

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

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

Governors	Mr B H Singleton LLB, Chairman ¹ Mrs E J Cook BA (Hons) ¹ Mr M H Dyke BA, Vice Chairman ¹ Mrs K Gilmore DPSN RGN HV ^{1,2} Mr W G S Hordern MBE MA Dip Th JP Rev M Kitto BEd (hons) FNSEAD Mrs A K Poole BA ¹ Mr S M Raine FCA BSocSci ¹ Miss J Ward (formerly Wheeler) BA NPQH (resigned 23 June 2021) The Very Revd M Thompson, the Dean of Birmingham, MA MPhil The Revd Dr N Tucker, Vicar of Edgbaston, BSc Mth Phd Revd J Allcock BA, Vicar of Martins in the Bull Ring Mr S Page ACA ¹ Mr M J Cotter (resigned 17 September 2020) Mr A J Roddick FRICS ¹ Dr P Narendran BSc MBBS MRCS Phd FRCP (appointed 25 November 2020) Her Honour F M Kirkham CBE, BA AKC CAb FCI Arb (appointed 24 March 2021) ¹ Finance & Estates Committee (together with the Headmaster, Bursar and Finance Manager) ² Governors' Representative to The Friends of The Blue Coat School and Designated Safeguarding Governor and Governor for SEND
Company registered number	08502615
Charity registered number	1152244
Registered office	Somerset Road Edgbaston Birmingham B17 0HR
Senior management team	Mr N G Neeson BEd NPQH, Headmaster Mr R J Newman, Head of Prep Mrs E H Andrews, Head Pre-Prep & Second Master/Lead DSL Mrs H R West, Deputy Head Academic Mr G W Morgan, Bursar & Clerk to the Governors
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

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(CONTINUED)
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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 2021

The Governors present their annual report together with the audited financial statements of the Group and the School for the year ended 31 August 2021. 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 £117.00 were paid to four Governors during the year.

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FOR THE YEAR ENDED 31 AUGUST 2021

Key management personnel

The Governors consider that 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 Bursar 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 and Bursar attend all Governors meetings and other senior staff are invited to attend Governors' meetings as appropriate.

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. At present this is now a dormant company owing to the cessation of the lettings of the facilities due to the Covid-19 pandemic.

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:

Foundation places

Each year Governors allocate a sum of money equal to 5% of the previous years net income to fund Foundation places. These places are advertised in numerous publications in the Birmingham area as well as being advertised on line in various digital applications.

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 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

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- 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.

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 3 -11 years in two departments: 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.
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;

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- 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;
- Develop methods for awarding bursaries/ scholarships to ensure wider access to pupils from all backgrounds.

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 2020-2021 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.

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 2020-21 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

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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 2020-21 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

Independent Schools Inspectorate (ISI) Inspection May 2020

ISI conducted a Regulatory Compliance Inspection of the School in May 2020. The School was found to be fully compliant and no further actions were required.

An Educational Quality Inspection (EQI) of the School in May 2017. 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 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 two departments: Pre-Prep (3-7 years old); and Prep (7-11 years old). At the year-end the total pupil number was 621.

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 £477,165 (2020-surplus of £21,305). The principal source of funds remains school fees of £7,155,015 (2020-£6,208,722) which represented 90.9% (2019/20- 85.1%) of the total income of £7,865,285 (2020- £7,292,162).

Unrealised gains on our investments amounted to £1,951,229 (2020-£342,604) before movements on the defined benefit pension scheme.

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

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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 balanced risk profile.

The average income return on the portfolio was 2.52% 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.

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 including areas 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 senior 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 will be 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 being finalised, but projects, plans and the associated funding are at the forefront of the Governors' thoughts.

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FOR THE YEAR ENDED 31 AUGUST 2021

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. For our non-teaching and support staff we offer a money purchase plan (defined contribution scheme).

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 £21,830,179 included £2,120,052 unrestricted general reserves and £4,880,932 designated funds plus a permanent endowment of £14,811,051.

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.

Restricted funds of £18,144 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 £6,176,039.

CHARITY GOVERNANCE CODE

The Governors are aware of the new charity governance code issued in July 2017. Reviews continue to 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);

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- 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.

AUDITORS

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

Approved by order of the members of the board of Governors and signed on their behalf by:

Mr B H Singleton LLB

Date:

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

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Governors are responsible for the other information contained within the Annual report. 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. 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 course of the audit, or

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

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, General Data Protection Regulation (GDPR), Health and safety legislation, and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of donation and ancillary income, procurement processes for significant capital projects and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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

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

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:

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 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income and endowments from:						
Donations and legacies	4	5,500	18,560	-	24,060	31,596
Charitable activities:						
School fees		7,155,015	-	-	7,155,015	6,208,722
Ancillary trading income		243,185	-	-	243,185	275,559
Trading activities	7	-	-	-	-	90,602
Investments	8	443,025	-	-	443,025	439,390
Other income	9	-	-	-	-	246,293
Total income and endowments		7,846,725	18,560	-	7,865,285	7,292,162
Expenditure on:						
Raising funds:						
Financing costs	10	(1,501)	-	-	(1,501)	4,969
Trading activities	11	-	-	-	-	84,058
Charitable activities:						
Education and grant making	12	7,252,101	16,997	120,523	7,389,621	7,181,830
Total expenditure		7,250,600	16,997	120,523	7,388,120	7,270,857
Net income before investment gains		596,125	1,563	(120,523)	477,165	21,305
Net gains on investments		436,054	-	1,515,175	1,951,229	342,604
Net movement in funds before other recognised gains/(losses)		1,032,179	1,563	1,394,652	2,428,394	363,909
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	29	74	-	-	74	(636)
Net movement in funds		1,032,253	1,563	1,394,652	2,428,468	363,273

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT) (CONTINUED)**
FOR THE YEAR ENDED 31 AUGUST 2021

Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Reconciliation of funds:					
Total funds brought forward	5,968,731	16,581	13,416,399	19,401,711	19,038,438
Net movement in funds	1,032,253	1,563	1,394,652	2,428,468	363,273
Total funds carried forward	<u><u>7,000,984</u></u>	<u><u>18,144</u></u>	<u><u>14,811,051</u></u>	<u><u>21,830,179</u></u>	<u><u>19,401,711</u></u>

The notes on pages 22 to 54 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	16	6,176,039	6,440,898
Investments	18	13,644,981	11,193,752
Investment property	17	1,415,000	1,415,000
		<u>21,236,020</u>	<u>19,049,650</u>
Current assets			
Debtors	19	220,814	175,279
Cash at bank and in hand		1,767,529	1,426,842
		<u>1,988,343</u>	<u>1,602,121</u>
Creditors: amounts falling due within one year	20	(1,355,095)	(1,195,619)
Net current assets		<u>633,248</u>	<u>406,502</u>
Total assets less current liabilities		<u>21,869,268</u>	<u>19,456,152</u>
Creditors: amounts falling due after more than one year	21	(39,089)	(54,441)
Total net assets		<u><u>21,830,179</u></u>	<u><u>19,401,711</u></u>
Charity funds			
Endowment funds	24	14,811,051	13,416,399
Restricted funds	24	18,144	16,581
Unrestricted funds	24	7,000,984	5,968,731
Total funds		<u><u>21,830,179</u></u>	<u><u>19,401,711</u></u>

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

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

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:

The notes on pages 22 to 54 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	16	6,176,039	6,440,898
Investments	18	13,645,081	11,193,852
Investment property	17	1,415,000	1,415,000
		<u>21,236,120</u>	<u>19,049,750</u>
Current assets			
Debtors	19	220,814	180,739
Cash at bank and in hand		1,767,429	1,421,282
		<u>1,988,243</u>	<u>1,602,021</u>
Creditors: amounts falling due within one year	20	(1,355,095)	(1,195,619)
Net current assets		<u>633,148</u>	<u>406,402</u>
Total assets less current liabilities		<u>21,869,268</u>	<u>19,456,152</u>
Creditors: amounts falling due after more than one year	21	(39,089)	(54,441)
Total net assets		<u><u>21,830,179</u></u>	<u><u>19,401,711</u></u>
Charity funds			
Endowment funds	24	14,811,051	13,416,399
Restricted funds	24	18,144	16,581
Unrestricted funds	24	7,000,984	5,968,731
Total funds		<u><u>21,830,179</u></u>	<u><u>19,401,711</u></u>

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

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The Company's net movement in funds for the year was £2,428,468 (2020 - £363,273).

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:

The notes on pages 22 to 54 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 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	26	531,380	(236,004)
Cash flows from investing activities			
Dividends, interests and rents from investments		443,025	439,390
Purchase of tangible fixed assets		(133,718)	(110,823)
Purchase of investments		(500,000)	-
Net cash (used in)/provided by investing activities		(190,693)	328,567
Change in cash and cash equivalents in the year		340,687	92,563
Cash and cash equivalents at the beginning of the year		1,426,842	1,334,279
Cash and cash equivalents at the end of the year	27	1,767,529	1,426,842

The notes on pages 22 to 54 form part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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.

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.6 Government grants

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

2. Accounting policies (continued)

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

2. Accounting policies (continued)

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.

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 statements, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

4. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	5,500	18,560	24,060	31,596
Total 2021	<u>5,500</u>	<u>18,560</u>	<u>24,060</u>	<u>31,596</u>
<i>Total 2020</i>	<u>9,720</u>	<u>21,876</u>	<u>31,596</u>	

5. Charitable activities - School fees

	2021 £	2020 £
Gross tuition fees	7,642,538	6,736,426
Less: Awards, scholarships and bursaries from unrestricted funds	(342,709)	(387,805)
Less: Fee discounts	(144,814)	(139,899)
	<u>7,155,015</u>	<u>6,208,722</u>

Awards, scholarships and bursaries were paid to 48 pupils (2020 - 59 pupils). Within this means tested bursaries totalling £265,451 were paid to 26 pupils (2020 - £313,279 to 32 pupils).

The total income from school fees 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 2021**

6. Charitable activities - Other ancillary trading income

	2021 £	<i>2020</i> £
Extra-curricular activities	191,365	136,695
Registration fees	11,700	8,500
Fees in lieu of notice	-	7,722
SEN income	287	9,125
Holiday clubs	688	2,179
School trips	488	18,043
Other income	38,657	93,295
	243,185	275,559

The total ancillary trading income is unrestricted in both years.

7. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
BCS Enterprises Limited	-	-	90,602
Total 2021	-	-	90,602
<i>Total 2020</i>	<i>90,602</i>	<i>90,602</i>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

8. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Rental income	93,497	93,497	104,658
Dividend income	349,528	349,528	329,300
Deposit account interest	-	-	5,432
Total 2021	<u>443,025</u>	<u>443,025</u>	<u>439,390</u>
<i>Total 2020</i>	<u>439,390</u>	<u>439,390</u>	

9. Other incoming resources

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Government grant	-	-	246,293
Total 2021	<u>-</u>	<u>-</u>	<u>246,293</u>
<i>Total 2020</i>	<u>246,293</u>	<u>246,293</u>	

The government grant received 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 2021**

10. Expenditure on raising funds - Financing costs

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Bad debt (income)/costs	(3,570)	(3,570)	1,629
Property management fees	2,069	2,069	3,340
Total 2021	<u>(1,501)</u>	<u>(1,501)</u>	<u>4,969</u>
<i>Total 2020</i>	<u>4,969</u>	<u>4,969</u>	

11. Expenditure on raising funds - Trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	-	-	73,598
Other costs	-	-	10,460
Total 2021	<u>-</u>	<u>-</u>	<u>84,058</u>
<i>Total 2020</i>	<u>84,058</u>	<u>84,058</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Teaching	4,141,072	4,997	120,523	4,266,592	4,441,078
Catering	491,541	-	-	491,541	395,446
Premises	1,621,796	12,000	-	1,633,796	1,328,059
Support and governance	997,692	-	-	997,692	1,017,247
Total 2021	<u>7,252,101</u>	<u>16,997</u>	<u>120,523</u>	<u>7,389,621</u>	<u>7,181,830</u>
<i>Total 2020</i>	<u>7,039,772</u>	<u>21,538</u>	<u>120,520</u>	<u>7,181,830</u>	

Summary by expenditure type

	Staff costs 2021 £	Depreciation 2021 £	Other costs 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Teaching	3,778,281	216,521	271,790	4,266,592	4,441,078
Catering	-	-	491,541	491,541	395,446
Premises	345,823	140,436	1,147,537	1,633,796	1,328,059
Support and governance	582,981	37,875	376,836	997,692	1,017,247
Total 2021	<u>4,707,085</u>	<u>394,832</u>	<u>2,287,704</u>	<u>7,389,621</u>	<u>7,181,830</u>
<i>Total 2020</i>	<u>4,875,869</u>	<u>425,791</u>	<u>1,880,170</u>	<u>7,181,830</u>	

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13. Auditor's remuneration

	2021 £	<i>2020</i> £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	17,000	<i>14,000</i>
Fees payable to the Company's auditor in respect of: Accountancy services	3,325	<i>2,900</i>
	=====	<i>=====</i>

14. Staff costs

	Group 2021 £	<i>Group 2020</i> £
Wages and salaries	3,709,146	<i>3,940,659</i>
Social security costs	356,398	<i>358,349</i>
Contribution to defined contribution pension schemes	641,541	<i>650,459</i>
	=====	<i>=====</i>
	4,707,085	<i>4,949,467</i>
	=====	<i>=====</i>

During the year there were redundancy or termination payments made which amounted to £12,367 (2020 - £Nil). There was £Nil (2020 - £Nil) outstanding at the year end.

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

	Group 2021 No.	<i>Group 2020</i> No.
Teaching staff	71	<i>73</i>
Administrative/support staff	51	<i>70</i>
	=====	<i>=====</i>
	122	<i>143</i>
	=====	<i>=====</i>

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14. Staff costs (continued)

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

	Group 2021 No.	<i>Group 2020 No.</i>
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1
In the band £160,001 - £170,000	1	-
In the band £170,001 - £180,000	-	1

The total amount of employee benefits received by key management personnel is £788,639 to 8 staff members (2020 - £848,170, to 9 staff members).

15. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, expenses totalling £753 were reimbursed or paid directly to 4 Governors (2020 - £869 to 4 Governors). Expenses related to courses, accommodation and travel expenses.

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16. Tangible fixed assets

Group and Company

	Freehold school premises £	Fixtures and equipment £	Computer equipment £	School minibus £	Total £
Cost or valuation					
At 1 September 2020	8,856,668	173,031	768,531	30,821	9,829,051
Additions	-	11,026	88,014	34,678	133,718
Disposals	(10,000)	-	(128,644)	-	(138,644)
At 31 August 2021	8,846,668	184,057	727,901	65,499	9,824,125
Depreciation					
At 1 September 2020	2,653,109	141,560	581,155	12,329	3,388,153
Charge for the year	249,166	14,227	124,697	6,742	394,832
On disposals	(6,327)	-	(128,572)	-	(134,899)
At 31 August 2021	2,895,948	155,787	577,280	19,071	3,648,086
Net book value					
At 31 August 2021	5,950,720	28,270	150,621	46,428	6,176,039
At 31 August 2020	6,203,559	31,471	187,376	18,492	6,440,898

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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17. Investment property

Group

**Freehold
investment
property
£**

Valuation

At 1 September 2020

1,415,000

At 31 August 2021

1,415,000

Company

**Freehold
investment
property
£**

Valuation

At 1 September 2020

1,415,000

At 31 August 2021

1,415,000

Comprising:

	2021 £	2020 £
416 Birmingham Road, Wylde Green	435,000	435,000
Properties acquired by gift	130,000	130,000
256 Harbourne Road, Edgbaston	850,000	850,000
	1,415,000	1,415,000

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Fixed asset investments

Group	Investments and deposits £		
Cost or valuation			
At 1 September 2020			11,193,752
Additions			500,000
Revaluations			1,951,229
At 31 August 2021			<u>13,644,981</u>
Net book value			
At 31 August 2021			<u>13,644,981</u>
At 31 August 2020			<u>11,193,752</u>
Company	Investment in subsidiary company £	Investments and deposits £	Total £
Cost or valuation			
At 1 September 2020	100	11,193,752	11,193,852
Additions	-	500,000	500,000
Revaluations	-	1,951,229	1,951,229
At 31 August 2021	<u>100</u>	<u>13,644,981</u>	<u>13,645,081</u>
Net book value			
At 31 August 2021	<u>100</u>	<u>13,644,981</u>	<u>13,645,081</u>
At 31 August 2020	<u>100</u>	<u>11,193,752</u>	<u>11,193,852</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

18. Fixed asset investments (continued)

Investments and deposits comprise:

	2021 £	2020 £
Charities Official Investment Fund - Income shares	13,644,981	11,193,752
	13,644,981	11,193,752

The following was a subsidiary undertaking of the Company:

Name	Company number	Registered office or principal place of business	Principal activity	Class of shares	Holding
BCS Enterprises Limited	09109064	The Blue Coat School Birmingham Somerset Road Edgbaston Birmingham B17 0HR.	Dormant in current year	Ordinary	100%

The financial results of the subsidiary for the year were:

Name	Net assets £
BCS Enterprises Limited	100

At the year end BCS Enterprises Limited owed The Blue Coat School £Nil (2020 - £5,460).

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	86,781	15,518	86,781	15,518
Amounts owed by group undertakings	-	-	-	5,460
Other debtors and accrued income	57,218	91,644	57,218	91,644
Prepayments	76,815	68,117	76,815	68,117
	220,814	175,279	220,814	180,739

An impairment loss of £7,791 (2020 - £11,511) was recognised against fee debtors.

20. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	207,300	187,228	207,300	187,228
Other taxation and social security	81,520	95,975	81,520	95,975
Fees in advance (note 22)	668,233	537,865	668,233	537,865
Deposits (note 23)	185,400	180,150	185,400	180,150
Pension liability	15,616	15,161	15,616	15,161
Accruals and other creditors	197,026	179,240	197,026	179,240
	1,355,095	1,195,619	1,355,095	1,195,619

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Pension liability	39,089	54,441	39,089	54,441

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22. Fees in advance

Movement of fees in advance:

	2021 £	2020 £
Balance at 1 September 2020	537,865	677,778
New advance fees received	668,233	537,865
Amounts utilised in payments	(537,865)	(677,778)
Balance as at 31 August 2021	668,233	537,865

23. Fee deposits

Movement of fee deposits:

	2021 £	2020 £
Balance at 1 September 2019	180,150	177,650
New deposits received	33,300	34,800
Deposits utilised	(28,050)	(32,300)
Balance as at 31 August 2020	185,400	180,150

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Statement of funds

Statement of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Designated funds						
Extraordinary repair fund	1,294,311	-	-	120,000	-	1,414,311
Loopylugs & Barbara Morrison Trust	9,000	5,500	(14,500)	-	-	-
School nursery and four classroom block	2,159,783	-	-	120,000	-	2,279,783
New build fund	845,000	-	-	120,000	-	965,000
Foundation fund	134,453	-	(266,234)	352,293	-	220,512
Old Scholar Donation	1,326	-	-	-	-	1,326
	<u>4,443,873</u>	<u>5,500</u>	<u>(280,734)</u>	<u>712,293</u>	<u>-</u>	<u>4,880,932</u>
General funds						
General Funds - all funds	1,524,858	7,841,225	(6,969,866)	(712,293)	436,128	2,120,052
Total Unrestricted funds	<u>5,968,731</u>	<u>7,846,725</u>	<u>(7,250,600)</u>	<u>-</u>	<u>436,128</u>	<u>7,000,984</u>
Endowment funds						
Endowment Funds - all funds	13,416,399	-	(120,523)	-	1,515,175	14,811,051

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Statement of funds (continued)

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Restricted funds						
Diana Willis memorial prize	165	-	-	-	-	165
Limoges Trust	2,019	5,000	-	-	-	7,019
Chapel fund	1,214	-	-	-	-	1,214
John Avins Trust	2,875	2,000	(3,936)	-	-	939
Grand piano	1,400	-	(600)	-	-	800
Sir John Saville Trust	8,292	10,000	(11,400)	-	-	6,892
Reginal Farrar Fund	506	-	-	-	-	506
Association of Friends BCS	-	1,120	(1,031)	-	-	89
King Fund	50	50	-	-	-	100
Hatfield Fund	60	240	-	-	-	300
Chris Byrne Memorial Prize Fund	-	150	(30)	-	-	120
	16,581	18,560	(16,997)	-	-	18,144
Total of funds	19,401,711	7,865,285	(7,388,120)	-	1,951,303	21,830,179

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Unrestricted funds						
Designated funds						
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>
General funds						
General funds	1,698,352	7,261,286	(6,788,469)	(722,239)	75,928	1,524,858
Total Unrestricted funds	<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>
Endowment funds						
Permanent endowment	13,270,879	-	(120,520)	-	266,040	13,416,399

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24. Statement of funds (continued)

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Restricted funds						
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
	<u>16,243</u>	<u>21,876</u>	<u>(21,538)</u>	<u>-</u>	<u>-</u>	<u>16,581</u>
Total of funds	<u>19,038,438</u>	<u>7,292,162</u>	<u>(7,270,857)</u>	<u>-</u>	<u>341,968</u>	<u>19,401,711</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. 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 (2020 - £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 (2020 - £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 (2020 - £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 £352,293 (2020 - £362,239) and amounts advanced to pupils totalled £265,451 (2020 - £313,279).

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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Statement of funds - prior year (continued)

RESTRICTED FUNDS

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.

King Fund - Donation toward the bursaries.

Hatfield fund - Donation towards bursaries.

Chris Byrne Memorial Prize Fund - To fund a book prize at annual prize giving.

Summary of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Designated funds	4,443,873	5,500	(280,734)	712,293	-	4,880,932
General funds	1,524,858	7,841,225	(6,969,866)	(712,293)	436,128	2,120,052
Endowment funds	13,416,399	-	(120,523)	-	1,515,175	14,811,051
Restricted funds	16,581	18,560	(16,997)	-	-	18,144
	<u>19,401,711</u>	<u>7,865,285</u>	<u>(7,388,120)</u>	<u>-</u>	<u>1,951,303</u>	<u>21,830,179</u>

Summary of funds - prior 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
	<u>19,038,438</u>	<u>7,292,162</u>	<u>(7,270,857)</u>	<u>-</u>	<u>341,968</u>	<u>19,401,711</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Tangible fixed assets	3,024,199	800	3,151,040	6,176,039
Fixed asset investments	3,399,970	-	10,245,011	13,644,981
Investment property	-	-	1,415,000	1,415,000
Current assets	1,970,999	17,344	-	1,988,343
Creditors due within one year	(1,355,095)	-	-	(1,355,095)
Creditors due in more than one year	(39,089)	-	-	(39,089)
Total	7,000,984	18,144	14,811,051	21,830,179

Analysis of net assets between funds - prior year

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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

	Group 2021 £	<i>Group 2020 £</i>
Net income for the year (as per Statement of Financial Activities)	2,428,394	363,909
Adjustments for:		
Depreciation charges	394,832	425,791
Surplus on investments	(1,951,229)	(342,604)
Dividends, interests and rents from investments	(443,025)	(439,390)
Loss on the sale of fixed assets	3,745	-
Decrease/(increase) in debtors	(45,535)	13,663
Increase/(decrease) in creditors	144,124	(256,737)
Pension scheme	74	(636)
Net cash provided by/(used in) operating activities	531,380	(236,004)

27. Analysis of cash and cash equivalents

	Group 2021 £	<i>Group 2020 £</i>
Cash in hand	1,767,529	1,426,842
Total cash and cash equivalents	1,767,529	1,426,842

28. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	1,426,842	340,687	1,767,529
	1,426,842	340,687	1,767,529

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NOTES TO THE FINANCIAL STATEMENTS
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29. 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 £553,440 (2020: £551,900) and at the year-end £63,157 (2020 - £65,774) 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. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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 a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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.

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29. Pension commitments (continued)

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.

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.

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29. Pension commitments (continued)

Present value of provision

	31 August 2021	31 August 2020	31 August 2019
Present value of provision	<u>54,705</u>	<u>69,602</u>	<u>82,957</u>

Reconciliation of opening and closing provisions

	2021 £	2020 £
Provision at start of period	69,602	82,957
Unwinding of the discount factor (interest expense)	338	729
Deficit contribution paid	(15,161)	(14,720)
Remeasurements - impact of any change in assumptions	(74)	636
Provision at the end of period	<u>54,705</u>	<u>69,602</u>

Income and expenditure impact

	2021 £	2020 £
Interest expense	338	729
Remeasurements - impact of any change in assumptions	(74)	636
Costs recognised in income and expenditure account	<u>264</u>	<u>1,365</u>

Assumptions

	31 August 2021 % per annum	31 August 2020 % per annum	31 August 2019 % per annum
-			
Rate of discount	<u>0.63</u>	<u>0.55</u>	<u>0.97</u>

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29. Pension commitments (continued)

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 £82,921 (2020 - £92,702) and at the year-end £13,038 (2020 - £Nil) was accrued in respect of contributions to this scheme.

30. Operating leases

At 31 August 2021 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Not later than 1 year	23,354	25,651	23,354	25,651
Later than 1 year and not later than 5 years	37,186	53,522	37,186	53,522
	60,540	79,173	60,540	79,173

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

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Operating lease rentals	25,104	25,944	25,104	18,941

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

	2021 £	<i>2020 £</i>
Within 1 year	63,000	63,000
Between 1 and 5 years	56,525	87,025
Greater than 5 years	67,083	85,483
	186,608	235,508

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

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31. Security

Included within cash at bank are amounts of £180,914 (2020 - £180,896) 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.

32. Financial instruments

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Financial assets				
Financial assets measured at fair value through income and expenditure	13,666,844	<i>11,193,752</i>	13,666,944	<i>11,193,852</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:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Total investment income for financial assets measured at fair value through income and expenditure	443,025	<i>439,390</i>	443,025	<i>439,390</i>
Net gains/(losses) on financial assets measured at fair value through income and expenditure	1,973,092	<i>342,604</i>	1,973,092	<i>341,604</i>
Impairment losses on financial assets measured at amortised cost	(3,570)	<i>1,629</i>	(3,570)	<i>1,629</i>

33. Related party transactions

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