

THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**THE BLUE SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	The Archdeacon of Wells Elizabeth Walker Peter Hoddinott
Trustees	K Bradley ^{1,2,3,4} S Denyer J Gardiner ⁴ D Hiscox ^{1,3} P Hoddinott ^{1,3} R Houlton (appointed 30 November 2018) ³ A Jamieson (resigned 31 August 2019) ^{2,3,5} K Phimister ^{1,2,4} E Ramsay ⁴ A Richards (resigned 31 August 2019) ^{1,3,5} M Tucker (resigned 16 November 2018) ^{3,4} E Walker ^{1,2} J Warnock ^{2,5} M Woodlock ^{1,2,3,4,5} ¹ Pay Committee ² Policy and strategy Committee ³ Finance and Resources Committee ⁴ Learning and Teaching Committee ⁵ Foundation Committee
Company registered number	07706776
Company name	The Blue School
Principal and registered office	Kennion Road Wells Somerset BA5 2NR
Company secretary	R Salt
Accounting officer	M Woodlock
Leadership team	V Castle, Assistant Headteacher T Colquhoun, Assistant Headteacher B Cox, Assistant Headteacher M Harvey, Deputy Headteacher R Salt, Business Manager M Williams, Assistant Headteacher M Woodlock, Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Independent auditors Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Bankers Lloyds Bank Plc
24-26 High Street
Wells
BA5 2SJ

Solicitors Browne Jacobson LLP
1 Manor Court
Dix's Field
Exeter
Devon
EX1 1UP

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 in the City of Wells. It has a pupil capacity of 1,640 and had a roll of 1,520 in the school census on 16th May 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company and group's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of The Blue School are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £5,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The management of The Blue School is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

Policies and Procedures Adopted for the Induction and Training of Trustees

Individual Trustees attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date. The Blue School continues to subscribe to the training opportunities provided by Somerset County Council for trustees of academies in the County.

Organisational Structure

The Board of Trustees sets the strategic aims of the school in line with its objectives and monitors progress towards the achievement of these aims.

The Board of Trustees normally meets four times a year. The Board determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are three committees as follows:

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

- Finance and Resources
- Policy and Strategy
- Learning and Teaching

In addition, the following Committees are convened as required;

- Pay
- Students – Admissions and Exclusions
- Students – Admissions and Exclusions Appeals
- Staff - Grievance and Disciplinary
- Staff - Grievance and Disciplinary Appeals

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the school by the use of budgets and other data, and making major decisions about the direction of the school, its educational performance, capital expenditure and staff appointments.

The Board of Trustees has devolved responsibility for day to day management of The Blue School to the Headteacher and Leadership Team (LT). LT implements the policies laid down by the Trustees and reports back to them on performance. As well as the Headteacher, LT comprises the Deputy Headteacher (Standards), Assistant Headteacher (Safeguarding Lead), Assistant Headteacher (Pastoral Years 7 to 11), Assistant Headteacher (Curriculum and Assessment), Assistant Headteacher (Research School, Teaching and Learning) and the School Business Manager (Chief Finance Officer, Compliance, Support Services and Estates). LT meets twice weekly during term-time. It is supported by the Headteacher's PA who also acts as the clerk to the Trustees.

The school has a leadership structure which consists of the Trustees, LT and Middle Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. Meetings are calendared every half-term with additional one-to-one meetings also taking place between LT members and Middle Team Leaders. A programme of meeting agendas is agreed at the beginning of the year, reflecting the demands of the school calendar. The programme is adjusted as the year proceeds, dependant on events which may or may not arise. Five whole staff meetings are calendared throughout the year, providing an opportunity for all to receive presentations on school initiatives and to reflect on the strategic direction of the school.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the Leadership team as comprising the key management personnel of the school in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year. No trainee received expenses during the year but were provided with free Training opportunities facilitated by Somerset Governors' Services. Any Trustees' related party transactions are disclosed in the notes to the accounts.

Connected Organisations, including Related Party Relationships

Owing to the nature of The Blue School's operations and composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with The Blue School's financial regulations and normal procurement procedures.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Academy is connected to two charities whose activities have not been included in the consolidated accounts. The Blue School Wells Charitable Trust (Company limited by guarantee). Registered Charity Number 1098970. The Trustees comprise the Headteacher, Business Manager and two Trustees of The Blue School. The purpose of the charity is to advance the education of pupils at The Blue School in particular but not exclusively by enhancing the School's educational facilities. The Charity's financial year end is 31st August and during the year ended 31 August 2019 the charity made a £34,615 donation to the Academy to support the installation of the school's new heating infrastructure project. At the end of 2018/19, due to limited revenue income generation sources, the Trustees decided to close the Trust. This closure was in progress at 31 August 2019, with the balance of reserves donated to the Academy to support the cost of closure, including final accounts preparation.

The second Charity is the Wells Blue School - The Foundation. Registered Charity number 310266, which is a charitable trust. The Trustees are the persons who are the Trustees for the time being of The Blue School Academy, plus one other who is independent of the Academy Trust, an appointment to this vacant post made in August 2019. The purpose of the Charity is:

- Firstly, to provide special benefits of any kind not usually provided by the local education authority for the Academy. The governors may apply not more than one third of the net annual income in promotion of the religious instruction in accordance with the doctrines of the Church of England at the school.
- Secondly, the remainder of income shall be applied for the provision of assistance for higher education by means of scholarships, bursaries or maintenance allowances tenable at any university or other place of learning or financial assistance to enable beneficiaries to prepare for or to enter a profession, trade or calling, or to study music or other arts. The beneficiaries to be persons under 25 years of age, in need of financial assistance, who are or have been in attendance of the school.

The Charity is the landowner of the school's estate leased to The Blue School via the Official Custodian for Charities for a peppercorn rent. It also owns a field adjacent to the campus and has allowed The Blue School Academy to use part of this land for car-parking.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Blue School caters for 11 to 18 year olds and as a mixed, state maintained school has a fully inclusive admissions policy. As a Church of England School, we try to apply Christian values in our interactions with each other and in our assemblies, whilst recognising the differing religious backgrounds of our inclusive school community.

The Blue School opened on the 17th August 2011. However, we continue to reflect the 378 years of history of the original "Blue School" established in 1641, (as a result of local churchman Ezekial Barkham's legacy), for the education of children in the City of Wells and its surrounding areas.

The values, applicable to all students joining our inclusive community are reflected in our principal aim of "Together, we'll succeed, whether in our academic work; in relationships and behaviour; in sports, games and activities, or in the development of our own moral code".

All our staff are considered professionals, in whatever of the various roles they undertake at the school, whether following teaching or support conditions of the service. No role is without equal importance to the smooth running of the Academy. Our staff example the values encouraged of our students through their professional conduct as part of the school's community.

Reflecting its responsibilities to the community, although independent, The Blue School continues to maintain and develop its strong links with Somerset Local Authority and schools in Wells and surrounding villages, particularly through its work with the Wells Community Leading Partnership (WCLP). Further, The Blue School has continued to develop its partnership working with 4 neighbouring "independent single academy trust" secondary schools to support one another and build on and share good practice, referred to as the "5SG".

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Improvement Plan, focussed on

Attitude to Learning - Developing confident, independent, creative students

- We have created an enrichment promise that can be applied to all students
- Enrichment is at the heart of engaging students of all abilities and social need
- We proudly and consistently celebrate success
- We have instituted a system of rewards that students and parents clearly understand
- The school uniform reflects the standards the school expects
- The school environment demonstrates high expectations to student

Teaching – cultivating a centre of excellence for teaching

- All lessons commence with a purposeful, challenging beginning that hooks students into the learning.
- The role of the teaching leadership team has been embedded as a positively fundamental aspect of school life.
- The school is more reactive to the developmental needs of teachers and can provision that support.
- Monitoring of teaching standards by middle leaders is consistently applied across the school.
- The school has utilised available research and commenced research projects of its own.
- The school has reduced the workload of teachers by removing tasks or events that have least impact on student achievement.
-

Assessment – ensuring all students achieve continuous progression in every year

- Embed the GCSE marking system across Year 7-11
- Assessment structure set out in the Practice Statement is utilised consistently through the school
- Effective homework is consistently set according to whole school plans

Curriculum – challenging all students to succeed through the breadth and depth of provision.

- Year 9 option choice reflects the full needs of the year group and provisions challenging opportunities to succeed at GCSE
- We can plan to broaden the curriculum to further support the most marginal students
- Our post-16 curriculum offer provisions a wider range of choice to a broader range of ability.

Sixth Form

- Systems of monitoring post-16 teaching are fully established
- Utilise opportunities of sixth form centre to promote recruitment, retention and self-study skills
- Develop the post-16 curriculum to broaden the choice available

The above progressed whilst retaining The Blue School's strong focus on promoting the appropriate ethos - supporting personal development while ensuring that the welfare of the individual remains paramount.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

In accordance with its charitable objectives, The Blue School strives to advance for the public benefit education in the United Kingdom, in particular by maintaining a school with a designated Church of England religious character offering a broad and balanced curriculum. Further to promote for the benefit of the inhabitants of Wells and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

STRATEGIC REPORT

Achievements and Performance

It is the strategic aim of The Blue School to remain the first and natural choice of 11-18 educational provision for the vast majority of families in Wells and its surrounding communities. We will achieve this by maintaining high standards proven by above national average examination results and good statutory inspection reports. We will achieve this by continuously seeking to develop and improve our curriculum and facilities, ensuring our learners have the best and most relevant experience to equip them for their new life in the 21st Century.

The year has focussed on embedding change and adopting new practices in line with the Academy's objectives. The teaching coaches have begun to impact with the wider teaching staff, all involved in teaching practice evidence based research, peer group review and communication of top technique tips for good teaching.

The school's Research School status has assisted with this in terms of exposing staff to the most up to date evidence based thinking on good educational practice. The curriculum offer has been changed at all key stages to ensure students have the greatest opportunity to follow the correct pathway for their personal abilities.

Specifically, the Year 9 Option choices for Key stage 4 in September 2020 were modified to reflect the characteristics of the student body and reduce dis-engagement from the curriculum by certain individuals. A new departmental leadership team has made progress on changes to the delivery of the Science curriculum to assist the raising of standards in the subject.

Whole school assessment processes have been streamlined, partly with the successful introduction of standardised exercise books and marking schemes as well as reduced but more evidence-focussed data collection on students' progress throughout the year.

With the aim of "smartening up to learning" the introduction of the new uniform in September 2018 went well with overall positive reaction from students and their parents/carers. Punctuality has improved and the school has focussed on maintaining attendance levels with the appointment of a dedicated Attendance Officer. A new biometric registration system was introduced for Sixth Form students to record their arrival and departure from school.

To further enhance attitudes to learning, the school overhauled its behaviour policy in the summer 2019 partly reflecting the introduction of the new students' rewards system, ePraise, from September 2020. This behaviour management overhaul also saw the appointment of a Restoration Manager to work on direct intervention with individual students at risk of exclusion.

To further student engagement and enjoyment of school, an Enrichment Week was successfully re-introduced in July, enabling students to participate in a range of alternative sports, learning and basically "fun" activities outside the everyday curriculum. The year also saw an increasing participation in the school's Duke of Edinburgh Award Scheme at Bronze, Silver and Gold as well as our first teams participating in Ten Tors. Sixth Formers participated in a successful month long World Challenge Expedition trip to Kashmir, India in the summer. These opportunities reflect the Trustees's desire that students have an "all round" educational experience while at The Blue not only in the curriculum that they follow but also in the enrichment challenges they can choose to pursue. The Trustees are aware of the importance of students' good mental and physical wellbeing as key to their enjoyment of and engagement with school.

The Blue School has developed its working partnership with 4 neighbouring secondary single academy trusts to share good practice, while maintaining both financial and political independence. This in addition to its continuing partnership work with the Wells Community Learning Partnership and Somerset Local Authority. Partnership work has focussed on sharing behaviour management strategies and working together with students at risk of permanent exclusion.

There are positive signs from the Education Endowment Fund that they will continue to support the Academy's Research School designation. This has led to a number of training activities facilitated by the Academy, such as Leading Learning and Metacognition with contracts to deliver as such across the south west region. The £2m

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project to replace the school's heating infrastructure to half of the campus's buildings was completed, including all snagging, in August 2019. The school was successful in its 2019/20 £1m funding bid to the DfE for flat roof replacement work to a quarter of the campus's buildings, work commencing in July 2019 with completion by the end of the year.

Key Performance Indicators

The Blue School saw a decrease in overall student numbers during the 2018/19 academic year at 1514 (January 2019 Census) against 1618 the previous year. The Year 7 September 2018 intake at 265 was in line with expectations, reflecting "available Year 6 students" in partner schools with no indication of a significant move to neighbouring schools. The main area of fall was in Sixth Form numbers with 220 in January 2019 against 285 in 2018. In response to this "greater drop than anticipated" at sixth form, the school undertook a detailed review and found that the recruitment level was understandable for the curriculum offer being presented by the Academy. Friendship groups, transport and the desire to "get away from school" remained the main factors for many of the students who decided not to return regardless of the historic success of the Academy's results at Key stage 5. The Academy is reviewing its Key Stage 5 courses to improve its offer to a wider range of students without trying to compete with local FE Colleges on resource heavy vocational programmes. There is also some light in that retention between year 12 and 13 has improved with the vast majority of students continuing their 2-year A Level programme, following the demise of one year AS levels in all subjects in 2019.

The summer 2019, saw 16% of all KS4 GCSE entries at the new 9 or 8 grade, equivalent to an A* under the old system. In addition, just under a third of all entries achieved a grade 7 or above, equivalent to an old A grade. Excellent outcomes have been achieved in a wide range of subject areas, justifying the Blue School's philosophy that the breadth of the curriculum matters. The students demonstrated that they could achieve combined success in academic, creative and practical subjects, against the national trend, giving them the best opportunity for the future. The Government's performance indicator "Progress 8" (comparing the student cohort's results at age 16 to what they achieved at the end of primary school aged 11) improved for a second year moving from the "small margin below the national average" at -0.04 in 2018 to + 0.14 in 2019.

The Blue School's summer 2019 Post 16 results remained again one of the best of all institutions in all sectors in the south west of England. Almost half of all grades were at the highest A* or A grade. Over 80% of entries were achieved at grades A*-C.

The Blue School continues to be proud of its comprehensive admissions policy and our results are robust when compared fairly to similarly transparent, non-selective schools.

In terms of financial performance, in year, the school made a small in-year surplus enabling the rebuild of free reserves to a level "reasonable for the current state maintained educational environment" of just over £ ½ million.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

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**TRUSTEES' REPORT (CONTINUED)
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During the year ended 31 August 2019, the Academy received total income of £9,592,242 (excluding restricted fixed asset funds) and incurred total expenditure of £9,188,632 (excluding restricted fixed asset and restricted pension funds). The excess of expenditure over income for the year was £403,610. This includes an in year movement on CIF funds of £229,079, meaning the in year operational excess of income over expenditure was £174,531. The balance on CIF funds at the end of the year was £600,136 which will be spent in the next financial year as the project concludes.

At 31 August 2019 the net book value of fixed assets were £16,503,346 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy is responsible for the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred. The deficit is incorporated within the Statement of Financial Activities with details in note 27 to the financial statements.

Key financial policies adopted or reviewed during the year include the Financial Administration Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, LT, budget holders and other staff, as well as delegated authority for spending is being reviewed in the Autumn 2018. Other policies reviewed and updated included Health and Safety and Trustees monitored review of the risk register throughout the year.

Reserves Policy

The Blue School does not hold a large reserve as it is intended that its total funding and income, should in general terms, be expended each year to support the delivery of education to its current students. The Board aims to secure an out-turn that will result in a modest surplus to enable the enhancement of educational facilities, fund future projects, provide a "cushion" to cope with unforeseen expenditure and ensure reasonable cash flow flexibility can be maintained throughout the year.

The Trustees reviewed the reserve levels of the Trust. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees took into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy is paying higher employers' pension contributions of 20.9% over a period of 3 years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Investment Policy

The Trustees investment powers are set down in the Memorandum and Articles of Association, which permit the investment of monies that are not immediately required for its purposes in such investments, securities or property as may be thought fit, subject to any restrictions which may from time to time be imposed or required by law. The Trust's current policy is to invest surplus funds in 30-day notice short-term cash deposits.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 89% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed an internal assurance service to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 27 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

As reported within the risk management statement earlier in this report, the major risk to which The Blue School is exposed, as identified by the Trustees and Leadership Team and others, have been reviewed and systems or procedures have been established to manage those risks. Internal control systems and the exposure to risks are considered on a regular basis by the Trustees and Leadership Team at their routine meetings. The full risk register has been reviewed by the Trustees and adopted by the Governing Body.

FUNDRAISING

The Blue School does not use commercial participators or professional fundraisers to raise income on its behalf. Income generated by its catering service is fully spent on the service provided, whether our own students and staff or primary schools. Funds raised from The Research School initiative will be directed to its future sustainability after the 3 years of funding have ceased in 2020.

The Blue School's direct fundraising to parents/carers is limited to the activities of its students mainly for external

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charities' benefit or to support additional curriculum resources or enrichment activities, but only in line with the school's Charging Policy.

PLANS FOR FUTURE PERIODS

The school's plans for 2019/20 include:

- To further move the Key stage 4 progress 8 measure beyond + 0.14 in summer 2020.
- Sixth Form - to halt further reduction in post 16 numbers, maintaining stability and inclusive admissions policy.
- Teaching – embed the Teacher Coaching model with self-sustained improvement, leading to becoming a centre of excellent practice.
- Curriculum – further adapt the curriculum offer at all key stages, but particularly through the options offered at key stage 4 and 5 to maximise all student opportunity for success.
- Assessment – embed a homework timetable to ensure students' are getting a consistent experience across the school.
- Attitude to learning – embed the new rewards system and enhanced enrichment programme to encourage enjoyment of school.
- Continue to refresh learning space accommodation in Kennion and respond to student driven initiatives to improve recycling in the school.
- Via the Directors of WBSC, to bring the finances of the Academy's subsidiary company into a viable break-even position by the end of August 2020.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming Bath Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on _____ and signed on its behalf by:

E Walker
Chair of Trustees

M Woodlock
Accounting Officer

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Blue School has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Blue School and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 4 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
K Bradley	4	4
S Denyer	0	4
J Gardiner	2	4
D Hiscox	3	4
P Hoddinott, Vice Chair	1	4
R Houlton	2	3
A Jamieson	2	4
K Phimister	3	4
E Ramsay	4	4
A Richards	4	4
M Tucker	1	1
E Walker, Chair	4	4
J Warnock	3	4
M Woodlock, Headteacher	4	4

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to provide guidance to the Governing Body on matters related to finance and premises.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
K Bradley	5	5
D Hiscox	4	5
P Hoddinott, Vice Chair	2	5
R Houlton	3	3
A Jamieson	5	5
A Richards	4	5
M Tucker	1	1

GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF VALUE FOR MONEY

As accounting officer, the Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy has delivered improved value for money during the year by:

Maintaining strong educational standards, evidenced in summer 2018 at both Key stages 4 and 5. These results achieved with strict adherence to our comprehensive admissions policy.

Ensuring financial governance and oversight, by the Board of Governors' via its Finance and Resources Committee, including:

- Reviewing the curriculum model offered and impact on forecast budgets, to ensure it is efficient but still effective. Holding regular scheduled meetings and reviewing actual and committed expenditure/income received against Budget and recommending revisions to the budget forecast accordingly.
- Reducing staff costs by restructuring through natural wastage, avoiding redundancy expense.
- Reviewing the school's financial regulations, to ensure relevance and compliance with current regulations
- Employing an annual internal audit assurance exercise, reporting directly to the Finance and Resource Committee in its role inspecting and reporting 3 times per year directly in its role as Audit Committee.

Aiming for better purchasing through:

- Supporting local businesses where we can, acknowledging our place in the communities of Wells, the Mendips and Somerset as a whole. We believe the school achieves good value for money by maintaining relationships with local suppliers of goods and services, who may help us in return in terms of student work placements, project sponsorships and other support.
- Also, using regional/national educational suppliers where significant discounts and bulk purchasing can be achieved.
- Using a broker to manage renewal of our electricity and gas supply contracts.
- Seeking at least 3 quotations for good and services, as appropriate and within the limits of the school's financial regulations. Time and resources have not been wasted on 1) investigating minor areas where few improvements can be achieved 2) making minor savings in costs and 3) seeking tenders for minor supplies and services. It is the school's continued viewpoint that the pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.
- Increasing our volume of credit card purchases, changing internal financial procedures as a result to meet the demand, to enable budget holders to take advantage of online discounts.
- Paying suppliers promptly to maximise early payment discounts and goodwill.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Blue School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (CONTINUED)

CAPACITY TO HANDLE RISK

The board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming Bath Limited, the external auditors, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

On a quarterly basis, the external auditors report to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF EFFECTIVENESS

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on

and signed on their behalf by:

E Walker
Chair of Trustees

M Woodlock
Accounting Officer

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Blue School I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA.

M Woodlock
Accounting Officer
Date:

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Group and the charitable company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

The Trustees are responsible for ensuring that in their conduct and operation the Group and the charitable company apply financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Trustees and signed on its behalf by:

E Walker
Chair of Trustee
Date:

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLUE SCHOOL**

OPINION

We have audited the financial statements of The Blue School (the 'parent Academy') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Academy Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Academy's affairs as at 31 August 2019 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLUE SCHOOL (CONTINUED)**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 Group and the parent Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLUE SCHOOL (CONTINUED)**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy 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 Trustees 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 Trustees are responsible for assessing the Group's and the parent Academy'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 Trustees either intend to liquidate the Group or the parent Academy or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

This report is made solely to the Academy'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 Academy's members those matters we are required to state to them in an Auditors' 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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date:

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BLUE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 17/12/19 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Blue School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Blue School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Blue School and ESFA those matters we are required to state in a 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 Blue School and ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE BLUE SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Blue School's funding agreement with the Secretary of State for Education dated 16 August 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BLUE
SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Simon Morrison FCA (Reporting Accountant)

Bishop Fleming Bath Limited

Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date:

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	4	(221)	1,210,967	-	1,210,746	127,701
Charitable activities		345,077	7,725,832	-	8,070,909	7,848,836
Other trading activities		308,051	-	-	308,051	346,111
Investments	7	2,536	-	-	2,536	1,918
TOTAL INCOME		655,443	8,936,799	-	9,592,242	8,324,566
EXPENDITURE ON:						
Raising funds		190,345	-	-	190,345	212,373
Charitable activities		391,961	9,065,326	215,679	9,672,966	9,949,846
TOTAL EXPENDITURE		582,306	9,065,326	215,679	9,863,311	10,162,219
NET INCOME/(EXPENDITURE)		73,137	(128,527)	(215,679)	(271,069)	(1,837,653)
Transfers between funds	21	-	(43,261)	43,261	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		73,137	(171,788)	(172,418)	(271,069)	(1,837,653)
Actuarial losses on defined benefit pension schemes	27	-	(902,000)	-	(902,000)	1,065,000
NET MOVEMENT IN FUNDS		73,137	(1,073,788)	(172,418)	(1,173,069)	(772,653)
RECONCILIATION OF FUNDS:						
Total funds brought forward		377,585	(3,912,493)	16,494,322	12,959,414	13,732,067
Net movement in funds		73,137	(1,073,788)	(172,418)	(1,173,069)	(772,653)
TOTAL FUNDS CARRIED FORWARD		450,722	(4,986,281)	16,321,904	11,786,345	12,959,414

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

The notes on pages 28 to 57 form part of these financial statements.

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07706776**

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	16,503,346	16,706,487
CURRENT ASSETS			
Stocks	16	609	909
Debtors	17	973,730	423,006
Cash at bank and in hand		937,613	1,044,057
		<u>1,911,952</u>	<u>1,467,972</u>
Creditors: amounts falling due within one year	18	(688,531)	(703,045)
		<u>1,223,421</u>	764,927
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,726,767</u>	<u>17,471,414</u>
Creditors: amounts falling due after more than one year	19	(247,422)	(180,000)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>17,479,345</u>	<u>17,291,414</u>
Defined benefit pension scheme liability	27	(5,693,000)	(4,332,000)
TOTAL NET ASSETS		<u><u>11,786,345</u></u>	<u><u>12,959,414</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	21	16,321,904	16,494,322
Restricted income funds	21	706,719	419,507
		<u>17,028,623</u>	<u>16,913,829</u>
Restricted funds excluding pension asset	21	17,028,623	16,913,829
Pension reserve	21	(5,693,000)	(4,332,000)
		<u>11,335,623</u>	<u>12,581,829</u>
Total restricted funds	21	11,335,623	12,581,829
Unrestricted income funds	21	450,722	377,585
		<u>11,786,345</u>	<u>12,959,414</u>
TOTAL FUNDS		<u><u>11,786,345</u></u>	<u><u>12,959,414</u></u>

The financial statements on pages 23 to 57 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

E Walker
Chair of Trustees

M Woodlock
Accounting Officer

The notes on pages 28 to 57 form part of these financial statements.

THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07706776

ACADEMY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	16,501,904	16,704,322
Investments	15	100	100
		16,502,004	16,704,422
CURRENT ASSETS			
Debtors	17	1,007,654	433,656
Cash at bank and in hand		925,069	1,030,593
		1,932,723	1,464,249
Creditors: amounts falling due within one year	18	(674,396)	(687,051)
NET CURRENT ASSETS		1,258,327	777,198
TOTAL ASSETS LESS CURRENT LIABILITIES		17,760,331	17,481,620
Creditors: amounts falling due after more than one year	19	(247,422)	(180,000)
NET ASSETS EXCLUDING PENSION LIABILITY		17,512,909	17,301,620
Defined benefit pension scheme liability	27	(5,693,000)	(4,332,000)
TOTAL NET ASSETS		11,819,909	12,969,620
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	21	16,321,904	16,494,322
Restricted income funds	21	706,719	419,507
Restricted funds excluding pension liability	21	17,028,623	16,913,829
Pension reserve	21	(5,693,000)	(4,332,000)
Total restricted funds	21	11,335,623	12,581,829
Unrestricted income funds			
General funds	21	-	387,791
General funds	21	484,286	-
Total unrestricted income funds	21	484,286	387,791
TOTAL FUNDS		11,819,909	12,969,620

THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07706776

ACADEMY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 23 to 57 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

E Walker
(Chair of Trustees)

M Woodlock

The notes on pages 28 to 57 form part of these financial statements.

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	23	(652,722)	(1,120,011)
CASH FLOWS FROM INVESTING ACTIVITIES	25	478,856	1,235,792
CASH FLOWS FROM FINANCING ACTIVITIES	24	67,422	(30,000)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(106,444)	85,781
Cash and cash equivalents at the beginning of the year		1,044,057	958,276
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	937,613	1,044,057

The notes on pages 28 to 57 form part of these financial statements

**THE BLUE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. GENERAL INFORMATION

The Blue School is a company limited by guarantee, incorporated in England and Wales. The registered office is Milton Lane, Wells, Somerset, BA5 2NR.

2. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Blue School meets the definition of a public benefit entity under FRS 102.

The Consolidated Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Academy and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

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

2.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 INCOME

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Consolidated Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Consolidated Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

2.4 EXPENDITURE

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**

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

- **Charitable activities**

These are costs incurred on the Group's educational operations, including support costs and costs relating to the governance of the Group apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

2. ACCOUNTING POLICIES (continued)

2.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 TAXATION

The Academy 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 Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

2.7 TANGIBLE FIXED ASSETS

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Consolidated Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Consolidated Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following bases:

Long-term leasehold property	- 125 years straight line
Short-term leasehold property	- 50 years straight line
Furniture and equipment	- 25-33.33% reducing balance basis
Plant and machinery	- 33% reducing balance basis
Computer equipment	- 33.33% straight line basis
Motor vehicles	- 20% reducing balance basis
Office equipment	- 33.33% reducing balance basis

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Consolidated Statement of Financial Activities.

2. ACCOUNTING POLICIES (continued)

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 Consolidated Statement of Financial Activities.

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

2.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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.

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

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 Academy 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.

2.13 FINANCIAL INSTRUMENTS

The Group only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Group and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

2.14 OPERATING LEASES

Rentals paid under operating leases are charged to the Consolidated Statement of Financial Activities on a straight line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

2.15 PENSIONS

Retirement benefits to employees of the Group are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Consolidated Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

2.16 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 32.

2.17 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Group at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

Enter text here - user input

The Academy trust 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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Operating Leases

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	(221)	142,860	142,639	94,175
Capital Grants	-	1,068,107	1,068,107	33,526
	<u>(221)</u>	<u>1,210,967</u>	<u>1,210,746</u>	<u>127,701</u>
TOTAL 2018	<u>-</u>	<u>127,701</u>	<u>127,701</u>	

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5. FUNDING FOR THE ACADEMY'S EDUCATION

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DFE/ESFA GRANTS				
General Annual Grant	-	7,217,925	7,217,925	7,035,527
Other DfE/ESFA grants	-	403,714	403,714	349,017
	<u>-</u>	<u>7,621,639</u>	<u>7,621,639</u>	<u>7,384,544</u>
Other Government grants				
High Needs	-	17,269	17,269	33,476
Other Government Grants	-	23,419	23,419	6,250
	<u>-</u>	<u>40,688</u>	<u>40,688</u>	<u>39,726</u>
Other funding				
Internal catering income	283,787	-	283,787	292,762
Income for hosting trainee teachers	5,140	-	5,140	3,420
Sales to students	49,900	-	49,900	28,326
Income PSFA reimbursement	6,250	63,505	69,755	100,058
	<u>345,077</u>	<u>63,505</u>	<u>408,582</u>	<u>424,566</u>
	<u>345,077</u>	<u>7,725,832</u>	<u>8,070,909</u>	<u>7,848,836</u>
TOTAL 2018	<u>365,278</u>	<u>7,483,558</u>	<u>7,848,836</u>	

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	2,666	2,666	3,103
External Catering	143,737	143,737	132,419
Consultancy	-	-	13,045
Income from Trading Subsidiary Wells Blue Sport Centre	161,648	161,648	197,544
	<u>308,051</u>	<u>308,051</u>	<u>346,111</u>

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7. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	2,536	2,536	1,918

8. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising funds:					
Direct costs	163,476	-	26,869	190,345	212,373
Education:					
Direct costs	5,743,390	-	717,104	6,460,494	6,560,915
Support costs	1,299,881	1,265,973	646,618	3,212,472	3,388,931
	<u>7,206,747</u>	<u>1,265,973</u>	<u>1,390,591</u>	<u>9,863,311</u>	<u>10,162,219</u>
Total 2018	<u>7,022,286</u>	<u>547,137</u>	<u>2,592,796</u>	<u>10,162,219</u>	

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	6,460,494	3,212,472	9,672,966	9,949,846
TOTAL 2018	<u>6,560,915</u>	<u>3,388,931</u>	<u>9,949,846</u>	

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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs

	Education 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance cost	49,000	49,000	67,950
Staff costs	5,682,044	5,682,044	5,788,490
Depreciation	120,712	120,712	119,661
Educational supplies	289,772	289,772	298,113
Examination fees	130,356	130,356	134,316
Staff development	18,680	18,680	20,551
School trip costs	105,562	105,562	83,308
Supply teachers	61,346	61,346	36,211
Technology costs	3,022	3,022	12,315
	<u>6,460,494</u>	<u>6,460,494</u>	<u>6,560,915</u>

Analysis of support costs

	Education 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance cost	64,000	64,000	58,050
Staff costs	1,299,881	1,299,881	1,011,091
Depreciation	94,967	94,967	94,140
Recruitment and support	26,562	26,562	27,296
Maintenance of premises and equipment	1,055,297	1,055,297	1,577,955
Cleaning	25,861	25,861	20,483
Rent and rates	58,570	58,570	58,510
Energy costs	126,245	126,245	123,864
Insurance	64,998	64,998	58,094
Catering	197,129	197,129	194,013
Technology costs	62,526	62,526	49,487
Office overheads	50,631	50,631	50,962
Legal and professional	70,908	70,908	49,293
Bank interest and charges	14,897	14,897	15,693
	<u>3,212,472</u>	<u>3,212,472</u>	<u>3,388,931</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	22,457	88,002
Depreciation of tangible fixed assets	216,402	214,886
Fees paid to auditors for:		
- audit	11,450	12,020
- other services	4,475	4,475
	<u><u> </u></u>	<u><u> </u></u>

11. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	Group	Group	Academy	Academy
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	5,430,789	5,294,006	5,430,789	5,294,006
Social security costs	476,928	464,295	476,928	464,295
Pension costs	1,237,684	1,227,774	1,237,684	1,227,774
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	7,145,401	6,986,075	7,145,401	6,986,075
Agency staff costs	61,346	36,211	61,346	36,211
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	7,206,747	7,022,286	7,206,747	7,022,286
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

b. STAFF NUMBERS

The average number of persons employed by the Group and the Academy during the year was as follows:

	Group	Group
	2019	2018
	No.	No.
Teachers	96	97
Administration and support	123	114
Management	7	7
	<u> </u>	<u> </u>
	226	218
	<u><u> </u></u>	<u><u> </u></u>

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11. STAFF COSTS (CONTINUED)

b. STAFF NUMBERS (CONTINUED)

The average headcount expressed as full-time equivalents was:

	Group 2019 No.	Group 2018 No.
Teachers	79	83
Administration and support	75	74
Management	7	7
	161	164

c. HIGHER PAID STAFF

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

	Group 2019 No.	Group 2018 No.
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

The above employees participated in the Teachers' Pension Scheme. Pension contributions during the year for these staff members amounted to £27,445 (2018: £26,306).

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Leadership Team as listed on Page 1. The total amount of employee benefits (including employer pension contributions) received by the key management personnel for their services to the Academy was £525,750 (2018: £568,842).

As staff trustees are not remunerated in respect of their role as a trustee, where staff do not form part of the key management personnel other than in their role as a trustee, their remuneration as set out in note 12 has not been included in the total benefits received by key management personnel above.

Other related party transactions involving the trustees are set out in note 30.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: M Woodlock: Remuneration 2019: £90,000 - £95,000 (2018: £85,000 - £90,000) Employers Pension Contributions Paid 2019: £15,000 - £20,000 (2018: £10,000 - £15,000).

During the year, no Trustee received any benefits in kind (2018: £NIL).

During the year ended 31 August 2019, expenses totalling £2,373 were reimbursed or paid directly to 3 Trustees (2018 - £2,248 to 5 Trustees). All expense claim this year related to travel.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Group has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000 on any one claim and the cost for the year ended 31 August 2019 was £400 (2018 - £363). The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. TANGIBLE FIXED ASSETS

GROUP

	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION						
At 1 September 2018	17,607,150	744,096	8,195	575,723	45,007	18,980,171
Additions	-	13,261	-	-	-	13,261
At 31 August 2019	<u>17,607,150</u>	<u>757,357</u>	<u>8,195</u>	<u>575,723</u>	<u>45,007</u>	<u>18,993,432</u>
DEPRECIATION						
At 1 September 2018	1,082,734	578,703	6,445	563,037	42,765	2,273,684
Charge for the year	160,788	43,929	585	8,858	2,242	216,402
At 31 August 2019	<u>1,243,522</u>	<u>622,632</u>	<u>7,030</u>	<u>571,895</u>	<u>45,007</u>	<u>2,490,086</u>
NET BOOK VALUE						
At 31 August 2019	<u>16,363,628</u>	<u>134,725</u>	<u>1,165</u>	<u>3,828</u>	<u>-</u>	<u>16,503,346</u>
At 31 August 2018	<u>16,524,416</u>	<u>165,393</u>	<u>1,750</u>	<u>12,686</u>	<u>2,242</u>	<u>16,706,487</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. TANGIBLE FIXED ASSETS (CONTINUED)

ACADEMY

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2018	17,607,150	741,684	574,965	45,007	18,968,806
Additions	-	13,261	-	-	13,261
At 31 August 2019	<u>17,607,150</u>	<u>754,945</u>	<u>574,965</u>	<u>45,007</u>	<u>18,982,067</u>
DEPRECIATION					
At 1 September 2018	1,082,734	576,591	562,394	42,765	2,264,484
Charge for the year	160,788	43,829	8,820	2,242	215,679
At 31 August 2019	<u>1,243,522</u>	<u>620,420</u>	<u>571,214</u>	<u>45,007</u>	<u>2,480,163</u>
NET BOOK VALUE					
At 31 August 2019	<u><u>16,363,628</u></u>	<u><u>134,525</u></u>	<u><u>3,751</u></u>	<u><u>-</u></u>	<u><u>16,501,904</u></u>
At 31 August 2018	<u><u>16,524,416</u></u>	<u><u>165,093</u></u>	<u><u>12,571</u></u>	<u><u>2,242</u></u>	<u><u>16,704,322</u></u>

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15. FIXED ASSET INVESTMENTS

Academy	Investments in subsidiary companies £
COST OR VALUATION	
At 1 September 2018	100
AT 31 AUGUST 2019	<u>100</u>
NET BOOK VALUE	
AT 31 AUGUST 2019	<u>100</u>
<i>AT 31 AUGUST 2018</i>	<u>100</u>

16. STOCKS

	Group 2019 £	Group 2018 £
Vending machine	<u>609</u>	<u>909</u>

17. DEBTORS

	Group 2019 £	Group 2018 £	Academy 2019 £	Academy 2018 £
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DUE WITHIN ONE YEAR				
Trade debtors	8,016	16,808	7,890	37,124
Amounts owed by group undertakings	-	-	44,466	-
Other debtors	59,433	118,350	52,766	114,327
Prepayments and accrued income	906,281	287,848	902,532	282,205
	<u>973,730</u>	<u>423,006</u>	<u>1,007,654</u>	<u>433,656</u>

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18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Academy 2019 £	Academy 2018 £
Other loans	30,000	30,000	30,000	30,000
Trade creditors	17,528	302,419	15,490	301,921
Other taxation and social security	127,406	115,795	127,406	115,795
Other creditors	158,651	108,715	158,651	108,715
Accruals and deferred income	354,946	146,116	342,849	130,620
	688,531	703,045	674,396	687,051
	Group 2019 £	Group 2018 £	Academy 2019 £	Academy 2018 £
Deferred income at 1 September 2018	63,595	52,332	60,229	46,044
Resources deferred during the year	31,866	63,595	28,200	60,229
Amounts released from previous periods	(63,595)	(52,332)	(60,229)	(46,044)
	31,866	63,595	28,200	60,229

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2019 £	Group 2018 £	Academy 2019 £	Academy 2018 £
Other loans	247,422	180,000	247,422	180,000

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	Group 2019 £	Group 2018 £	Academy 2019 £	Academy 2018 £
Between one and two years	42,178	30,000	30,000	30,000
Between two and five years	126,533	90,000	90,000	90,000
Over five years	78,711	60,000	30,000	60,000
	247,422	180,000	150,000	180,000

The SCC loan was advanced by Somerset County Council under the School Balances Scheme on 24 June 2005 and was used to fund the development of the Science Block. The original value of the loan advanced was £600,000 repayable over 20 years at a fixed rate of interest of 5% per annum. At the year end £180,000 remains outstanding.

The remaining loan balance consists of a salix loan. At the year end £97,422 remains outstanding with no payments having been made. The loan is repayable over 8 years. The total value of the salix loan is £194,024 however as at the year end £96,602 was not received and therefore no liability has been recognised.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Academy 2019 £	Academy 2018 £
FINANCIAL ASSETS				
Financial assets that are debt instruments measured at amortised cost.	1,804,791	1,311,450	1,835,278	1,314,660
	Group 2019 £	Group 2018 £	Academy 2019 £	Academy 2018 £
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(667,464)	(597,727)	(657,015)	(585,099)

Financial assets measured at amortised cost comprises cash, trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, loans and accruals.

**THE BLUE SCHOOL
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FOR THE YEAR ENDED 31 AUGUST 2019**

21. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General Funds	387,791	493,795	(397,300)	-	-	484,286
Wells Blue Sport Centre	(10,206)	161,648	(185,006)	-	-	(33,564)
	<u>377,585</u>	<u>655,443</u>	<u>(582,306)</u>	<u>-</u>	<u>-</u>	<u>450,722</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	7,217,925	(7,187,925)	(30,000)	-	-
Pupil Premium	-	223,148	(223,148)	-	-	-
Devolved Formula Capital	30,494	120,153	(61,032)	(34,615)	-	55,000
Condition Improvement Fund Heating	371,057	(49,454)	(371,057)	34,615	-	(14,839)
Condition Improvement Fund Roof	-	997,408	(382,433)	-	-	614,975
Rates	-	34,582	(34,582)	-	-	-
Teacher Pay Award	-	73,360	(73,360)	-	-	-
Other EFSA	-	15,024	(15,024)	-	-	-
High Needs	-	17,269	(17,269)	-	-	-
Reasearch School	17,956	60,000	(47,727)	-	-	30,229
Other Donations	-	142,860	(108,245)	(13,261)	-	21,354
Other Grants	-	84,524	(84,524)	-	-	-
Pension reserve	(4,332,000)	-	(459,000)	-	(902,000)	(5,693,000)
	<u>(3,912,493)</u>	<u>8,936,799</u>	<u>(9,065,326)</u>	<u>(43,261)</u>	<u>(902,000)</u>	<u>(4,986,281)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	14,836,474	-	(215,679)	30,000	-	14,650,795

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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Fixed assets purchased from GAG and other restricted funds	1,657,848	-	-	13,261	-	1,671,109
	<u>16,494,322</u>	<u>-</u>	<u>(215,679)</u>	<u>43,261</u>	<u>-</u>	<u>16,321,904</u>
TOTAL RESTRICTED FUNDS	<u>12,581,829</u>	<u>8,936,799</u>	<u>(9,281,005)</u>	<u>-</u>	<u>(902,000)</u>	<u>11,335,623</u>
TOTAL FUNDS	<u><u>12,959,414</u></u>	<u><u>9,592,242</u></u>	<u><u>(9,863,311)</u></u>	<u><u>-</u></u>	<u><u>(902,000)</u></u>	<u><u>11,786,345</u></u>

The specific purposes for which the funds are to be applied are as follows:

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the ESFA during the period in order to fund the continuing activities of the school.

Pupil premium funding represents amounts received from the ESFA to cater for disadvantaged pupils.

Devolved Formula Capital represents funding received from the ESFA towards the purchase and improvement of long-term assets.

Condition Improvement Fund income represents funding received from the ESFA for the improvement in condition of school buildings. Transfers out of this fund represent amounts spent on fixed assets.

Rates relief grants are received from the ESFA to contribute towards the Academy's rates expenditure.

Teachers pay award - Grant received to fund the increase in the cost of teachers' pay.

Other ESFA grants represents Year 7 Catch up funding received to support year 7 pupils who did not achieve the expected standard in reading or maths at the end of key stage 2.

Higher Needs funding is funding received to support pupils with learning difficulties and other disabilities.

Mendip Support School Alliance is funding received to provide professional development across Mendip schools, as well as commissioning research into education.

Somerset Excellence Fund is funding received to improve the support given to student revision, independent learning and memorisation of curriculum content.

Other Local Authority funding represents Pupil Premium income received from the Local Authority.

Educational visits represents voluntary contributions received from parents and students towards the cost of educational trips.

Donations represent those donations that have been given for a specific purpose such as contributions

21. STATEMENT OF FUNDS (CONTINUED)

towards school materials and trip income.

Other grants include PFSA funding, TSST funding, NEET funding and funding for the Curriculum Transition Project.

Research School income is to support schools across West Somerset, Opportunities Area and the under region in using evidence-based practice to improve educational standards.

The defined benefit pension scheme fund represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS

Fixed assets on conversion represent the value of the building and other assets transferred to the new Academy Trust from the Local Authority.

Fixed assets purchased from GAG and other restricted funds - the balance at year end represents the net book value of assets purchased using those restricted funds.

UNRESTRICTED FUNDS

The Wells Blue Sports Centre fund as at 31 August 2019 is in deficit by £33,564. Wells Blue Sports Centre Ltd made an operational loss during the period reflecting decreased income in activities and bookings, possibly as a result of increased competition in the area. This was exacerbated by the long-term sickness absence of one key staff member, disrupting the team's ability to seek out and pursue additional income opportunities. Indications suggest that activities generated income is now recovering and the hours of opening have been modified to an efficient model.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

**THE BLUE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (CONTINUED)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General Funds	298,704	515,763	(426,676)	-	-	387,791
Wells Blue Sport Centre	(1,008)	197,544	(206,742)	-	-	(10,206)
	<u>297,696</u>	<u>713,307</u>	<u>(633,418)</u>	<u>-</u>	<u>-</u>	<u>377,585</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	7,035,527	(6,943,893)	(91,634)	-	-
Pupil Premium	-	218,388	(218,388)	-	-	-
Devolved Formula Capital	-	33,526	(3,032)	-	-	30,494
Condition Improvement Fund Heating	1,720,682	-	(1,349,625)	-	-	371,057
Rates	-	33,696	(33,696)	-	-	-
Other EFSA	-	16,933	(16,933)	-	-	-
High Needs	-	33,476	(33,476)	-	-	-
Mendip Support School	6,000	-	(6,000)	-	-	-
Somerset Excellent Fund	4,200	-	(4,200)	-	-	-
Reasearch School	-	80,000	(62,044)	-	-	17,956
Other Donations	-	94,175	(94,175)	-	-	-
Other Grants	-	65,538	(65,538)	-	-	-
Pension reserve	(4,913,000)	-	(484,000)	-	1,065,000	(4,332,000)
	<u>(3,182,118)</u>	<u>7,611,259</u>	<u>(9,315,000)</u>	<u>(91,634)</u>	<u>1,065,000</u>	<u>(3,912,493)</u>
RESTRICTED FIXED ASSET FUNDS						

**THE BLUE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (CONTINUED)

	£	£	£	£	£	Balance at 31 August 2018 £
Fixed assets transferred on conversion	15,020,275	-	(213,801)	30,000	-	14,836,474
Fixed assets purchased from GAG and other restricted funds	1,596,214	-	-	61,634	-	1,657,848
	<u>16,616,489</u>	<u>-</u>	<u>(213,801)</u>	<u>91,634</u>	<u>-</u>	<u>16,494,322</u>
TOTAL RESTRICTED FUNDS	<u>13,434,371</u>	<u>7,611,259</u>	<u>(9,528,801)</u>	<u>-</u>	<u>1,065,000</u>	<u>12,581,829</u>
TOTAL FUNDS	<u><u>13,732,067</u></u>	<u><u>8,324,566</u></u>	<u><u>(10,162,219)</u></u>	<u><u>-</u></u>	<u><u>1,065,000</u></u>	<u><u>12,959,414</u></u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	1,442	-	16,501,904	16,503,346
Current assets	463,415	1,448,537	-	1,911,952
Creditors due within one year	(14,135)	(644,396)	(30,000)	(688,531)
Creditors due in more than one year	-	(97,422)	(150,000)	(247,422)
Provisions for liabilities and charges	-	(5,693,000)	-	(5,693,000)
TOTAL	<u>450,722</u>	<u>(4,986,281)</u>	<u>16,321,904</u>	<u>11,786,345</u>

**THE BLUE SCHOOL
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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	2,165	-	16,704,322	16,706,487
Current assets	472,848	995,124	-	1,467,972
Creditors due within one year	(97,428)	(575,617)	(30,000)	(703,045)
Creditors due in more than one year	-	-	(180,000)	(180,000)
Provisions for liabilities and charges	-	(4,332,000)	-	(4,332,000)
TOTAL	377,585	(3,912,493)	16,494,322	12,959,414

23. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(271,069)	(1,837,653)
ADJUSTMENTS FOR:		
Depreciation	216,402	214,886
Capital grants from DfE and other capital income	(1,082,946)	(33,526)
Interest receivable	(2,536)	(1,918)
Defined benefit pension scheme cost less contributions payable	346,000	358,000
Defined benefit pension scheme finance cost	113,000	126,000
Decrease/(increase) in stocks	300	(364)
Decrease/(increase) in debtors	42,641	(29,240)
(Decrease)/increase in creditors	(14,514)	83,804
NET CASH USED IN OPERATING ACTIVITIES	(652,722)	(1,120,011)

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24. CASH FLOWS FROM FINANCING ACTIVITIES

	Group 2019 £	Group 2018 £
Cash inflows from new borrowing	97,422	-
Repayments of borrowing	(30,000)	(30,000)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	67,422	(30,000)

25. CASH FLOWS FROM INVESTING ACTIVITIES

	Group 2019 £	Group 2018 £
Interest received	2,536	1,918
Purchase of tangible fixed assets	(13,261)	(61,634)
Capital grants from DfE Group	489,581	1,295,508
NET CASH PROVIDED BY INVESTING ACTIVITIES	478,856	1,235,792

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £
Cash in hand	937,613	1,044,057
TOTAL CASH AND CASH EQUIVALENTS	937,613	1,044,057

27. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Somerset County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £109,197 were payable to the schemes at 31 August 2019 (2018 - £105,676) and are included within creditors.

27. PENSION COMMITMENTS (CONTINUED)

TEACHERS' PENSION SCHEME

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

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

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £921,684 (2018 - £868,319).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

27. PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £415,000 (2018 - £411,137), of which employer's contributions totalled £316,000 (2018 - £321,411) and employees' contributions totalled £ 99,000 (2018 - £89,725). The agreed contribution rates for future years are 20.9 per cent for employers and 5.5 - 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2019	2018
	%	%
Discount rate for scheme liabilities	1.9	2.65
Rate of increase in salaries	3.7	3.80
Rate of increase for pensions in payment / inflation	2.2	2.30
Inflation assumption (CPI)	1.00	1.00

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.9	24.0
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	24.6	26.3
Females	25.8	27.5

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(263,000)	(209,000)
Discount rate -0.1%	270,000	214,000
Mortality assumption - 1 year increase	347,000	265,000
Mortality assumption - 1 year decrease	(335,000)	(256,000)

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27. PENSION COMMITMENTS (CONTINUED)

The Group's share of the assets in the scheme was:

	At 31 August 2019	At 31 August 2018
	£	£
Equities	3,022,000	2,606,000
Gilts	254,000	194,000
Corporate bonds	390,000	327,000
Property	346,000	322,000
Cash and other liquid assets	254,000	172,000
TOTAL MARKET VALUE OF ASSETS	4,266,000	3,621,000

The actual return on scheme assets was £276,000 (2018 - £140,000).

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2019	2018
	£	£
Current service cost	(662,000)	(671,000)
Interest income	98,000	84,000
Interest cost	(211,000)	(210,000)
TOTAL AMOUNT RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	(775,000)	(797,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019	2018
	£	£
AT 1 SEPTEMBER	7,953,000	8,048,000
Past service cost (gain)	75,000	-
Interest cost	211,000	210,000
Employee contributions	99,000	98,000
Actuarial (gains)/losses	1,077,000	(1,011,000)
Benefits paid	(43,000)	(63,000)
Current service cost	587,000	671,000
AT 31 AUGUST	9,959,000	7,953,000

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**NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (CONTINUED)

Changes in the fair value of the Group's share of scheme assets were as follows:

	2019	2018
	£	£
AT 1 SEPTEMBER	3,621,000	3,135,000
Interest income	101,000	86,000
Actuarial gains	175,000	54,000
Employer contributions	316,000	313,000
Employee contributions	99,000	98,000
Benefits paid	(43,000)	(63,000)
Administration expense	(3,000)	(2,000)
AT 31 AUGUST	4,266,000	3,621,000

28. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Group and the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group	Academy	Academy
	2019	2018	2019	2018
	£	£	£	£
Not later than 1 year	18,737	25,670	18,737	25,670
Later than 1 year and not later than 5 years	25,714	62,332	25,714	62,332
	44,451	88,002	44,451	88,002

29. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

30. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

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**NOTES TO THE FINANCIAL STATEMENTS
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31. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2017 the Academy Trust received £18,771 (2018: £21,054) and disbursed £17,829 (2018: £20,248) from the fund.

32. PRINCIPAL SUBSIDIARIES

The following was a subsidiary undertaking of the Academy:

Name	Holding	Included in consolidation
Wells Blue Sport Centre Ltd	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets/(liabi- lities) £
Wells Blue Sport Centre Ltd	161,648	(185,006)	(23,358)	(33,464)