

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**CONTENTS**

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	Page
<b>Reference and administrative details of the Company, its Governors and advisers</b>	1 - 2
<b>Governors' report</b>	3 - 11
<b>Independent auditor's report on the financial statements</b>	12 - 14
<b>Consolidated statement of financial activities</b>	15 - 16
<b>Consolidated balance sheet</b>	17 - 18
<b>Company balance sheet</b>	19 - 20
<b>Consolidated statement of cash flows</b>	21
<b>Notes to the financial statements</b>	22 - 53

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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<b>Governors</b>	Mr B H Singleton LLB, Chairman <sup>1</sup> Mr M Abraham BEd (resigned 30 January 2020) Mrs E J Cook BA (Hons) <sup>1</sup> Mr M H Dyke BA, Vice Chairman <sup>1</sup> Mrs K Gilmore DPSN RGN HV <sup>2</sup> Mr W G S Hordern MBE MA Dip Th JP Mrs M Kitto BEd (hons) FNSEAD Mrs A K Poole BA <sup>1</sup> Mr S M Raine FCA BSocSci <sup>1</sup> Mrs J Wheeler BA NPQH The Very Revd M Thompson, the Dean of Birmingham The Revd Dr N Tucker, Vicar of Edgbaston Revd J Allcock BA Mr S Page <sup>1</sup> Mr M J Cotter (resigned 17 September 2020) Mr A J Roddick (appointed 30 January 2020) <sup>1</sup> Dr P Narendran (appointed 28 November 2020)  <sup>1</sup> Finance & Estates Committee (together with the Headmaster, Bursar and Finance Manager) <sup>2</sup> Governors' Representative to The Friends of The Blue Coat School and Safeguarding Governor
<b>Company registered number</b>	08502615
<b>Charity registered number</b>	1152244
<b>Registered office</b>	Somerset Road Edgbaston Birmingham B17 0HR
<b>Head Master</b>	Mr N G Neeson BEd NPQH
<b>Bursar</b>	Mr G W Morgan
<b>Independent auditor</b>	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS GOVERNORS AND ADVISERS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**Other advisors**

Bankers:  
Barclays Bank Plc  
15 Colmore Row  
Birmingham  
B3 2BH

Investment managers:  
CCLA  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

Solicitors:  
Veale Wasbrough Vizards  
3 Brindley Place  
Brindley Drive  
Birmingham  
B1 2JB

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The Governors present their annual report together with the audited financial statements of the Group and the School for the year ended 31 August 2020. The Governors confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

The Charity is a charitable company limited by guarantee. It was incorporated on 24 April 2013 and registered as a charity on 31 May 2013. Its Memorandum of Association, which established its objects and powers, provided that in the event of it being wound up, members are required to contribute an amount not exceeding £1. Membership of the Company is reviewed at the Annual General Meeting as appropriate.

The unincorporated Charity's governing document is The Trust Founding Deed dating 1722. This has been amended over the years; the latest amendment is dated 17 December 2013. The unincorporated charity holds the charitable group's endowment assets. On 19 June 2018, the Charity Commission issued a Direction linking the two charities for the purposes of Part 4 and Part 8 of the Charities Act 2011.

**Governors and charity trustees**

The Governors of The Blue Coat School Birmingham Limited are the charity trustees and directors of The Blue Coat School Birmingham Limited (the School) and The Blue Coat School charity. They meet at least four times a year as a full Board. The work of implementing most of their policies is carried out by members of six sub-committees: Finance & Estates; Awards; Safeguarding and Health & Safety; Teaching, Learning & Curriculum; Governance & HR; 1722 (300 years Centenary celebrations). The minutes of these sub-committee meetings are reviewed at full Board meetings. The Bursar, in their capacity of Clerk to the Governors, is responsible for coordinating the work of the Governors and their committees, for the preparation of papers and management accounts and for the review of matters arising.

New Governors are appointed by the existing Board of Governors. Potential new Co-optative Governors are identified by the Governors. A sub-committee is selected from existing members of the Board by reference to their availability, suitability and range of experience. Having identified the gaps in experience to be filled, the Appointments sub-committee then undertakes an appropriate interview process to select new Governors from the list of possible candidates. New co-optative Governors are invited to join up to two sub-committees most relevant to their experience and having regard to the existing number of members on each sub-committee.

**Induction and Training**

The induction process for Governors involves briefing as necessary with copies of previous sub-committee and committee minutes relevant to their specialisms. All Governors are particularly encouraged to attend various school functions and to meet members of the Senior Leadership Team, in order to be able to understand further the nature of the School's business. An appropriate level of instruction is provided for both new and existing Governors to update their knowledge and place them in a position where they could sensibly identify their powers and responsibilities. From time to time, Governors go on formal training courses that the School and that individual Governors identify are required for that Governor to be able to discharge his/her duty.

All trustees give of their time freely, and no remuneration was paid in the year. Travel expenses of £868.95 were paid to four Governors during the year. One Ex-Officio Governor benefited from a Foundation award commencing September 2016, which was assessed and awarded upon its own merits. The Governor concerned is not a member of the Finance & Estates or Awards sub-committee. Professional advice was taken on the matter at the time of the award and it was confirmed that the making of the award was appropriate in the circumstances.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**Key management personnel**

The Governors consider that they, together with the Head, the Bursar, the Head of Pre-Prep and the Deputy Heads (Senior Leadership Team) comprise the Key Management Personnel (see note 14 to the accounts). The Governors give of their time freely and the pay and remuneration of the Head and senior staff is set by the Finance & Estates Committee and is kept under annual review. A number of criteria are used in setting pay:

- Nature of the role and responsibilities
- Competitor salaries in the region
- The sector average salary for comparable positions
- Trends in pay

**Organisational management**

The Governors determine the general policy of the School. The day to day running of the School is delegated to the Head, supported by senior staff. The Head undertakes the key leadership role, overseeing the educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration of the School is undertaken in line with the policies and procedures approved by the Governors, which provide for significant expenditure decisions and major capital projects to be referred to the Governors for prior approval.

The Head, the Bursar and other senior staff are invited to attend Governors' meetings.

**Other relationships**

The Head is a member of IAPS, which exists to share expertise, knowledge and experience across the independent preparatory school sector. The Bursar is a member of the ISBA, which provides professional development, technical support and invaluable reference material.

Other key parties supporting the School include the Independent Schools' Council (ISC) and the Association of Governing Bodies of Independent Schools (AGBIS).

BCS Enterprises is a wholly owned subsidiary undertaking of The Blue Coat School Limited. It is managed by the Governors of the School and its purpose is to generate surplus funds to reinvest in the School.

**PUBLIC BENEFIT**

The Governing Body have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011. The main activities to further the charity's purposes for public benefit include:

**Community Link programme**

The Community Link programme seeks to widen access to our educational resources, by bringing independent and state school communities together.

This year, we were not able to make our facilities available from 20th March 2020 due to the national lockdown. However, prior to the national lockdown, we made the following facilities and coaching available, at no charge, to benefit pupils attending local state schools:

- Use of the swimming pool for swimming lessons and swimming galas
- Use of the sports fields for sport festivals
- Use of the School Chapel for musical events
- Use of the school facilities and staff to provide outreach opportunities to local schools.

**Community access**

We all see The Blue Coat School as part of a wider community, and where we can assist the community whilst advancing the education of our pupils we are delighted to do so. Various Sports and Music Camps use the School during school holidays for sports and activities holiday camps. Our outreach programme has included opportunities for local schools to access our facilities at no charge.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**OUR AIMS**

The object of the School is the provision and conduct, in or near the City of Birmingham, of a day school for boys and girls. Within this object, the School has various permanent endowments and restricted Trust Funds held for special purposes in connection with the development of the School's facilities and for Foundations, scholarships, bursaries, prizes and other educational purposes. The School provides education to boys and girls from the ages of 2 -11 years in three departments: Buttons Nursery (2-3 years old); Pre-Prep (3-7 years old); and Prep (7-11 years old).

It is policy for all departments to attain the highest academic levels, commensurate with a pupil's ability, as well as providing a co-curricular programme which aims to broaden a pupil's interest and self-confidence. Instruction in the doctrines of the Church of England is given in the School and religious studies encompass education in the tenets of major world faiths.

**OUR OBJECTIVES**

Our objectives are set to reflect our educational aims and the ethos of the School. It is important to us that we maintain and enhance the academic success of the School.

The Governors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the Governors have considered how planned activities will contribute to the aims and objectives set.

The principal objectives for the coming year are:

1. To continue to make first-class provision for the Early Years (from age three upwards), introducing our youngest children to their educational life in such a way as to allow them to flourish fully as human beings in an ever-changing world.
2. To maintain the current high standards of academic achievement indicated by senior school entrance exam results at 11-plus level and other external measures.
3. To recruit and retain the best teaching and support staff to assist in the continued development and promotion of the School as a leading provider of preparatory education not only locally but nationally.
4. To develop the all-round curricular and co-curricular provision to ensure excellence in all areas; academic, music, sport and performing arts.
5. To widen access to the school through the continued provision of means-tested bursaries.
6. To enhance links with the local community and to encourage the community to access the school's facilities.
7. To prepare, in conjunction with the Headmaster, a detailed strategic plan incorporating a five-year financial model to assist in the development, financial management and control of the School.

The Governors are responsible for setting a strategy for achieving the objectives they have set. The focus of our strategy is on the development of our pupils, their continued high levels of academic and co-curricular achievement and on measures to further widen access to the education the School provides. In taking forward our strategy we:

- Review and benchmark the School's academic syllabus, teaching practices and examination results;
- Ensure that the range of co-curricular activities available to our pupils is stimulating and challenging;
- Invest in technology and the infrastructure of our School;
- Co-operate and share resources with local schools; and
- Continue to review and develop our methods for awarding bursaries and scholarships to ensure wider access to pupils from all backgrounds.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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## **OUR ETHOS**

Our ethos is to be a caring Christian School serving our local community and society.

Our School welcomes pupils from all backgrounds. To admit a prospective pupil, we need to be satisfied that our School will be able to educate and develop that pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, race, religion or disability do not form part of our assessment process.

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. We will make reasonable adjustments to meet the needs of staff or pupils who are or who become disabled.

Our School is committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share this commitment.

## **SIGNIFICANT ACTIVITIES**

### **Academic achievements**

The 2019-20 academic year was another successful year for the School – continuing to deliver sound academic results whilst investing in infrastructure to ensure the continued provision of first-class facilities.

In addition to the high quality education the School provides for its pupils, it continues to offer an extensive programme of outdoor and co-curricular activities. Prior to the national lockdown and school closure for normal operations on 23rd March 2020, several trips to local attractions or places of interest and enrichment days in school ensured that the pupils received a well-balanced and rewarding educational experience.

### **COVID-19 global pandemic**

Following the national lockdown and enforced school closure with effect from 23rd March 2020, the school moved to a distance learning programme to ensure continuity of education for the children. During the two weeks at the end of the Lent term, the children were provided with packs of work to complete at home. During the first half of the Trinity term children in Reception and Years 1 – 6 were provided with online lessons in most subjects through Google classrooms and assemblies were also delivered for the children online. Their work was marked by their teachers and feedback was provided. Children in Transition and Buttons Nursery were provided with daily suggested activities and worksheets where appropriate. Throughout this period, the school remained open to all key worker children and vulnerable children. The school also remained open for these children during the Easter holiday period, other than Good Friday and Easter Monday at no charge to parents.

Parents of children in Transition and Buttons Nursery were not charged fees for the Trinity term until school re-opened for Transition children with effect from 1 June 2020. Transition parents were then charged a reduced pro rata rate for the remainder of the term depending on when their child returned to school. Work was provided for those children whose parents chose not to send their child(ren) back to school.

Parents of children in Reception, Year 1 – 6 were charged fees at a reduced rate for the Trinity term. A phased return to school commenced on 1 June 2020 with children in Reception, Year 1 and Year 6 (together with Transition children) returning to school if their parents chose to send them. Children in Year 5 could return to school on Wednesday 17 June and children in Years 2, 4 and 6 could return to school on Monday 22 June for the final three weeks of term.

The resultant loss of gross fee income was £800,320. This represented nearly 11% of gross fee income. Use of Government support schemes and strict financial controls reduced the financial impact.



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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**Sporting activities**

The School continues to develop its sporting provision and ensures that children participate in a range of sports and learn different skills including athletics, chess, cricket, dance, football, gymnastics, hockey, judo, netball, rugby, and swimming.

The School's sports facilities continued to be used by local primary schools for swimming lessons and for outreach programmes and sporting festivals until the national lockdown.

**Music and drama**

Music opportunities for all age groups include individual music lessons, choirs, ensembles and an orchestra. Children in all age-groups participate in a wide variety of drama activities.

**The Friends of The Blue Coat School**

The Friends of The Blue Coat School (Parents' Association) have again organised a wide-ranging programme of events, designed to foster a sense of community within the School. These have been successful in raising funds both for the School and for local charities. These were curtailed for the 2019-20 year by the COVID-19 pandemic.

**SOCIAL INVESTMENT**

In order to fulfil our aims and objectives of providing an education for boys and girls in or near the City of Birmingham, the School provides bursary and scholarship awards as follows:

**Bursaries**

The Governors' grant-making policy is, in each accounting year, to set aside part of the Charity's investment income, to maintain Foundation Places. This helps children of merit and good character for whom a funded education would be beneficial but could not be afforded without assistance.

In 2019-20 the School provided assistance to 26 of our pupils of which 8 pupils benefited from a full remission of fees. The Foundation Awards also assist in funding additional costs such as school trips, co-curricular activities, uniform and other similar expenses.

**Scholarships**

In addition, the School awards scholarships to pupils based on either their educational or musical merit and potential.

The Governors view our bursary and scholarship awards and our outreach programme as important in widening access to the education our school provides. In developing our plans for this programme, we work closely with the Heads of the schools in our community, ensuring the positive contribution to our shared educational aims continues. Maintaining and, where necessary, developing the fabric and facilities of the School are central to our strategy.

**ACHIEVEMENTS AND PERFORMANCE**

It had been expected that the school would have a further inspection from the independent Schools Inspectorate (ISI) during the Trinity term 2020 as part of the cycle of ISI inspections but all inspections were suspended because of the COVID-19 pandemic.

**Independent Schools Inspectorate (ISI) Inspection May 2017**

ISI conducted a Focused Compliance Inspection (FCI) of the School and an Educational Quality Inspection (EQI) of the School in May 2017. The FCI took place on 3 and 4 May. The School was found to be fully compliant and no further actions were required. The EQI inspection took place on 4 and 5 May. This inspection related to the quality of the pupils' academic and other achievements and to the quality of the pupils' personal development. The school was found to be excellent in every aspect of these inspection judgements - the highest-grade

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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judgement for these inspections. As the school had been judged to be excellent in every respect, the report did not make recommendations, but it did make two suggestions for consideration, both of which dovetailed with the school's own priorities.

**Pupil numbers**

Our educational activities are carried out through three departments: Buttons Nursery (2-3 years old); Pre-Prep (3-7 years old); and Prep (7-11 years old). At the year-end, Prep had 352 pupils, Pre-Prep had 241 pupils and Buttons had 32 pupils (not all of whom were full time).

**FUNDRAISING**

There are no material fundraising activities at the School which require disclosure under S162A of the Charities Act 2011.

**FINANCIAL REVIEW**

The School's key financial objective is to ensure financial stability and continued solvency year on year so that it can pursue its charitable aims and objectives. The Governors have followed SORP (FRS 102) in preparing these financial statements and the statement of financial affairs (SOFA), balance sheet and notes are set out within.

The Schools results for the year show a surplus before investment gains of £21,305 (2019-£243,307). The principal source of funds remains school fees of £6,208,722 (2019-£6,381,240) which represented 85.1% (2018/19- 88.0%) of the total income of £7,292,162 (2019-£7,244,788).

Unrealised gains on our investments amounted to £342,604 (2019- £1,165,241).

The School's funds increased by £363,909 (2019-£1,408,548) before movements on the defined benefit pension scheme.

The investments are primarily used to fund the bursary and scholarship awards and other social investment.

**INVESTMENTS**

Investment activities are managed in line with the requirements of the Trustee Act 2000. The Governors have appointed CCLA as investment manager.

The main investment objectives of the charity are:

- The creation of a sufficient financial return to enable the charity to carry out its purposes effectively and without interruption;
- The maintenance and enhancement of the investment funds over the long term;
- To obtain a balance between capital growth and income to enable the charity to meet current and future needs; and
- To maintain a low to medium risk profile.

The income return on the portfolio was 2.95% compared to 3.17% in the previous year.

**KEY RISKS AND UNCERTAINTIES**

The Governors and Senior Leadership Team periodically review the major risks facing the charity. Risk registers are maintained and updated at least annually. Risks are considered under the headings of strategic, operational, financial and legal / regulatory.

During 2019-20, the school faced the additional financial risks from the COVID-19 pandemic with the potential for loss of income and reduction of pupil numbers. Due to the excellent online provision, the pupil numbers remained constant and fee income remained high, although reduced from normal expectations due to the lack of income from Buttons Nursery and Transition pupils and the fee reduction for all other pupils. Some of the losses of income were offset by careful management of the finances including the furloughing of non-essential staff, and through streamlining of staffing requirements and curtailing all non-essential spends.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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Strategic risks include the School not being seen as a positive, modern organisation and it failing to provide education services that are attractive to parents and thus being unable to maintain pupil numbers. These are critical to the charity's aims to provide education and learning opportunities to children in the Birmingham area. These risks are managed by ensuring that the School provides an excellent, first-class education to every child; adopting proactive communication and PR strategies; through Board scrutiny of activities; robust financial controls; and recruitment and retention of high quality teachers and support staff.

Financial risks include failure to meet income targets, particularly from fee income and investments. School fee increases are carefully considered in conjunction with the School's strategic plans, the budget process and wider economic considerations. A conservative approach is taken to estimating the contribution from external sources and non-core activities. In general, financial risks are managed through regular monitoring and review of budgets during the financial year.

Health and Safety risks include fire safety, pool safety and failure to comply with regulatory requirements relating to asbestos management and water management systems. A robust compliance system has been implemented and all of these risks are subject to close monitoring by the management team and the H&S Sub-Committee. A comprehensive Risk Assessment was devised, existing policies were amended and additional policies were written to ensure that the risks associated with the COVID-19 pandemic were managed. These were all regularly reviewed as Government advice and guidance was updated.

The Governors are satisfied that appropriate actions have been taken to control and mitigate the impact of risks where possible. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

#### **FUTURE PLANS**

In 2022 the School is 300 years old. This is a significant milestone for the organisation and one which the Governors and Senior Leadership Team want to mark. Ideas are in their infancy, but projects, plans and the associated funding are at the forefront of the Governors' long-term objectives.

#### **PENSION LIABILITY**

The Governors recognise the liability existing in the Pensions Trust pension scheme for non-teaching staff. The Governors are satisfied that existing cash flows are sufficient to meet any anticipated increases in costs. Pension costs have been reported within the accounts in accordance with accounting standard FRS 102.

#### **RESERVES**

The Governors regularly review the finances, budgets and spend against budget and undertake a termly cash flow analysis as part of their effective stewardship of the School.

The total funds held by the School at the end of the reporting period of £19,401,711 included £1,524,858 unrestricted general reserves and £4,443,873 designated funds plus a permanent endowment of £13,416,399.

The Governors designate unrestricted funds to fund future specific projects. The Governors are planning to invest substantial sums into new facilities and upgrades in the next five years, with a view to further improving the facilities. The Governors consider that, given the strength of the charity's balance sheet, the stable cash flow from strong student numbers, the ongoing popularity of our School and the available funds, it will not be necessary to seek external funding for these projects.

The Governors aim to ensure that the School has sufficient resources available to support the working capital requirements of the core activities of the School in unforeseen circumstances, giving sufficient time to allow financial policy to adapt to any new circumstances. These working capital reserves equate to approximately one term's total expenditure, £2 million.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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Free reserves at the 31 August 2020 being unrestricted funds less that representing fixed assets amounted to £2,800,796 which is in excess of the stated policy.

Restricted funds of £16,581 are held for the benefit of the children for supporting learning needs and extra-curricular activities as set out in the detailed accounts within this report.

There is a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. The closing net book value of our tangible assets, property, plant and equipment was £6,440,898.

**CHARITY GOVERNANCE CODE**

The Governors are aware of the new charity governance code issued in July 2017. A review will be undertaken of the guidance requirements in order to ensure that the charity is working in line with the code, in all ways where it is practical to do so.

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors (who are also directors of The Blue Coat School Birmingham Limited 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 law requires the Governors to prepare financial statements for each financial year. Under company 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 (FRS 102);
- make judgements and 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 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.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as that Governor is aware, there is no relevant audit information of which the charitable 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 relevant audit information and to establish that the charitable Group's auditor is aware of that information.

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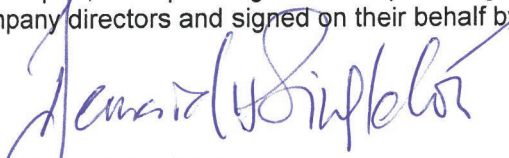
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**AUDITORS**

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

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



**Mr B H Singleton LLB**  
**Chairman**

Date: 28 January 2021

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**

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**Opinion**

We have audited the financial statements of The Blue Coat School Birmingham Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, 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 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 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 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'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.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BLUE COAT SCHOOL BIRMINGHAM LIMITED (CONTINUED)**

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**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 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.

**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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**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 including the Strategic 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:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; 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.



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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BLUE COAT SCHOOL BIRMINGHAM LIMITED (CONTINUED)**

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**Responsibilities of trustees**

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.

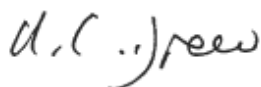
**Auditor's responsibilities for the audit of the financial statements**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Helen Drew (Senior statutory auditor)**

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 4 March 2021



**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income and endowments from:</b>						
Donations and legacies	4	9,720	21,876	-	31,596	19,936
Charitable activities:						
School fees		6,208,722	-	-	6,208,722	6,381,240
Ancillary trading income		275,559	-	-	275,559	230,632
Trading activities	7	90,602	-	-	90,602	173,359
Investments	8	439,390	-	-	439,390	439,621
Other income	9	246,293	-	-	246,293	-
<b>Total income and endowments</b>		<b>7,270,286</b>	<b>21,876</b>	<b>-</b>	<b>7,292,162</b>	<b>7,244,788</b>
<b>Expenditure on:</b>						
Raising funds:						
Financing costs	10	4,969	-	-	4,969	3,971
Trading activities	11	84,058	-	-	84,058	158,053
Charitable activities:						
Education and grant making	12	7,039,772	21,538	120,520	7,181,830	6,839,457
<b>Total expenditure</b>		<b>7,128,799</b>	<b>21,538</b>	<b>120,520</b>	<b>7,270,857</b>	<b>7,001,481</b>
<b>Net income before investment gains</b>		<b>141,487</b>	<b>338</b>	<b>(120,520)</b>	<b>21,305</b>	<b>243,307</b>
Net gains on investments		76,564	-	266,040	342,604	1,165,241
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>218,051</b>	<b>338</b>	<b>145,520</b>	<b>363,909</b>	<b>1,408,548</b>
<b>Other recognised gains/(losses):</b>						
Actuarial (losses)/gains on defined benefit pension schemes	30	(636)	-	-	(636)	16,825
<b>Net movement in funds</b>		<b>217,415</b>	<b>338</b>	<b>145,520</b>	<b>363,273</b>	<b>1,425,373</b>

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT) (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
<b>Reconciliation of funds:</b>					
Total funds brought forward	5,751,316	16,243	13,270,879	19,038,438	17,613,065
Net movement in funds	217,415	338	145,520	363,273	1,425,373
<b>Total funds carried forward</b>	<u><u>5,968,731</u></u>	<u><u>16,581</u></u>	<u><u>13,416,399</u></u>	<u><u>19,401,711</u></u>	<u><u>19,038,438</u></u>

The notes on pages 22 to 53 form part of these financial statements.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08502615**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	16	6,440,898	6,755,866
Investments	18	11,193,752	10,851,148
Investment property	17	1,415,000	1,415,000
		<u>19,049,650</u>	<u>19,022,014</u>
<b>Current assets</b>			
Debtors	20	175,279	188,942
Cash at bank and in hand		1,426,842	1,334,279
		<u>1,602,121</u>	<u>1,523,221</u>
Creditors: amounts falling due within one year	21	(1,195,619)	(1,438,560)
<b>Net current assets</b>		<u>406,502</u>	<u>84,661</u>
<b>Total assets less current liabilities</b>		<u>19,456,152</u>	<u>19,106,675</u>
Creditors: amounts falling due after more than one year	22	(54,441)	(68,237)
<b>Total net assets</b>		<u><u>19,401,711</u></u>	<u><u>19,038,438</u></u>
<b>Charity funds</b>			
Endowment funds	25	13,416,399	13,270,879
Restricted funds	25	16,581	16,243
Unrestricted funds	25	5,968,731	5,751,316
<b>Total funds</b>		<u><u>19,401,711</u></u>	<u><u>19,038,438</u></u>

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08502615**

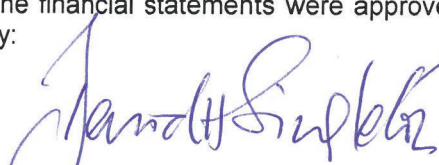
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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

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The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:



**Mr B H Singleton LLB**

Date: 28 January 2021

The notes on pages 22 to 53 form part of these financial statements.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08502615**

**COMPANY BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	16	6,440,898	6,755,866
Investments	18	11,193,852	10,851,248
Investment property	17	1,415,000	1,415,000
		<u>19,049,750</u>	<u>19,022,114</u>
<b>Current assets</b>			
Debtors	20	180,739	192,570
Cash at bank and in hand		1,421,282	1,330,551
		<u>1,602,021</u>	<u>1,523,121</u>
Creditors: amounts falling due within one year	21	(1,195,619)	(1,438,560)
<b>Net current assets</b>		<u>406,402</u>	<u>84,561</u>
<b>Total assets less current liabilities</b>		<u>19,456,152</u>	<u>19,106,675</u>
Creditors: amounts falling due after more than one year	22	(54,441)	(68,237)
<b>Total net assets</b>		<u><u>19,401,711</u></u>	<u><u>19,038,438</u></u>
<b>Charity funds</b>			
Endowment funds	25	13,416,399	13,270,879
Restricted funds	25	16,581	16,243
Unrestricted funds	25	5,968,731	5,751,316
<b>Total funds</b>		<u><u>19,401,711</u></u>	<u><u>19,038,438</u></u>

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08502615**

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**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

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The Blue Coat School Birmingham Limited has taken the exemption from presenting a parent Statement of Financial Activities incorporating Income and Expenditure Accounts under section 408 of the Companies Act 2006. The net income for the financial year dealt with in the financial statements of the parent charitable company was £363,273 (2019 - £1,425,373).

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Governors and signed on their behalf by:

  
**Mr B H Singleton LLB**

Date: 28 January 2021

The notes on pages 22 to 53 form part of these financial statements.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	27	(236,004)	(378,028)
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		439,390	439,621
Purchase of tangible fixed assets		(110,823)	(1,342,470)
Proceeds from sale of investments		-	1,000,000
<b>Net cash provided by investing activities</b>		<b>328,567</b>	<b>97,151</b>
<b>Change in cash and cash equivalents in the year</b>		<b>92,563</b>	<b>(280,877)</b>
Cash and cash equivalents at the beginning of the year		1,334,279	1,615,156
<b>Cash and cash equivalents at the end of the year</b>	28	<b>1,426,842</b>	<b>1,334,279</b>

The notes on pages 22 to 53 form part of these financial statements

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. General information**

The company is a company limited by guarantee (registered number 08502615), which is incorporated and registered in England and Wales. Its charity registration number is 1152244. The registered office and principal place of business is The Blue Coat School Birmingham, Somerset Road, Edgbaston, Birmingham, B17 0HR.

The principal activity is to provide a day school for boys and girls near the City of Birmingham.

In June 2018 the Charity Commission issued a Direction linking The Blue Coat School Birmingham Limited with the charity The Blue Coat School Birmingham (charity registration number 1152244-1). This charity holds the charitable groups endowment assets.

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.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Blue Coat School Birmingham Limited 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 Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

**2.2 Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.



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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.3 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 Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity, principally investments and deposits. Income arising on the endowment funds can be used in accordance with the object of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund. The endowment funds are all held by the subsidiary charity The Blue Coat School Birmingham.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.4 Income**

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

***Donations and legacies***

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this required a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably, and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example, the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

***Fees and similar income***

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school from its unrestricted funds. Where income is received in advance it is treated as deferred income and included within creditors.

***Income from trading activities***

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred.

***Investment income***

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.5 Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds;
- Expenditure on charitable activities;
- Other expenditure represents those items not falling into the categories above.

Charitable expenditure comprises those costs incurred by the charitable group in the delivery of activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of The Blue Coat School Birmingham Limited and its subsidiaries, this includes audit fees.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

**2.6 Government grants**

Government grants are credited to the Consolidated statement of financial activities as the related expenditure is incurred.

**2.7 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 1.5 - 20% straight line
Fixtures and equipment	- 10 - 20% straight line
Computer equipment	- 10 - 33.33% straight line
Minibus	- 20% straight line

Depreciation is not charged on freehold land.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.8 Investment property**

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in the heading 'Gains/(losses) on investments' in the Statement of financial activities. No depreciation is charged on investments properties in accordance with the Charities SORP.

**2.9 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 the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

**2.10 Operating leases**

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

**2.11 Debtors**

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

**2.12 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.

**2.13 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 in the Consolidated statement of financial activities as a finance cost.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.14 Financial instruments**

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.15 Taxation**

The Blue Coat School Birmingham Limited and The Blue Coat School Birmingham is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Blue Coat School Birmingham Limited and The Blue Coat School Birmingham is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. BCS Enterprises Limited is subject to corporation tax.

Value added tax is not recoverable by the charity and as such is included in the relevant costs in the Statement of financial activities and fixed assets.

**2.16 Pensions**

Retirement benefits to teachers employed by the school are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme. The TPS is an unfunded scheme and contributions are calculated so as to spread the costs of pensions over employees' working lives with the school in such a way that the pension costs is substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 30, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Retirement benefits for non-teachers are provided by a defined contribution scheme administered by The Pensions Trust. Payments to the scheme are charged to the Statement of financial activities in the year incurred.

Contributions are made to personal pension plans of certain employees. Payments to these plans are charges to the Statement of financial activities in the year incurred.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**3. Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

In preparing these financial statement, the Governors have made the following judgments:

***Investment properties***

Investment properties are valued on the basis of market value of the freehold interest with vacant possession at the year end.

***Recoverability of trade debtors***

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of resources required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, current economic trends and changes in payment terms when making a judgment to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the Statement of financial activities.

**4. Income from donations and legacies**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Donations	9,720	21,876	<b>31,596</b>	19,936
<b>Total 2020</b>	<u>9,720</u>	<u>21,876</u>	<u><b>31,596</b></u>	<u>19,936</u>
<i>Total 2019</i>	<u>9,233</u>	<u>10,703</u>	<u>19,936</u>	

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**5. Charitable activities - School fees**

	2020 £	2019 £
Gross tuition fees	6,736,426	6,904,824
Less: Awards, scholarships and bursaries from unrestricted funds	(387,805)	(368,156)
Less: Fee discounts	(139,899)	(155,428)
	<u>6,208,722</u>	<u>6,381,240</u>

Awards, scholarships and bursaries were paid to 59 pupils (2019 - 52 pupils). Within this means tested bursaries totalling £313,279 were paid to 32 pupils (2019 - £291,568 to 29 pupils).

The total income from school fees is unrestricted in both years.

**6. Charitable activities - Other ancillary trading income**

	2020 £	2019 £
Extra-curricular activities	136,695	163,694
Registration fees	8,500	12,310
Fees in lieu of notice	7,722	4,238
SEN income	9,125	750
Holiday clubs	2,179	12,636
School trips	18,043	-
Other income	93,295	37,004
	<u>275,559</u>	<u>230,632</u>

The total ancillary trading income is unrestricted in both years.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**7. Income from other trading activities**

**Income from non charitable trading activities**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
BSC Enterprises Limited (note 19)	90,602	<b>90,602</b>	173,359
<b>Total 2020</b>	<u>90,602</u>	<u><b>90,602</b></u>	<u>173,359</u>
<i>Total 2019</i>	<u>173,359</u>	<u>173,359</u>	

**8. Investment income**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Rental income	104,658	<b>104,658</b>	86,363
Dividend income	329,300	<b>329,300</b>	345,502
Deposit account interest	5,432	<b>5,432</b>	7,756
<b>Total 2020</b>	<u>439,390</u>	<u><b>439,390</b></u>	<u>439,621</u>
<i>Total 2019</i>	<u>439,621</u>	<u>439,621</u>	

**9. Other incoming resources**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Government grant	246,293	<b>246,293</b>	-

The government grant received during the year related to the Coronavirus Job Retention Scheme.



**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**10. Expenditure on raising funds - Financing costs**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Bad debt costs	1,629	<b>1,629</b>	441
Property management fees	3,340	<b>3,340</b>	3,530
<b>Total 2020</b>	<u>4,969</u>	<u><b>4,969</b></u>	<u>3,971</u>
<i>Total 2019</i>	<u>3,971</u>	<u>3,971</u>	

**11. Expenditure on raising funds - Trading activities**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Staff costs	73,598	<b>73,598</b>	127,516
Other costs	10,460	<b>10,460</b>	30,537
<b>Total 2020</b>	<u>84,058</u>	<u><b>84,058</b></u>	<u>158,053</u>
<i>Total 2019</i>	<u>158,053</u>	<u>158,053</u>	

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**12. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Endowment funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Teaching	4,299,620	20,938	120,520	<b>4,441,078</b>	4,191,193
Catering	395,446	-	-	<b>395,446</b>	488,463
Premises	1,327,459	600	-	<b>1,328,059</b>	1,265,897
Support and governance	1,017,247	-	-	<b>1,017,247</b>	893,904
<b>Total 2020</b>	<b>7,039,772</b>	<b>21,538</b>	<b>120,520</b>	<b>7,181,830</b>	<b>6,839,457</b>
<i>Total 2019</i>	<i>6,719,299</i>	<i>10,334</i>	<i>109,824</i>	<i>6,839,457</i>	

**Summary by expenditure type**

	<b>Staff costs 2020 £</b>	<b>Depreciation 2020 £</b>	<b>Other costs 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Teaching	3,871,803	244,331	324,944	<b>4,441,078</b>	4,191,193
Catering	-	-	395,446	<b>395,446</b>	488,463
Premises	343,830	144,560	839,669	<b>1,328,059</b>	1,265,897
Support and governance	660,236	36,900	320,111	<b>1,017,247</b>	893,904
<b>Total 2020</b>	<b>4,875,869</b>	<b>425,791</b>	<b>1,880,170</b>	<b>7,181,830</b>	<b>6,839,457</b>
<i>Total 2019</i>	<i>4,459,345</i>	<i>369,778</i>	<i>2,010,334</i>	<i>6,839,457</i>	

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**13. Auditor's remuneration**

	<b>2020</b> £	<i>2019</i> £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<b>14,000</b>	<i>13,500</i>
Fees payable to the Company's auditor in respect of: Accountancy services	<b>2,900</b>	<i>3,000</i>
	<b>16,900</b>	<i>16,500</i>

**14. Staff costs**

	<b>Group 2020</b> £	<i>Group 2019</i> £
Wages and salaries	<b>3,940,659</b>	<i>3,778,282</i>
Social security costs	<b>358,349</b>	<i>346,562</i>
Contribution to defined contribution pension schemes	<b>650,459</b>	<i>462,017</i>
	<b>4,949,467</b>	<i>4,586,861</i>

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

	<b>Group 2020</b> No.	<i>Group 2019</i> No.
Teaching staff	<b>73</b>	<i>70</i>
Administrative/support staff	<b>70</b>	<i>69</i>
	<b>143</b>	<i>139</i>

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**14. Staff costs (continued)**

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	<b>Group 2020 No.</b>	<i>Group 2019 No.</i>
In the band £60,001 - £70,000	<b>2</b>	2
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	<b>1</b>	-
In the band £120,001 - £130,000	-	1
In the band £170,001 - £180,000	<b>1</b>	-

The total amount of employee benefits received by key management personnel is £848,170 to 9 staff members (2019 - £564,012, to 6 staff members).

**15. Governors' remuneration and expenses**

During the year, no Governors received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 August 2020, expenses totalling £869 were reimbursed or paid directly to 4 Governors (2019 - £3,268 to 6 Governors). Expenses related to courses, accommodation and travel expenses.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**16. Tangible fixed assets**

**Group and Company**

	Freehold school premises £	Fixtures and equipment £	Computer equipment £	School minibus £	Total £
<b>Cost or valuation</b>					
At 1 September 2019	8,819,936	238,047	1,062,053	57,965	10,178,001
Additions	36,732	7,073	67,018	-	110,823
Disposals	-	(72,089)	(360,540)	(27,144)	(459,773)
At 31 August 2020	8,856,668	173,031	768,531	30,821	9,829,051
<b>Depreciation</b>					
At 1 September 2019	2,399,473	199,303	790,050	33,309	3,422,135
Charge for the year	253,636	14,346	151,645	6,164	425,791
On disposals	-	(72,089)	(360,540)	(27,144)	(459,773)
At 31 August 2020	2,653,109	141,560	581,155	12,329	3,388,153
<b>Net book value</b>					
At 31 August 2020	6,203,559	31,471	187,376	18,492	6,440,898
At 31 August 2019	6,420,463	38,744	272,003	24,656	6,755,866

The costs of freehold school premises includes both freehold land and buildings. The school records do not provide a reliable split of freehold land and buildings and the Governors do not consider that the cost involved in obtaining such information is justifiable for the benefit gained.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**17. Investment property**

**Group**

	<b>Freehold investment property £</b>	
<b>Valuation</b>		
At 1 September 2019		<b>1,415,000</b>
At 31 August 2020		<b>1,415,000</b>
Comprising:		
	<b>2020 £</b>	<b>2019 £</b>
416 Birmingham Road, Wylde Green	<b>435,000</b>	435,000
Properties acquired by gift	<b>130,000</b>	130,000
256 Harbourne Road, Edgbaston	<b>850,000</b>	850,000
	<b>1,415,000</b>	<b>1,415,000</b>

The investment property consists of buildings held for investment purposes and are not used in the School's own activities, both residential and industrial property are held and are let out on the open market.

All properties were revalued by Burley Browne Chartered Surveyors in November 2019.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**18. Fixed asset investments**

<b>Group</b>	<b>Investments and deposits £</b>		
<b>Market value</b>			
At 1 September 2019			10,851,148
Revaluations			342,604
<b>At 31 August 2020</b>			<b>11,193,752</b>
<b>Net book value</b>			
<b>At 31 August 2020</b>			<b>11,193,752</b>
<i>At 31 August 2019</i>			<i>10,851,148</i>
<b>Company</b>	<b>Investment in subsidiary company £</b>	<b>Investments and deposits £</b>	<b>Total £</b>
<b>Market value</b>			
At 1 September 2019	100	10,851,148	10,851,248
Revaluations	-	342,604	342,604
<b>At 31 August 2020</b>	<b>100</b>	<b>11,193,752</b>	<b>11,193,852</b>
<b>Net book value</b>			
<b>At 31 August 2020</b>	<b>100</b>	<b>11,193,752</b>	<b>11,193,852</b>
<i>At 31 August 2019</i>	<i>100</i>	<i>10,851,148</i>	<i>10,851,248</i>

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**Investments and deposits comprise:**

	<b>2020</b> £	2019 £
Investment Fund of the Central Board of Finance of the Church of England, shares of £1 each	-	5,598,990
Charities Official Investment Fund - Accumulation units	-	179,315
Charities Official Investment Fund - Income shares	<b>11,193,752</b>	5,072,843
	<b>11,193,752</b>	10,851,148

**19. Principal subsidiary - BCS Enterprises Limited**

The charitable company owns 100% of the share capital of BCS Enterprises Limited (Company registration number 09109064), incorporated in England. The registered address of the Company is The Blue Coat School Birmingham, Somerset Road, Edgbaston, Birmingham, B17 0HR.

The Company uses the facilities of The Blue Coat School to generate revenue.

It's trading results for the period, as extracted from audited accounts, are summarised below:

	<b>2020</b> £	2019 £
Turnover	<b>90,602</b>	173,359
Cost of sales	<b>(33,847)</b>	(22,166)
<b>Gross profit</b>	<b>56,755</b>	151,193
Administration	<b>(50,211)</b>	(135,888)
<b>Profit for the year</b>	<b>6,544</b>	15,305
Gift aid donation to parent charity	<b>(6,544)</b>	(15,305)
<b>Retained in subsidiary</b>	<b>-</b>	-

The net assets of BCS Enterprises Limited at 31 August 2020 amounted to £100 (2019 – net assets of £100).

At the year end BCS Enterprises Limited owed The Blue Coat School £5,460 (2019 - £31,178).



**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**20. Debtors**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Trade debtors	<b>15,518</b>	65,240	<b>15,518</b>	39,060
Amounts owed by group undertakings	-	-	<b>5,460</b>	31,178
Other debtors and accrued income	<b>91,644</b>	64,115	<b>91,644</b>	64,115
Prepayments	<b>68,117</b>	59,587	<b>68,117</b>	58,217
	<b>175,279</b>	188,942	<b>180,739</b>	192,570

An impairment loss of £11,511 (2019 - £11,511) was recognised against fee debtors.

**21. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Trade creditors	<b>187,228</b>	396,945	<b>187,228</b>	396,945
Other taxation and social security	<b>95,975</b>	85,485	<b>95,975</b>	85,485
Fees in advance (note 23)	<b>537,865</b>	677,778	<b>537,865</b>	677,778
Deposits (note 24)	<b>180,150</b>	177,650	<b>180,150</b>	177,650
Pension liability	<b>15,161</b>	14,720	<b>15,161</b>	14,720
Accruals and other creditors	<b>179,240</b>	85,982	<b>179,240</b>	85,982
	<b>1,195,619</b>	1,438,560	<b>1,195,619</b>	1,438,560

**22. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Pension liability	<b>54,441</b>	68,237	<b>54,441</b>	68,237

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**23. Fees in advance**

Movement of fees in advance:

	<b>2020</b> £	<b>2019</b> £
Balance at 1 September 2019	<b>677,778</b>	<i>688,100</i>
New advance fees received	<b>537,865</b>	<i>677,778</i>
Amounts utilised in payments	<b>(677,778)</b>	<i>(688,100)</i>
<b>Balance as at 31 August 2020</b>	<b>537,865</b>	<i>677,778</i>

**24. Fee deposits**

Movement of fee deposits:

	<b>2020</b> £	<b>2019</b> £
Balance at 1 September 2019	<b>177,650</b>	<i>169,500</i>
New deposits received	<b>34,800</b>	<i>34,800</i>
Deposits utilised	<b>(32,300)</b>	<i>(26,650)</i>
<b>Balance as at 31 August 2020</b>	<b>180,150</b>	<i>177,650</i>

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**25. Statement of funds**

**Statement of funds - current year**

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Extraordinary repair fund	1,174,311	-	-	120,000	-	1,294,311
Loopylugs & Barbara Morrison Trust	25,803	9,000	(25,803)	-	-	9,000
School nursery and four classroom block	2,039,783	-	-	120,000	-	2,159,783
New build fund	725,000	-	-	120,000	-	845,000
Foundation fund	86,567	-	(314,353)	362,239	-	134,453
Old Scholar Donation	1,500	-	(174)	-	-	1,326
	<u>4,052,964</u>	<u>9,000</u>	<u>(340,330)</u>	<u>722,239</u>	<u>-</u>	<u>4,443,873</u>
<b>General funds</b>						
General funds	1,698,352	7,261,286	(6,788,469)	(722,239)	75,928	1,524,858
<b>Total Unrestricted funds</b>	<u>5,751,316</u>	<u>7,270,286</u>	<u>(7,128,799)</u>	<u>-</u>	<u>75,928</u>	<u>5,968,731</u>
<b>Endowment funds</b>						
Permanent endowment	13,270,879	-	(120,520)	-	266,040	13,416,399

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**25. Statement of funds (continued)**

**Statement of funds - current year (continued)**

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Restricted funds</b>						
Diana Willis memorial prize	165	-	-	-	-	165
Limoges Trust	19	2,000	-	-	-	2,019
Chapel fund	1,214	-	-	-	-	1,214
John Avins Trust	875	2,000	-	-	-	2,875
Association of Friends Minibus	1,750	-	(1,750)	-	-	-
Grand piano	2,000	-	(600)	-	-	1,400
Sir John Saville Trust	8,000	4,000	(3,708)	-	-	8,292
Reginal Farrar Fund	506	-	-	-	-	506
Association of Friends BCS	1,714	13,766	(15,480)	-	-	-
King Fund	-	50	-	-	-	50
Hatfield Fund	-	60	-	-	-	60
	<b>16,243</b>	<b>21,876</b>	<b>(21,538)</b>	<b>-</b>	<b>-</b>	<b>16,581</b>
<b>Total of funds</b>	<b>19,038,438</b>	<b>7,292,162</b>	<b>(7,270,857)</b>	<b>-</b>	<b>341,968</b>	<b>19,401,711</b>

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**25. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Extraordinary repair fund	1,054,311	-	-	120,000	-	1,174,311
Loopylugs & Barbara Morrison Trust	18,303	7,500	-	-	-	25,803
School nursery and four classroom block	1,919,783	-	-	120,000	-	2,039,783
New build fund	605,000	-	-	120,000	-	725,000
Foundation fund	40,665	-	(291,568)	337,470	-	86,567
Old Scholar Donation	-	1,500	-	-	-	1,500
	<u>3,638,062</u>	<u>9,000</u>	<u>(291,568)</u>	<u>697,470</u>	<u>-</u>	<u>4,052,964</u>
<b>General funds</b>						
General funds	<u>2,103,276</u>	<u>7,225,085</u>	<u>(6,589,755)</u>	<u>(1,214,991)</u>	<u>174,737</u>	<u>1,698,352</u>
<b>Total Unrestricted funds</b>	<u>5,741,338</u>	<u>7,234,085</u>	<u>(6,881,323)</u>	<u>(517,521)</u>	<u>174,737</u>	<u>5,751,316</u>
<b>Endowment funds</b>						
Permanent endowment	<u>11,855,853</u>	<u>-</u>	<u>(109,824)</u>	<u>517,521</u>	<u>1,007,329</u>	<u>13,270,879</u>

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**25. Statement of funds (continued)**

**Statement of funds - prior year (continued)**

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
<b>Restricted funds</b>						
Diana Willis memorial prize	165	-	-	-	-	165
Limoges Trust	19	-	-	-	-	19
Chapel fund	1,214	-	-	-	-	1,214
John Avins Trust	620	2,000	(1,745)	-	-	875
Association of Friends Minibus	4,750	-	(3,000)	-	-	1,750
Grand piano	2,600	-	(600)	-	-	2,000
Sir John Saville Trust	6,000	2,000	-	-	-	8,000
Reginal Farrar Fund	506	-	-	-	-	506
Association of Friends BCS	-	6,703	(4,989)	-	-	1,714
	<u>15,874</u>	<u>10,703</u>	<u>(10,334)</u>	<u>-</u>	<u>-</u>	<u>16,243</u>
<b>Total of funds</b>	<u><u>17,613,065</u></u>	<u><u>7,244,788</u></u>	<u><u>(7,001,481)</u></u>	<u><u>-</u></u>	<u><u>1,182,066</u></u>	<u><u>19,038,438</u></u>

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**25. Statement of funds - prior year (continued)**

**FUNDS**

**Extraordinary repair fund** - In accordance with the terms of the charity commission the Governors had established a fund by 1 September 2009 to provide for the extraordinary repair, improvement and rebuilding of the school's property. The Governors have made a transfers of £120,000 (2019 - £120,000) this year to the fund to finance repairs.

**Loppylugs and Barbara Morrison Charitable Trust** - This donation is available for use at the Headmaster's discretion taking into account the donors' interests.

**School Nursery and Four-Classroom block** - Fund set aside by the Governors following the charity commission approval of the use of the £2m of the endowment fund for the development works. This is a capital fund and the future depreciation of the assets constructed will be charged to it. The Governors have made a transfers of £120,000 (2019 - £120,000) this year to the fund.

**New Build Fund** - The Governors have agreed to set aside a sum of money annually to reflect the use of endowment funds which were expended on the School Nursery and Four Classroom Block. The Governors have made a transfers of £120,000 (2019 - £120,000) this year to the fund.

**Foundation fund** - Designated - The Governors have agreed to set aside annually a sum equal to not less than 5% of the fee income of the previous financial year. The amount set aside is to be applied in the provision of places at the school for children of merit and good character who are in need of financial assistance. In the current year the amounts set aside totalled £362,239 (2019 - £337,470) and amounts advanced to pupils totalled £313,279 (2019 - £291,568).

**Old Scholar Donation** - Donation in memory of Mr Ernest Jones to be spent as seen fit.

**ENDOWMENT FUNDS**

The Permanent endowment fund has to be held by the Blue Coat School Birmingham (Charity number 1152244-1) indefinitely under the Scheme approved by the Charity Commission on 12 March 1986. There is no power to convert the capital into income.

The transfer relates to additions on endowed property.

**RESTRICTED FUNDS**

**Diana Wills memorial prize** - This prize fund was set up a former teacher to reward a pupil's reading ability. The fund was to be used to provide one book prize a year.

**Limoges Trust** - Grants received to further the development of musical drama within the school.

**Chapel Fund** - Donations provided for the equipping of the School Chapel.

**The John Avins Trust** - Fund provided for equipment and resources for the benefit of gifted children in need of financial support within the school.

**Association of Friends** - Minibus - Funds raised by the parents and friends of The Blue Coat School to provide funds to subsidise the lease of a minibus.

**King Fund** - donation toward the bursaries.

**Hatfield fund** - donation towards bursaries.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**25. Statement of funds - prior year (continued)**

**RESTRICTED FUNDS**

**Grand Piano** - Funds provided by the Birmingham Community Foundation and the Loppylugs and Barbara Morrison Charitable Trust to purchase a grand piano. This is a capital fund and the future depreciation of the asset will be charged to it.

**Sir John Saville Trust** - Funds provided by Mr John Saville towards the continued support of the young people of Birmingham.

**The Reginald Farrar Fund** - Funds provided by Mr Reginald Farrar towards the advancement of the mathematics department.

**Association of Friends** - Funds raised by the parents and friends of The Blue Coat School to provide additional equipment, resources and entertainment for the pupils.

**Summary of funds - current year**

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Designated funds	4,052,964	9,000	(340,330)	722,239	-	4,443,873
General funds	1,698,352	7,261,286	(6,788,469)	(722,239)	75,928	1,524,858
Endowment funds	13,270,879	-	(120,520)	-	266,040	13,416,399
Restricted funds	16,243	21,876	(21,538)	-	-	16,581
	<b>19,038,438</b>	<b>7,292,162</b>	<b>(7,270,857)</b>	<b>-</b>	<b>341,968</b>	<b>19,401,711</b>

**Summary of funds - prior year**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Designated funds	3,638,062	9,000	(291,568)	697,470	-	4,052,964
General funds	2,103,276	7,225,085	(6,589,755)	(1,214,991)	174,737	1,698,352
Endowment funds	11,855,853	-	(109,824)	517,521	1,007,329	13,270,879
Restricted funds	15,874	10,703	(10,334)	-	-	16,243
	<b>17,613,065</b>	<b>7,244,788</b>	<b>(7,001,481)</b>	<b>-</b>	<b>1,182,066</b>	<b>19,038,438</b>



**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**26. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Endowment funds 2020 £</b>	<b>Total funds 2020 £</b>
Tangible fixed assets	3,167,935	1,400	3,271,563	<b>6,440,898</b>
Fixed asset investments	2,463,916	-	8,729,836	<b>11,193,752</b>
Investment property	-	-	1,415,000	<b>1,415,000</b>
Current assets	1,586,940	15,181	-	<b>1,602,121</b>
Creditors due within one year	(1,195,619)	-	-	<b>(1,195,619)</b>
Creditors due in more than one year	(54,441)	-	-	<b>(54,441)</b>
<b>Total</b>	<b>5,968,731</b>	<b>16,581</b>	<b>13,416,399</b>	<b>19,401,711</b>

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Endowment funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	3,361,783	2,000	3,392,083	6,755,866
Fixed asset investments	2,387,352	-	8,463,796	10,851,148
Investment property	-	-	1,415,000	1,415,000
Current assets	1,508,978	14,243	-	1,523,221
Creditors due within one year	(1,438,560)	-	-	(1,438,560)
Creditors due in more than one year	(68,237)	-	-	(68,237)
<b>Total</b>	<b>5,751,316</b>	<b>16,243</b>	<b>13,270,879</b>	<b>19,038,438</b>

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**27. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>
Net income for the period (as per Statement of Financial Activities)	<b>363,909</b>	<i>1,408,548</i>
<b>Adjustments for:</b>		
Depreciation charges	<b>425,791</b>	<i>366,289</i>
Losses on investments	<b>(342,604)</b>	<i>(1,165,241)</i>
Dividends, interests and rents from investments	<b>(439,390)</b>	<i>(439,621)</i>
Decrease in debtors	<b>13,663</b>	<i>40,379</i>
Decrease in creditors	<b>(256,737)</b>	<i>(605,205)</i>
Pension scheme	<b>(636)</b>	<i>16,823</i>
<b>Net cash used in operating activities</b>	<b>(236,004)</b>	<i>(378,028)</i>

**28. Analysis of cash and cash equivalents**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>
Cash in hand	<b>1,426,842</b>	<i>1,334,279</i>
<b>Total cash and cash equivalents</b>	<b>1,426,842</b>	<i>1,334,279</i>

**29. Analysis of changes in net debt**

	<b>At 1 September 2019 £</b>	<b>Cash flows £</b>	<b>At 31 August 2020 £</b>
Cash at bank and in hand	<b>1,334,279</b>	<b>92,563</b>	<b>1,426,842</b>
	<b>1,334,279</b>	<b>92,563</b>	<b>1,426,842</b>

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**30. Pension commitments**

The school's employees belong to two principle pensions schemes; the Teachers' Pension Scheme England and Wales ("the TPS") for academic and related staff which is a defined benefit scheme and a defined contribution scheme with The Pensions Trust for non-teaching staff. In addition, the school contributes to the personal pension plans of certain employees.

**Teachers' Pension Scheme England and Wales ("the TPS")**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £551,900 (2019: £374,076) and at the year-end £65,774 (2019 - £49,497) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

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**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**30. Pension commitments (continued)**

**The Pension Trust**

The school participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupation pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2019 to 31 January 2025	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2016 to 31 January 2025	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 31 January 2028	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**Present value of provision**

	31 August 2020	31 August 2019	31 August 2018
Present value of provision	<u>69,602</u>	<u>82,957</u>	<u>113,493</u>

**Reconciliation of opening and closing provisions**

	2020 £	2019 £
Provision at start of period	82,957	113,493
Unwinding of the discount factor (interest expense)	729	1,781
Deficit contribution paid	(14,720)	(14,999)
Remeasurements - impact of any change in assumptions	636	1,559
Remeasurements - amendments to the contribution schedule	-	(18,877)
<b>Provision at the end of period</b>	<u><b>69,602</b></u>	<u><b>82,957</b></u>

**Income and expenditure impact**

	2020 £	2019 £
Interest expense	729	1,781
Remeasurements - impact of any change in assumptions	636	1,559
Remeasurements - amendments to the contribution schedule	-	(18,877)
Remeasurements - roundings	-	493
<b>Costs recognised in income and expenditure account</b>	<u><b>1,365</b></u>	<u><b>(15,044)</b></u>

**Assumptions**

	31 August 2020 % per annum	31 August 2019 % per annum	31 August 2018 % per annum
-			
Rate of discount	<u>1</u>	<u>1</u>	<u>2</u>

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The pension charge for the year includes contributions payable to The Pension Trust scheme of £92,702 (2019 - £85,374) and at the year-end £Nil (2019 - £13,492) was accrued in respect of contributions to this scheme.

**31. Operating leases**

At 31 August 2020 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Not later than 1 year	<b>25,651</b>	26,701	<b>25,651</b>	19,698
Later than 1 year and not later than 5 years	<b>53,522</b>	28,451	<b>53,522</b>	16,556
	<b>79,173</b>	55,152	<b>79,173</b>	36,254

The following lease payments have been recognised as an expense in the Statement of financial activities:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Operating lease rentals	<b>25,944</b>	31,701	<b>18,941</b>	24,699

At 31 August 2020 the total of the group's future minimum lease income receivable under non-cancellable operating leases was:

	<b>2020 £</b>	<i>2019 £</i>
Within 1 year	<b>63,000</b>	63,000
Between 1 and 5 years	<b>87,025</b>	117,525
Greater than 5 years	<b>85,483</b>	90,083
	<b>235,508</b>	270,608

Rental income recognised during the year can be seen in note 8.

**THE BLUE COAT SCHOOL BIRMINGHAM LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**32. Security**

Included within cash at bank are amounts of £180,896 (2019 - £180,000) held as a guarantee to the Secretary of State to cover all liabilities arising out of The Blue Coat School Birmingham Limited's application to be an accepted school under regulation 134(1)(b) of the Teachers' Pensions Regulations 2010.

**33. Financial instruments**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
<b>Financial assets</b>				
Financial assets measured at fair value through income and expenditure	<b>11,193,752</b>	<i>10,851,148</i>	<b>11,193,852</b>	<i>10,851,248</i>

Financial assets measured at fair value through income and expenditure comprise investments.

The Groups income, expense, gains and losses in respect of financial instruments are summarised below:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Total investment income for financial assets measured at fair value through income and expenditure	<b>439,390</b>	<i>439,621</i>	<b>439,390</b>	<i>439,621</i>
Net gains/(losses) on financial assets measured at fair value through income and expenditure	<b>342,604</b>	<i>1,165,241</i>	<b>341,604</b>	<i>1,165,241</i>
Impairment losses on financial assets measured at amortised cost	<b>1,629</b>	<i>441</i>	<b>1,629</b>	<i>441</i>

**34. Related party transactions**

There were no other related party transactions other than those disclosed in notes 14, 15 and 19.