

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

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 2022**

Governors	Mrs K Gilmore DPSN RGN HV, Chair from 26 January 2022 ^{1,3} Mr B H Singleton LLB, Chair until 26 January 2022 ^{1,2} Mrs E Cook BA (Hons) (resigned 22 June 2022) Mr M H Dyke BA, Vice Chair ¹ Her Honour F M Kirkham CBE, BA AKC CAb FCI Arb (resigned 22 June 2022) Mr W G S Hordern MBE MA DipTh JP Reb M Kitto BEd (Hons) MEd PGDip Hon Fellow NSEAD Mrs E Lawson-Bennett LLB MSc (appointed 6 June 2022) Mr A Milner BSC (Hons) Chartered Fellow CISI (appointed 25 April 2022) ¹ Prof P Narendran MBBS PhD MRCS FRCP Mr S Page ACA ¹ Mrs A K Poole BA ^{1,4} Mr S M Raine FCA BSocSci ¹ Mr A J Roddick FRICS ¹ Revd J Allcock BA, Rector of Martin in the Bullrings The Very Revd M Thompson MA MPhil, Dean of Birmingham ⁵ The Revd Dr N Tucker BSc MTh PhD, Vicar of Edgbaston (resigned 22 June 2022) ⁵ ¹ Finance & Estates Committee (together with the Headmaster, Bursar and Finance Manager) ² Governors' Representative to The Friends of The Blue Coat School ³ Designated Safeguarding Governor ⁴ Governor for SEND ⁵ Ex Officio
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 BA PGCE, Second Master and Head of Prep Mrs H R West BA PGCE NPHQ, Head Pre-Prep Mr G W Morgan, Bursar & Clerk to the Governors Mrs A Franklin BA, Director of Marketing & Admissions
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS GOVERNORS AND ADVISERS
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FOR THE YEAR ENDED 31 AUGUST 2022

Bankers	Barclays Bank Plc 15 Colmore Row Birmingham B3 2BH
Solicitors	Veale Wasbrough Vizards 3 Brindley Place Brindley Drive Birmingham B1 2JB
Investment managers	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET

THE BLUE COAT SCHOOL BIRMINGHAM LIMITED
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Governors present their annual report together with the audited financial statements of the Group and the School for the year ended 31 August 2022. 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 five sub-committees: Finance & Estates; Awards; Safeguarding and Health & Safety; Teaching, Learning & Curriculum; Governance & HR. The minutes of these sub-committee meetings are reviewed at full Board meetings. The Bursar, in his 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 having identified gaps in expertise. Potential new Co-optative Governors have an initial meeting with the Chair of Governors and then attend a meeting with the Chairs of key subcommittees all of whom sit on the Governance and HR subcommittee. 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

All new governors are allocated a mentor, undertake an induction programme and are given access to the Governors Portal which contains key documents and copies of previous sub-committee and committee minutes. 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. Expenses of £1,024 were paid to three Governors during the year.

Key management personnel

The Governors consider that the Head, the Bursar, the Head of Prep, Deputy Heads and the Director of Marketing & Admissions (Senior Leadership Team) comprise the Key Management Personnel (see note 11 to the accounts). The Governors give of their time freely and the pay and remuneration of the Head and Bursar is set by the Remuneration Committee and is kept under annual review. A number of criteria are used in setting pay:

- Nature of the role and responsibilities

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

- 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.

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 year's 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 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 festival
- Use of the School Chapel for musical events
- Use of the school facilities and staff to provide outreach opportunities to local schools.

Community access

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

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GOVERNORS' REPORT (CONTINUED)
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OUR AIMS

The object of the School is the provision and conduct, in or near the City of Birmingham, of a day school for boys and girls. Within this object, the School has various permanent endowments and restricted Trust Funds held for special purposes in connection with the development of the School's facilities and for Foundations, scholarships, bursaries, prizes and other educational purposes. The School provides education to boys and girls from the ages of 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;
- 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.

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OUR ETHOS

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

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

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

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

SIGNIFICANT ACTIVITIES

Academic achievements

The 2021-2022 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.

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.

SOCIAL INVESTMENT

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

Bursaries

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

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In 2021-2022 the School provided assistance to 24 of our pupils of which 5 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 2021

ISI conducted a Regulatory Compliance Inspection of the School in May 2021. 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 623.

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 losses and other recognised gain of £321,353 (2021-surplus of £477,165). The principal source of funds remains school fees of £7,456,370 (2021 - £7,155,015) which represented 87.2% (2021 - 90.9%) of the total income of £8,550,356 (2021 - £7,865,285).

Unrealised losses on our investments amounted to £612,236 (2021 - gain of £1,951,229) 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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FOR THE YEAR ENDED 31 AUGUST 2022

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 2.9% compared to 2.52% 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 SH&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.

SUSTAINABILITY

In line with our 5 year aims as detailed in our Strategic Framework document the school has undertaken to:

- Reduce our carbon footprint and move towards lower overall emissions
- Ensure all future estate projects adhere to our sustainable strategic aims
- Educate and empower pupils to take positive action on sustainability initiatives.
- Instil a whole school approach to the core principles of sustainability: Refuse, Reduce, Reuse, Repurpose and Recycle.

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GOVERNORS' REPORT (CONTINUED)
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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 £21,539,774 included £1,699,510 of unrestricted general reserves and £4,333,097 designated funds plus a permanent endowment of £15,502,144.

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 £5,023 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 £6,823,585.

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.

GOVERNORS' RESPONSIBILITIES STATEMENT

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

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GOVERNORS' REPORT (CONTINUED)
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- in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
 - state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operation.

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable Group's auditor is aware of that information.

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:

.....
Mrs K Gilmore DPSN RGN HV
Chair of Governors

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 'charitable company') for the year ended 31 August 2022 which comprise the Statement of financial activities, the Balance sheet, the 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 charitable company's affairs as at 31 August 2022 and of its 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 charitable company 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 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 otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

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

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:

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

Responsibilities of 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 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 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.

Kerry Brown (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)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income and endowments from:						
Donations and legacies	4	8,000	38,687	-	46,687	24,060
Charitable activities:						
School fees	5	7,456,370	-	-	7,456,370	7,155,015
Ancillary trading income	6	567,139	-	-	567,139	243,185
Investments	7	480,896	-	-	480,896	443,025
Total income and endowments		8,512,405	38,687	-	8,551,092	7,865,285
Expenditure on:						
Raising funds:	8					
Financing costs		923	-	-	923	(1,501)
Charitable activities:	9					
Education and grant making		8,056,818	51,808	120,190	8,228,816	7,389,621
Total expenditure		8,057,741	51,808	120,190	8,229,739	7,388,120
Net income/(expenditure) before net (losses)/gains on investments		454,664	(13,121)	(120,190)	321,353	477,165
Net (losses)/gains on investments		(652,063)	-	39,827	(612,236)	1,951,229
Net (expenditure)/income		(197,399)	(13,121)	(80,363)	(290,883)	2,428,394
Transfers between funds	21	(771,456)	-	771,456	-	-
Net movement in funds before other recognised gains		(968,855)	(13,121)	691,093	(290,883)	2,428,394
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	26	478	-	-	478	74
Net movement in funds		(968,377)	(13,121)	691,093	(290,405)	2,428,468

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

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Reconciliation of funds:					
Total funds brought forward	7,000,984	18,144	14,811,051	21,830,179	19,401,711
Net movement in funds	(968,377)	(13,121)	691,093	(290,405)	2,428,468
Total funds carried forward	<u>6,032,607</u>	<u>5,023</u>	<u>15,502,144</u>	<u>21,539,774</u>	<u>21,830,179</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 48 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	6,823,585	6,176,039
Investments	15	13,532,846	13,645,081
Investment property	14	1,415,000	1,415,000
		<u>21,771,431</u>	<u>21,236,120</u>
Current assets			
Debtors	16	327,274	220,814
Cash at bank and in hand		1,368,489	1,767,429
		<u>1,695,763</u>	<u>1,988,243</u>
Creditors: amounts falling due within one year	17	(1,921,300)	(1,355,095)
Net current (liabilities) / assets		<u>(225,537)</u>	<u>633,148</u>
Total assets less current liabilities		<u>21,545,894</u>	<u>21,869,268</u>
Creditors: amounts falling due after more than one year	18	(6,120)	(39,089)
Total net assets		<u><u>21,539,774</u></u>	<u><u>21,830,179</u></u>
Charity funds			
Endowment funds	21	15,502,144	14,811,051
Restricted funds	21	5,023	18,144
Unrestricted funds	21	6,032,607	7,000,984
Total funds		<u><u>21,539,774</u></u>	<u><u>21,830,179</u></u>

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:

Mrs K Gilmore DPSN RGN HV

Date:

The notes on pages 19 to 48 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	23	617,255	536,840
Cash flows from investing activities			
Dividends, interests and rents from investments		480,896	443,025
Purchase of tangible fixed assets		(997,091)	(133,718)
Purchase of investments		(500,000)	(500,000)
Net cash used in investing activities		(1,016,195)	(190,693)
Change in cash and cash equivalents in the year		(398,940)	346,147
Cash and cash equivalents at the beginning of the year		1,767,429	1,421,282
Cash and cash equivalents at the end of the year	24	1,368,489	1,767,429

The notes on pages 19 to 48 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 2022

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.

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.

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 Company 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 Company 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.3 Fund accounting (continued)

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.

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

THE BLUE COAT SCHOOL BIRMINGHAM LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.4 Income (continued)

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.

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 Company 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 Company's objectives, as well as any associated support costs.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.6 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% - 10% Straight Line
Fixtures and equipment	- 10% - 20% Straight Line
Motor vehicles	- 20% Straight line
Computer equipment	- 10% - 33.3% Straight Line

Depreciation is not charged on freehold land.

2.7 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.

2.8 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 Statement of financial activities.

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

2.9 Operating leases

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

2.10 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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.11 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.

2.12 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 Statement of financial activities as a finance cost.

2.13 Financial instruments

The Company 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.

2.14 Taxation

The Company 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 Company 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.

2.15 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 26, 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

THE BLUE COAT SCHOOL BIRMINGHAM LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.15 Pensions (continued)

charges to the Statement of financial activities in the year incurred.

3. Critical accounting estimates and areas of judgment

Estimates and judgments 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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

4. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	8,000	38,687	46,687	24,060
Total 2022	<u>8,000</u>	<u>38,687</u>	<u>46,687</u>	<u>24,060</u>
<i>Total 2021</i>	<u>5,500</u>	<u>18,560</u>	<u>24,060</u>	

5. Charitable activities - School fees

	2022 £	2021 £
Gross tuition fees	7,951,554	7,642,538
Less: Awards, scholarships and bursaries from unrestricted funds	(348,317)	(342,709)
Less: Fee discounts	(146,867)	(144,814)
	<u>7,456,370</u>	<u>7,155,015</u>

Awards, scholarships and bursaries were paid to 45 pupils (2021 - 48 pupils). Within this means tested bursaries totalling £272,962 were paid to 24 pupils (2021 - £265,451 to 26 pupils).

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

6. Charitable activities - Other ancillary trading income

	2022 £	2021 £
Extra-curricular activities	271,534	183,131
Registration fees	18,200	11,700
School trips	159,070	8,722
Other income	118,335	39,632
	<u>567,139</u>	<u>243,185</u>

The total ancillary trading income is unrestricted in both years.

THE BLUE COAT SCHOOL BIRMINGHAM LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

7. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Rental income	88,057	88,057	93,497
Dividend income	383,829	383,829	349,528
Deposit account interest	9,010	9,010	-
Total 2022	<u>480,896</u>	<u>480,896</u>	<u>443,025</u>
<i>Total 2021</i>	<u>443,025</u>	<u>443,025</u>	

8. Expenditure on raising funds - Financing costs

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Bad debt (income)/costs	(1,626)	(1,626)	(3,570)
Property management fees	2,549	2,549	2,069
Total 2022	<u>923</u>	<u>923</u>	<u>(1,501)</u>
<i>Total 2021</i>	<u>(1,501)</u>	<u>(1,501)</u>	

THE BLUE COAT SCHOOL BIRMINGHAM LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total 2022 £	<i>Total 2021 £</i>
Teaching	4,571,759	51,208	120,190	4,743,157	4,266,592
Catering	581,891	-	-	581,891	491,541
Premises	1,802,971	600	-	1,803,571	1,633,796
Support and governance	1,100,197	-	-	1,100,197	997,692
Total 2022	8,056,818	51,808	120,190	8,228,816	7,389,621
<i>Total 2021</i>	<i>7,252,101</i>	<i>16,997</i>	<i>120,523</i>	<i>7,389,621</i>	

Summary by expenditure type

	Staff costs 2022 £	Depreciation 2022 £	Other costs 2022 £	Total 2022 £	<i>Total 2021 £</i>
School fees	3,919,413	183,515	640,229	4,743,157	4,266,592
Catering	-	-	581,891	581,891	491,541
Premises	367,912	136,630	1,299,029	1,803,571	1,633,796
Support and governance	553,604	29,400	517,193	1,100,197	997,692
Total 2022	4,840,929	349,545	3,038,342	8,228,816	7,389,621
<i>Total 2021</i>	<i>4,707,085</i>	<i>394,832</i>	<i>2,287,704</i>	<i>7,389,621</i>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

10. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	16,500	15,000
Fees payable to the Company's auditor in respect of: Accountancy services	3,725	5,325

11. Staff costs

	2022 £	2021 £
Wages and salaries	3,844,282	3,709,146
Social security costs	378,166	356,398
Contribution to defined contribution pension schemes	618,481	641,541
	4,840,929	4,707,085

During the year there were redundancy or termination payments made which amounted to nil (2021 - £12,367). There was nil (2021 - £Nil) outstanding at the year end.

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

	2022 No.	2021 No.
Teaching staff	70	71
Administrative/support staff	56	51
	126	122

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

	2022 No.	2021 No.
In the band £60,001 - £70,000	3	2
In the band £90,001 - £100,000	1	1
In the band £160,001 - £170,000	1	1

The total amount of employee benefits received by key management personnel is £797,165 to 8 staff members (2021 - £788,639, to 8 staff members).

THE BLUE COAT SCHOOL BIRMINGHAM LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 August 2022, expenses totalling £1,024 were reimbursed or paid directly to 3 Governors (2021 - £753 to 4 Governors) .Expenses related to courses, accommodation and travel expenses.

THE BLUE COAT SCHOOL BIRMINGHAM LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

13. Tangible fixed assets

	Freehold school premises £	Fixtures and equipment £	Computer equipment £	School minibus £	Total £
Cost or valuation					
At 1 September 2021	8,846,668	184,057	727,901	65,499	9,824,125
Additions	958,767	16,750	21,574	-	997,091
At 31 August 2022	<u>9,805,435</u>	<u>200,807</u>	<u>749,475</u>	<u>65,499</u>	<u>10,821,216</u>
Depreciation					
At 1 September 2021	2,895,948	155,787	577,280	19,071	3,648,086
Charge for the year	243,550	15,487	77,408	13,100	349,545
At 31 August 2022	<u>3,139,498</u>	<u>171,274</u>	<u>654,688</u>	<u>32,171</u>	<u>3,997,631</u>
Net book value					
At 31 August 2022	<u>6,665,937</u>	<u>29,533</u>	<u>94,787</u>	<u>33,328</u>	<u>6,823,585</u>
At 31 August 2021	<u>5,950,720</u>	<u>28,270</u>	<u>150,621</u>	<u>46,428</u>	<u>6,176,039</u>

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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14. Investment property

	Freehold investment property £	
Valuation		
At 1 September 2021		1,415,000
At 31 August 2022		1,415,000
Comprising:		
	2022 £	2021 £
416 Birmingham Road, Wylde Green	435,000	435,000
119-120 Glover Street	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.

The Properties located at 416 Birmingham Road, and 119-120 Glover Street were revalued by Burley Browne Chartered Surveyors in October 2022.

The property located at 256 Harborne Road were revalued by Fishers (Harborne) Limited in November 2022.

The governors believe that the value of the investment properties at the year end does not materially differ from the value obtained at the dates listed above.

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15. Fixed asset investments

	Investments in subsidiary company £	Investments and deposits £	Total £
Cost or valuation			
At 1 September 2021	100	13,644,981	13,645,081
Additions	-	500,000	500,000
Revaluations	-	(612,235)	(612,235)
At 31 August 2022	<u>100</u>	<u>13,532,746</u>	<u>13,532,846</u>
Net book value			
At 31 August 2022	<u>100</u>	<u>13,532,746</u>	<u>13,532,846</u>
At 31 August 2021	<u>100</u>	<u>13,644,981</u>	<u>13,645,081</u>

Investments and deposits comprise:

	2022 £	2021 £
Charities Official Investment Fund - Income shares	<u>13,532,746</u>	<u>13,644,981</u>

Principal subsidiaries

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%

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15. Fixed asset investments (continued)

The financial results of the subsidiary for the year were:

Name	Net assets £
BCS Enterprises Limited	100

16. Debtors

	2022 £	2021 £
Trade debtors	195,142	86,781
Other debtors and accrued income	70,880	57,218
Prepayments	61,252	76,815
	<u>327,274</u>	<u>220,814</u>

An impairment loss of £6,165 (2021 - £7,791) was recognised against fee debtors.

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	402,207	207,300
Other taxation and social security	87,913	81,520
Fees in advance (note 19)	725,780	668,233
Deposits (note 20)	187,850	185,400
Pension liability	4,716	15,616
Accruals and other creditors	512,834	197,026
	<u>1,921,300</u>	<u>1,355,095</u>

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

	2022 £	2021 £
Pension liability	6,120	39,089

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19. Fees in advance

Movement of fees in advance:

	2022 £	2021 £
Balance at 1 September	668,233	537,865
New advance fees received	725,780	668,233
Amounts utilised in payments	(668,233)	(537,865)
Balance as at 31 August	725,780	668,233

20. Fee deposits

Movement of fee deposits:

	2022 £	2021 £
Balance at 1 September	185,400	180,150
New deposits received	36,000	33,300
Deposits utilised	(33,550)	(28,050)
Balance as at 31 August	187,850	185,400

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

Statement of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
Designated funds						
Extraordinary repair fund	1,414,311	-	-	(838,766)	-	575,545
Loppylugs & Barbara Morrison Trust	-	8,000	-	-	-	8,000
School nursery and four classroom block	2,279,783	-	-	120,000	-	2,399,783
New build fund	965,000	-	-	120,000	-	1,085,000
Foundation fund	220,512	-	(272,962)	315,893	-	263,443
Old Scholar Donation	1,326	-	-	-	-	1,326
	<u>4,880,932</u>	<u>8,000</u>	<u>(272,962)</u>	<u>(282,873)</u>	<u>-</u>	<u>4,333,097</u>
General funds						
General Funds - all funds	2,120,052	8,504,405	(7,784,779)	(488,583)	(651,585)	1,699,510
Total Unrestricted funds	<u>7,000,984</u>	<u>8,512,405</u>	<u>(8,057,741)</u>	<u>(771,456)</u>	<u>(651,585)</u>	<u>6,032,607</u>
Endowment funds						
Endowment Funds - all funds	14,811,051	-	(120,190)	771,456	39,827	15,502,144

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21. Statement of funds (continued)

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 August 2022 £
Restricted funds						
Diana Willis memorial prize	165	-	-	-	-	165
Limoges Trust	7,019	5,000	(12,019)	-	-	-
Chapel fund	1,214	-	(1,214)	-	-	-
John Avins Trust	939	2,000	-	-	-	2,939
Grand piano	800	-	(600)	-	-	200
Sir John Saville Trust	6,892	550	(7,442)	-	-	-
Reginal Farrar Fund	506	-	-	-	-	506
Association of Friends BCS	89	2,250	(1,926)	-	-	413
King Fund	100	50	-	-	-	150
Hatfield Fund	300	230	-	-	-	530
Chris Byrne Memorial Prize Fund	120	-	-	-	-	120
300th Celebration Funds	-	28,607	(28,607)	-	-	-
	18,144	38,687	(51,808)	-	-	5,023
Total of funds	21,830,179	8,551,092	(8,229,739)	-	(611,758)	21,539,774

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

Statement of funds - prior year

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
Unrestricted funds						
Designated funds						
Extraordinary repair fund	1,294,311	-	-	120,000	-	1,414,311
Loppylugs & 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	<u>1,524,858</u>	<u>7,841,225</u>	<u>(6,969,866)</u>	<u>(712,293)</u>	<u>436,128</u>	<u>2,120,052</u>
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	<u>13,416,399</u>	<u>-</u>	<u>(120,523)</u>	<u>-</u>	<u>1,515,175</u>	<u>14,811,051</u>

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

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
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
300th Celebration Funds	-	28,607	(28,607)	-	-	-
	<u>16,581</u>	<u>47,167</u>	<u>(45,604)</u>	<u>-</u>	<u>-</u>	<u>18,144</u>
Total of funds	<u>19,401,711</u>	<u>7,893,892</u>	<u>(7,416,727)</u>	<u>-</u>	<u>1,951,303</u>	<u>21,830,179</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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Statement of funds (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 in of £120,000 (2021 - £120,000) this year to the fund to finance repairs and transfers out of £958,766 to fund capital works on the chapel and the new science building.

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 (2021 - £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 (2021 - £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 £393,264 (2021 - £352,293) and amounts advanced to pupils totalled £272,230 (2021 - £265,451).

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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Statement of funds (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.

300th Celebration Fund - Funds generated during the Tercentenary celebrations, raising funds for chapel renovations.

Summary of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 August 2022 £
Designated funds	4,880,932	8,000	(272,962)	(282,873)	-	4,333,097
General funds	2,120,052	8,504,405	(7,784,779)	(488,583)	(651,585)	1,699,510
Endowment funds	14,811,051	-	(120,190)	771,456	39,827	15,502,144
Restricted funds	18,144	38,687	(51,808)	-	-	5,023
	<u>21,830,179</u>	<u>8,551,092</u>	<u>(8,229,739)</u>	<u>-</u>	<u>(611,758)</u>	<u>21,539,774</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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Summary of funds (continued)

Summary of funds - prior year

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
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	47,167	(45,604)	-	-	18,144
	<u>19,401,711</u>	<u>7,893,892</u>	<u>(7,416,727)</u>	<u>-</u>	<u>1,951,303</u>	<u>21,830,179</u>

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Tangible fixed assets	3,021,079	200	3,802,306	6,823,585
Fixed asset investments	3,248,008	-	10,284,838	13,532,846
Investment property	-	-	1,415,000	1,415,000
Current assets	1,690,940	4,823	-	1,695,763
Creditors due within one year	(1,921,300)	-	-	(1,921,300)
Creditors due in more than one year	(6,120)	-	-	(6,120)
Total	<u>6,032,607</u>	<u>5,023</u>	<u>15,502,144</u>	<u>21,539,774</u>

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22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Endowment funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	3,024,199	800	3,151,040	6,176,039
Fixed asset investments	3,400,070	-	10,245,011	13,645,081
Investment property	-	-	1,415,000	1,415,000
Current assets	1,970,899	17,344	-	1,988,243
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

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

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(290,883)	2,428,394
Adjustments for:		
Depreciation charges	349,545	394,832
(Gains)/losses on investments (including investment property)	612,236	(1,951,229)
Dividends, interests and rents from investments	(480,896)	(443,025)
Loss on the sale of fixed assets	-	3,745
Increase in debtors	(106,460)	(40,075)
Increase in creditors	533,235	144,124
Pension scheme	478	74
Net cash provided by operating activities	617,255	536,840

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Analysis of cash and cash equivalents

	2022 £	<i>2021</i> £
Cash in hand	1,368,489	<i>1,767,429</i>
Total cash and cash equivalents	<u>1,368,489</u>	<i><u>1,767,429</u></i>

25. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	1,767,429	(398,940)	1,368,489
	<u>1,767,429</u>	<u>(398,940)</u>	<u>1,368,489</u>

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NOTES TO THE FINANCIAL STATEMENTS
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26. 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 £560,801 (2021: £533,440) and at the year-end £65,629 (2021 - £63,157) 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 a 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.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any

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26. Pension commitments (continued)

changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is 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 638 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 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. 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 2022 to 31 January 2025	£3,312,000 per annum (payable monthly)
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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 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 30 September 2025	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)
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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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Pension commitments (continued)

Present value of provision

	31 August 2022	31 August 2021	31 August 2020
Present value of provision	<u>10,836</u>	<u>54,705</u>	<u>69,602</u>

Reconciliation of opening and closing provisions

	2022 £	2021 £
Provision at start of period	54,705	69,602
Unwinding of the discount factor (interest expense)	310	338
Deficit contribution paid	(10,962)	(15,161)
Remeasurements - impact of any change in assumptions	(478)	(74)
Remeasurements - amendments to the contribution schedule	(32,739)	-
Provision at the end of period	<u>10,836</u>	<u>54,705</u>

Income and expenditure impact

	2022 £	2021 £
Interest expense	310	338
Remeasurements - impact of any change in assumptions	(478)	(74)
Remeasurements - amendments to the contribution schedule	(32,739)	-
Costs recognised in income and expenditure account	<u>(32,907)</u>	<u>264</u>

Assumptions

	31 August 2022 % per annum	31 August 2021 % per annum	31 August 2020 % per annum
Rate of discount	<u>4.46</u>	<u>0.63</u>	<u>0.55</u>

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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 £83,454 (2021 - £82,921) and at the year-end £11,854 (2021 - £13,038) was accrued in respect of contributions to this scheme.

27. Operating lease commitments

At 31 August 2022 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	13,051	23,354
Later than 1 year and not later than 5 years	24,135	37,186
	<u>37,186</u>	<u>60,540</u>

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

	2022 £	2021 £
Operating lease rentals	23,354	25,104
	<u>23,354</u>	<u>25,104</u>

At 31 August 2022 the total of the group's future minimum lease income receivable under non-cancellable operating leases was:

	2022 £	2021 £
Within 1 year	38,600	63,000
Between 1 and 5 years	43,817	56,525
Greater than 5 years	80,117	67,083
	<u>162,534</u>	<u>186,608</u>

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28. Security

Included within cash at bank are amounts of £181,043 (2021 - £180,914) 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.

29. Financial instruments

	2022	<i>As restated</i>
	£	2021
		£
Financial assets		
Financial assets measured at fair value through income and expenditure	14,947,846	15,060,081

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

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

	2022	<i>As restated</i>
	£	2021
		£
Total investment income for financial assets measured at fair value through income and expenditure	480,896	443,025
Net (losses)/gains on financial assets measured at fair value through income and expenditure	(612,236)	1,951,229
Impairment gains on financial assets measured at amortised cost	1,626	3,570

30. Related party transactions

There were no other related party transactions other than those disclosed in notes 11 and 12.