

# **The Diocese of Birmingham Educational Trust**

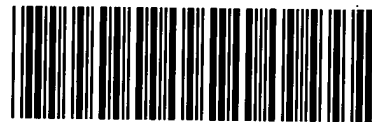
Registered number: 07934124

Charity number: 1150469

## **Directors' report and financial statements**

**For the year ended 31 August 2014**

TUESDAY



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# **The Diocese of Birmingham Educational Trust (A Company Limited by Guarantee)**

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# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2014**

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**Trustee Directors***Bishop nominated*

Mr Terence Adams  
Ms Jennifer Bexon-Smith (resigned 31 July 2014)  
Ms Sally Taylor (resigned 30 June 2014)  
Ms Jenny Godsall (appointed 16 December 2014)

*Diocese Board of  
Education nominated*

The Venerable Hayward Osborne  
Mr John Richardson  
Ms Patricia Saunders

*Ex-officio*

The Revd. Jacqueline Hughes (until 26 February 2015)  
Mrs Sarah Smith (with effect from 26 February 2015)

**Company registered  
number**

07934124

**Charity registered  
number**

1150469

**Registered office**

1 Colmore Row  
Birmingham  
B3 2BJ

**Company secretary**

Andrew Halstead

**Auditors**

Crowe Clark Whitehill LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**Bankers**

Bank of Scotland  
2<sup>nd</sup> Floor  
125 Colmore Row  
Birmingham  
B3 3SF

**Solicitors**

Lee Bolton Monier Williams  
1 The Sanctuary  
Westminster  
London  
SW1P 3JT

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2014**

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The trustees' present their annual report together with the financial statements and auditors' report of the Diocese of Birmingham Educational Trust ("DBET") for the year ended 31 August 2014. The financial statements comply with current statutory requirements, the Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" ("SORP2005") and the Companies Act 2006. The annual report serves the purpose of both a trustees report and a director's report under company law.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### Constitution and Organisational Structure

The charity is a company limited by guarantee and registered with the Charity Commission. It became a registered charity with the Charity Commission on 14 January 2013. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Charity.

The trustees are the directors of the Charitable Company for the purposes of company law. Details of the trustee directors are given on page 1.

The full Trustee Board meets at least quarterly. The work of the Trustee Board is delegated to sub committees that are formally constituted with terms of reference, namely:

- Finance & Scrutiny Committee
- School Improvement Committee

The sub committees meet at least quarterly and the Chairs of these committees report back to the full Trustee Board meetings.

The Board is responsible for all major decisions about the Charitable Company and is responsible for setting all policies covering all aspects of the work of the Charity and monitors this. It receives regular reports from the management team including financial matters, school improvement and achievement and standards.

#### 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 £1, for the debts and liabilities contracted before they ceased to be a member.

#### Method of recruitment and appointment of trustees

The Memorandum and Articles of Association determine that the Board is made up of up to 7 trustee directors. Nomination is by up to three trustees by the Diocesan Board of Education, up to three trustees by the Diocesan Bishop and the Diocesan Director of Education is a trustee ex office.

Trustees are nominated by invitation given that they have the necessary skills and expertise to contribute to the charity's activities and to be able to discharge their obligations as Trustees.

#### Policies and Procedures for induction and training of trustees

The induction process for any newly appointed trustees comprises of an initial meeting with the Chair and the Board in which the expectations of the Board, the ethos and aims of the Charity are explained. New trustees are provided with a copy of the Charity's governing documents, copies of meeting minutes and a copy of the Charity Commission guidance "The Essential Trustee: What You Need to Know". They receive wider academy school and charity updates via topical issue briefings given by both the Birmingham Diocesan Board of Education and their advisors. Attendance of the annual church schools governors' conference, together with school effectiveness and improvement sessions run by the Birmingham Diocesan Board of Education is encouraged.

#### Connected organisations, including Related Party Relationships

DBET was established to assist in the establishment and maintenance of Academy schools (primarily but not

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2014**

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exclusively Church of England Academies) under the direction of the Birmingham Diocesan Board of Education. The Birmingham Diocesan Board of Education as incorporated into the Birmingham Diocesan Board of Finance is hence a related party relationship with DBET, along with the Birmingham Diocesan Board of Finance. Day to day operational management of DBET's affairs is undertaken by officers employed by the Birmingham Diocesan Board of Finance and an appropriate recharge for their costs is made to DBET. Further details of this are given in note 25 to the financial statements.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and Aims**

The objects of the charity are to advance for the public benefit education in the Diocese of Birmingham or elsewhere, in particular but not exclusively by

- promoting the efficiency and effectiveness of educational institutions and their application of resources by promoting and disseminating models of good practice and the delivery of support services to such institutions;
- advancing the education of people who work or volunteer in or govern educational institutions in order to assist those persons to deliver a high quality education to the pupils and to communities served by those institutions;
- establishing and maintaining of Academy Schools (primarily but not exclusively Church of England Academies) under the direction of the Birmingham Diocesan Board of Education

The objects are to be conducted in accordance with the principles of the Church of England.

#### **Objectives, Strategies and Activities**

The objects noted above are fulfilled through the following main activities

- prevention of school failure through intervention in inverse proportion
- building of school to school improvement and collaboration networks to build capacity for improvement among weaker schools
- provision of support and challenge for school evaluation and planning for improvement through termly Challenge Adviser visits
- provision of a rigorous accountability framework through scrutiny of school improvement outcomes via quarterly meetings of the School Improvement Committee and the Finance and Scrutiny Committees of DBET.

These activities are delivered through the implementation of the DBET School Effectiveness Strategy and through the DBET Framework for School Improvement which offers schools three levels of support and challenge for school improvement:-

- universal school improvement services (available to all schools),
- targeted school improvement services (available for schools with particular needs)
- and bespoke school improvement services (for those requiring specific improvement)

These services are all from quality assured, commissioned providers. The DBET Accountability Framework also ensures schools are held to account for their pupils' achievement and the overall performance of their institutions. So far these strategies have enabled all diocesan sponsored academies to achieve significant improvements in their performance at Key Stage one and/or Key Stage 2.

# **The Diocese of Birmingham Educational Trust** **(A Company Limited by Guarantee)**

## **TRUSTEES' REPORT** **FOR THE YEAR ENDED 31 AUGUST 2014**

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### **Public Benefit**

All of our activities are undertaken to further our charitable purposes for the benefit of the public. The trustees have had regard to the Charity Commission guidance on public benefit in section four of the Charities Act 2011. The main benefits which have arisen during the year from the organisation's aims are detailed in the following section on achievements and performance.

### **STRATEGIC REPORT**

#### **Achievements and Performance**

Of the seven DBET sponsored academies in the Birmingham diocese, all but one are now above the government floor target of 60% for literacy. Six out of the seven are also above the 60% floor target for Mathematics. Overall, the performance of DBET sponsored academies has been rated as at least good but with one school requiring further improvement by both Ofsted and the DfE. Ofsted inspections in three sponsored academies have been judged to have outstanding features as well as being judged as good overall. These outcomes are very promising and because of the outcomes achieved, DBET has been asked by the DfE to sponsor its first non-Church of England school, the Harper Bell Seventh Day Adventist Primary school in Digbeth, Birmingham. An academy order for this school to become a Church of England sponsored academy has been issued in 2014/15 academic year. Like all our sponsored academies, this school will be subject to rigorous scrutiny by DBET and further intervention if progress is not rapid enough by the end of its first year as a DBET sponsored academy.

#### **Going concern**

After making appropriate enquires, the board of trustees has a reasonable expectation the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

#### **Financial Review**

##### Consolidation

The trustees have prepared consolidated accounts for the year to include the operations, assets and liabilities for all other charities under the control of the Diocesan Board of Education Trust, as the sponsorship and operation of Academies is a major part of its objectives.

However the Diocesan Board of Education Trust itself is a relatively small charity. It does not own its subsidiary entities, although it has the power to appoint the majority of the boards. The academy schools supported by the Diocesan Board of Education Trust are autonomous bodies, financed mainly by public funding. Accordingly the trustees present a statement of financial activities and balance sheet for the charity separately, in addition to the consolidated figures.

##### Charity

The charity's incoming resources for the period were £166,700, (2013: £477,915) reflecting both the grant monies received from the Education Funding Agency in respect of the charity's role as an academy sponsor and recharge income from the individual sponsored academies to contribute to the costs of support services provided. The monies received from the Education Funding Agency are restricted in their use and are shown within restricted funds. Other income is unrestricted in its use and hence is shown within unrestricted funds.

Expenditure for the period was £269,703 (2013: £223,358) resulting in a net position of £103,003 deficit (2013: £254,557) for the year ended 31 August 2014. This result reflects the fact that a number of Education Funding Agency grants received in the prior year have now been spent in this year. The charity has net assets of £151,554 (2013: £254,557) which is primarily represented by the restricted fund balances for individual academy schools.

The trustees consider the overall financial performance for the year to be satisfactory and provides a good base

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2014**

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for future periods.

#### Group

The Group's total incoming resources were £10,014,292 (2013: £23,524,625) reflecting the 7 academy schools that were sponsored during the year under review. The trustees consider the overall financial performance for the year to be satisfactory showing an overall result of £501,295 (2013: £18,333,076) pre Local Government Pension Scheme deficit movements of (£608,000) loss (2013: £58,000 gain).

The Group has net current assets of £1,197,763 (2013: £929,504), which are primarily represented by cash and this provides a good base for the future. The deficit on the Pension Reserve is expected, given the deficit on the Local Government Staff Pension Schemes utilised by the academy schools. This is a long term liability with local academy level plans to reduce the deficit position over time.

#### **Reserves Policies**

#### Charity

The trustees are constantly reviewing its cost base and implementing efficiencies with a view to maintain liquid reserves to the equivalent of one term's expenditure on support services. The trustees review the required reserve levels of the charity on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The majority of the charity's reserve relates to restricted funds, however its unrestricted reserves as at 31 August 2014 amounted to £12,272 (2013: £7,163), the trustees are confident that unrestricted reserves in the forthcoming year will be generated to meet its stated reserve policy.

#### Group

Similar to the standalone charity, the trustees in conjunction with the individual school governors review the reserve levels of the academies annually. This review encompasses the nature of income and expenditure streams and the need to match income with commitments and the nature of reserves. The academies are holding reserves at 31 August 2014 of £18,284,371 (2013: £18,391,076)

This comprises:

Restricted funds deficit of (£2,350,239) (2013: £(1,500,482))

Unrestricted funds of £212,249 (2013: £152,986)

Restricted fixed asset funds of £20,422,361 (2013: £19,738,572)

Restricted Funds comprises:

£664,761 general funds to support the academies budgets in 2014/2015 (2013: £776,518)

(£3,015,000) is the deficit on the defined benefit pension schemes (2013: £2,277,000).

#### **Investment Policies**

There are no material investments held by the charity or group. The charity and group reviews its working cash flow requirements on a regular basis and if appropriate, funds not required for immediate use will be placed on deposit with the charity's bankers or another appropriately rated banking institution. This will be kept under review as appropriate.

#### **Principal Risks and Uncertainties**

The Board of Trustees has reviewed the key risks to which the charity and charity and group is exposed together with the operating, financial and compliance controls that have mitigated those risks. The Board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the charitable group's significant risks that have been in place for the year ended 31 August 2014 and up to the

# **The Diocese of Birmingham Educational Trust (A Company Limited by Guarantee)**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014**

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date of the approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The principal risks and uncertainties that have been identified and are being managed are as follows:

- Failure to successfully facilitate the implementation of robust school improvement plans in our sponsored academies;
- Ability to generate financial funds to support school improvement activities;
- Failure to retain and recruit skilled staff and consultants to drive the school improvement agenda.

The trustees have ensured that there are effective internal controls covering income, expenditure and commitments. There are processes to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management team and the Board of Trustees. The internal controls systems are designed to provide reasonable but not absolute assurance against material misstatement or loss.

They include:

- A strategic plan and annual budget approved by the trustees
- Regular consideration by the trustees of financial results, variances from budgets and non-financial performance indicators
- Delegation of day to day management authority and segregation of duties
- The identification and management of specific key risks

### **Governance Review**

Following two full academic years of operation, the trustees are in the process of undertaking a self-evaluation review of governance as a matter of best practice. This review takes into consideration both the changing and increased emphasis upon governance matters by the Department for Education.

### **Plans for the Future**

Key priorities for the future of DBET may be found in the Diocesan Board of Education ("DBE") business plan 2013-15. Improving our sponsored academies remains a top priority with prevention of further school failure for all schools another key priority. Supporting and challenging schools to use their distinctive ethos as church schools as a driver for improvement under-pins the priorities of our future plans. The impact of this business plan priority is exemplified by the increase in the number of our church schools achieving good or outstanding judgements as a result of both Ofsted and SIAMS inspections. Over 80% of all Church schools now fall within this category with a number of "satisfactory" schools still awaiting inspection under this framework. The induction of the new Diocesan Director for Education is now clearly an additional priority to those contained in the Business plan 2013-2015. The new director will work with both DBET and the DBE to ensure the development of a new two year business plan 2015-2017 building on the successes gained so far but supporting all schools to meet the challenges of the future, particularly in the light of the General Election.



# **The Diocese of Birmingham Educational Trust (A Company Limited by Guarantee)**

## **PROVISION OF INFORMATION TO AUDITORS**

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

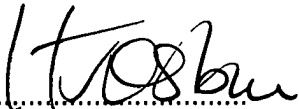
- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in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

## **AUDITORS**

Mazars LLP were replaced as auditors following a competitive tendering process by Crowe Clark Whitehill LLP. A resolution for the re appointment of Crowe Clark Whitehill LLP as auditors for the ensuring year will be proposed at the meeting of the Trustees.

## **APPROVAL**

The Board of Trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein on 27 March 2015 and signed on its behalf



.....  
The Venerable Hayward Osborne  
Chairman

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 31 AUGUST 2014**

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The Directors (who act as trustees for charitable activities of The Diocese of Birmingham Educational Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Directors 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 financial statements 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 Directors 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 grants received from the EFA/DfE have been applied for the purposes intended.

The Directors 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 27 March 2015 and signed on its behalf by:



.....  
The Venerable Hayward Osborne

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST**

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We have audited the financial statements of The Diocese of Birmingham Education Trust for the year ended 31st August 2014 which comprise the Group and Company Statements of Financial Activities, the Group and Company Balance Sheets, the Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trustees of the charitable company, 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 Trustees 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31st August 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST

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### Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
Helen Drew  
Senior Statutory Auditor  
For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor  
Black Country House,  
Rounds Green Road  
Oldbury  
B69 2DG

Date: 27 March 2015

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

*(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)*

**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Un-restricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total Funds 2013 £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income – on conversion		-	-	-	-	17,780,546
Voluntary income – post conversion	2	75,337	73,531	-	148,868	35,755
Activities for generating funds	3	6,572	-	-	6,572	74,815
Investment income	4	1,720	-	-	1,720	641
Incoming resources from charitable activities:						
Funding for charitable educational operations	5	75,602	8,913,942	867,588	9,857,132	5,632,868
<b>Total incoming resources</b>		<u>159,231</u>	<u>8,987,473</u>	<u>867,588</u>	<u>10,014,292</u>	<u>23,524,625</u>
<b>Resources expended</b>						
Cost of generating funds	6,7,8	-	-	-	-	(102,261)
Charitable activities		(205,904)	(8,882,495)	(365,702)	(9,454,101)	(4,899,277)
Governance costs	9	(3,000)	(55,896)	-	(58,896)	(190,011)
<b>Total resources expended</b>	6	<u>(208,904)</u>	<u>(8,938,391)</u>	<u>(365,702)</u>	<u>(9,512,997)</u>	<u>(5,191,549)</u>
<b>Net incoming resources / (resources expended) before transfers</b>		<u>(49,673)</u>	<u>49,082</u>	<u>501,886</u>	<u>501,295</u>	<u>18,333,076</u>
Transfers between Funds		108,936	(290,839)	181,903	-	-
<b>Net income for the year</b>		<u>59,263</u>	<u>(241,757)</u>	<u>683,789</u>	<u>501,295</u>	<u>18,333,076</u>
Actuarial gains and losses on defined benefit pension schemes	22	-	(608,000)	-	(608,000)	58,000
<b>Net movement in funds for the year</b>		<u>59,263</u>	<u>(849,757)</u>	<u>683,789</u>	<u>(106,705)</u>	<u>18,391,076</u>
Total funds at 1 September 2013		<u>152,986</u>	<u>(1,500,482)</u>	<u>19,738,572</u>	<u>18,391,076</u>	-
<b>Total funds at 31 August 2014</b>		<u>212,249</u>	<u>(2,350,239)</u>	<u>20,422,361</u>	<u>18,284,371</u>	<u>18,391,076</u>

All activities are continuing.

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

The notes on pages 15 to 39 form part of these financial statements.

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**GROUP BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

**COMPANY REGISTERED NUMBER: 07934124**

	Note	£	2014 £	2013 £
<b>Fixed assets</b>				
Tangible assets	13		20,192,120	19,738,572
<b>Current assets</b>				
Debtors	14	613,471		383,321
Cash at bank		1,551,777		1,052,189
		2,165,248		1,435,510
<b>Creditors: amounts falling due within one year</b>	15	(967,485)		(506,006)
<b>Net current assets</b>			1,197,763	929,504
<b>Total assets less current liabilities</b>			21,389,883	20,668,076
Creditors: amounts falling due outside one year	16	(90,512)		-
<b>Net assets excluding pension scheme liabilities</b>			21,299,371	20,668,076
Defined benefit pension scheme liability	22		(3,015,000)	(2,277,000)
<b>Net assets including pension scheme liabilities</b>			18,284,371	18,391,076
<b>Funds</b>	17			
<b>Restricted funds:</b>				
Restricted funds		664,761		776,518
Restricted fixed asset funds		20,422,361		19,738,572
Restricted funds excluding pension liability			21,087,122	20,515,090
Pension reserve		(3,015,000)		(2,277,000)
<b>Total restricted funds</b>			18,072,122	18,238,090
<b>Unrestricted funds</b>			212,249	152,986
<b>Total funds</b>			18,284,371	18,391,076

The financial statements were approved by the Trustees, and authorised for issue, on 27 March 2015 and are signed on their behalf, by:

The Venerable Hayward Osborne

The notes on pages 15 to 39 form part of these financial statements.

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES- PARENT CHARITY**

*(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)*

**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>Incoming resources</b>					
Incoming resources from generated funds:					
Investment income					
Incoming resources from charitable activities	5	151,200	15,500	166,700	477,915
<b>Total incoming resources</b>		<u>151,200</u>	<u>15,500</u>	<u>166,700</u>	<u>477,915</u>
<b>Resources expended</b>					
Charitable activities	6,7,8	(143,091)	(123,112)	(266,203)	(218,358)
Governance costs	9	(3,000)	(500)	(3,500)	(5,000)
<b>Total resources expended</b>	6	<u>(146,091)</u>	<u>(123,612)</u>	<u>(269,703)</u>	<u>(223,358)</u>
<b>Net incoming resources / (resources expended) before transfers</b>		5,109	(108,112)	(103,003)	254,557
Transfers between Funds		-	-	-	-
<b>Net income for the year</b>		<u>5,109</u>	<u>(108,112)</u>	<u>(103,003)</u>	<u>254,557</u>
Actuarial gains and losses on defined benefit pension schemes		-	-	-	-
<b>Net movement in funds for the year</b>		<u>5,109</u>	<u>(108,112)</u>	<u>(103,003)</u>	<u>254,557</u>
Total funds at 1 September 2013		<u>7,163</u>	<u>247,394</u>	<u>254,557</u>	-
<b>Total funds at 31 August 2014</b>		<u>12,272</u>	<u>139,282</u>	<u>151,554</u>	<u>254,557</u>

All activities derive from continuing operations in the current financial period.

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

The notes on pages 15 to 39 form part of these financial statements.

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**BALANCE SHEET-PARENT CHARITY**  
**AS AT 31 AUGUST 2014**

**COMPANY REGISTERED NUMBER: 07934124**

	Note	2014 £	2013 £
<b>Current assets</b>			
Debtors	14	16,491	30,032
Cash at bank		225,796	247,930
		<u>242,287</u>	<u>277,962</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(90,733)</u>	<u>(23,405)</u>
<b>Net current assets</b>		151,554	254,557
<b>Total assets less current liabilities</b>		151,554	254,557
Defined benefit pension scheme liability		-	-
<b>Net assets including pension scheme liabilities</b>		<u>151,554</u>	<u>254,557</u>
<b>Funds</b>	17		
Restricted funds:		139,282	247,394
Unrestricted funds		<u>12,272</u>	<u>7,163</u>
<b>Total funds</b>		<u>151,554</u>	<u>254,557</u>

The financial statements were approved by the Trustees, and authorised for issue, on 27 March 2015 and are signed on their behalf, by:

  
 .....  
 The Venerable Hayward Osborne

The notes on pages 15 to 39 form part of these financial statements.



**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014	2013 £
Net cash flow from operating activities	19	1,227,119	1,141,143
Returns on investments and servicing of finance	20	1,720	641
Capital expenditure and financial investment	20	(819,251)	(89,595)
<b>Cash inflow before financing</b>		409,588	1,052,189
Financing	20	90,000	-
<b>Increase in cash in the period</b>	20	499,588	1,052,189

**CONSOLIDATED RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase in cash in the year	499,588	1,052,189
Cash outflow from decrease in debt and lease financing	-	-
<b>Movement in net funds in the year</b>	499,588	1,052,189
Net funds at 31 August 2013	1,052,189	-
<b>Net funds at 31 August 2014</b>	1,551,777	1,052,189

The notes on pages 15 to 39 form part of these financial statements.

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**

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#### **1. Accounting Policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of properties which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

##### **1.2 Company status**

The charitable company is a company limited by guarantee. The members of the company are the Directors named on page 1. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

##### **1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

##### **1.4 Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

##### **1.5 Taxation**

The group 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/group for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**

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#### **1. Accounting Policies (continued)**

##### **1.6 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The value of donated services and gifts in kind provided to the group are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the group can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the group's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

##### **1.7 Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the group's educational operations.

Governance costs include the costs attributable to the group's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**

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#### **1.8 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are considered for capitalisation.

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the group's depreciation policy.

A review for impairment of assets is carried out if events or changes in circumstances indicate that the carrying value 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold buildings	- 2 % straight line
Fixtures and fittings	- 10 % straight line
Computer equipment	- 33.3 % straight line

The freehold land is owned by The Diocesan Board of Education/ Local Trust. The Trustees of the Diocesan Board of Education/Local Trust have granted the Academies, via a supplemental agreement, the right to use the land for educational purposes indefinitely. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use.

#### **1.9 Pensions**

Retirement benefits to employees of the group are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the group.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**

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have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **1.10 Conversion to Academy Trust – subsidiary companies**

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the previous schools to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the group. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

#### **1.11 Consolidation**

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the charity and those of its subsidiaries being:

- The Nethersole C of E Primary School
- Hawkesley Church Primary Academy
- St Clement's C of E Primary Academy Nechells
- St George's Church of England Academy, Newtown
- St Michael's C of E Primary Academy, Handsworth
- St John's and St Peter's C of E Primary Academy
- St George's C of E Primary Academy, B16

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**2. Group voluntary income**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Secondment income	45,000	-	45,000	-
Insurance income	-	61,794	61,794	-
Other donations	30,337	11,737	42,074	35,755
Group Voluntary income	<u>75,337</u>	<u>73,531</u>	<u>148,868</u>	<u>35,755</u>

**3. Group Activities for generating funds**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	6,310	-	6,310	1,740
Catering income	-	-	-	19,610
Other income	262	-	262	53,465
	<u>6,572</u>	<u>-</u>	<u>6,572</u>	<u>74,815</u>

**4 Group Investment income**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Investment income	<u>1,720</u>	<u>-</u>	<u>1,720</u>	<u>641</u>

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**5. Group Funding for Academy's educational operations**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA revenue grant</b>				
General Annual Grant (GAG)	-	7,641,910	7,641,910	4,444,459
Other revenue grants	-	980,289	980,289	457,380
	-	8,622,199	8,622,199	4,901,839
<b>Other government grants</b>				
Local Authority Grants	-	193,293	193,293	166,313
Start Up grants	-	42,500	42,500	75,000
School Improvement grants	-	-	-	335,000
Sponsor Capacity Grant	-	-	-	56,400
Diocesan Facilitation Grant	-	15,500	15,500	-
	-	251,293	251,293	632,713
<b>DfE/EFA capital grants</b>	-	867,588	867,588	98,316
<b>Other funding</b>				
School Fund	75,602	-	75,602	-
Catering income	-	40,450	40,450	-
	75,602	40,450	116,052	98,316
<b>Total</b>	<b>75,602</b>	<b>9,781,530</b>	<b>9,857,132</b>	<b>5,632,868</b>

**Funding for Parent Charity's educational operations**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA grant</b>				
Sponsor Capacity Grant	-	-	-	56,400
Academy Start Up Grant	-	-	-	50,000
Academy School Improvement Grant	-	-	-	335,000
Diocesan Facilitation Grant	-	15,500	15,500	-
	-	15,500	15,500	441,400
<b>Other government grants</b>				
Recharges from Sponsored Academies	151,200	-	151,200	36,515
	151,200	-	151,200	36,515
<b>Total</b>	<b>151,200</b>	<b>15,500</b>	<b>166,700</b>	<b>477,915</b>

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**6. Group resources expended**

	<b>Staff costs £</b>	<b>Premises £</b>	<b>Other costs £</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Costs of generating voluntary income</b>	-	-	-	-	102,261
<b>Academy's educational operations</b>					
- Direct costs - restricted	5,019,360	365,702	785,678	6,170,740	3,638,034
- Direct costs - unrestricted	-	-	161,339	161,339	-
- Allocated support costs- restricted	1,419,055	-	1,658,402	3,077,457	1,261,243
- Allocated support costs- unrestricted	-	-	44,565	44,565	-
Sub total	6,438,415	365,702	2,649,984	9,454,101	5,001,538
Governance costs	-	-	58,896	58,896	190,011
Total	6,438,415	365,702	2,708,880	9,512,997	5,191,549

**Resources expended – parent charity**

	<b>Staff costs £</b>	<b>Premises £</b>	<b>Other costs £</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Parent Charity educational operations</b>					
- Direct costs	-	-	221,638	221,638	199,968
- Allocated support costs	-	-	44,565	44,565	18,390
Sub total	-	-	266,203	266,203	218,358
Governance costs	-	-	3,500	3,500	5,000
Total	-	-	269,703	269,703	223,358



**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**7. Group direct costs**

	Unrestricted £	Restricted £	Total 2014 £	Total 2013 £
Teaching and educational support staff costs	-	5,019,359	5,019,359	3,018,936
Depreciation	-	365,702	365,702	149,880
Educational supplies	-	403,106	403,106	161,739
Exam fees	-	7,000	7,000	3,851
Staff development & recruitment	-	112,610	112,610	35,103
Technology costs	-	62,022	62,022	52,153
Educational consultancy	-	122,235	122,235	101,721
Other direct costs	161,339	78,706	240,045	114,651
<b>Total</b>	<b>161,339</b>	<b>6,170,740</b>	<b>6,332,079</b>	<b>3,638,034</b>

**Direct costs – parent charity**

	Unrestricted £	Restricted £	Total 2014 £	Total 2013 £
Staff development and training	-	42,899	42,899	56,090
Educational consultancy	-	66,708	66,708	59,955
Other direct costs	98,526	13,505	112,031	83,926
<b>Total</b>	<b>98,526</b>	<b>123,112</b>	<b>221,638</b>	<b>199,971</b>

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**8. Group support costs**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total 2014 £</b>	<b>Total 2013 £</b>
Support staff costs	-	1,419,055	1,419,055	554,009
Depreciation	-	-	-	28,851
Recruitment and support	-	12,774	12,774	5,571
Maintenance of premises & equipment	-	496,048	496,048	219,943
Cleaning	-	88,853	88,853	35,996
Rates	-	25,595	25,595	23,347
Energy costs	-	139,304	139,304	73,585
Insurance	-	119,822	119,822	86,178
Security and transport	-	27,155	27,155	16,078
Catering	-	318,790	318,790	96,112
Technology costs	-	29,169	29,169	63,723
Bank interest and other charges	-	280	280	159
Other support costs	44,565	400,612	445,177	57,691
<b>Total</b>	<b>44,565</b>	<b>3,077,457</b>	<b>3,122,022</b>	<b>1,261,243</b>

**Support costs – parent charity**

	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total 2014 £</b>	<b>Total 2013 £</b>
Other support costs	44,565	-	44,565	18,387

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**9. Group Governance costs**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration- group	3,000	21,000	24,000	18,800
Auditors' non audit costs - group	-	8,600	8,600	10,900
Previous Auditor costs –at academy level	-	19,340	19,340	-
Legal and professional fees	-	6,886	6,886	157,788
Clerk and Trustee costs at academy level	-	70	70	2,523
	<u>3,000</u>	<u>55,896</u>	<u>58,896</u>	<u>190,011</u>

**Governance costs – parent charity**

	Unrestrict ed funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance Auditors' remuneration	3,000	-	3,000	4,250
Governance Auditors' non audit costs	-	500	500	750
	<u>3,000</u>	<u>500</u>	<u>3,500</u>	<u>5,000</u>

**10. Group net incoming resources / (resources expended)**

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the group	365,703	178,731
Auditors' remuneration	24,000	18,800
Auditors' remuneration - non-audit	8,600	10,900
Operating leases	20,712	11,724

**Net incoming resources / (resources expended) – parent charity**

This is stated after charging:

	2014 £	2013 £
Auditors' remuneration	3,000	4,250
Auditors' remuneration - non-audit	500	750

During the year, no Trustee received any benefits in kind.  
During the year, no Trustee received any reimbursement of expenses.

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**11. Group staff costs**

Group staff costs were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,687,987	2,722,092
Social security costs	318,458	176,379
Other pension costs	743,794	384,773
	<u>5,750,239</u>	<u>3,283,244</u>
Supply teacher costs	651,437	266,609
Compensation payments	36,738	40,473
	<u>6,438,414</u>	<u>3,590,326</u>

The average number of persons (including the senior management team) employed by the group during the year expressed as full time equivalents was as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Teachers	80	80
Administration and support	82	89
Management	17	18
	<u>179</u>	<u>187</u>

The number of employees whose emoluments were in excess of £60,000 was 4 (2013: nil). Their emoluments fell within the banding £60,000- £85,000. All three employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for these staff members amounted to £28,102.

**The Diocese of Birmingham Educational Trust**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**12. Trustees' remuneration of DBET**

During the year no trustee directors of the charitable company received any remuneration in connection with their role as trustee of DBET.

**13. Group Tangible fixed assets**

	Long leasehold property £	Fixtures and fittings £	Computer equipment £	Asset in course of construction £	Total £
<b>Cost</b>					
As at 1 September 2013	19,648,243	130,342	138,718	-	19,917,303
Additions	567,297	54,606	87,778	109,570	819,251
<b>At 31 August 2014</b>	<b>20,215,540</b>	<b>184,948</b>	<b>226,496</b>	<b>109,570</b>	<b>20,736,554</b>
<b>Depreciation</b>					
As at 1 September 2013	(142,748)	(17,086)	(18,897)	-	(178,731)
Charge for the period	(261,943)	(45,831)	(57,929)	-	(365,703)
	(404,691)	(62,917)	(76,826)	-	(544,434)
<b>At 31 August 2014</b>					
<b>Net book value</b>					
<b>At 31 August 2014</b>	<b>19,810,849</b>	<b>122,031</b>	<b>149,670</b>	<b>109,570</b>	<b>20,192,120</b>
At 31 August 2013	19,505,495	113,256	119,821	-	19,738,572

**Tangible fixed assets- parent charity**

The parent charity has no fixed assets

**The Diocese of Birmingham Educational Trust**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**14. Group Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	5,944	-
Other debtors	150,631	143,453
Prepayments and accrued income	456,896	239,868
	<u>613,471</u>	<u>383,321</u>

**Debtors –parent charity**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other debtors	15,625	30,032
Prepayments and accrued income	866	-
	<u>16,491</u>	<u>30,032</u>

**15. Group Creditors:**  
**Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	224,354	70,883
Social security and other taxes	46,172	23,865
Other creditors	153,474	91,168
Other loans	6,000	-
Accruals and deferred income	537,485	320,090
	<u>967,485</u>	<u>506,006</u>

Deferred income relates to Early Years Single Funding Formula and infant free schools meals funding received in advance for 2014/2015

	<b>£</b>	<b>£</b>
<b>Deferred income</b>		
Deferred income at start of year	42,346	-
Resources deferred during the year	104,393	42,346
Amounts released from previous year	(42,346)	-
	<u>104,393</u>	<u>42,346</u>
Deferred income at end of year		

**Creditors- parent charity**  
**Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	90,733	23,405
	<u>90,733</u>	<u>23,405</u>

**The Diocese of Birmingham Educational Trust**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

<b>16.</b>	<b>Group Creditors:</b> <b>Amounts falling due outside one year</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
	Other creditors	6,512	-
	Other loans	84,000	-
		<u>90,512</u>	<u>-</u>

During the year, 2 Academies received £90,000 Salex loans from the EFA for replacement boilers. The loans are at 0% interest and repayable by instalments totalling £6,000 every 6 months from the 1 March 2015. One loan for £10,000 is repayable from a 5 year period and the other loan for £80,000 over an 8 year period.

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Repayable by instalments	<u>35,000</u>	<u>-</u>

**Creditors- parent charity**  
**Amounts falling due outside one year**

The parent charity has no creditors falling due outside one year

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**17. Group Statement of funds**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Group Unrestricted funds</b>						
General Funds	152,986	159,231	(208,904)	108,936	-	212,249
<b>Group Restricted funds</b>						
General annual grant (GAG)	307,102	7,641,950	(7,405,248)	(163,523)	-	380,281
Start Up Grant	173	42,500	(42,673)	-	-	-
Other Income	56,509	269,384	(308,321)	(17,572)	-	-
Other EFA grants	412,734	1,033,639	(1,052,149)	(109,744)	-	284,480
Pension reserve	(2,277,000)	-	(130,000)	-	(608,000)	(3,015,000)
	<u>(1,500,482)</u>	<u>8,987,473</u>	<u>(8,938,391)</u>	<u>(290,839)</u>	<u>(608,000)</u>	<u>(2,350,239)</u>
<b>Group Restricted fixed asset funds</b>						
Restricted Fixed assets	19,712,069	-	(365,702)	845,753	-	20,192,120
EFA Capital Grants	26,503	867,588	-	(663,850)	-	230,241
	<u>19,738,572</u>	<u>867,588</u>	<u>(365,702)</u>	<u>181,903</u>	<u>-</u>	<u>20,422,361</u>
Total restricted funds	<u>18,238,090</u>	<u>9,855,061</u>	<u>(9,304,093)</u>	<u>(108,936)</u>	<u>(608,000)</u>	<u>18,072,122</u>
Total of funds	<u>18,391,076</u>	<u>10,014,292</u>	<u>(9,512,997)</u>	<u>-</u>	<u>(608,000)</u>	<u>18,284,371</u>

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

- General Annual Grant: this must be used for the normal running costs of the Group's Academies;
- Start Up Grant: this relates to funds used in connection with the initial set up of the Group's Academies;
- Other DfE/EFA Grant: this fund relates to the other grants received which must be used for the purpose intended;
- Other Restricted: this fund relates to all other restricted funds received which must be used for the purpose intended;
- Restricted Fixed Asset Funds: this fund relates to the resources which must be applied for specific capital purposes intended. Within restricted fixed asset fund is £230,241 of unspent capital grants.



# The Diocese of Birmingham Educational Trust

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

#### 17. Group Statement of funds (Continued)

The School fund account has been transferred to Unrestricted Funds as there were no restrictions on this fund.

Transfers between the Restricted Funds and the Restricted Fixed Asset funds relate to the amounts expended on fixed assets from other funds. Also Devolved Formula Capital received within the Restricted Fixed asset Fund has been spent on repairs and maintenance in accordance with the restrictions and has been transferred to the Restricted Fund.

Under the funding agreements with the Secretary of State, the group's Academies were not subject to a limit on the amount of GAG that they can carry forward at 31 August 2014.

#### Statement of funds-parent charity

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	7,163	151,200	(146,091)	-	-	12,272
<b>Restricted funds</b>						
EFA grants	247,394	15,500	(123,612)	-	-	139,282
Total Funds	254,557	166,700	(269,703)	-	-	151,554

#### Restricted funds

EFA Grants funds as at 31 August 2014 are analysed as follows:

	2014 £	2013 £
Sponsor Capacity Fund	-	15,128
Diocesan Facilitation Grant	5,609	-
School Improvement Funds:		
Edgbaston, St Georges	21,921	26,448
Handsworth, St Michael	-	39,280
Hawkesley	48,555	75,773
Ladywood, St Johns	28,018	32,288
Nechells, St Clement	1,063	18,477
Newtown, St Georges	34,116	40,000
Total restricted funds	139,282	247,394

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**18. Group analysis of net assets between funds**

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	2014 £	2014 £	2014 £	2014 £	2013 £
Tangible fixed assets	-	-	20,192,120	20,192,120	19,738,572
Current assets	239,099	1,695,908	230,241	2,165,248	1,435,510
Creditors due within one year	(26,850)	(940,635)	-	(967,485)	(506,006)
Creditors due outside one year	-	(90,512)	-	(90,512)	-
Pension liabilities	-	(3,015,000)	-	(3,015,000)	(2,277,000)
	<u>212,249</u>	<u>(2,350,239)</u>	<u>20,422,361</u>	<u>18,284,371</u>	<u>18,391,076</u>

**Analysis of net assets between funds- parent charity**

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2014 £	2014 £	2014 £	2013 £
Current assets	55,432	186,855	242,287	277,962
Creditors due within one year	(43,160)	(47,573)	(90,733)	(23,405)
	<u>12,272</u>	<u>139,282</u>	<u>151,554</u>	<u>254,557</u>

**19. Group net cash flow from operations**

	2014 £	2013 £
Net incoming resources	501,295	18,333,076
Returns on investments and servicing of finance	(1,720)	(641)
Donated assets	-	(19,827,708)
Depreciation of tangible fixed assets	365,703	178,731
Increase in debtors	(230,150)	(383,321)
Increase in creditors	461,991	506,006
FRS 17 Pension Adjustments	130,000	-
Impact of inherited FRS17 pensions liability	-	2,335,000
<b>Group net cash inflow from operations</b>	<u>1,227,119</u>	<u>1,141,143</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. Group analysis of cash flows for headings netted in cash flow statement**

	2014 £	2013 £
<b>Group returns on investments and servicing of finance</b>		
Interest received	1,720	641
	<u>2014</u> £	<u>2013</u> £
<b>Group capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(819,251)	(89,595)
	<u>2014</u> £	<u>2013</u> £
<b>Group Financing</b>		
Salex Loan	90,000	-

**21. Group analysis of changes in net debt**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand	1,052,189	499,588	-	1,551,777
Debt:				
Debts falling due within one year	-	-	(6,000)	(6,000)
Debts falling due after more than one year	-	-	(84,000)	(84,000)
<b>Group net funds</b>	<u>1,052,189</u>	<u>499,588</u>	<u>(90,000)</u>	<u>1,461,777</u>

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**

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#### **22. Group pension commitments**

The Group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Midlands Pension Fund and Warwick County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the West Midlands Pension Fund LGPS 31 August 2013

There were net outstanding contributions of £14,451 at the end of the financial period (2013: £nil) and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

##### **Valuation of the Teachers' Pension Scheme**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- Total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015. A copy of the valuation report and supporting documentation is on the Teacher's Pension website.

# **The Diocese of Birmingham Educational Trust**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**

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#### **Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representative bodies to develop the reformatted Teacher's Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

#### **Local Government Pension Scheme ("LGPS")**

The academies in the Group are members of two LGPS – West Midlands Pension Fund and the Warwickshire County Council Pension Fund. The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £355,000, of which employer's contributions totalled £263,000.

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

The LGPS obligation relates to the employees of each of the group's academy schools, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the group's academies at the balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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The amounts recognised in the Group Balance Sheet are as follows:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Present value of funded obligations	(4,697,000)	(4,118,000)
Fair value of scheme assets	1,682,000	1,841,000
	<u>(3,015,000)</u>	<u>(2,277,000)</u>
Net liability	<u>(3,015,000)</u>	<u>(2,277,000)</u>

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

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Current service cost	309,000	169,000
Interest on obligation	201,000	87,000
Expected return on scheme assets	(117,000)	(47,000)
	<u>393,000</u>	<u>209,000</u>
Total	<u>393,000</u>	<u>209,000</u>
Actual return on scheme assets	<u>216,000</u>	<u>70,000</u>

Movements in the present value of the group defined benefit obligation were as follows:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Opening defined benefit obligation	4,118,000	-
Current service cost	309,000	169,000
Interest cost	201,000	87,000
Contributions by scheme participants	92,000	54,000
Actuarial gain	(4,000)	(33,000)
Benefits paid	(19,000)	-
Inherited on conversion	-	3,841,000
	<u>4,697,000</u>	<u>4,118,000</u>
Closing defined benefit obligation	<u>4,697,000</u>	<u>4,118,000</u>

Movements in the fair value of the group's share of scheme assets:

# The Diocese of Birmingham Educational Trust

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Opening fair value of scheme assets	1,841,000	-
Expected return on assets	117,000	47,000
Actuarial gains and (losses)	(612,000)	25,000
Contributions by employer	263,000	163,000
Contributions by employees	92,000	54,000
Benefits paid	(19,000)	-
Inherited on conversion	-	1,552,000
Closing fair value of scheme assets	1,682,000	1,841,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Total Recognised Gains and Losses was £608,000

The Group expects to contribute £325,000 to its Defined Benefit Pension Schemes in 2015

With respect to the West Midlands Pension Fund:

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	45.0%	42.4%
Government bonds	7.9%	8.4%
Other bonds	10.3%	11.2%
Property	8.7%	8.7%
Cash/liquidity	4.4%	4.1%
Other	23.7%	25.2%

Principal actuarial assumptions at the Group Balance Sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	4.0%	4.5%
Rate of increase in salaries	3.95%	4.15%
Rate of increase for pensions in payment / inflation	2.2%	2.4%
Inflation assumption (CPI)	2.2%	2.4%

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

	2014	2013
Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

# The Diocese of Birmingham Educational Trust

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

With respect to the Warwickshire County Council Pension Fund:

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	68%	68%
Government bonds	21%	22%
Property	10%	9%
Cash/liquidity	1%	1%

Principal actuarial assumptions at the Group Balance Sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.7%	4.6%
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions in payment / inflation	5.5%	2.8%
Expected return on scheme assets at 31 August	5.5%	5.8%

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

	2014	2013
Retiring today		
Males	22.4	21.9
Females	24.4	22.8
Retiring in 20 years		
Males	24.3	23.6
Females	26.6	25.9

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(4,697,000)	(4,118,000)
Scheme assets	1,682,000	1,841,000
Deficit	<u>(3,015,000)</u>	<u>(2,277,000)</u>

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



# The Diocese of Birmingham Educational Trust

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

#### 23. Group operating lease commitments

At 31 August 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Other 2014 £	Other 2013 £
<b>Expiry date:</b>		
Within 1 year	626	3,151
Between 2 and 5 years	30,853	12,437
	<u>31,479</u>	<u>15,588</u>

#### Operating lease commitments- parent charity

At 31 August 2014 the charitable company had no annual commitments under non-cancellable operating leases for either land and buildings or other assets.

#### 24. Capital Commitments

The Group at 31 August 2014 had capital commitments contracted for but not provided in these financial statements of £450,930 (2013:£nil).

The Parent undertaking at 31 August 2014 had capital commitments contracted for but not provided in these financial statements of £nil (2013:£nil).

#### 25. Related party transactions – group

The charitable company has taken advantage of the exemption from disclosing transactions with its sponsored academies conferred by Financial Reporting Standard No.8.

#### Related party transactions-parent charity

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

The Birmingham Diocesan Board of Education recharged support costs of £44,565 (2013:£18,357) to the charity in the year ended 31 August 2014. The amount outstanding at the year-end totalled £18,816 (2013:£18,390).