

Company Registration No. 2369239 (England and Wales)

THE BRIT SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020

THE BRIT SCHOOL

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THE BRIT SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

BPI (British Recorded Music Industry) Limited
David Carter
John Craig OBE on behalf of the BRIT Trust
John Deacon CBE
Maggie Semple OBE

Trustees

D Carter (Chair of Trustees)
K Ambrosi
C Ancliff
P Burger
J Charrington
O Chew (Staff Trustee) (Resigned 1 November 2020)
M Cooper
M Crowe OBE
J Craig (Resigned 25 February 2020)
M Cwynarski (Parent Trustee) (Resigned 1 February 2020)
A Ferreira
F Hamblin (Parent Trustee) (Resigned 1 November 2020)
A Havard (Staff Trustee)
M Hilton (Resigned 11 November 2019)
A Lloyd-Webber
M Locket
Prof S Mackey (Resigned 3 October 2019)
D Mahoney
J Morrish
L Soden
G Taylor (Resigned 25 February 2020)
H Trubridge
T Wadsworth CBE (Resigned 25 February 2020)
J Wilson (Appointed 1 October 2019)
T Simpson (Appointed 25 February 2020)
J Ward (Appointed 1 February 2020)
J Hillier (Appointed 7 December 2020)
T Stuck (Appointed 1 December 2020)

Attends Governors' meetings by invitation

Nick Jefferson

THE BRIT SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Senior Leaders

| | |
|---|--------------------|
| - Principal | Stuart Worden |
| - Director of Finance (until 31/12/2019) | Richard Elliott |
| - Acting Director of Finance (since 1/2/2020) | Yong Liu |
| - Chief Operating Officer (from 01/01/2020 to 31/01/2020) | -Suthan Santhaquru |
| - Senior Assistant Principal | Kirsty Mehta |
| - Assistant Principal - Student Experience | Claire Mullord |
| - Assistant Principal - Performing Arts | Ray Oudkerk |
| - Assistant Principal | Della Gibbins |
| - Director of Communications | Alexa Cruickshank |
| - Assistant Principal | Adrienne Chapman |

Company registration number 2369239 (England and Wales)

Principal and registered office 60 The Crescent
Croydon
Surrey
CR0 2HN

Independent auditor Azets Audit Services
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Bankers National Westminster Bank PLC
Commercial Banking South London
City Link House, 3rd Floor
4 Addiscombe Road
Croydon
CR0 5TT

Solicitors DMH Stallard LLP
Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ

THE BRIT SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees, who are also the School's Governors, present their report together with the consolidated financial statements and auditor's report of The BRIT School Limited (the School) for the year ended 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The School operates a City College for the Technology of the Arts (CCTA) for pupils aged 14 to 19 serving a catchment area made up of most of Greater London and some parts of suburban Surrey and Kent. The School's "standard pupil number" (effectively the minimum capacity of the School as set out in the funding agreement) is 1,230 and 1,384 students were on roll in the school census in October 2020.

Structure, governance and management

Constitution

The School is a company limited by guarantee (Company No.2369239) and an exempt charity, regulated by the Education & Skills Funding Agency (ESFA) on behalf of the Department for Education (DfE). The company's Articles of Association is its primary governing document. Details of the Governors/Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1. The School was incorporated on 6 April 1989 and has been a CCTA since its incorporation.

The Trustees of The Brit School are also the Directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease 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.

Method of recruitment and appointment or election of Trustees

The Articles of Association provide that the number of Trustees shall be not less than two and that no more than 25 may be appointed by the Trustees, although Co-opted Trustees may also be appointed by the Board of Trustees. The Articles provide that two of the Trustees shall be elected by Parents, and the Board of Trustees has determined that two will be elected by Staff.

Trustees are subject to retirement by rotation every three years but are eligible for re-election at the meeting at which they retire. Staff trustees may serve for one term of three years, and may not stand for re-election. Parent Trustees may serve for one term of three years, except that they are required to resign by the 31 October after their child leaves the School.

The Governance Committee assesses the skills to be sought in recruiting new Trustees; a skills audit has been undertaken and is updated as Trustees join and leave the Board of Trustees. Vacancies in the Board of Trustees are filled to address any skills gap disclosed by the skills audit.

Policies and procedures adopted for the induction and training of Trustees

New Trustees are introduced to the School and to their role as a Trustee by visiting the School to meet the Principal and Company Secretary. They are offered suitable external training. In addition, they are given the following documents to read: the prospectus, the School's Articles of Association, the Funding Agreement with the DfE, the School Improvement Plan, the budget for the current year, the latest Annual Report and Financial Statements, the latest management accounts and a Charity Commission/SGOSS publication for school governors. As new Trustees join the governing body irregularly, with comparatively few in most years, induction is undertaken informally and is tailored specifically to the individual.

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Organisational structure

The Senior Leadership Team (SLT) consisted throughout the year of: the Principal, the Senior Assistant Principal, four Assistant Principals, the Director of Finance and the Director of Communications. All areas of the School are directly overseen by a member of the SLT. The wider management team is involved in decision making through regular meetings with their line manager, Learning Leadership Group meetings for curriculum leaders, Support Management Group meetings for support leaders and tutor meetings.

The Principal is the School's Accounting Officer; as such he is responsible for satisfying himself that the School has appropriate policies and procedures in place to ensure that the School's resources are properly controlled and applied. The Board of Trustees has delegated day to day responsibility for financial matters to the Director of Finance, subject to the operation of a formal scheme of delegation and oversight by the Principal and the Finance and Audit Committee. The annual budget is reviewed by the Finance and Audit committee, which recommends its approval to the Board of Trustees.

The Board of Trustees has delegated authority over the engagement and dismissal of staff (except for the Director of Finance) to the Principal, except that the Principal must consult with the Chair of Trustees before dismissing a member of staff. The SLT as a body is responsible for the identification of staffing needs and the appointment of staff, with a member of SLT sitting on the appointment board for all permanent staff. Responsibility for personnel rests with the Principal. Appointment boards for management posts include a Trustee.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel comprises of the SLT and the Trustees of the School. As disclosed in Note 11, no Trustee other than Staff Trustees received any remuneration from the School in the course of the year except the reclaim of reasonable expenses. The Trustees confirm that Staff Trustees' salaries are calculated in the usual way, based on their position on the relevant pay scale plus (in the case of teaching staff) any Teaching and Learning Responsibility payment relevant to any responsibility they might hold.

The Principal's salary was set on appointment by the Board of Trustees on the advice of the Personnel Committee. Although the School is a standalone institution, its position as one of the most high-profile schools in the country, linked to one of the most high-profile and image-aware industries, puts particular pressures on the School's Principal: they need not only to be an accomplished educator, but also highly knowledgeable across the arts, politically aware and adept at communicating to a wide range of audiences. Consequently, the starting salary was benchmarked against the Principals and CEOs of other complex educational institutions. A pay scale was established on appointment, with progress dependent upon the achievement of appraisal objectives, as identified by the Principal's Performance Management Committee; this annual review is overseen by the Personnel Committee and approved by the full Board of Trustees.

The salaries of the other members of SLT are set on the Leadership Scale, based on a reasonable differential from the Principal, bearing in mind that the particular pressures of the School apply to all of SLT to some extent. The Director of Finance may be removed from the Leadership Scale and have a special scale if the Board of Trustees believes that this will produce a fairer result for both the employee and the School. Progress up the scale is governed by the same rules as the rest of SLT. On appointment these salaries were benchmarked against similar roles then being advertised; progress up the Leadership Scale is dependent upon the achievement of appraisal objectives, as identified by the Principal; this annual review is overseen by the Personnel Committee and approved by the full Board of Trustees.

Related parties and other connected charities and organisations

The School receives annual donations from its sponsor, the British Record Industry Trust (the BRIT Trust). Six of the BRIT Trust's trustees were also Trustees of the School at some point in the year. In accepting this donation, the School has not breached any of the requirements of the ESFA's Academies Financial Handbook, which apply to the School despite its status as a CCTA. The sponsor and the wider industry also offer substantial support in kind, for which the School is very grateful.

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Subsidiary Company

The School owns 100% of the issued ordinary share capital of BRIT School Productions Limited, a company incorporated in England and Wales (Company No. 2846847). The principal activity of the company continues to be that of generating funds from commercial activities for the benefit of the BRIT School. Further details are given in note 14 to the financial statements.

Objectives and activities

Objects and aims

The principal object of the charitable company is to advance, for the public benefit, education in the United Kingdom. The predominant activity of the charitable company is the operation of The BRIT School to provide vocational education for pupils across the spectrum of academic abilities between the ages of 14 and 19 with an emphasis on the performing, creative and digital arts and related technology. The main objectives of the School are summarised below:

- to raise the standard of educational achievement of all pupils;
- to ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to further artistic and creative education for children and young people, both in Selhurst and further afield, by way of regular community classes (including the School's BRIT Kids Saturday Classes) and bespoke programmes for partners;
- to use the School's creative expertise in wider training for young people and adults;
- to conduct School business in accordance with the highest standards of integrity, probity and openness.

The School's funding agreement with the Secretary of State for Education specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on the performing arts and their technologies. The catchment area is most of Greater London and parts of Surrey and Kent. Special consideration may be given to admitting students of particular merit from outside the catchment area, but these must total no more than 10% of the total intake.

Equal opportunity policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The School aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. Indeed the School believes that Equal Opportunity must be and is a key part of its ethos.

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Additional/Special Educational Needs

The School receives applications from many young people with special educational and physical needs. The School applies the over-riding criterion concerning aptitude for the chosen art form in deciding whether to admit these candidates. However, the School works to ensure that these applicants are given the best opportunity to show what they can do. For those with an Education and Health Care Plan (EHCP), a member of the Additional Educational Needs (AEN) team is present during the admissions process. The AEN client list during 2019/20 numbered 189 (2018/19: 173) students, 30 (2018/19: 25) with statements of special educational need or EHCP, with conditions supported including dyslexia, ADHD, autism and hearing impairment.

Disabled Persons

The policy of the School is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the School, as well as generally through training and career development.

The School aims to provide equal opportunities for all students from all backgrounds. In accordance with the School's admission policy, the School is inclusive and accommodates applicants in all disciplines. In the School's teaching and learning strategies, we provide special assistance when needed such as disabled access to ensure disabled students have equal access to learning.

Objectives, strategies and activities

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Students are selected based upon their aptitude and commitment to the performing, creative or digital arts, taking no account of academic ability.

Strategic report

Achievements and performance

The BRIT School's mission is vocational. It seeks to select applicants who demonstrate the intention and aptitude to make a career in the performing, creative or digital arts. The School maintains this ambition during the Covid-19 period. In order to equip its students for a life in the creative professions, the School seeks to:

- choose qualifications which will develop both practical and academic skills, including those relating to wider knowledge of the creative industries (eg copyright);
- ensure that students are aware of the range of careers available within the arts;
- maintain a high level of personal experience of working in the creative industries within the staff;
- maintain technical facilities at a level which will enable industry-relevant skills to be taught;
- maintain links with the creative industries, both through its sponsor, the BRIT Trust, and elsewhere, in order to keep abreast of developments; and
- adapt our teaching strategies during the Covid-19 period to a combination of on-site and on-line classes, via Google Classroom.

The latter part of the 19/20 academic year has had it's obvious challenges however The BRIT School have found creative solutions and innovations to keep teaching, learning and student experience alive and vibrant. During lockdown, The BRIT School has continued to deliver a full online timetable of practical and academic classes plus Q&A *BRIT Talks* with alumni and industry professionals from across the creative industries. In addition, students' creative work has been showcased on a platform called *BRIT Now* www.brit.croydon.sch.uk/britnow giving students a voice to respond to live situations including Covid-19, the NHS, Black Lives Matter and Pride. *People's Day* - a community celebration, the annual Film & Media Production Showcase, Theatre Festival *Strawberry Picking*, an exclusive *BRIT Festival* with The Other Songs and Graduation Ceremonies were all celebrated online using the digital arts to keep the spirit of the School alive. The BRIT School's environmental BRIT goes Green initiative has won the Julie's Bicycles Green Award (Best Newcomer) which recognises cultural organisations who are embedding environmental sustainability across the sector.

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key achievements -Sep 2019-August 2020:

Sep 2019: Nile Rodgers opened the *Nile Rodgers Music Suite* following a significant donation to the school and ITV News covered the unveiling of the plaque.

Nov 2019: YouTube Music officially opened brand new state-of-the-art video production facility funded through YouTube Music's partnership with The BRIT Awards in conjunction with The BRIT Trust.

Nov 2019: Former student and artist **Loyle Carner (Theatre'13)** built the School a new Peace Garden in the school grounds as part of Nature Needs Heroes project with Urban Growth London. Loyle is the ambassador for Timberland and the project was filmed for MTV featuring students and staff.

Dec 2019: 65th London Evening Standard Theatre Awards. Alum Cush Jumbo (Theatre'03) hosted the Awards and opened the ceremony performing with ten students in a rendition of Windy City. The BRIT School was featured in Vogue and in the Evening Standard and across social platforms to an audience of hundreds of thousands.

Dec 2019: BRIT Talks launched which is a series of Industry Talks for students which the School was able to continue and develop online in March meaning that students could access them from their homes. BRIT Talks featured a spectrum of speakers from recent graduates in their first entry level job to Vice Presidents of Global Companies and even an Oscar nominated Costume designer and Spider-man actor Tom Holland.

Feb 2020: The BRIT Awards 2020 saw 500 students involved this year. Two alumni were nominated for Female Solo Artist: Freya Ridings and FKA Twigs and 50 current students performed with Stormzy and Mabel plus three Production Arts students won placements working backstage with Britannia Row and PRG.

Feb 2020: Apple - The School held a *BRIT Takeover* at the Apple Stores in central London, showcasing creative collaboration, talent and innovation with its partner Apple as part of 21 January 2021 Over 5000 members of the public watched live dance, illustration, music and musical theatre performances.

March 2020: BRIT Now - the School launched a new platform called **BRIT Now** to showcase the creative work of its students across every year and every strand from artwork, poetry, songs, dance, films and creative writing. We have received over 2000 views on the website from the public.

May 2020: Black Lives Matter - the School launched its community term **BRIT loves Community** with a theme around Prejudice & Injustice- in response to the Black Lives Matter movement. The BRIT school released a statement across all its platforms and is working very closely with current students and BRIT community to maintain positive steps to actively address racism, injustice and inequality.

The BRIT School has always been the place to be you, regardless of race, sexuality, gender or anything else.

Today, and everyday, we stand in solidarity with our black students, staff, alumni, industry partners and the entire black community in condemning racism.

The
BRIT
SCHOOL  #BlackLivesMatter

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key achievements - continued

BRIT Festival celebrated diversity and culture and BLM. 'The Other Songs presents BRIT festival' was streamed live on Instagram to an audience of 1000+, raising money for the *Keep BRIT Special* fundraising campaign. The BRIT School has continued to fundraise under the Keep BRIT Special campaign during 2020/21: a 'call to action' that resonates with donors – now more than ever before - and seeks to shine a light on the uniqueness of The BRIT School, the funding jeopardy the School faces, and the impact donors could have in helping to break down barriers to young artists from all backgrounds.

Ofsted

The School received a short inspection in January 2018, as a result of which Ofsted's judgement was that the School continues to be Good. The report highlights the many outstanding areas of the School's provision, particularly at post 16, so the School was disappointed to remain Good, but it is recognised that excellence at post 16 will not decisively sway an Ofsted judgement.

Key performance indicators

The BRIT School's own Key Performance Indicators are attendance, examination results and its students continuing to further education.

Attendance:

During lockdown, The BRIT School has continued to deliver a full online timetable of practical and academic classes plus Q&A BRIT Talks with alumni and industry professionals from across the creative industries. The attendance of those online classes were 95%. In addition, students' creative work has been showcased on the School's BRIT Now platform, giving students a voice to respond to current situations including Covid-19, the NHS, Pride, and Black Lives Matter. Activities and events including People's Day - a community celebration, the annual Film & Media Production Showcase, the Theatre Festival Strawberry Picking, an exclusive BRIT Festival with The Other Songs and Graduation Ceremonies were all celebrated online fully using the digital arts to keep the ethos of the School alive.

Examination results:

Despite the disruption of COVID-19, students at The BRIT School celebrate incredible vocational and academic achievement at Post 16 by gaining the highest ever percentage of Distinctions in UAL Level 3 Extended Diplomas and an uplift in A Level results from 2019 well above the national average.

Students commit to a rigorous curriculum specialising in a performing or creative arts UAL Level 3 Extended Diploma, which is equivalent to 3 A Levels, and some students also undertake additional A Levels or BTEC certificates. 264 students, 55.7% of the cohort, gained a Distinction at UAL which is the highest possible grade and is the equivalent of three As at A Level.

The BRIT School also had exceptionally strong A Level results including 86% A*-C grades (71% in 2019) and 52% A*-B grades (40% in 2019).

As summarised above, the examination results for 2019 continued the impressive record of 2002 - 2018, with encouraging results from our new post-16 qualification (UAL). The results of the UAL qualification cannot readily be compared with its predecessor (BTEC), so there is no comparison this year.

Further Education:

200 students have been accepted by their chosen universities, 15 of whom are going to Russell Group universities studying creative and performing arts degrees as well as taking up diverse subjects such as Anthropology, English, History, Mathematics, Computer Science, Philosophy and Social Work. 41% of students in receipt of Free School Meals have accepted a place at university through UCAS which is substantially higher than the national average.

Community

The BRIT School remains committed to benefitting its wider community. From September 2019 to December 2019, the School delivered a community anti-knife crime performance for its local community, with a young adult audience of 1200 aged from 11 to 16. Since COVID-19 this year, the School has continued to reach out to the community, delivering its 'People's Day' online as a livestream event. The School also created BRIT Now in order to showcase its students' film, music and art works to a wider community online.

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board of Trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the School's income is received from the Education & Skills Funding Agency (ESFA) in the form of General Annual Grant (GAG), the use of which is restricted to particular purposes. The grants received during 2019/20 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The School also receives grants for fixed assets from the ESFA. Such grants 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 expected useful life of the assets concerned.

The School's financial results for the year are summarised in the statement of financial activities and its financial position at 31 August 2020 is shown in the balance sheet.

The result for the year was a deficit of £1,585k (2019 : £1,317k). The result for the year before depreciation and the change in value of the Local Government Pension Scheme was a surplus of £91k (2019 : surplus £74k).

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The BRIT Trust

The British Record Industry Trust has again been extremely generous to the School this year, especially during the Covid-19 period. In total this year The BRIT Trust have kindly donated £680k (2019 : £300k) to The BRIT School, for which the School is hugely appreciative.

The Trust's donations have supported the School with music rehearsal room equipment, theatre and musical sound systems, lighting desks in the BRIT Theatre, wireless comms, dimmers and new doors for the Obie Theatre, lighting and sound equipment in the dance studio, a new lighting visualisation and audio editing suite, and Q-Lab software. The BRIT Trust has also donated towards BRIT Promotional videos to strengthen the School's public image and student recruitment, towards a fundraising assessment report and towards the specialist staff the School employs such as box office staff and theatre technicians, all of which are expenses unique to the BRIT School due to its Objectives and Aims.

The BRIT Trust also agreed a finance package for The BRIT School in July 2020 to support the School amidst the challenges of the COVID-19 period. The School remains very grateful to the Trust for its continued support, both financially and in other ways.

Fundraising Review

Fundraising at the School continues to grow, and further investment has been made in year. Following the team's restructure in 2018/19, the new role of part time Development Manager was filled in October 2019 to bring a clear focus to developing Corporate Partnerships. In August 2020, the School appointed a temporary part time Trusts & Foundations Manager to help accelerate this area of the School's voluntary income, given the potential shown in previous years.

COVID-19 had a significant impact on the potential for fundraising in 2019/20, as experienced by most other performing arts venues and educational organisations. The School raised £652k in 2019-2020 of which £615k was budget relieving (54% above the £400k target).

The difficult second half of the year saw the School lose some funding that had been secured for sponsorship and programmes, while a small number of funders were unable to fulfil their pledges due to the impact of the pandemic on their own businesses. However, the challenges of lockdown shone a light on the continued relevance and importance of the School's Keep BRIT Special campaign, and thanks to the efforts of the Development Team and the commitment of key donors – including the Utlely Foundation, Rentokil Initial and Croydon Council - the School was able to secure a higher outturn than the year-start budget.

Prior to lockdown, the School had also received its first direct funding from Arts Council England for an innovative community project; the School was pleased too to welcome as supporters SJM Concerts and Nile Rodger's commitment to the School saw his BRITs Party in February raise more funds than the previous year. The School continues to be very grateful to all of its donors and sponsors from 2019/20 for their continued support and belief in the work of The BRIT School.

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Reserves policy

The Trustees have considered the desirable range of reserves which the School should hold.

The day-to-day operations of the School are financed by the unrestricted and the restricted general fund arising from General Annual Grant (GAG); the Private Sector General Fund is not available to be allocated against general expenditure but must be spent as approved by the British Record Industry Trust from time to time, so is excluded from the consideration of the level of reserves required to support day-to-day operations. The great majority of these funds is in the form of grants from the ESFA and should therefore be easily predictable, so a relatively moderate level of resources is generally required to cover financial risks.

Consequently, the Trustees have previously decided that the combined balances on the unrestricted and restricted general funds, after deducting amounts earmarked for a specific future use, should be between 3% (£261,000) and 5% (£431,000) of the total income budgeted to be received into these funds in the forthcoming financial year. Financial projections to 2020/21 indicate that general reserves will not fall below £250,000 (in line with the reserves policy). However, current COVID-19 conditions are very challenging, and the achievement of these goals is dependent upon reaching targets for fundraising and earned revenue, both of which are ambitious. External factors such as increased pension contributions or an unexpected increase in inflation also put this target at risk. Trustees remain of the view that future projected unrestricted and restricted general funds should not fall below 3% of income, in line with the established policy.

The School held fund balances at 31 August 2020 of £13,167k (2019 : £14,031k), comprising £12,420k (2019 : £13,684k) of restricted funds and £747k (2019 : £347k) of unrestricted funds. Of the restricted funds £16,251k (2019 : £17,055) is represented by tangible fixed assets and £9k (2019 : £281k) of unspent restricted funds.

The pension reserve which is considered part of restricted funds was £3,840k (2019 : £3,811k) in deficit.

Investment policy

Under the Memorandum and Articles of Association, the School has the power to invest funds not immediately required for its own purposes in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis. Trustees have resolved that market risk will be avoided by placing surplus monies only in investments which guarantee a return of the amount invested (ie interest bearing deposits of one kind or another). It has been further resolved, in order to manage credit risk, that no more than £1 million should be placed with any one institution, except that more may be placed with the Royal Bank of Scotland group, as it is 61.8% owned by the British government.

Principal risks and uncertainties

The Trustees have considered the major risks to which The BRIT School is exposed, in particular those regarding teaching and learning, facilities and finances. The Trustees have implemented a number of systems to assess risks that the School faces, especially in operational areas such as health and safety, legal challenges against admissions, COVID-19, etc. The principle risks and uncertainties that the School faces are mitigated by the risk management process that it has in place. The risk register is reviewed by the Senior Leadership Team each term, and by the Finance Committee annually.

The major risks are:

- Financial deficit arising from shortfall in income
- COVID-19 impact on commercial income
- COVID-19 impact on fundraising
- Financial operations under COVID-19
- Changes in educational policy may adversely affect the School by emphasising academic subjects over artistic or vocational subjects

Risk management

The Trustees have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 14.

THE BRIT SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

The BRIT School has great ambition to prepare young people for careers in the creative and performing arts. The ambition and success of the School's students is a key priority as outlined in its Five Year Plan. This document provides an ambitious, clear and measurable plan on how the School will build its reputation towards being recognised nationally and internationally for arts education, mental health and wellbeing, graduate success and financial and environmental sustainability. Priorities are to become an Outstanding School through raising achievement; to secure the School's future financially through diverse funding income streams and industry relationships; and to build and improve on the facilities on site with a state-of-the-art musical theatre provision. At the centre of the plan is attracting a wide and diverse demographic to enable young people from under-represented groups to access this world class arts education.

The School aims to continue developing qualities in its BRIT students such as resilience, communication, teamwork, employability, skills and confidence to be successful in the creative and performing arts industries.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Azets Audit Services be reappointed as auditor of the charitable company will be put to the members.

On 7 September 2020 Group Audit Service Limited trading as Wilkins Kennedy Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 26th Jan 2021 and signed on its behalf by:



.....

D Carter

Chair of Trustees

THE BRIT SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that The Brit 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 Principal, 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 Brit School and the Secretary of State for Education. The accounting officer is 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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| D Carter (Chair of Trustees) | 5 | 5 |
| K Ambrosi | 3 | 5 |
| C Ancliff | 3 | 5 |
| P Burger | 4 | 5 |
| J Charrington | 4 | 5 |
| O Chew (Staff Trustee) (Resigned 1 November 2020) | 4 | 5 |
| M Cooper | 5 | 5 |
| M Crowe OBE | 5 | 5 |
| J Craig (Resigned 25 February 2020) | 2 | 3 |
| M Cwynarski (Parent Trustee) (Resigned 1 February 2020) | 2 | 2 |
| A Ferreira | 4 | 5 |
| F Hamblin (Parent Trustee) (Resigned 1 November 2020) | 4 | 5 |
| A Havard (Staff Trustee) | 5 | 5 |
| M Hilton (Resigned 11 November 2019) | 1 | 1 |
| A Lloyd-Webber | 4 | 5 |
| M Locket | 4 | 5 |
| Prof S Mackey (Resigned 3 October 2019) | 1 | 1 |
| D Mahoney | 5 | 5 |
| J Morrish | 4 | 5 |
| L Soden | 4 | 5 |
| G Taylor (Resigned 25 February 2020) | 2 | 3 |
| H Trubridge | 2 | 5 |
| T Wadsworth CBE (Resigned 25 February 2020) | 3 | 3 |
| J Wilson (Appointed 1 October 2019) | 3 | 5 |
| T Simpson (Appointed 25 February 2020) | 2 | 2 |
| J Ward (Appointed 1 February 2020) | 3 | 3 |
| J Hillier (Appointed 7 December 2020) | 0 | 0 |
| T Stuck (Appointed 1 December 2020) | 0 | 0 |

THE BRIT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Company Secretary and Governance Committee maintain a skills audit, which is updated as new Trustees join; the results are taken into account when appointments are recommended to the Board. Membership of the Board has been relatively stable in the year; three Trustees were appointed to replace expertise lost in education following three resignations.

Due to the substantial number of important issues currently requiring attention, the Board works through its Committees: Finance & Audit, Curriculum & Student Welfare, Personnel, Principal's Performance Management, Governance and PR/Marketing. In addition, there are steering groups for Fundraising, Commercial Revenues (both of which have been dedicated to trying to find new sources of income for the School) and Estates (to oversee planned capital projects). The Board takes note of its Committees' recommendations when making its decisions.

In addition to the regular review of the skills and knowledge represented in the Governing Body, the Governance Committee undertook a review of the Committee structure and meeting schedules. As a result, the School has reduced the number of scheduled Board meetings from four a year to three, but with a greater allocation of time for each meeting, with effect from 2020. Committees consider their own meeting schedules in line with the important diary dates for the areas they oversee. The Board notes ESFA guidance which requires us to detail how it maintains effective oversight of funds with fewer than six meetings a year: the work of the Committees (in this case the Finance & Audit Committee) effectively support the Board in order to maintain oversight, with the Committee members receiving management accounts monthly.

The Finance and Audit committee is a committee of the main Board of Trustees. Its purpose is to: oversee the School's financial policies, consider future funding and expenditure proposals in the context of the budget and (if required) review proposals or requirements for additional expenditure, and ensure that income and resources are managed effectively for the benefit of the students and further development of the School. The assurance work undertaken by our auditors is reported to the Chair of this Committee.

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|---|--------------------------|------------------------|
| K Ambrosi | 1 | 1 |
| C Ancliff | 4 | 4 |
| P Burger | 4 | 4 |
| F Hamblin (Parent Trustee) (Resigned 1 November 2020) | 4 | 4 |
| A Havard (Staff Trustee) | 4 | 4 |
| M Hilton (Resigned 11 November 2019) | 1 | 1 |
| M Locket | 4 | 4 |
| J Ward (Appointed 1 February 2020) | 2 | 2 |

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the School 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 BRIT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Accounting Officer considers how the School'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 available. The Accounting Officer for the School has delivered improved value for money during the year by:

Improving educational results

The School's excellent educational results are noted under the section entitled Key Performance Indicators on page 7.

The School has invested in educational improvement in the following ways:

- by regularly reviewing the progress of students (including that of sub-groups) using a specialised tracking programme;
- by ensuring that lines of responsibility between the Senior Leadership Team and the various areas of the School remain clear;
- by reviewing the main vocational qualification at Post 16 in light of changes to the BTEC; and
- by substantially changing the School's ICT planning and support arrangements, reviewing the required skill sets and bringing in appropriate staff.

Financial governance and oversight

The Finance and Audit Committee (on which the Accounting Officer sits) meets four times a year. It exercises its oversight in the following ways:

- By reviewing up-to-date management accounts at each meeting;
- By reviewing the annual budget closely before recommending approval;
- The Personnel Committee reviews changes to staffing levels included in the annual budgets to ensure that the reasons for staffing changes are properly thought through and supported;
- By appointing the external auditors to undertake a programme of internal audit work, reporting to the Chair of the committee;
- By reviewing and approving the results of tenders as set down in the Scheme of Delegation;
- By periodically reviewing the School's accounting systems and controls;
- By ensuring that a suitably qualified and experienced Director of Finance is appointed and that s/he has the appropriate status and influence in the School's management.

THE BRIT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Purchasing

- High value contracts are retendered every 3 to 5 years.
- The Scheme of Delegation requires five sealed tenders for purchases above £50,000 and a minimum of three quotes for purchases above £10,000. The Finance Manager reviews purchases requisitions above £2,000 to ensure that best value has been sought.
- Central purchasing agencies (CPC, Kent County Supplies) are used where appropriate.

Income generation

The School is undertaking a large-scale fundraising appeal and has engaged a Director of Development, a Fundraising Executive and a Fundraising Administrator in order to run an effective and professional campaign. Details of the School's fundraising achievements, in addition to the British Record Industry Trust's kind continuing support, are set out in the Financial Review. The School has looked to generate additional commercial income by:

- Launching a series of courses under the School's name, called BRIT for Business; and
- Looking to expand its very successful Saturday community classes (BRIT Kids) to other centres.

Maximising the use of facilities and resources for the benefit of society

- The School runs Saturday community classes as a social enterprise; they generated £382,000 of activity with over 600 participants on roll;
- The School's classes currently have 1,384 participants on roll;
- Community work in local primary and special schools, hospices, community centres. The details are stated under the community section.

Reviewing controls and managing risks

- Monthly budget monitoring reports are reviewed by the Director of Finance and any necessary remedial action is taken especially during the COVID-19 period. Some unexpected costs are monitored closely in order to use School funds efficiently.
- Medium term financial forecasts are prepared at least quarterly in light of evolving information, and contingency plans are developed to protect the School's financial position.

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 School 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 Brit School for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the School 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 School's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is overseen by the Finance and Audit Committee and is regularly reviewed by the Board of Trustees.

THE BRIT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The risk and control framework

The Trustees appoint and have devolved most of their powers to the School's Senior Leadership Team (SLT) who attend meetings of the School's Board of Trustees. In accordance with the requirements of the Academies Financial Handbook, which apply to the School despite its status as a CTC, the Trustees have appointed the Principal as the School's Accounting Officer. The Trustees meet periodically, as required, and retain direct responsibility for:

- the approval of the School budget each year; and
- the position of the Principal.

The Trustees have delegated to SLT the responsibility for ensuring that an effective system of internal control, financial and otherwise, is maintained and operated by the School and to provide reasonable assurance that:

- the School is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the School or for publication is reliable; and
- the School complies with relevant laws and regulations.

The School'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 governing body;
- regular reviews by the finance & audit 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 guidelines;
- delegation of authority, detailed in a written Scheme of Delegation;
- segregation of duties;
- identification and management of risks.

The Trustees have been assured that the major risks to which the School is exposed have been reviewed and systems have been established to mitigate those risks.

In addition, the Trustees have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the School, it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the School faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the School's ability to reduce the incidence and impact on the business of risks that do materialise and the costs of operating particular controls relative to the benefit obtained;
- Clarified the responsibility of management to implement the Trustees' policies and to identify and evaluate risks for their consideration;
- Communicated that employees have responsibility for internal control as part of their accountability for achieving objectives;
- Embedded the control system in the School's operations so that it becomes part of the culture of the School;
- Developed systems to respond quickly to evolving risks arising from factors within the School and to changes in the external environment;
- Included procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action undertaken.

THE BRIT SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor, but have instead appointed Azets Audit Services to conduct a quarterly assurance review. They report to the chair of the Finance and Audit committee, which in turn reports to the Governing Body. The role is carried out by a separate team at Azets Audit Services with no connection to the audit team; this is to ensure the reviews are carried out independently. No material control issues arose as a result of this work.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period.

Review of effectiveness

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

- the programme of internal audit work undertaken by our internal auditor;
- the work of our external auditor;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework;
- the advice and questioning of the Finance and Audit committee.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Director of Finance and the Finance and Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 26th Jan 2021 and signed on its behalf by:



D Carter
Chair of Trustees



S Worden
Accounting Officer

THE BRIT SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

As Accounting Officer of The Brit School, I have considered my responsibility to notify the School Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the School, under the funding agreement in place between the School 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 2019.

I confirm that I and the School's Board of Trustees are able to identify any material irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the School's funding agreement and the Academies Financial Handbook 2019.

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.



Accounting Officer

Stuart Worden

THE BRIT SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of The Brit School for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and 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 accounts for each financial year. Under company law, the Trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of 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 its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 26th Jan 2021 and signed on its behalf by:



D Carter
Chair of Trustees

THE BRIT SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRIT SCHOOL FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of The Brit School for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

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 accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the School'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 accounts are authorised for issue.

Other information

The Trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE BRIT SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRIT SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the School and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the School'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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE BRIT SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRIT SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services Limited

**Michelle Wilkes FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor**

27 January 2021

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Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

THE BRIT SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 8 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Brit School during the period 1 September 2019 to 31 August 2020 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 Brit School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Brit 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 Brit School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Brit School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Brit School's funding agreement with the Secretary of State for Education dated 1 November 2008 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 period 1 September 2019 to 31 August 2020 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 2019 to 2020 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 School's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evident from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

THE BRIT SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Azets Audit Services Limited

Reporting Accountant

Azets Audit Services

Dated: 27 January 2021
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THE BRIT SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | Unrestricted funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---|-------|--------------------------------|---------------------------------------|----------------------|------------------------|------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 4 | 429 | 928 | 32 | 1,389 | 848 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 5 | - | 8,579 | - | 8,579 | 7,943 |
| Other trading activities | 6 | 397 | 267 | - | 664 | 859 |
| Investments | 7 | 3 | - | - | 3 | 4 |
| Total | | <u>829</u> | <u>9,774</u> | <u>32</u> | <u>10,635</u> | <u>9,654</u> |
| Expenditure on: | | | | | | |
| Raising funds | 8 | - | 122 | - | 122 | 170 |
| Charitable activities: | | | | | | |
| - Educational operations | 9 | 382 | 10,791 | 925 | 12,098 | 10,801 |
| Total | 8 | <u>382</u> | <u>10,913</u> | <u>925</u> | <u>12,220</u> | <u>10,971</u> |
| Net income/(expenditure) | | 447 | (1,139) | (893) | (1,585) | (1,317) |
| Transfers between funds | 20 | (47) | 117 | (70) | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 22 | - | 721 | - | 721 | (1,375) |
| Net movement in funds | | 400 | (301) | (963) | (864) | (2,692) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 347 | (3,530) | 17,214 | 14,031 | 16,723 |
| Total funds carried forward | | <u>747</u> | <u>(3,831)</u> | <u>16,251</u> | <u>13,167</u> | <u>14,031</u> |

THE BRIT SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

| Comparative year information Year ended 31 August 2019 | Notes | Unrestricted | Restricted funds: | | Total |
|---|-------|----------------|-------------------|----------------------|---------------|
| | | funds £'000 | General £'000 | Fixed asset £'000 | 2019 £'000 |
| Income and endowments from: | | | | | |
| Donations and capital grants | 4 | - | 738 | 110 | 848 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 5 | - | 7,943 | - | 7,943 |
| Other trading activities | 6 | 429 | 430 | - | 859 |
| Investments | 7 | 4 | - | - | 4 |
| Total | | <u>433</u> | <u>9,111</u> | <u>110</u> | <u>9,654</u> |
| Expenditure on: | | | | | |
| Raising funds | 8 | - | 170 | - | 170 |
| Charitable activities: | | | | | |
| - Educational operations | 9 | 243 | 9,635 | 923 | 10,801 |
| Total | 8 | <u>243</u> | <u>9,805</u> | <u>923</u> | <u>10,971</u> |
| Net income/(expenditure) | | 190 | (694) | (813) | (1,317) |
| Transfers between funds | 20 | (111) | (138) | 249 | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial losses on defined benefit pension schemes | 22 | - | (1,375) | - | (1,375) |
| Net movement in funds | | 79 | (2,207) | (564) | (2,692) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 268 | (1,323) | 17,778 | 16,723 |
| Total funds carried forward | | <u>347</u> | <u>(3,530)</u> | <u>17,214</u> | <u>14,031</u> |

THE BRIT SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2020

| | | 2020 | | 2019 | |
|--|-------|--------------|---------------|--------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 16,251 | | 17,055 |
| Current assets | | | | | |
| Stocks | 16 | 8 | | 7 | |
| Debtors | 17 | 471 | | 482 | |
| Cash at bank and in hand | | 1,106 | | 865 | |
| | | <u>1,585</u> | | <u>1,354</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 18 | (829) | | (567) | |
| | | <u></u> | | <u></u> | |
| Net current assets | | | 756 | | 787 |
| Net assets excluding pension liability | | | <u>17,007</u> | | <u>17,842</u> |
| Defined benefit pension scheme liability | 22 | | (3,840) | | (3,811) |
| | | | <u></u> | | <u></u> |
| Total net assets | | | <u>13,167</u> | | <u>14,031</u> |
| Funds of the School: | | | | | |
| Restricted funds | 20 | | | | |
| - Fixed asset funds | | | 16,251 | | 17,214 |
| - Restricted income funds | | | 9 | | 281 |
| - Pension reserve | | | (3,840) | | (3,811) |
| | | | <u>12,420</u> | | <u>13,684</u> |
| Total restricted funds | | | 12,420 | | 13,684 |
| Unrestricted income funds | 20 | | 747 | | 347 |
| | | | <u></u> | | <u></u> |
| Total funds | | | <u>13,167</u> | | <u>14,031</u> |

The accounts on pages 26 to 49 were approved by the Trustees and authorised for issue on 26th Jan 2021 and are signed on their behalf by:



.....
D Carter
Chair of Trustees

Company Number 2369239

THE BRIT SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | 2020 £'000 | £'000 | 2019 £'000 | £'000 |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by/(used in) operating activities | 23 | | 328 | | (146) |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 3 | | 4 | |
| Capital grants from DfE Group | | 32 | | 110 | |
| Purchase of tangible fixed assets | | (122) | | (298) | |
| | | <u> </u> | | <u> </u> | |
| Net cash used in investing activities | | | (87) | | (184) |
| | | | <u> </u> | | <u> </u> |
| Net increase/(decrease) in cash and cash equivalents in the reporting period | | | 241 | | (330) |
| Cash and cash equivalents at beginning of the year | | | 865 | | 1,195 |
| | | | <u> </u> | | <u> </u> |
| Cash and cash equivalents at end of the year | | | <u>1,106</u> | | <u>865</u> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 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.

1.1 Basis of preparation

The accounts of the School, which is a public benefit entity under FRS 102, have been prepared under the historical 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 accounts and have concluded that the School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the School's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

Grants are included in the 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 statement of financial activities in the period for which it is receivable, and any abatement in respect of the period 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.

Sponsorship income

Sponsorship income provided to the School which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the School's accounting policies.

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the School 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 School's educational operations, including support costs and costs relating to the governance of the School apportioned to charitable activities.

1.5 Tangible fixed assets and depreciation

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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the 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 statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a [straight-line/reducing balance] basis over its expected useful life, as follows:

| | |
|--------------------------------|---|
| Land and buildings | leasehold land 0.8% p.a. long leasehold buildings 2 - 5% p.a. |
| Computer equipment | 33.33 - 50% p.a. |
| Fixtures, fittings & equipment | 20% p.a. |

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 statement of financial activities.

1.6 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 School anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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. 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.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

The School 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 School is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.11 Pensions benefits

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the School.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the School 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 based on quadrennial valuations using a prospective unit credit method. The 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 are 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 School 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 net income or expenditure 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 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.

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

1.13 Consolidation

The company has not prepared group financial statements because the activities of the subsidiary are now, in the opinion of the Trustees, not material to the understanding of the company's activities.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The School 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 BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

Defined benefit pension liabilities

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 22, 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 2020. 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.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and the residual values are reassessed annually. They are amended when necessary and material to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no other key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the School was subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The School has not exceeded these limits during the year ended 31 August 2020.

4 Donations and capital grants

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|-----------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital grants | - | 32 | 32 | 110 |
| Other donations | 429 | 928 | 1,357 | 738 |
| | <u>429</u> | <u>960</u> | <u>1,389</u> | <u>848</u> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Funding for the School's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|--|--------------------------------|------------------------------|------------------------|------------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 7,648 | 7,648 | 7,390 |
| Other DfE group grants | - | 824 | 824 | 458 |
| | ----- | ----- | ----- | ----- |
| | - | 8,472 | 8,472 | 7,848 |
| | ===== | ===== | ===== | ===== |
| Other government grants | | | | |
| Local authority grants | - | 102 | 102 | 95 |
| | ----- | ----- | ----- | ----- |
| Exceptional government funding | | | | |
| Coronavirus job retention scheme grant | - | 5 | 5 | - |
| | ----- | ----- | ----- | ----- |
| Total funding | - | 8,579 | 8,579 | 7,943 |
| | ===== | ===== | ===== | ===== |

The School received £5,000 in Coronavirus Job Retention Scheme Grants, as a claim to cover wages for employees on temporary leave due to coronavirus.

6 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 15 | - | 15 | 45 |
| Catering income | - | 154 | 154 | 248 |
| Peripatetic lessons | - | 76 | 76 | 133 |
| Curriculum productions | - | 37 | 37 | 49 |
| Other income | 382 | - | 382 | 384 |
| | ----- | ----- | ----- | ----- |
| | 397 | 267 | 664 | 859 |
| | ===== | ===== | ===== | ===== |

7 Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | 3 | - | 3 | 4 |
| | ----- | ----- | ----- | ----- |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Expenditure

| | Staff costs £'000 | Non-pay expenditure Premises £'000 | Other £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---------------------------------|----------------------|--|----------------|------------------------|------------------------|
| Expenditure on raising funds | | | | | |
| - Direct costs | 117 | - | 5 | 122 | 170 |
| School's educational operations | | | | | |
| - Direct costs | 6,066 | 565 | 815 | 7,446 | 6,856 |
| - Allocated support costs | 2,370 | 1,421 | 861 | 4,652 | 3,945 |
| | <u>8,553</u> | <u>1,986</u> | <u>1,681</u> | <u>12,220</u> | <u>10,971</u> |

Net income/(expenditure) for the year includes:

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Fees payable to auditor for audit services | 11 | 10 |
| Operating lease rentals | 325 | 331 |
| Depreciation of tangible fixed assets | 925 | 923 |
| Net interest on defined benefit pension liability | 75 | 60 |
| | <u>1,336</u> | <u>1,224</u> |

9 Charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Direct costs | | | | |
| Educational operations | 382 | 7,064 | 7,446 | 6,856 |
| Support costs | | | | |
| Educational operations | - | 4,652 | 4,652 | 3,945 |
| | <u>382</u> | <u>11,716</u> | <u>12,098</u> | <u>10,801</u> |

| | 2020 £'000 | 2019 £'000 |
|----------------------------------|---------------|---------------|
| Analysis of support costs | | |
| Support staff costs | 2,370 | 2,262 |
| Depreciation | 360 | 158 |
| Technology costs | 117 | - |
| Premises costs | 1,061 | 956 |
| Other support costs | 706 | 543 |
| Governance costs | 38 | 26 |
| | <u>4,652</u> | <u>3,945</u> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Wages and salaries | 5,824 | 5,360 |
| Social security costs | 618 | 547 |
| Pension costs | 1,686 | 1,184 |
| | <u>8,128</u> | <u>7,091</u> |
| Staff costs - employees | 8,128 | 7,091 |
| Agency staff costs | 375 | 544 |
| Staff restructuring costs | 50 | 56 |
| | <u>8,553</u> | <u>7,691</u> |
| Staff development and other staff costs | 105 | - |
| | <u>8,658</u> | <u>7,691</u> |
| | <u><u>8,658</u></u> | <u><u>7,691</u></u> |
| Staff restructuring costs comprise: | | |
| Severance payments | 50 | 56 |
| | <u>50</u> | <u>56</u> |

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £50k (2019: £56k). Individually, the payments were: £50k

Staff numbers

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

| | 2020 | 2019 |
|----------------------------|-------------------|-------------------|
| | Number | Number |
| Teachers | 109 | 105 |
| Administration and support | 56 | 51 |
| Management | 7 | 4 |
| | <u>172</u> | <u>160</u> |
| | <u><u>172</u></u> | <u><u>160</u></u> |

The number of persons employed, expressed as a full time equivalent, was as follows:

| | 2020 | 2019 |
|----------------------------|-------------------|-------------------|
| | Number | Number |
| Teachers | 82 | 85 |
| Administration and support | 46 | 42 |
| Management | 6 | 3 |
| | <u>134</u> | <u>130</u> |
| | <u><u>134</u></u> | <u><u>130</u></u> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Higher paid staff

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

| | 2020 Number | 2019 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 1 | 2 |
| £70,001 - £80,000 | 3 | - |
| £80,001 - £90,000 | 3 | 3 |
| £90,001 - £100,000 | 1 | 1 |
| £100,001 - £110,000 | 1 | - |
| £110,000 - £120,000 | - | 1 |
| £150,001 - £160,000 | - | 1 |
| £160,001 - £170,000 | 1 | - |

Key management personnel

The key management personnel of the School comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the School was £1,098k(2019: £799k).

11 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the School. The other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment, and not in respect of their services as Trustees. The Principal is not a trustee but his salary is disclosed in respect of the services he provides undertaking the role of CEO.

The value of Trustees' remuneration and other benefits was as follows:

S Worden (Principal)

- Remuneration £160,001 - £165,000 (2019 : £155,001 - £160,000)
- Employer's pension £35,001 - £40,000 (2019 : £35,001 - £40,000)

O Chew (staff):

- Remuneration £50,001 - £55,000 (2019 : £50,001 - £55,000)
- Employer's pension - £5,001 - £10,000 (2019 : £5,001 - £10,000)

A Harvard (staff)

- Remuneration £25,001 - £30,000 (2019 : £20,001 - £25,000)
- Employer's pension £0 - £5,000 (2019 : £0 to £5,000)

During the year two trustees were reimbursed travel expenses totalling £332 (2019 : 2 : £145)

12 Insurance for Trustees and officers

The School has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

| | Land and buildings | Assets in progress | Computer equipment | Fixtures, fittings & equipment | Total |
|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------------------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | |
| At 1 September 2019 | 25,189 | 212 | 5,612 | 939 | 31,952 |
| Transfer | - | (212) | 212 | - | - |
| Additions | - | - | 122 | - | 122 |
| At 31 August 2020 | 25,189 | - | 5,946 | 939 | 32,074 |
| Depreciation | | | | | |
| At 1 September 2019 | 8,929 | - | 5,069 | 899 | 14,897 |
| Charge for the year | 562 | - | 352 | 12 | 926 |
| At 31 August 2020 | 9,491 | - | 5,421 | 911 | 15,823 |
| Net book value | | | | | |
| At 31 August 2020 | 15,698 | - | 525 | 28 | 16,251 |
| At 31 August 2019 | 16,260 | 212 | 543 | 40 | 17,055 |

14 Fixed asset investments

Historical cost:

| | |
|-------------------|---|
| At 31 August 2020 | 2 |
| At 31 August 2019 | 2 |

The School's wholly owned subsidiary company, BRIT School Productions Limited (Company no. 2846847), was incorporated in England and Wales on 23 August 1993.

Consolidated financial statements have not been prepared as the Trustees are of the opinion that the results of the subsidiary are not material to an understanding of the School's financial statements.

A summary of the results for the year and the position at the year end of BRIT School Productions Limited is shown below.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

15 Subsidiary

| Profit and loss account | 2020 | 2019 |
|--|-------------|-------------|
| Turnover | 77,521 | 123,115 |
| Expenditure | (75,633) | (98,045) |
| Taxation | (4,841) | - |
| Profit / (loss) on ordinary activities before gift aid | (2,953) | 25,070 |
| | | |
| Gift aid | - | (7,876) |
| Profit / (loss) on ordinary activities after gift aid | (2,953) | 17,194 |
| | | |
| Retained profit brought forward at 1 September 2019 | 25,070 | 7,876 |
| Retained profit carried forward at 31 August 2020 | 22,117 | 25,070 |
| | | |
| Balance Sheet | | |
| Current assets | 45,946 | 35,128 |
| Current liabilities | (23,827) | (10,056) |
| Net current assets | 22,119 | 25,072 |
| | | |
| Called up share capital | 2 | 2 |
| Profit and loss account | 22,117 | 25,070 |
| Net assets | 22,119 | 25,072 |

16 Stocks

| | 2020 | 2019 |
|----------------|--------------|--------------|
| | £'000 | £'000 |
| Catering stock | 8 | 7 |
| | <u>8</u> | <u>7</u> |

17 Debtors

| | 2020 | 2019 |
|--------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade debtors | 142 | 87 |
| VAT recoverable | 118 | 102 |
| Other debtors | 37 | 185 |
| Prepayments and accrued income | 174 | 108 |
| | <u>471</u> | <u>482</u> |
| | <u>471</u> | <u>482</u> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

18 Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade creditors | 173 | 196 |
| Other creditors | 254 | 193 |
| Accruals and deferred income | 402 | 178 |
| | <u>829</u> | <u>567</u> |

19 Deferred income

| | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Deferred income is included within: | | |
| Creditors due within one year | 190 | 73 |
| | <u>190</u> | <u>73</u> |
| Deferred income at 1 September 2019 | 73 | 48 |
| Released from previous years | (73) | (48) |
| Resources deferred in the year | 190 | 73 |
| | <u>190</u> | <u>73</u> |
| Deferred income at 31 August 2020 | 190 | 73 |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Funds

| | Balance at 1 September 2019 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2020 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 7,648 | (8,965) | 1,317 | - |
| Other DfE / ESFA grants | - | 824 | (824) | - | - |
| Other government grants | - | 107 | (107) | - | - |
| Other restricted funds | 281 | 1,195 | (267) | (1,200) | 9 |
| Pension reserve | (3,811) | - | (750) | 721 | (3,840) |
| | <u>(3,530)</u> | <u>9,774</u> | <u>(10,913)</u> | <u>838</u> | <u>(3,831)</u> |
| Restricted fixed asset funds | | | | | |
| Funding fixed asset purchases | 17,055 | - | (925) | 121 | 16,251 |
| DfE group capital grants | 110 | 32 | - | (142) | - |
| Other capital grants | 49 | - | - | (49) | - |
| | <u>17,214</u> | <u>32</u> | <u>(925)</u> | <u>(70)</u> | <u>16,251</u> |
| Total restricted funds | <u>13,684</u> | <u>9,806</u> | <u>(11,838)</u> | <u>768</u> | <u>12,420</u> |
| Unrestricted funds | | | | | |
| General funds | 347 | 829 | (382) | (47) | 747 |
| Total funds | <u>14,031</u> | <u>10,635</u> | <u>(12,220)</u> | <u>721</u> | <u>13,167</u> |

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the School.

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that could be carried forward at 31 August 2020.

Other DfE/ESFA grants: This includes the Earmarked Annual Grant to meet the costs of the school's long leasehold of its East Wing, and Pupil Premium, Teachers Pay Grant, Rates Relief, and Teachers Pension Grant.

Other government grants: This includes free school meals funding and SEN funding.

The transfer of funds relate to the purchase of fixed assets during the period and to cover the excess of GAG expenditure over income.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Funds

(Continued)

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

| | Balance at 1 September 2018 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2019 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 7,390 | (8,354) | 964 | - |
| Other DfE / ESFA grants | - | 458 | (458) | - | - |
| Other government grants | - | 95 | (95) | - | - |
| Other restricted funds | 645 | 1,168 | (430) | (1,102) | 281 |
| Pension reserve | (1,968) | - | (468) | (1,375) | (3,811) |
| | <u>(1,323)</u> | <u>9,111</u> | <u>(9,805)</u> | <u>(1,513)</u> | <u>(3,530)</u> |
| Restricted fixed asset funds | | | | | |
| Funding fixed asset purchases | 17,680 | - | (923) | 298 | 17,055 |
| DfE group capital grants | 49 | 110 | - | (49) | 110 |
| Other capital grants | 49 | - | - | - | 49 |
| | <u>17,778</u> | <u>110</u> | <u>(923)</u> | <u>249</u> | <u>17,214</u> |
| Total restricted funds | <u>16,455</u> | <u>9,221</u> | <u>(10,728)</u> | <u>(1,264)</u> | <u>13,684</u> |
| Unrestricted funds | | | | | |
| General funds | <u>268</u> | <u>433</u> | <u>(243)</u> | <u>(111)</u> | <u>347</u> |
| Total funds | <u>16,723</u> | <u>9,654</u> | <u>(10,971)</u> | <u>(1,375)</u> | <u>14,031</u> |

21 Analysis of net assets between funds

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2020 are represented by: | | | | |
| Tangible fixed assets | - | - | 16,251 | 16,251 |
| Current assets | 853 | 732 | - | 1,585 |
| Creditors falling due within one year | (106) | (723) | - | (829) |
| Defined benefit pension liability | - | (3,840) | - | (3,840) |
| Total net assets | <u>747</u> | <u>(3,831)</u> | <u>16,251</u> | <u>13,167</u> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21 Analysis of net assets between funds

(Continued)

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2019 are represented by: | | | | |
| Tangible fixed assets | - | - | 17,055 | 17,055 |
| Current assets | 523 | 672 | 159 | 1,354 |
| Creditors falling due within one year | (176) | (391) | - | (567) |
| Defined benefit pension liability | - | (3,811) | - | (3,811) |
| Total net assets | 347 | (3,530) | 17,214 | 14,031 |

22 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2019, and that of the LGPS related to the period ended 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

22 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £738,000 (2019: £489,000).

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 School has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.6% for employers and 5.5 to 12.5% for employees.

The most recent full actuarial valuation of the Scheme to be reported was at 31 March 2016. The School's assets and liabilities are kept separate from other employers'; the valuation disclosed a deficit of £224,000 (previously £631,000), which is to be recouped over 22 years with current additional payments of £21,000 a year. There was an actuarial valuation as at 31 March 2019; neither the arising surplus or deficit nor the revised contribution rates have been published at the date of this Annual Report.

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

| Total contributions made | 2020 | 2019 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Employer's contributions | 286 | 289 |
| Employees' contributions | 132 | 116 |
| | <hr/> | <hr/> |
| Total contributions | 418 | 405 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

22 Pension and similar obligations

(Continued)

| Principal actuarial assumptions | 2020 % | 2019 % |
|--|-----------|-----------|
| Rate of increase in salaries | 2.2 | 2.8 |
| Rate of increase for pensions in payment/inflation | 2.2 | 2.3 |
| Discount rate for scheme liabilities | 1.7 | 1.8 |

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

| | 2020 Years | 2019 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.9 | 21.3 |
| - Females | 23.9 | 23.4 |
| Retiring in 20 years | | |
| - Males | 22.5 | 22.3 |
| - Females | 25.3 | 24.8 |

Scheme liabilities would have been affected by changes in assumptions as follows:

| | 2020 £'000 | 2019 £'000 |
|-----------------------------|---------------|---------------|
| Discount rate - 0.5% | 1,586 | 1,602 |
| CPI increase rate + 0.5% | 1,489 | 1,450 |
| Salary increase rate + 0.5% | 75 | 126 |

Defined benefit pension scheme net liability

| | | |
|--------------------|----------|----------|
| Scheme assets | 8,942 | 8,476 |
| Scheme obligations | (12,782) | (12,287) |
| Net liability | (3,840) | (3,811) |

The School's share of the assets in the scheme

| | 2020 Fair value £'000 | 2019 Fair value £'000 |
|------------------------------|-----------------------------|-----------------------------|
| Equities | 5,724 | 5,206 |
| Bonds | 1,967 | 1,979 |
| Cash | 89 | 86 |
| Property | 1,162 | 1,205 |
| Total market value of assets | 8,942 | 8,476 |

The actual return on scheme assets was £246,000 (2019: £679,000).

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

22 Pension and similar obligations

(Continued)

| Amount recognised in the Statement of Financial Activities | 2020 £'000 | 2019 £'000 |
|---|-----------------------|-----------------------|
| Current service cost | 961 | 354 |
| Past service cost | - | 54 |
| Interest income | (155) | - |
| Interest cost | 230 | 60 |
| | <u>1,036</u> | <u>468</u> |
| Changes in the present value of defined benefit obligations | 2020 £'000 | 2019 £'000 |
| At 1 September 2019 | 12,287 | 9,484 |
| Current service cost | 961 | 643 |
| Interest cost | 230 | 274 |
| Employee contributions | 132 | 116 |
| Actuarial (gain)/loss | (630) | 1,840 |
| Benefits paid | (198) | (124) |
| Past service cost | - | 54 |
| | <u>12,782</u> | <u>12,287</u> |
| Changes in the fair value of the School's share of scheme assets | 2020 £'000 | 2019 £'000 |
| At 1 September 2019 | 8,476 | 7,516 |
| Interest income | 155 | 214 |
| Actuarial gain | 91 | 465 |
| Employer contributions | 286 | 289 |
| Employee contributions | 132 | 116 |
| Benefits paid | (198) | (124) |
| | <u>8,942</u> | <u>8,476</u> |

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

23 Reconciliation of net expenditure to net cash flow from operating activities

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Net expenditure for the reporting period (as per the statement of financial activities) | (1,584) | (1,317) |
| Adjusted for: | | |
| Capital grants from DfE and other capital income | (32) | (110) |
| Investment income receivable | (3) | (4) |
| Defined benefit pension costs less contributions payable | 675 | 408 |
| Defined benefit pension scheme finance cost | 75 | 60 |
| Depreciation of tangible fixed assets | 925 | 923 |
| (Increase)/decrease in stocks | (1) | 1 |
| Decrease/(increase) in debtors | 11 | (172) |
| Increase in creditors | 262 | 65 |
| Net cash provided by/(used in) operating activities | 328 | (146) |

24 Analysis of changes in net funds

| | 1 September | Cash flows | 31 August |
|------|--------------------|-------------------|------------------|
| | 2019 | | 2020 |
| | £'000 | £'000 | £'000 |
| Cash | 865 | 241 | 1,106 |

25 Commitments under operating leases

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

| | 2020 | 2019 |
|-----------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Amounts due within one year | 333 | 337 |
| Amounts due in two and five years | 1,288 | 1,313 |
| Amounts due after five years | 29,621 | 30,268 |
| | 31,242 | 31,918 |

The leases for land and buildings run until 2117, with the option on either side to break the lease, with the approval of the Secretary of State for Education, on 29 September 2036 and every five years thereafter. Rent increases are every five years in line with the Retail Price Index.

THE BRIT SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

26 Related party transactions

The school's subsidiary company Brit School Productions Limited has provided training services to the school and charged these services at cost of £2,100. The school has received income from the subsidiary of £1,500 for provision of staffing at an event.

The school received £680,000 from its sponsor, the British Record Industry Trust (the BRIT Trust). Five of the BRIT Trust's trustees were also trustees of the School at some point of the year. In accepting this donation, the School has not breached any of the requirements of ESFA's Academies Financial Handbook, which apply to the School despite its status as a School.

27 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

28 Agency arrangements

The School distributes 16-19 bursary funds to students as an agent of ESFA. In the accounting period ending 31 August 2020 the School received £85,000 (2019: £85,000) and disbursed £43,000 (2019: £85,000) from the fund. The undistributed funds repayable to ESFA amount to £42,000 (2019: £nil). This is included in other creditors in these financial statements.

In addition, the School paid bursaries totalling £20,000 (2019: £13,000) to students from funds received from the BRIT Trust for this purpose.