of the most challenging and extraordinary years in the history of the School. In such times strong leadership, flexibility and commitment are essential attributes for a successful navigation. It comes as no surprise that teachers, staff and pupils alike have been magnificent in rising to the challenges and parental support has been exemplary. I would like to personally thank everyone involved including my fellow Governors.

The year started so well and optimism was high. All this changed when the UK Government announced in March, with little advance notice, Schools would be closed on the 20th some 8 days before the end of term. Travel restrictions imposed resulted in some overseas pupils being unable to return home. The Headmaster had already established a COVID response team and plans were well advanced. In order that we could look after our remaining boarders, we kept one of our boarding houses open throughout the Easter break and the summer term.

As soon as lockdown became a possibility the School invested significant resources into using digital learning platforms. Teachers gave up a considerable amount of their own time during the Easter break to develop online lessons in time for the start of the Summer term. With the cancellation of public exams, a very successful sixth form Bridge programme was developed to help with the transition to university and the A level courses were started early. Teachers were focussed on ensuring all pupils continued to receive the best education they could hope for given government restrictions. This was a mammoth task and was only possible due to the professionalism and commitment of all involved.

The Governors were very conscious that our boarding provision and our full breadth of education could not be provided in the summer term and therefore fees were reduced accordingly, which cost the School £3.9m.

The School took early decisive action to reduce costs wherever possible. In addition, advantage was taken of the Government's Furlough scheme for support staff. The Governors were also mindful as a charity of our obligations to act with fiscal prudence. Therefore given the continuing uncertainty regarding the COVID virus we decided to drawdown £5m on the Government sponsored CBIL loan scheme and delay any new capital projects. The latter are normally funded out of the School's surplus. These actions have ensured that the School is in a strong financial position.

Academic results were excellent and were in line with the previous three years. Despite the confusion over the release of the examination results and thanks to the dedication of teaching staff our leavers were able to secure the university places they desired. Our mantra at the start of the lockdown period was to be compassionate and supportive towards all of our community and we are proud of the School's strong pupil pastoral care and the financial support that we have provided to our families throughout this difficult period.

The Executive and the senior leadership teams across our four Schools worked tirelessly over the summer to develop comprehensive plans and policies to ensure pupils returned in September to a safe environment. The excellent School roll of 1,945 is testament to how well the School has navigated through the COVID pandemic. This would not have been possible without the professionalism, dedication and commitment of all involved

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

The Directors, who are the Governors of the School, present their annual report for the year ended 31 August 2020 under the Companies Act 2006, together with the audited financial statements for the year and confirm that the financial statements comply with the requirements of the Act, the charity's governing document, applicable law and the Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Second edition, effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE INFORMATION

The School was founded in 1553 and re-founded on the current site in 1693 by Thomas Cookes. Bromsgrove School was one of the original fourteen members of the Headmasters' Conference (HMC) when it was founded in 1869. The Pre-preparatory and Preparatory Schools are twentieth century foundations.

The School was incorporated as a company limited by guarantee on 1 September 2003 under charity number 1098740 and registered company number 4808121.

OBJECTS, AIMS AND ETHOS

Charitable Objects

The objects for which the Charity is established are to advance education and training by the provision and conduct in or near Worcestershire of any day and boarding school or schools for boys and girls.

The Charity provides education on three sites in Worcestershire to boys and girls from the ages of 2-18. The Charity also provides nursery care at the Winterfold site for babies aged 6 weeks to 2 years. It is the policy of the School to provide a first class education, which identifies and develops the potential of individual pupils in a variety of areas, provides them with the best achievable qualifications and prepares them for their future life.

Aims

The Charity constantly aims to provide a first class education to boys and girls from the ages of 2-18.

Within the objects, the School aims to produce happy, creative, moral citizens who live motivated, fulfilled lives while enriching the lives of others. The School seeks to achieve this through an enlightened, disciplined and broad education that responds to global change while retaining core values. The core values that the School seeks to foster in its pupils are:

- Humility and Confidence
- Compassion and Ambition
- Respect and Curiosity
- Tolerance and Vision

Ethos

Bromsgrove School is committed to safeguarding and promoting the welfare of all pupils. The School is proud of the strong pastoral care provided by the House structure in the Senior School and by the form tutors within the Preparatory and Pre-preparatory Schools. The School has a very caring ethos, which is reflected in all of the School's policies and procedures. The School maintains regular contact with parents through newsletters, social media, informal meetings and regular reports.

The Governors are committed to the long standing principle that charities must exist for the benefit of the public and have a long tradition of providing public benefit, both through educating pupils at the School and through associated activities for the benefit of the wider community. The Governors are committed to widening access to the School to ensure that children who could not otherwise attend the School can benefit from the education it provides.

The School's ethos is to welcome pupils from all backgrounds. Entrance assessments are undertaken to satisfy both the School and the parents that prospective pupils can cope with the pace of learning and benefit from the breadth of the education that the School provides. An individual's economic status, gender, ethnicity, sexual orientation, race,

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

OBJECTS, AIMS AND ETHOS (Continued)

religion or disability do not form part of the assessment process.

The School is part of a wider community and has a long history of offering a range of educational activities for the benefit of local children. The School offers activities and access to the School's facilities to provide opportunities for children other than pupils at the School to benefit from the charity. Specifically, this year and prior to the COVID-19 lockdown, the Bromsgrove School Swim Academy provided swimming lessons to 930 children from the local community. The Summer School that usually runs for eight weeks in the summer holidays and the Tennis academy are also open to local children. Local primary schools use the swimming pool for weekly lessons at no charge. The School, when it is safe, will continue to provide access to its facilities to children from other schools.

Bursaries and Scholarships

The School is committed to ensuring that there is sufficient opportunity for children whose parents cannot afford the fees, including those in poverty, to benefit from its educational services and facilities. The Governors and the School management regularly review the School's Public Benefit Policy as part of the ongoing development of the School's strategy to widen access.

The Governors are committed to running a means-tested bursary scheme to allow direct access to the educational services provided. The scheme is designed to assist prospective parents and existing parents on low incomes who for financial reasons might otherwise be unable to send or continue to send their child to the School. The bursary scheme includes Admissions bursaries for the parents of new pupils and Hardship bursaries for parents whose financial position worsens unexpectedly. Admissions bursaries include both life changing bursaries (75% - 100%) and lower awards for families needing fee assistance.

Bursaries are entirely means tested and are awarded on an annual basis to parents who satisfy the financial criteria set by the School in relation to their income and the value of their capital assets.

The School has a Bursary Policy, which is available to both prospective and existing parents. The policy contains an overview of the bursary scheme and details the procedure for applications and awards of bursaries.

The value of bursaries will be up to 100% of full fees and additional assistance is available to parents to assist with the associated costs of their child's education. The School allocates a proportion of its total income in each financial year to fund the bursary scheme. The School's current aim is to allocate not less than 5% of its total income in each financial year to fund means tested bursaries.

The School's scholarship awards recognise high academic potential or the ability to excel in co-curricular activities. Scholarships are awarded with a fixed remission of between 2.5% and 5%. Where further assistance is required, a means tested bursary may supplement scholarship awards.

STRATEGIC REPORT

CURRENT YEAR PERFORMANCE REVIEW

Covid-19

The COVID-19 pandemic had a significant impact on the School this academic year. The Headmaster and the Critical Incident Management Team managed the School's response to the pandemic extremely effectively and whilst there were significant operational and financial implications for the whole School community, all key stakeholders remained engaged and positive about the actions taken by the School.

At an operational level, the School moved very quickly to ensure that all pupils could gain access to the School's on line teaching platform. Due to excellent planning and training in March before lockdown, all pupils were able to access their lessons on line from the start of the summer term using the Zoom platform for older pupils and See Saw system for younger pupils. The on line offerings were extremely well received by pupils and their parents and our thanks go to all teachers and staff involved.

As the threat of a national lockdown became real, many of our international boarders returned to their home countries. However, thirty of our boarders could not return to their families due to travel restrictions. A small team of caring, supportive members of staff remained within our boarding houses throughout the lockdown period to look after these boarders.

The School supported keyworker families throughout the lockdown period by looking after their children in School providing both access to the on line education and wrap around care. Keyworker families expressed their gratitude for the support that the School provided at this very difficult time.

Due to the exceptional circumstances including the physical closure of the School, the Governors agreed to support all School families by reducing the fees in the summer term. Day fees were reduced by 20% and recognising that boarding pupils were not residing at the School, boarding fees were reduced by 40%. In addition, fee remissions were also awarded to nursery, younger pupils using See Saw and the Upper sixth. The School also took prompt action to reduce its cost base by 17% and advantage was taken of the government's furlough scheme for non-teaching staff.

The Governors were very aware of the economic uncertainty at the start of the lockdown and recognised that some of our families could incur financial hardship. An additional COVID-19 Bursary Fund was put in place to support these families and the finance team offered more flexibility around payment timings. All bursary awards have been confidentially awarded by the Bursar's office on a means tested basis.

Despite the COVID-19 restrictions, the pupil roll has remained strong throughout the year and it was pleasing that only a very small number of families left the School. In the summer term, the roll stood at 1,945 pupils (2019: 1,976). The Senior School educated 960 pupils (2019: 962) of whom 475 (2019: 451) were boarding pupils; the Preparatory School educated 535 pupils (2019: 531) of whom 85 (2019: 82) were boarding pupils; Winterfold House educated 267 pupils (2019: 287) and the Pre-Preparatory School educated 183 day pupils (2019: 196).

Principal Activities of the Year

This year, there has been a continued focus on widening access. The value of means tested bursaries including the pandemic hardship bursaries amounted to 4.8% of income (2019: 4.8%). The charity has also provided fee assistance in the form of scholarships and armed forces discounts. The value of such additional assistance when added to means tested bursaries represented 7.4% of the charity's total fee income. Of the 1,945 pupils educated at the school, 497 pupils (26%) received some degree of financial assistance in the form of bursaries, scholarships, armed forces discounts and staff discounts. Despite COVID-19 pressures on the budget for the forthcoming year, the Governors have continued to support bursaries and have agreed an annual bursary budget for 2020/2021 amounting to 5.0% of total fee income.

Despite the uncertainty regarding the national public exams, the School produced a strong set of results spanning GCSE, A level, IB and BTEC. The IB average was 39.3 with over half of the pupils achieving 40 or more points (equivalent to four A* at A Level). At A level, 59% of our pupils achieved A*/A and 88% achieved A* to B. In addition, 68% of the 109 EPQ entries achieved an A* with 95% achieving at least an A. At GCSE, 65% of candidates attained a grade 9/8/7 (equivalent to the old A*/A).

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

CURRENT YEAR PERFORMANCE REVIEW (Continued)

In total, there were 206 Upper Sixth leavers this academic year. Of these, 20 students have taken up Higher Education places abroad at leading Universities in America, Canada, Australia and Hong Kong. Of those moving on to UK universities, 72% of our pupils took up places at Russell Group Universities and 23% went on to a World Top 50 University.

In the earlier part of the academic year and prior to the pandemic, the School was able to achieve several of the objectives set out in the School's Development Plan for the year. In setting objectives, the Governors and School management give careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.

The Executive and Governors recognise the huge importance of Boarding to the School, both culturally and financially. In the light of increased competition from other leading Independent Schools and reflections following the last ISI Inspection, the School undertook a full review of all aspects of Boarding in the Michaelmas term. An external advisor with significant experience of best practice within UK boarding was appointed to complete this review. In recognition of the high number of boarders at Bromsgrove, it was recommended that the School should allocate more senior management time specifically to the management and oversight of boarding. Further to this review, the Senior School SMT was restructured and the Deputy Head, Pastoral has the responsibility for managing all aspects of boarding. The report also included several other recommendations such as the concept of a flying squad to deal with staff absences and increased nursing provision in the evenings, which the School is implementing.

A review of the Head of Year and Personal, Social, Health and Economic (PHSE) provision within the Senior School was also completed in the Michaelmas term. In order that the School's provision can be more age specific, a new PSHE programme has been developed for the younger pupils which includes increased curriculum teaching time.

During the summer term a new Enrichment Programme was successfully introduced for sixth formers which focuses on preparing the pupils for life beyond Bromsgrove. As well as focusing on career development and UCAS preparation, it covers such topics as cookery, car maintenance, house maintenance and emergency life-saving skills.

Our major building project (Ottillie) commenced in the summer of 2019. Over the summer, Big School was refurbished to create a new welcoming, spacious and well-furnished Common Room for the Senior School staff providing both study and relaxation areas. This opened at the start of the academic year and was very well received by all of the staff. At October, we were delighted to open the new Heritage Centre within the Big School building. This includes a modern display area which allows our Archivist to arrange exhibitions for both alumni and the School community. It also includes a work and storage area for the Archivist allowing her to involve our pupils in her restoration work.

The new day girls house, Ottillie Hild House was due to be completed at Easter in order that the day girls who were previously in the Oakley boarding house could move to the new day house. This involved a major refurbishment of the previous Staff Centre located by Routh Green. Unfortunately, the pandemic had a significant impact on these plans and due to the lockdown, it was agreed that the girls should move in to the new house at the start of the next academic year. Whilst the construction company did need to leave site for four weeks over the pandemic, they did complete the house in May and the School is delighted with this new addition to the day house community.

This building project also included the refurbishment of the School Shop, the conversion of the day rooms in Oakley to boarding bedrooms and the building of a link to connect the Wendron Gordon annexe to the main house. Despite the impact of the pandemic, the School had an excellent relationship with the building contractor E J Carter and the project was completed with no contractual issues. An extended programme was agreed and all aspects of the building works were completed within the lockdown period at no additional cost to the School. The final project cost was agreed on budget.

In response to the COVID-19 pandemic the Governors and the Executive prudently decided to defer any new major capital expenditure projects. This included an exciting new master plan for the Winterfold site. In the year, the plans were developed and we were successful in securing full planning and listed building permissions. In the year, two small projects were completed. The Winterfold Kindergarten was refurbished providing a modern, spacious environment with access to an outdoor learning area. In addition, the concourse at the Prep School was re paved.

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

CURRENT YEAR PERFORMANCE REVIEW (Continued)

The Governors and the Executive are committed to improving the School's carbon footprint. In the year, a Sustainability Review was initiated and a number of new projects commenced. Following consultation with the pupil Sustainability Committee, new waste management processes were introduced to ensure that all waste within the School is recycled and responsibly managed.

In the year, the School consumed 10,927,293kWh of energy and the total annual quantity of emissions amounted to 2,157,730kgCO₂e. The School is closely monitoring all gas, electricity and transport fuel consumption with the aim of reducing usage across all four Schools. A number of new initiatives are being progressed including research into alternative sustainable heating solutions and the roll out of LED replacement lighting to all buildings. The electricity contracts were also renegotiated in the year and all supplies are 100% REGO (Renewable Energy Guarantees of Origin).

The Governors are committed to widening access through the Schools extensive bursary programme and developing links with the local community by both ensuring that our facilities are available for use and also by engaging in outreach programmes to support local Schools, local children and the elderly.

Prior to the COVID-19 lockdown the Schools facilities were widely used by the local community. Examples included the Bromsgrove School Swim and Tennis Academies, which continued to flourish providing swimming and tennis lessons for 940 young children in the local community. In addition, the sports facilities at both the Senior School and Winterfold sites were being used by local football, hockey, tennis, netball and badminton teams. The School was very pleased to host the National Indoor Hockey Finals again this year. Unfortunately, we were unable to host either the Worcestershire School Games or the Cricket Festivals due to the pandemic but we will hopefully continue to host them in the future. The swimming pool was also used by a number of local Schools for swimming lessons each week at no charge.

The Governors are also very pleased that the local community are benefitting from the use of the Arts facilities. An increased number of local choirs, orchestras and dance groups had started to use the facilities prior to the lockdown but unfortunately, many of their planned concerts and performances had to be cancelled. In addition, the School was unable to host the prestigious Bromsgrove International Music Competition this year.

With regard to community outreach, our pupils as part of Bromsgrove Service engage in a large number of community projects. In the last year, these have included arranging tea parties for the local community, arranging carol services in local care homes and collecting toys for the Birmingham Mission. Local children from the Bromsgrove North and South Senior Schools also participate in activities at the Senior School including the CCF.

In the year, the School has also provided financial support to various projects outside of the School in the local community. These include a contribution to a town feasibility study for a new ground source heat exchange power plant, improvements to an adjacent public footpath and the maintenance of the external facilities at the Ryland Centre.

The School takes pride in ensuring that supportive relationships are maintained with all of the School's suppliers and contractors. All supplier payments are made promptly and the School has a good reputation locally. Throughout the pandemic, the School endeavoured to ensure that all payments continued to be made on time despite the restrictions.

Turning to the extra-curricular life of the School, there were many achievements in the period prior to the lockdown. For the last six years, the School has been ranked in the top six of all schools nationally for the strength of its Senior School Sport over 26 sports. This year was another strong year for sport, with our U17 cricket team crowned National Champions and our 1st netball team also finishing as National Champions in the Independent Schools Netball Cup. At the Prep School, the U11A girls' hockey team were crowned county champions. There are more than 280 sports teams at the Prep and Senior Schools, and despite the pandemic, 826 fixtures were played across the academic year.

The DT Kitcar raced in the World Finals and finished 2nd kit car and 24th overall out of fifty-five kit cars and 100 overall cars from around the world.

The CCF continues to flourish, having one of the largest contingents in the country with over 320 cadets and D of E produced 50 Bronze awards, 47 Silver and 32 Gold awards.

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (continued)

CURRENT YEAR PERFORMANCE REVIEW (Continued)

The range of activities on offer to pupils at Bromsgrove Senior, Prep and Winterfold Schools is extensive. In the Senior School, in addition to all Music and Sport Activities there are 110 other activities on offer. In March, the new Forest School area at Winterfold was officially opened. For many students, these activities continued at home during the School closure, with pupils and staff helping out in their local communities and keeping active. From making scrubs and kit bags for medical professionals to volunteering to help distribute essentials to those most in need. The School also manufactured and assembled 1079 face shields for local hospitals and medical facilities.

Our music and drama is a particular strength and we enjoyed the Prep School's production of A Midsummer Night's Dream and the Senior School's production of Great Expectations. During the 2019/20 academic year, the Senior and Prep choirs toured Salzburg. Particular highlights were the Prep Chamber Choir performing at the Royal Albert Hall at a fundraising event for the Barnardo's charity and the world-renowned pianist, Isata Kanneh-Mason visiting the School with the English Symphony Orchestra, giving a piano masterclass to some of our students. A final highlight was the Big Band achieving Gold and a place in the National Finals at the National Concert Band Festival. During the Summer Term, despite moving to online learning, music was ever present with online concerts taking place weekly for pupils across all four Schools.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Financial Performance

The pandemic has inevitably had a significant adverse impact on the financial performance of the School in this academic year. The School achieved net income before investment losses of £1,220k which is £2,805k lower than the prior year. This performance is also £2,379k lower than the School's latest financial forecast prepared prior to the pandemic. In the year, net fees reduced from £34,724k to £32,007k, a reduction of £2,717k. Whilst pupil numbers have remained high across all four Schools, fee income has reduced due to the fee remissions awarded in the summer term in response to the pandemic. This is a reduction in net fees of £3,902k when compared to the School's pre COVID-19 financial forecast for the year.

The School responded very quickly at the start of the pandemic, controlling all aspects of School expenditure and immediately seeking cost efficiencies. All discretionary and non-essential expenditure in the period April to August was either cancelled or deferred. This resulted in expenditure savings of £1,403k compared to the School's pre COVID-19 financial forecast. The School also furloughed 350 members of the Support Staff who were unable to work due to the School closure through the Government's Job Retention Scheme. This provided the School with grant income of £1,046k. However, the School's trading and other income reduced by £1,843k in the year. The International Summer School, our revision courses and the Cricket Festival were all cancelled due to the pandemic and all of our letting facilities and academies were closed at the start of the lockdown.

Our trading subsidiary also receives the franchise fee from Bromsgrove International School Thailand and Mission Hills, Shenzhen. Whilst these fees were still received in the year, the company was only able to contribute £29k to School funds during the year ended 31 August 2020 due to the impact of the significant reduction in lettings income (prior year £289k).

Bromsgrove School Foundation generated net income before investment losses of £165k, during the year ended 31 August 2020 (2019: £44k). This improved performance was due to the Foundation receiving two legacy donations in the year. The funds raised will contribute to bursary awards to pupils of Bromsgrove School in the future.

The school's investments were adversely impacted by the pandemic as stock markets throughout the world fell. The schools investments fell in the period by £464k, a 7.4% reduction.

In order that the Governors could protect the School's working capital position following the decision to reduce fees in the summer term, the Governors secured funding from Lloyds Bank via the CBIL scheme. Due to the projected reduction in the net cash inflow in the year, a secured loan of £5.0m was arranged. Whilst at the time under their base-case forecast, the Governors anticipated £3.0m being adequate cover for the projected reduction in net income in this academic year, a further £2.0m was borrowed as additional contingency for the medium term and to cover additional pressures on working capital that might arise from the more severe downside modelling that the Governors had considered.

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

The net cash inflow from operations during the year amounted to £1,354k compared to £5,558k in the prior year. This reduction in the year is due mainly to the impact of the reduction in net income in the year (£2,805k) and a reduction in parents paying fees in advance for the 2020 Michaelmas term (£1,715k). As this second impact is a timing difference between the months of August and September, such that this reduction in fees in advance for the year ended 31 August 2020 was matched by a corresponding increase in receipts in September 2020 compared with the prior year, the School's cashflow has performed in line with the School's projection.

Investment Policy and Performance

The Governors are permitted to hold a portfolio of investments. The guidance given to the Investment Advisers with regard to equity investment is to balance growth and income with a medium level of risk. These objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a recognised Investment Exchange and unit trusts and OEIC's (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000.

The Charity's investment performance is benchmarked against the MSCI PIMFA Performance index and managed by Rathbones on a discretionary mandate with the aim of outperforming the benchmark over a rolling three-year period. The pandemic has had a significant impact on global markets in the year as global economic growth has been disrupted. The actual performance for the School portfolio in the year was a negative return of 5.5% and due to the portfolio having a lower allocation of outright growth investments, this is a lower return than the benchmark of -2.1%. It has however outperformed the FTSE All Share Index which produced a negative return of 12.7% in the same period.

Reserves Policy

The Governors recognise that free reserves are those unrestricted reserves which are not specifically designated for any purpose. The School's unrestricted reserves are invested primarily in fixed assets, which are recorded in the financial statements at book value. The Governors have invested significantly over the last few years in capital projects enhancing the School buildings and facilities for the benefit of the children being educated. Due to this significant investment by the School, the free reserves are negative at the current time.

	£
Total Funds	61,836,615
Less:	
Restricted Funds	(10,251)
Endowment Funds	(420,005)
Unrestricted Funds	61,406,359
Less: Property Funding	(68,830,292)
Free reserves	(7,423,933)
Prior Year	(6,690,732)

The Governors keep the level of free reserves under review. Despite this negative position, they are confident that the School's cashflow forecasts and external finance facilities are sufficient to meet the operational needs of the School. The Governors are forecasting that the free reserves position will improve in the current year.

The Governors' policy is to focus on the level of liquid assets that support the unrestricted reserves. To mitigate against future risks, the Governors believe that the School should hold sufficient liquid assets to cover three to six months' worth of expenditure. The aim is to be able to support the working capital needs of the School without needing to dispose of the School's land or buildings in the medium term.

The Governors' policy is to hold liquid assets representing three to six months of expenditure (£7.9m - £15.8m). The School's investments are held to provide income and capital growth and as they are not designated for a specific purpose, they are viewed to be liquid assets. Based on the current market price of the investments and current cash balances at 31st August 2020, the School's liquid assets amounted to £11.1m compared with £9.2m at 31 August 2019.

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

The Governors monitor the School's liquid assets, the cashflow forecasts and levels of external financing on a termly basis at the Finance Committee. The current strategy is to further increase the liquid assets over the medium term due to the uncertainty detailed in the Risk Management section of this report.

Asset cover for funds

Note 12 of the financial statements sets out an analysis of the School's assets attributable to the various funds. These assets are sufficient to meet the School's obligations on a fund by fund basis.

Fundraising Policy

The School does not undertake fundraising for the financing of capital investment. All projects within the School are funded from School resources with external bank financing as and when necessary.

The Foundation's objective is to raise funds ultimately to enable the School to provide places to all deserving pupils on a needs blind basis. This is a long term ambition which has a focus on friend raising rather than targeted fundraising. It is intended that gentle appeals are made to all those with a connection to Bromsgrove School ie: alumni and parents through a fundraising programme of encouraging major gifts, regular giving and legacies. This is supported by a programme of non-fundraising events designed to encourage interest and involvement with the School. External fundraising companies are not used and the Foundation does not actively fundraise through targeted appeals or telephone campaigns.

The School has received no complaints related to fundraising in the year.

RISK MANAGEMENT

The Governing Body conducts a formal review each term of the School's Risk Register. The School's Executive identifies the major risks to which the School and its related organisations are exposed. The School Executive and the Sub Committee Chairmen review these risks on a rolling basis. Mitigation and control procedures are put in place as necessary. This procedure and the Risk Register is reviewed by the Risk and Strategy Committee each term and recommendations are made to the Board regarding confirmation that systems are in place to provide reasonable assurance that major risks are being adequately managed.

The most significant risk for the School in 2020/2021 is the impact of the pandemic. Specifically, there are two categories of risk:-

- **The health of the School community.** The School is strictly adhering to all Government guidance and has new policies, procedures and risk assessments in place to keep the School community safe. These have all been reviewed by the Governors and the School keeps the Governing body informed of all developments. The School is well prepared for the risks of national lockdowns, local lockdowns and children and staff needing to be absent from School due to illness or self-isolation. The nursing and pastoral support of the School has been strengthened and the academic staff are fully prepared to be able to provide high quality on line teaching. However, the Governors and Executive are very aware of the health and educational risks of this pandemic upon our pupils and will continue to monitor the situation very closely.
- **The financial health of the School.** The key risk to the School is a reduction in the pupil roll resulting in a reduction in the School's fee income and consequential pressures on cash flows. The largest concern is with regard to the international boarding community as any lockdowns or travel restrictions could have a severe impact on the boarding community's ability to travel to the UK. We have a number of mitigation strategies in place including keeping our boarding houses open in the holiday periods and offering a continued first class education through our on line platform. As detailed in the Financial Review, additional working capital funding has been arranged with the Bank to cover an adequate time period to allow the School to take the necessary steps to restructure and achieve expenditure savings if it becomes likely that the School's fee income will reduce.

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

FUTURE PLANS

The Governors together with the School Executive are committed to ensuring that the School continues to provide a first class education to all of its pupils. All strategic developments are committed to maintaining the School's position in the competitive market that it operates. The achievement of high standards of academic results and the development of the School's facilities are imperative to the School's continued success in the long term.

However, the Governors and Executive have decided that it would be inappropriate to initiate new projects or reviews this academic year. The COVID-19 restrictions are putting additional pressures on to all of the School community and the focus this year will be on maintaining high standards of academic achievement and excellent pastoral support. In addition, the School will continue to closely monitor the School's financial health, modelling cashflow and undertaking scenario planning. The School will not initiate any significant new capital expenditure projects until there is more certainty.

Once there is more clarity about the long term impact of the pandemic on the School, the Governors and the Executive will review the School's Strategic Plan and confirm new strategic objectives.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity is governed by its Memorandum and Articles of Association arising from incorporation in 2003, as amended on 4 October 2015.

Governors and professional advisers

A list of Governors and professional advisers appears on pages 1 and 2 of this report.

Recruitment and Training of Governors

The Charity's Governors are appointed at a meeting of the Board of Governors, following a selection process and recommendation from the Nominations Committee. The Governing body requires breadth and depth of experience to carry out its duties effectively. When recruiting new Governors, the Nominations Committee takes into consideration eligibility, personal competence, specialist skills and local availability.

New Governors are inducted into the workings of the School, including the provision of key information covering Board policy, School ethos, strategy and financial information. All Governors are encouraged to attend training courses and workshops organised by specialist school organisations. All Governors give of their time freely and no remuneration was paid in the year. No Governor or person connected with a Governor received any benefit from either means tested bursaries or scholarships awarded to our pupils.

Organisational Management

The Board of Governors, as the trustees of the Charity, is responsible for the overall management and control of the School and meets at least three times a year.

The principal responsibilities of the Board are to:

- Ensure the School is run in accordance with its charitable objectives and that all the functions of the School are authorised by the powers provided by its statutes, regulations and by company and charity law
- To appoint the Headmaster
- To set, in consultation with the Headmaster and the Executive of the School, the strategy and policies by which the School will be run
- Approve the Development Plan
- Ensure that the School meets the objectives that the Board sets from time to time
- Control finance by approving budgets and longer-term plans and by approving systems that optimise the chances that they will be achieved
- Understand the extent of duties in relation to risk management and to legal compliance and be satisfied that there is a rolling programme for meeting them
- Ensure that competent professional advice is taken when necessary.

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The work in checking the strategy and policies are being correctly carried out is performed by the various committees of Governors as set out below:

- Finance and Property Committee – which deals with financial policy and review of budgets and financial statements prior to approval by the Board
- Education Committee – which deals with educational and related operational issues and brings recommendations and concerns with regard to such matters to the Board
- Buildings Committee – which considers and monitors major build and refurbishment projects within the School
- Investment Committee – which receives termly updates on investment and performance from the Investment Advisers and reports these matters to the Board together with any proposals regarding changes in the investment policy set by the Board
- Governance Committee – which considers possible capability gaps with regard to the composition of the Board and makes recommendations regarding potential new Board members
- Health & Safety Committee – this ensures that there are adequate policies and procedures in place to ensure the health and safety of all pupils and staff and to ensure that the School complies with all legislative changes.
- Risk and Strategy Committee – which assesses the management of all risks encountered by the School and maintains an oversight of the implementation of the agreed strategic aims on the behalf of the full Board.
- Safeguarding and Welfare Committee – which assesses the management of all safeguarding and pastoral controls within the School.

Each committee normally meets before the main Board meetings. The membership of the committees is supplemented by senior staff at the School and by co-opted external appointments.

The day-to-day running of the School is delegated to the School Executive. The School Executive (key management) comprises of the Headmaster (P Clague), Bursar (L Brookes), Assistant Head (R Scannell), the Headmistress of the Preparatory and Pre-Preparatory Schools (J Deval-Reed) and the Headmistress of Winterfold House School (D Toms). The members of the Governance Committee have responsibility for reviewing the remuneration for the members of the Executive on an annual basis. The Governors aim to ensure that pay levels are consistent with the market within the independent school sector and use benchmarking data from professional associations such as AGBIS to guide them.

The School Executive consults with all employees on a regular basis so that their views are taken in to account in making decisions, which are likely to affect their interests. Information is shared with the teaching staff and the support staff on all key School developments and changes including the financial and economic factors affecting the performance of the School. The Governors regularly meet with senior staff through the Sub Committees and monitor communications within the School.

Group Structure and Relationships

The Charity has a wholly-owned non-charitable subsidiary, Bromsgrove School Enterprises Limited, whose activities and trading performance are discussed below.

The Charity also holds under trust certain endowed funds under Charity Commission schemes: the Society of Friends Fund and the David Walters Fund. The terms of the schemes are such that the income is applied for the benefit of pupils and former pupils of the School.

The School is the sole member of Bromsgrove School Foundation, a charitable company limited by guarantee. The objects of the company are to promote and advance any charitable purpose connected with Bromsgrove School and to promote other educational purposes for the benefit of the local community.

The School has established international links under licence agreements with Bromsgrove International School Thailand and with Bromsgrove School Mission Hills, Shenzhen.

The Headmaster is a member of the Head Masters' and Mistresses' Conference which provides an opportunity to share expertise and knowledge across the independent school sector. The Conference also permits appropriate representation to Government and regulators of the views of the sector. The School also benefits from close links with the Alumni. An Alumni Committee, with representation from Old Bromsgrovians, the Foundation and the School has responsibility for engaging with Alumni.

BROMSGROVE SCHOOL

REPORT OF THE GOVERNORS (Continued)

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also the trustees and directors of the charitable company) are responsible for preparing the Report of the Governors, including the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which 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 company and 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 company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company 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.

So far as each of the Governors is aware at the time the report is approved:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Haysmacintyre LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In approving the Report of the Governors, the Board are also approving the Strategic Report contained herein in their capacity as company directors. Approved by the Board of Governors of Bromsgrove School on 21st November 2020 and signed on its behalf by:



P West
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROMSGROVE SCHOOL

Opinion

We have audited the financial statements of Bromsgrove School for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2020 and of the group's net movement in funds, including the 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 for opinion

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

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement set out on page 13, the Governors (who are the trustees of the charitable company for the purposes of charity law and the directors of the 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. This description forms part of our auditor's report.

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's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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.

Opinions 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 Report of the Governors (which incorporates the strategic report and directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report included in the Report of the Governors) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tracey Young (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 4AG

..... 24 November 2020

BROMSGROVE SCHOOL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2020

Income and Expenditure Account	Note	General Fund £	Restricted Funds £	Endowment Funds £	Total 2020 £	Total 2019 £
Income and Endowments from:						
<i>Charitable activity:</i>						
Fees		35,506,857	-	-	35,506,857	38,555,663
Prompt payment allowance		(942,511)	-	-	(942,511)	(951,390)
Bursaries, scholarships and grants	2	(2,557,002)	-	-	(2,557,002)	(2,880,683)
Net fees receivable		32,007,344	-	-	32,007,344	34,723,590
Other income		526,626	-	-	526,626	548,307
<i>Grants and donations</i>						
Donations		170,826	-	-	170,826	48,002
CJRS Grant income		1,045,838	-	-	1,045,838	-
<i>Other trading income:</i>						
Lettings		321,424	-	-	321,424	1,603,106
School shop		353,748	-	-	353,748	591,650
Other		358,241	-	-	358,241	648,992
<i>Investments</i>		208,444	-	-	208,444	206,599
<i>Other income</i>						
Gain on disposal of fixed assets		750	-	-	750	1,719
Total Income and Endowments		34,993,241	-	-	34,993,241	38,371,965
Expenditure on:						
<i>Charitable activity:</i>						
Teaching costs		18,280,838	-	-	18,280,838	17,126,275
Welfare costs		3,391,365	-	-	3,391,365	4,045,870
Premises costs		6,928,605	-	-	6,928,605	7,343,825
Support and governance costs		2,840,640	-	-	2,840,640	2,679,121
<i>Raising funds</i>		2,331,924	-	-	2,331,924	3,151,544
Total Expenditure	1	33,773,372	-	-	33,773,372	34,346,635
Net income before investment gains		1,219,869	-	-	1,219,869	4,025,330
(Losses)/gains on investments	5	(464,228)	-	(40,280)	(504,508)	63,496
Net movement in funds		755,641	-	(40,280)	715,361	4,088,826
Fund balances brought forward		60,650,718	10,251	460,285	61,121,254	57,032,428
Fund balances carried forward		£61,406,359	£10,251	£420,005	£61,836,615	£61,121,254

All of the charitable company's activities are continuing. All recognised gains and losses are included in the Statement of Financial Activities.

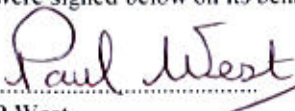
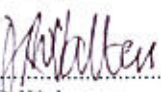
The accompanying notes form part of these financial statements.

GROUP BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	£	2020	£	£	2019	£
FIXED ASSETS							
Tangible	4		68,830,292			67,341,450	
Investments	5		5,698,365			6,238,042	
			<u>74,528,657</u>			<u>73,579,492</u>	
CURRENT ASSETS							
Stocks		489,964			566,314		
Debtors	6	1,479,017			1,439,073		
Cash at bank and in hand		6,380,909			4,034,738		
		<u>8,349,890</u>			<u>6,040,125</u>		
CREDITORS: Amounts falling due within one year	7	<u>(9,711,324)</u>			<u>(10,952,147)</u>		
NET CURRENT LIABILITIES				<u>(1,361,434)</u>			<u>(4,912,022)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				73,167,223			68,667,470
CREDITORS: Amounts falling due after more than one year	8			<u>(11,330,608)</u>			<u>(7,546,216)</u>
NET ASSETS				<u>£61,836,615</u>			<u>£61,121,254</u>
FUNDS							
Endowment	9		420,005			460,285	
Unrestricted	10		61,406,359			60,650,718	
Restricted	11		10,251			10,251	
			<u>£61,836,615</u>			<u>£61,121,254</u>	

The financial statements were approved and authorised for issue by the Board of Governors on 21 November 2020 and were signed below on its behalf by:


 P West)
)
) Governors
)

 D Walters)

The accompanying notes form part of these financial statements.

Registered Company No: 4808121

AS AT 31 AUGUST 202019

BROMSGROVE SCHOOL

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Net cash provided by operating activities	A	1,354,339	5,557,879
Investing activities			
Investment income received		208,444	206,599
Purchase of fixed assets		(3,152,260)	(3,975,089)
Disposal of fixed assets		-	20,053
Purchase of investments		(252,642)	(756,591)
Sale of investments		345,761	721,274
Net cash outflow from investing activities		(2,850,697)	(3,783,754)
Financing activities			
Loan repayments		(938,098)	(894,577)
Loan monies received		5,000,000	-
Capital element of finance lease rentals		(22,112)	(28,058)
Interest cost		(138,686)	(166,500)
Net cash inflow/(outflow) from financing activities		3,901,104	(1,089,135)
Increase in cash and cash equivalents		2,404,746	684,990
Cash and cash equivalents at 1 September		4,108,654	3,423,664
Cash and cash equivalents at 31 August		£6,513,400	£4,108,654
Cash and cash equivalents comprise:			
Cash at bank		6,380,909	4,034,738
Cash held as part of investments		132,491	73,916
		£6,513,400	£4,108,654
A. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES		2020 £	2019 £
Net income before investment gains		1,219,869	4,025,330
Depreciation		1,663,418	1,628,414
Gain on disposal of fixed assets		-	(1,719)
Decrease/(increase) in stock		76,350	(47,310)
Increase in debtors		(39,944)	(12,374)
(Decrease)/increase in fee deposits and fees in advance		(1,066,374)	648,932
Decrease in creditors		(429,222)	(643,295)
Investment income receivable		(208,444)	(206,599)
Interest cost		138,686	166,500
Net cash inflow from operations		£1,354,339	£5,557,879

BROMSGROVE SCHOOL**CONSOLIDATED CASH FLOW STATEMENT (continued)****FOR THE YEAR ENDED 31 AUGUST 2020**

B.	ANALYSIS OF CHANGES IN NET DEBT	At 1 September 2019 £	Cash flows £	Other movements £	At 31 August 2020 £
	Cash and cash equivalents	4,108,654	2,404,746	-	6,513,400
	Short term borrowings	(900,315)	900,315	(1,354,168)	(1,354,168)
	Long term borrowings	(4,406,815)	(4,961,591)	1,354,168	(8,014,238)
	Finance lease	(74,350)	22,112	-	(52,238)
	Net debt	<u>£(1,272,826)</u>	<u>£(1,634,418)</u>	<u>-</u>	<u>£(2,907,244)</u>

BROMSGROVE SCHOOL

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2020

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the 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) (Second Edition, effective 1 January 2019).

The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement with the consolidated financial statements.

Having reviewed the funding facilities available to the School together with the actual and expected ongoing demand for places and the School's future projected cash flows, and having considered downside scenarios including the impact of a further terms closure of the school, the Governors have a reasonable expectation that the School has adequate resources to continue its activities throughout the Covid-19 period and for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

The financial statements of the Group include the results and balances of the School consolidated on a line by line basis with Bromsgrove School Enterprises Limited and Bromsgrove School Foundation. In accordance with Section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented for Bromsgrove School.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 1 September 2003 (company number: 4808121) and registered as a charity (charity number: 1098740).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

Investment income

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis.

Donations, legacies, grants and other voluntary income

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Grant income from the Coronavirus Job Retention Scheme is recognised in the same period as the related employment costs are incurred.

Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund.

BROMSGROVE SCHOOL

STATEMENT OF ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure attributable to more than one cost category in the Statement of Financial Activities is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Governance costs comprise the costs of complying with constitutional and statutory requirements. Intra-group sales and charges between the School and its subsidiaries are excluded from trading income and expenditure.

Tangible fixed assets

Depreciation is provided at rates calculated to write off each asset over its estimated useful life. Equipment is depreciated at annual rates varying between 10% and 33.3% on cost.

No depreciation is provided on freehold land. Depreciation is provided on freehold buildings at 2% per annum, straight line, when the buildings are brought into use. The anticipated average life of buildings is estimated by reference to 1 September 1990 (date of commencement of depreciation policy), or date of expenditure since that date.

Investments

Listed investments are recognised at market value as at the balance sheet date. Realised and unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

Stock

Stock represents goods for resale and is valued at the lower of cost and net realisable value.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, trade and fee debtors, other debtors, accrued income and amounts owed by group undertakings. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise deposits, fees in advance, trade creditors, other creditors and amounts owed to group undertakings.

Debtors

Trade and other debtors are recognised at the settlement amount due for the provision of services delivered. Prepayments are recognised at the amount prepaid or the amount paid in advance.

Cash at bank and in hand

Cash at bank and in hand includes cash and deposits with a short term maturity of six months or less from the date of opening the deposit account.

Creditors

Creditors are recognised where the School has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Amounts are recognised at their settlement amount.

BROMSGROVE SCHOOL

STATEMENT OF ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Endowment Funds

The Society of Friends Fund:

This represents permanent endowment funds held under a Charity Commission Scheme where the income is to be applied to further the charitable purposes of Bromsgrove School.

David Walters Fund:

This represents permanent endowment funds held under a Charity Commission Scheme where the income is to be applied for providing scholarships for pupils at Bromsgrove School or at an approved further education establishment.

Restricted Funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor (see Note 11).

Unrestricted Funds

Unrestricted funds comprise the School's general fund, which is available for application in accordance with the School's objects.

Pension costs

Retirement benefits to employees of the School are provided through two pension schemes. The pension costs charged in the Statement of Financial Activities are determined as follows:

The Teachers' Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

The School also contributes to a defined contribution scheme for non-teaching staff. Contributions are charged to expenditure when they become payable.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

BROMSGROVE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

I. EXPENDITURE

	Staff Costs £	Other £	Total £
2020			
Charitable activity:			
Teaching costs	16,413,603	1,867,235	18,280,838
Welfare costs	1,657,235	1,734,131	3,391,365
Premises costs	2,023,361	4,905,244	6,928,605
Support and governance costs	2,085,690	754,950	2,840,640
	<u>22,179,888</u>	<u>9,261,560</u>	<u>31,441,448</u>
Raising funds:			
Lettings	240,619	104,898	345,516
School shop	83,515	256,405	339,920
Marketing	-	1,164,878	1,164,878
Finance costs	-	138,686	138,686
Other	105,321	237,602	342,923
	<u>429,455</u>	<u>1,902,469</u>	<u>2,331,924</u>
	<u>£22,609,343</u>	<u>£11,164,029</u>	<u>£33,773,372</u>
2019	£	£	£
Charitable activity:			
Teaching costs	15,255,253	1,871,022	17,126,275
Welfare costs	2,109,774	1,936,097	4,045,870
Premises costs	1,820,533	5,523,292	7,343,825
Support and governance costs	1,861,489	817,632	2,679,121
	<u>21,047,048</u>	<u>10,148,044</u>	<u>31,195,092</u>
Raising funds:			
Lettings	630,286	485,852	1,116,137
School shop	-	527,110	527,110
Marketing	-	1,136,552	1,136,552
Finance costs	-	166,500	166,500
Other	124,292	80,952	205,244
	<u>754,578</u>	<u>2,396,966</u>	<u>3,151,544</u>
	<u>£21,801,626</u>	<u>£12,545,099</u>	<u>£34,346,635</u>

Finance costs relates to interest on bank loans for 2019 and 2020.

	2020 £	2019 £
Governance costs included in support costs:		
Auditor's remuneration	32,350	31,920
Governors' costs	1,119	1,446
Legal and professional	24,011	41,038
Other	8,005	7,809
	<u>£67,935</u>	<u>£74,407</u>

BROMSGROVE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. EXPENDITURE (continued)

Total expenditure includes:	2020 £	2019 £
Depreciation	1,663,418	1,628,414
Auditors remuneration: - Audit fees (School)	20,825	20,000
- Audit fees (Subsidiaries)	10,100	10,505
- Other services relating to taxation	1,425	1,415

2. BURSARIES, SCHOLARSHIPS AND GRANTS

	2020 £	2019 £
Bursaries	1,669,002	1,801,495
Forces discounts	612,914	784,354
Scholarships, exhibitions and other discounts	275,086	294,834
	<u>£2,557,002</u>	<u>£2,880,683</u>

3. STAFF COSTS

	2020 £	2019 £
Wages and salaries	18,402,911	18,414,056
Social security costs	1,537,958	1,538,614
Other pension costs	2,668,474	1,848,956
	<u>£22,609,343</u>	<u>£21,801,626</u>

	No	No
The average number of employees in the year was:		
Teachers	226	225
Administration (including academic support)	440	453
	<u>666</u>	<u>678</u>

The number of employees whose remuneration exceeded £60,000 is disclosed below:

	2020 No.	2019 No.
£60,000-£70,000	11	10
£70,001-£80,000	1	1
£80,001-£90,000	2	2
£90,001-£100,000	3	3
£100,001-£110,000	2	2
£110,001-£120,000	1	-
£220,001-£230,000	1	1

BROMSGROVE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020**

Of the above employees, four (2019: three) received contributions to a defined contribution pension scheme, fifteen (2019: fifteen) were members of the Teachers' Pension Scheme and one (2019: one) had opted out of the Teachers' Pension Scheme.

	2020 £	2019 £
Aggregate employee benefits of key management personnel	£814,639	£766,753

Neither the Governors, nor persons connected with them received any remuneration from the School. Reimbursed expenses totalling £744 were received by three Governors for travel and training expenses (2019: £1,446 to six Governors).

During the year there were redundancy or termination payments amounting to £Nil (2019: £12,404).

4. FIXED ASSETS – GROUP AND CHARITY	Freehold Property £	Equipment £	Total Charity £	Trading Company £	Total Group £
COST					
At 31 August 2019	79,977,625	1,651,147	81,628,772	54,818	81,683,590
Additions	3,098,248	54,012	3,152,260	-	3,152,260
Disposals	-	(14,688)	(14,688)	-	(14,688)
At 31 August 2020	83,075,873	1,690,471	84,766,344	54,818	84,821,162
DEPRECIATION					
At 31 August 2019	13,043,915	1,262,510	14,306,425	35,715	14,342,140
Charge for the year	1,549,048	109,888	1,658,936	4,482	1,663,418
Disposals	-	(14,688)	(14,688)	-	(14,688)
At 31 August 2020	14,592,963	1,357,710	15,950,673	40,197	15,990,870
NET BOOK VALUE					
At 31 August 2020	£68,482,910	£332,761	£68,815,671	£14,621	£68,830,292
At 31 August 2019	£66,933,710	£388,637	£67,322,347	£19,103	£67,341,450

BROMSGROVE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

5. FIXED ASSETS INVESTMENTS

	Listed investments £	Cash £	Total £
Group:			
Balance at 31 August 2019	6,164,126	73,916	6,238,042
Additions	252,642	(252,642)	-
Disposals	(345,761)	345,761	(28,422)
Management fees paid	-	(35,170)	(6,122)
Losses on revaluation	(505,133)	626	(504,507)
Balance at 31 August 2020	£5,565,874	£132,491	£5,698,365
School			
Balance at 31 August 2019	5,162,921	(8,930)	5,153,991
Additions	189,746	(189,746)	-
Disposals	(306,894)	306,894	(28,443)
Management fees paid	-	(29,048)	(29,048)
Losses on revaluation	(421,642)	605	(421,037)
Balance at 31 August 2020	£4,624,131	£79,775	£4,703,906

The School holds 100% of the share capital of Bromsgrove School Enterprises Limited, whose principal activities are commercial lettings, operating a school shop and administering the School's international activities. This investment is held at nil value in the financial statements. A summary of the balance sheet and profit and loss account from the audited financial statements is set out below:

	31 August 2020 £	31 August 2019 £
Turnover	842,203	1,499,805
Expenditure	(813,324)	(1,211,014)
Net profit before donation under Gift Aid	28,879	288,791
Donation under Gift Aid to Governors of Bromsgrove School	(288,791)	(254,291)
Retained (loss)/profit	£(259,912)	£34,500
Net assets represented by		
Share capital	2	2
Profit and loss account	28,879	288,791
	£28,881	£288,793

6. DEBTORS

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Fees	289,235	518,746	289,235	518,746
Amounts due from Bromsgrove School Enterprises Limited	-	-	914,078	762,083
Other debtors and prepayments	1,181,782	920,327	913,506	644,601
Amounts due from Bromsgrove School Foundation	-	-	29,204	33,192
	£1,479,017	£1,439,073	£2,146,023	£1,958,622

BROMSGROVE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

7. CREDITORS: amounts falling due within one year	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank loans	1,354,168	900,315	1,354,168	900,315
Finance lease	17,024	22,112	17,024	22,112
Trade creditors	398,939	760,545	372,665	715,472
Fees in advance and pupil deposits	5,972,876	7,233,242	5,972,876	7,233,242
Taxation and social security	422,222	468,779	419,603	450,359
Other creditors	654,689	716,498	654,689	716,498
Accruals	891,406	850,656	858,127	830,788
	<u>£9,711,324</u>	<u>£10,952,147</u>	<u>£9,649,150</u>	<u>£10,868,786</u>

8. CREDITORS: amounts falling due after more than one year	Group and Charity	
	2020 £	2019 £
Bank loans	8,014,238	4,406,815
Finance lease	35,214	52,238
Pupil deposits	3,281,156	3,087,163
	<u>£11,330,608</u>	<u>£7,546,216</u>

Details of above loans are as follows:

<u>15 Year Term:</u>	Outstanding balance of £327,759 which is unsecured. Repayments which commenced on 30 June 2005 are made quarterly and complete on 30 June 2026. Interest is payable at a fixed rate of 5.705%.
<u>9 Year Term:</u>	Outstanding balance of £89,169, which is unsecured. Repayments which commenced on 28 September 2012 are made quarterly and complete on 30 September 2021. Interest is payable at a fixed rate of 2.51%.
<u>Floating loan:</u>	Outstanding balance of £16,667, which is unsecured. Capital repayments are made quarterly over 15 years. These payments commenced in December 2006. Interest is payable at a rate of 0.70% over the bank's base rate.
<u>5 Year Term:</u>	Outstanding balance of £78,995, which is unsecured. Repayments which commenced in November 2016 are made quarterly and complete in November 2021. Interest is payable at a rate of 1.7% over the bank's base rate.
<u>10 Year Term:</u>	Outstanding balance of £592,825. Repayments which commenced in December 2016 are made quarterly and complete in December 2026. Interest is payable at a rate of 1.7% over the bank's base rate.
<u>10 Year Term:</u>	Outstanding balance of £1,465,254, which is unsecured. Repayments which commenced in November 2018 are made quarterly and will complete in August 2027. Interest is payable at a fixed rate of 3.2%.
<u>10 Year Term:</u>	Outstanding balance of £1,797,737, which is unsecured. Repayments which commenced in November 2018 are made quarterly and will complete in August 2027. Interest is payable at a rate of 1.7% over the bank's base rate.
<u>5 Year Term:</u>	New Coronavirus Business Interruption Loan (CBIL) of £5,000,000, which is secured. Repayments which commence in June 2021 are made quarterly and will complete in June 2026. The loan is interest free for twelve months and then payable at a rate of 1.06% over the bank's base rate.

BROMSGROVE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

9.	ENDOWMENT FUNDS	Balance 1 September 2019 £	Net income and gains £	Transfers £	Balance 31 August 2020 £	
	David Walters Fund	34,671	-	-	34,671	
	The Society of Friends	425,614	(40,280)	-	386,334	
		<u>£460,285</u>	<u>£(40,280)</u>	<u>£-</u>	<u>420,005</u>	
		Balance 1 September 2018 £	Net income and gains £	Transfers £	Balance 31 August 2019 £	
	David Walters Fund	34,671	-	-	34,671	
	The Society of Friends	411,157	14,457	-	425,614	
		<u>£445,828</u>	<u>£14,457</u>	<u>£-</u>	<u>£460,285</u>	
10.	UNRESTRICTED FUNDS	Balance 1 September 2019 £	Income £	Expenditure £	Gains and Transfers £	Balance 31 August 2020 £
	General fund	<u>£60,650,718</u>	<u>£34,993,241</u>	<u>£(33,773,372)</u>	<u>£(464,228)</u>	<u>£61,406,359</u>
		Balance 1 September 2018 £	Income £	Expenditure £	Gains and Transfers £	Balance 31 August 2019 £
	General fund	<u>£56,576,349</u>	<u>£38,371,965</u>	<u>£(34,346,635)</u>	<u>£49,039</u>	<u>£60,650,718</u>

BROMSGROVE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

11. RESTRICTED FUNDS	Balance 1 September 2019 £	Net income and gains £	Transfers £	Balance 31 August 2020 £
John Nicholls Fund	5,251	-	-	5,251
Roger Brazier Fund	5,000	-	-	5,000
	<u>£10,251</u>	<u>£-</u>	<u>£-</u>	<u>£10,251</u>
	Balance 1 September 2018 £	Net income and gains £	Transfers £	Balance 31 August 2019 £
John Nicholls Fund	5,251	-	-	5,251
Roger Brazier Fund	5,000	-	-	5,000
	<u>£10,251</u>	<u>£-</u>	<u>£-</u>	<u>£10,251</u>

The John Nicholls Fund represents a legacy received to support children undertaking expeditions or outdoor activities.

The Roger Brazier Fund represents a donation received to support the learning and development of pupils with dyslexia.

12. ALLOCATION OF THE GROUP NET ASSETS

2020	Investments £	Fixed Assets £	Net Current Liabilities £	Long Term Liabilities £	Total £
Restricted Endowment	- 420,005	- -	10,251 -	- -	10,251 420,005
Unrestricted: - General	5,278,360	68,830,292	(1,371,685)	(11,330,608)	61,406,359
	<u>£5,698,365</u>	<u>£68,830,292</u>	<u>£(1,361,434)</u>	<u>£(11,330,608)</u>	<u>£61,836,615</u>
2019	Investments £	Fixed Assets £	Net Current Liabilities £	Long Term Liabilities £	Total £
Restricted Endowment	- 460,285	- -	10,251 -	- -	10,251 460,285
Unrestricted: - General	5,777,757	67,341,450	(4,922,273)	(7,546,216)	60,650,718
	<u>£6,238,042</u>	<u>£67,341,450</u>	<u>£(4,912,022)</u>	<u>£(7,546,216)</u>	<u>£61,121,254</u>

BROMSGROVE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020**

13. CAPITAL COMMITMENTS	2020	2019
	£	£
Authorised but not contracted	£Nil	£Nil
Contracted but not provided for	£Nil	£2,190,240
14. FINANCIAL COMMITMENTS	2020	2019
	£	£
Operating leases for equipment that are subject to future minimum lease commitments are as follows:		
Within one year	10,713	79,315
In the second to fifth years	37,682	3,828
Total	£48,395	£83,143
Commitments under finance leases are as follows:		
Payable within one year	17,024	22,112
Payable in the second to fifth years	35,214	52,238
Total	£52,238	£74,350

15. SUBSIDIARY CHARITY

Bromsgrove School is the sole member of the Bromsgrove Foundation. The Bromsgrove Foundation has been consolidated into these accounts.

The Bromsgrove Foundation is a company limited by guarantee and a registered charity. It was incorporated on 6 February 2007 and has a year end of 31 August. A summary of the Statement of Financial Activities and Balance Sheet are given below:

Statement of Financial Activities for the year ended 31 August:	2020	2019
	£	£
Income		
Investment income	33,827	33,237
Donations and legacies	183,964	71,578
	217,791	104,815
Expenditure	(53,058)	(61,148)
Realised and unrealised investment (losses)/gains	(83,471)	16,100
	81,262	59,767
Total funds brought forward	1,108,640	1,048,873
Total funds carried forward	£1,189,902	£1,108,640
Balance Sheet as at 31 August:		
Investments	994,458	1,084,051
Debtors	107,948	1,011
Cash	116,700	56,770
Creditors	(29,204)	(33,192)
Accumulated Funds	£1,189,902	£1,108,640

