

Company Registration Number: 07934124 (England and Wales)
Charity number: 1150469

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

TUESDAY



A74JO4WQ

A19

24/04/2018

#348

COMPANIES HOUSE

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 10
Statement of Trustees' responsibilities	11
Independent auditor's report on the financial statements	12 - 14
Independent reporting accountant's assurance report on regularity	15 - 14
Consolidated statement of financial activities incorporating income and expenditure account	15
Consolidated balance sheet	17 - 18
Parent balance sheet	19
Consolidated statement of cash flows	20
Notes to the financial statements	21 - 49

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Trustees	Mr Terence Adams ¹ Ms Jenny Godsall ¹ The Venerable Hayward Osborne ² The Revd Linda Isiorho (resigned 1 November 2016) ² Ms Julie Berrow ² Mrs Sarah Smith ³ ¹ Bishop nominated ² Diocese Board of Education nominated ³ Ex-officio
Company registered number	07934124
Charity registered number	1150469
Company name	The Diocese of Birmingham Educational Trust
Principal and registered office	1 Colmore Row Birmingham B3 2BJ
Company secretary	Andrew Halstead
Independent auditor	Crowe Clark Whitehill LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
Bankers	Bank of Scotland 125 Colmore Row Birmingham B3 3SF
Solicitors	Anthony Collins Solicitors 134 Edmund Street Birmingham West Midlands B3 2ES

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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 2017. The financial statements comply with current statutory requirements, the Charities Statement of Recommended Practice 2015 (FRS102), Charities Act 2011 and the Companies Act 2006. The annual report serves the purpose of both a trustees report and a directors' 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 2014. 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 Trustee Board and its subcommittees met in total 8 times in the year. 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

Each sub committee meets termly and the Chairs of these committees report back to the 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.

The day to day management of the Charitable Company is delegated by the Board to the Diocesan Director of Education.

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.

Trustees' indemnities

The Charitable Company purchases indemnity insurance to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty which they may be guilty in relation to the Charitable Company; provided that any insurance shall not extend to any claim arising from any act or omission which the trustees knew to be a breach of trust or breach of duty or which was committed by the trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as directors of the Charitable Company.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Method of recruitment and appointment or election 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 adopted for the 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.

Pay policy for key management personnel

The trustees consider the board of trustees and the Diocesan Director of Education as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in notes 10 and 25 of the financial statements.

Trustees are required to disclose all relevant interests and register them with the Chair and in accordance with the charity's Conflict of Interests policy withdraw from decisions where a conflict of interest arises.

The pay of the Diocesan Director of Education is reviewed annually and determined by the Birmingham Diocesan Board of Finance as she is an employee of that organisation. Remuneration in that organisation is benchmarked with that of similar organisations and due consideration is given to the level of annual increments awarded to stipendiary clergy. The trustee board of DBET does not directly influence the pay of the Diocesan Director of Education.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The charity and the group carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The charity and the group has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the charity and the group's Equal opportunities policy, the charity and the group has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the charity and the group's offices.

Connected organisations, including related party relationships

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

STRATEGIC AIMS AND OBJECTIVES

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 each institution
- Advancing the education of people who work 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 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.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Activities

The objects noted above are fulfilled through the following main activities:

- The school improvement strategy which provides support from a designated challenge advisor, based on both monitoring and evaluation and subsequent challenge and support for improvement. This includes the building of school to school improvement, sign posting to additional support, the development of collaboration networks to build capacity for improvement, and appropriate centrally held training events.
- Support and training of governing bodies including appointment of appropriate governors
- Provision of rigorous accountability through termly meetings of the School Improvement Committees and the Finance and Scrutiny Committee 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. These strategies have enabled all diocesan sponsored academies to meet government agreed floor targets for 2017.

In addition, DBET acts as corporate member of Church of England Academies in the diocese and in that capacity supports improvement and transformation of standards and accountability to members of each Church of England Academy in respect of both ethos and standards.

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 achievement and performance.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The trust had responsibility for 6 academies as their sponsor for the year September 2016 –August 2017. Currently 5 out of the 6 Academies are graded Ofsted Good. Hawkesley Church Primary Academy was inspected in May 2017 and was graded Requires Improvement. The behaviour and ethos of the school has significantly improved over the last two years, however teaching and learning across the academy remains an issue. The testing process remained consistent with the previous year. All schools were above government agreed floor targets however the combined data for the six schools was below national attainment and progress measures. Individually St Clements and St Georges, Edgbaston both performed notably well (above National Averages). The Nethersole CE academy was broadly in line with national averages.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The School Improvement Committee and the Finance and Scrutiny Committee, sub committees of DBET, both met 3 times across the year. These meetings held key school leaders to account, identifying strengths and weaknesses, testing compliance and ensuring adequate resources were made available where necessary to support the schools in moving forward.

The committees received reports from challenge advisors and auditors on the performance of the schools. A new head teacher took up post in September 2016 at St Michaels, new heads teachers at The Nethersole and St Georges Newtown were appointed to take up post in the autumn 2017.

All 6 schools joined the Birmingham Diocesan Academies Trust (BDAT) on 1st September 2017

Going concern

On 1 September 2017 the entire operation of the constituent academies and their assets and liabilities were transferred to the Birmingham Diocesan Academies Trust (company number 10729883). It is anticipated that the respective Governors will formally wind up their legal entities in the near future.

The Board expects DBET to continue in operational existence in its capacity to act as corporate member of Church of England Academies in the diocese. The Board has a reasonable expectation that 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.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 £180,390, (2016: £175,675) reflecting both the grant monies received from the Education & Skills 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 & Skills 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 £263,882 (2016: £233,422) resulting in a net deficit of £83,492 (2016: £57,747 deficit) for the year ended 31 August 2017. The charity has net assets of £27,666 (2016: £111,158) which is primarily represented by the unrestricted fund balance.

Group

The Group's total incoming resources were £9,078,063 (2016: £8,340,512) reflecting the 6 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 deficit of £115,364 (2016: £3,619,060 deficit) pre Local Government Pension Scheme deficit movements of £274,000 gain (2016: £1,844,000 loss).

The Group has net current assets of £1,395,515 (2016: £1,028,832), 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 policy

Charity

During the year ended 31 August 2017, the Trustees continued to review its cost base and implemented efficiencies with a view to maintain liquid reserves to the equivalent of one term's expenditure on support services. As the charity enters a new phase of its operational existence, the Trustees have reviewed the future required reserve levels of the charity, which will be lower than previously required. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The charity's reserve unrestricted reserves as at 31 August 2017 amounted to £20,008 (2016: £33,858). To ensure that the charity is able to meet its operational compliance costs, the charity has adopted a reserves policy aim of maintaining reserves equal to its anticipated annual compliance expenditure as unrestricted reserves – this would have amounted to £5,000 as at 31 August 2017

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 2017 of £13,698,300 (2016: £13,539,664)

This comprises:

- Restricted funds deficit of £4,154,292 (2016 £3,910,257 deficit)
- Unrestricted funds of £36,778 deficit (2016: £140,886 deficit)
- Restricted fixed asset funds of £17,889,370 (2016: £17,590,807)

Restricted Funds comprises:

- £937,708 general funds to support the academies budgets in 2017/2018 (2016: £1,108,743)
- £5,092,000 is the deficit on the defined benefit pension schemes (2016: (£5,019,000)).

None of the individual academies or the parent charity's unrestricted funds are in a deficit position from a day to day trading perspective. The deficit arises purely on consolidation due to transfers between the unrestricted and restricted GAG funds for reimbursed school improvement grant monies from the parent charity to the individual academies themselves.

The individual academy reserves transferred to the Birmingham Diocesan Academies Trust on 1 September 2017.

Investments policy

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 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 charity group's significant risks that have been in place for the year ended 31 August 2017 and up to the 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 resulting in attainment which is below floor standards;
- Schools fail to achieve Ofsted "good" rating at their next inspection;
- 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.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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

Systems are in place through the monitoring and evaluation role of the School improvement committee of the trust, the Director of Education and the challenge partners to ensure that the school is rigorous in its approach to school improvement. This includes setting ambitious targets with appropriate improvement plans, professional development and interventions into teaching and learning so ensuring progress made to achieve them.

Governance review

Each of the six academies have either a permanent head teacher or principal and chairs of governors. The Trustees recognise their responsibilities in ensuring that the sponsored academies have strong governance arrangements. Several the academies have conducted a review of their effectiveness against the National Governance Association evaluation toolkit. The Assistant Director of Education in his capacity as a National Leader of Governance, continues to review the make-up of individual Governing Body's to ensure they have appropriate skills represented on them. The trust has developed its process for scrutinising the working of the Governing Bodies both the finance and scrutiny committee and the School improvement committee, by agreeing standard agendas and pro formas for each meeting. This has worked very successfully in 2016/17.

As DBET moves into a new phase of its operational existence, it is reviewing its own governance requirements for the future.

Plans for future periods

All six academies gained permission from the Department for education to join the Birmingham Diocesan Academies trust on 1st September 2017. The Trust no longer has need to act as a sponsor.

The trustees are in discussion re maintaining the trusts second function as providing corporate membership to Church of England Academy boards.

In addition the trust maintains oversight of the Church of England convertor academies list of members and diocesan appointments.

The trust will continue to operate for the next financial year.

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

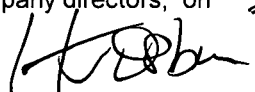
THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Auditor

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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 22/3/18 and signed on its behalf by:


The Venerable Hayward Osborne
Chair of Trustees

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors 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 Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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 financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company and the group 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 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 group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 22/3/18 and signed on its behalf by:



The Venerable Hayward Osborne
Chair of Trustees

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST**

Opinion

We have audited the financial statements of The Diocese of Birmingham Educational Trust (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the group Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the 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 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 company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2017 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST**

Emphasis of matter

We draw reference to the Post Balance Sheet Event on 1 September 2017, whereby the constituent academy trusts transferred their operations, assets and liabilities to the Birmingham Diocesan Academies Trust and ceased trading.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Group Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Group Strategic Report.

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

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

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST**

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Helen Drew (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 22 March 2018

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	83,034	71,954	621,258	776,246	223,818
Charitable activities	4	369,609	7,912,756	-	8,282,365	8,097,589
Other trading activities	5	18,505	-	-	18,505	17,161
Investments	3	947	-	-	947	1,944
TOTAL INCOME		472,095	7,984,710	621,258	9,078,063	8,340,512
EXPENDITURE ON:						
Raising funds		-	-	-	-	6,486
Charitable activities:						
Transfer out of Trust		-	-	-	-	3,219,508
Other charitable activities		458,162	8,349,091	386,174	9,193,427	8,733,578
TOTAL EXPENDITURE	6	458,162	8,349,091	386,174	9,193,427	11,959,572
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	13,933 90,175	(364,381) (153,654)	235,084 63,479	(115,364) -	(3,619,060) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		104,108	(518,035)	298,563	(115,364)	(3,619,060)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	274,000	-	274,000	(1,844,000)
NET MOVEMENT IN FUNDS		104,108	(244,035)	298,563	158,636	(5,463,060)
RECONCILIATION OF FUNDS:						
Total funds brought forward		(140,886)	(3,910,257)	17,590,807	13,539,664	19,002,724
TOTAL FUNDS CARRIED FORWARD		(36,778)	(4,154,292)	17,889,370	13,698,300	13,539,664

The notes on pages 21 to 49 form part of these financial statements.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**PARENT STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE
ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2017 £	2016 £
INCOME FROM:						
Charitable activities	4	165,390	15,000	-	180,390	175,675
TOTAL INCOME		<u>165,390</u>	<u>15,000</u>	<u>-</u>	<u>180,390</u>	<u>175,675</u>
EXPENDITURE ON:						
Charitable activities:		179,240	84,642		263,882	233,422
TOTAL EXPENDITURE	6	<u>179,240</u>	<u>84,642</u>	<u>-</u>	<u>263,882</u>	<u>233,422</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		<u>(13,850)</u>	<u>(69,642)</u>	<u>-</u>	<u>(83,492)</u>	<u>(57,747)</u>
NET MOVEMENT IN FUNDS		<u>(13,850)</u>	<u>(69,642)</u>	<u>-</u>	<u>(83,492)</u>	<u>(57,747)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		33,858	77,300	-	111,158	168,905
TOTAL FUNDS CARRIED FORWARD		<u>20,008</u>	<u>7,658</u>	<u>-</u>	<u>27,666</u>	<u>111,158</u>

The notes on pages 20 to 45 form part of these financial statements.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 07934124

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2017**

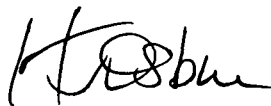
	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Intangible assets	11		2,034		3,559
Tangible assets	12		17,428,600		17,587,248
Investments	13		12,051		-
			<u>17,442,685</u>		<u>17,590,807</u>
CURRENT ASSETS					
Stocks	14	1,164		-	
Debtors	15	720,706		325,916	
Cash at bank and in hand		1,615,162		1,510,431	
		<u>2,337,032</u>		<u>1,836,347</u>	
CREDITORS: amounts falling due within one year	16	(941,517)		(807,515)	
NET CURRENT ASSETS			<u>1,395,515</u>		<u>1,028,832</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,838,200</u>		<u>18,619,639</u>
CREDITORS: amounts falling due after more than one year	17		(47,900)		(60,975)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>18,790,300</u>		<u>18,558,664</u>
Defined benefit pension scheme liability	22		(5,092,000)		(5,019,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>13,698,300</u></u>		<u><u>13,539,664</u></u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FUNDS OF THE TRUST					
Restricted funds:					
Restricted funds	18	937,708		1,108,743	
Restricted fixed asset funds	18	17,889,370		17,590,807	
Restricted funds excluding pension liability		18,827,078		18,699,550	
Pension reserve		(5,092,000)		(5,019,000)	
Total restricted funds			13,735,078		13,680,550
Unrestricted income funds	18		(36,778)		(140,886)
TOTAL FUNDS			13,698,300		13,539,664

The financial statements on pages 15 to 49 were approved by the Trustees, and authorised for issue, on 22/8/18 and are signed on their behalf, by:



The Venerable Hayward Osborne
Chair of Trustees

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07934124

PARENT CHARITY BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
CURRENT ASSETS					
Debtors	15	28,506		9,026	
Cash at bank		116,606		119,211	
		<u>145,112</u>		<u>128,237</u>	
CREDITORS: amounts falling due within one year					
	16	(117,446)		(17,079)	
NET CURRENT ASSETS			<u>27,666</u>		<u>111,158</u>
NET ASSETS			<u>27,666</u>		<u>111,158</u>
FUNDS					
Restricted funds	18		7,658		77,300
Unrestricted funds	18		20,008		33,858
TOTAL FUNDS			<u>27,666</u>		<u>111,158</u>

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

22/3/18



The Venerable Hayward Osborne
Chair of Trustees

The notes on pages 21 to 49 form part of these financial statements.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	20	(281,399)	(127,519)
Cash flows from investing activities:			
Returns on investments and servicing of finance		947	1,944
Purchase of tangible fixed assets		(226,000)	(376,323)
Capital grants from DfE/ESFA		621,258	89,563
Purchase of intangible fixed assets		-	(4,576)
Net cash provided by/(used in) investing activities		396,205	(289,392)
Cash flows from financing activities:			
Repayments of borrowings		(10,075)	(10,000)
Cash transferred out - All Saints		-	(524,491)
Pension liability transferred out - All Saints		-	359,000
Other assets/liabilities transferred out - All Saints		-	46,475
Net cash used in financing activities		(10,075)	(129,016)
Change in cash and cash equivalents in the year		104,731	(545,927)
Cash and cash equivalents brought forward		1,510,431	2,056,358
Cash and cash equivalents carried forward	21	1,615,162	1,510,431

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Trust, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

1.2 COMPANY STATUS

The company is limited by guarantee, which is incorporated and registered in England and Wales (No. 07934124). The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 with restrictions imposed by the funder and include grants from the Department for Education.

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

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the group has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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.

General Annual Grant is recognised in full in the Statement of financial activities in the year 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the group which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where receipt is probable and it is measurable.

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

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.

1.5 EXPENDITURE

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

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

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.6 GOING CONCERN

As explained in Note 26, the constituent academies transferred their trade, assets and liabilities to a new Multi Academy Trust on 1 September 2017 and have ceased trading. The Board expect DBET to still be in operational existence and has a reasonable expectation that 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.

1.7 INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Software	-	3 years
----------	---	---------

1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the 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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

L/Term Leasehold Property	-	50 years
Fixtures & fittings	-	4-15 years
Computer equipment	-	3-4 years

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.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

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 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

1.10 OPERATING LEASES

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

1.11 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 for UK corporation tax purposes. Accordingly, the group 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.

1.12 STOCKS

School uniform stocks are valued at the lower of cost and net realisable value.

1.13 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.14 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.16 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. 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 costs as detailed in notes 16 and 17. 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 instruments.

1.17 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the 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.

1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (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 2017. 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.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Secondment income	10,142	-	-	10,142	15,833
Insurance income	-	69,754	-	69,754	85,143
Other income	2,700	2,200	-	4,900	15,124
Capital grants	-	-	621,258	621,258	89,563
Other donations	70,192	-	-	70,192	18,155
	<u>83,034</u>	<u>71,954</u>	<u>621,258</u>	<u>776,246</u>	<u>223,818</u>
<i>Total 2016</i>	<u>38,692</u>	<u>95,563</u>	<u>89,563</u>	<u>223,818</u>	

3. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	947	-	947	1,944
	<u>947</u>	<u>-</u>	<u>947</u>	<u>1,944</u>
<i>Total 2016</i>	<u>1,944</u>	<u>-</u>	<u>1,944</u>	

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,509,656	6,509,656	6,548,240
Other DfE/ESFA grants	-	1,184,380	1,184,380	1,143,327
	-	7,694,036	7,694,036	7,691,567
Other government grants				
Local Authority Grants	-	203,014	203,014	256,573
	-	203,014	203,014	256,573
Other funding				
School fund	91,705	-	91,705	73,903
Catering income	110,161	-	110,161	67,959
Teach first income	-	2,600	2,600	5,200
Other income	2,246	13,106	15,352	2,387
Nursery income	165,497	-	165,497	-
	369,609	15,706	385,315	149,449
	369,609	7,912,756	8,282,365	8,097,589
Total 2016	130,524	7,967,065	8,097,589	

The parent charity received £165,390 (2016: £175,675) of recharges from sponsored academies. The parent charity also received a £15,000 sponsor capacity grant.

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	18,505	-	18,505	17,161
	18,505	-	18,505	17,161
Total 2016	17,161	-	17,161	

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	-	-	6,486
Charitable activities					
Direct costs	4,894,902	386,173	800,335	6,081,410	5,788,435
Support costs	1,641,056	451,520	1,019,441	3,112,017	2,945,143
Transfer out of Academy Trust	-	-	-	-	3,219,508
	<u>6,535,958</u>	<u>837,693</u>	<u>1,819,776</u>	<u>9,193,427</u>	<u>11,959,572</u>
Total 2016	<u>6,124,117</u>	<u>912,260</u>	<u>4,923,195</u>	<u>11,959,572</u>	

7. SUPPORT COSTS

	Charitable activities £	Total 2017 £	Total 2016 £
Technology costs	41,018	41,018	19,849
Maintenance of premises and equipment	451,520	451,520	526,283
Governance costs	77,217	77,217	71,845
Other support costs	901,206	901,206	806,126
Wages and salaries	1,054,328	1,054,328	1,115,722
National insurance	46,563	46,563	39,584
Pension cost	540,165	540,165	365,734
Subtotal	<u>3,112,017</u>	<u>3,112,017</u>	<u>2,945,143</u>
Transfer out of Academy Trust	-	-	3,219,508
	<u>3,112,017</u>	<u>3,112,017</u>	<u>6,164,651</u>
At 31 August 2016	<u>6,164,651</u>	<u>6,164,651</u>	

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Amortisation of intangible fixed assets	1,525	1,017
Depreciation of tangible fixed assets:		
- owned by the charitable group	384,648	382,612
Auditor's remuneration - audit	24,500	21,500
Auditor's remuneration - other services	15,800	17,900
Operating lease rentals	51,684	46,123
	<u> </u>	<u> </u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,609,635	4,448,482
Social security costs	377,948	314,138
Operating costs of defined benefit pension schemes	1,156,406	924,379
	<u>6,143,989</u>	<u>5,686,999</u>
Supply teacher costs	391,969	437,118
	<u>6,535,958</u>	<u>6,124,117</u>

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

	2017 No.	2016 No.
Teachers	85	88
Administration and support	154	156
Management	18	19
	<u>257</u>	<u>263</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1

The above employees all participated in the Teachers Pension Scheme. During the year to 31 August 2017 employer's pension contributions amounted to £32,998 (2016: 31,681).

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) attributable to key management personnel for their services to the academy trust was £12,182 (2016: £12,181).

10. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. INTANGIBLE FIXED ASSETS

	Software £
GROUP COST	
At 1 September 2016 and 31 August 2017	4,576
AMORTISATION	
At 1 September 2016	1,017
Charge for the year	1,525
At 31 August 2017	2,542
CARRYING AMOUNT	
At 31 August 2017	2,034
At 31 August 2016	3,559

The parent charity has no intangible fixed assets.

12. TANGIBLE FIXED ASSETS

	Long leasehold property & improvements £	Fixtures & fittings £	Computer equipment £	Total £
GROUP COST				
At 1 September 2016	18,257,519	167,233	330,399	18,755,151
Additions	39,998	155,069	30,933	226,000
Transfer between classes	-	(9,325)	9,325	-
At 31 August 2017	18,297,517	312,977	370,657	18,981,151
DEPRECIATION				
At 1 September 2016	859,143	71,368	237,392	1,167,903
Charge for the year	267,877	36,337	80,434	384,648
At 31 August 2017	1,127,020	107,705	317,826	1,552,551
NET BOOK VALUE				
At 31 August 2017	17,170,497	205,272	52,831	17,428,600
At 31 August 2016	17,398,376	95,865	93,007	17,587,248

Included in land and buildings is freehold land at valuation of £5,625,882 (2016 - £5,625,882), which is not depreciated.

The parent charity has no fixed assets.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. FIXED ASSET INVESTMENTS

GROUP	Listed securities £
At 1 September 2016	-
Additions	<u>12,051</u>
At 31 August 2017	<u><u>12,051</u></u>

14. STOCKS

	GROUP		PARENT	
	2017	2016	2017	2016
	£	£	£	£
Goods held for resale	<u>1,164</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. DEBTORS

	GROUP		PARENT	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	-	-	11,025	8,270
Other debtors	88,158	30,114	16,809	-
Prepayments and accrued income	632,548	295,802	672	756
	<u>720,706</u>	<u>325,916</u>	<u>28,506</u>	<u>9,026</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		PARENT	
	2017	2016	2017	2016
	£	£	£	£
Other loans	18,225	15,225	-	-
Trade creditors	226,297	5,437	15,825	4,795
Other taxation and social security	33,655	32,559	2,746	258
Other creditors	316,854	308,178	71,115	-
Accruals and deferred income	346,486	446,116	27,760	12,026
	<u>941,517</u>	<u>807,515</u>	<u>117,446</u>	<u>17,079</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	GROUP		PARENT	
	2017	2016		
	£	£	£	£
DEFERRED INCOME				
Deferred income at 1 September 2016	89,922	91,737	-	-
Resources deferred during the year	94,306	89,922	-	-
Amounts released from previous years	(89,922)	(91,737)	-	-
Deferred income at 31 August 2017	94,306	89,922	-	-

At the balance sheet date the group is holding £84,636 of grants received in advance for the provision of infant free school meals, £5,805 of school fund income relating to trips taking place after 31 August 2017 and £3,865 of monies received to cover future trading costs.

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

	GROUP		PARENT	
	2017	2016	2017	2016
	£	£	£	£
Other loans	47,900	60,975	-	-

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

	GROUP		PARENT	
	2017	2016	2017	2016
	£	£	£	£
Repayable by instalments	5,375	15,375	-	-

At the period end 2 (2016: 2) academies had Salex loans outstanding totalling £66,125 (2016: £76,200). These loans from the ESFA were for replacement boilers and windows. The loans are at 0% interest and repayable by instalments totalling £6,075 every 6 months from the 1 March 2016. One loan for £10,000 is repayable over a 5 year period and the remaining two loans with £56,125 outstanding at 31 August 2017 over an 8 year period.

As at 31 August 2017 the ESFA had not yet deducted any instalments due from GAG remittances as a result the amount due within 1 year has increased by the total elapsed payments.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
Unrestricted Funds	(140,886)	472,095	(458,162)	90,175	-	(36,778)
RESTRICTED FUNDS						
General annual grant (GAG)	740,226	6,527,562	(6,400,681)	(153,654)	-	713,453
Start Up Grant	15,430	-	(15,430)	-	-	-
Other Income	-	82,406	(82,406)	-	-	-
Other ESFA grants	353,087	1,184,380	(1,313,212)	-	-	224,255
Other LA Grants Income	-	190,362	(190,362)	-	-	-
Pension reserve	(5,019,000)	-	(347,000)	-	274,000	(5,092,000)
	<u>(3,910,257)</u>	<u>7,984,710</u>	<u>(8,349,091)</u>	<u>(153,654)</u>	<u>274,000</u>	<u>(4,154,292)</u>
RESTRICTED FIXED ASSET FUNDS						
Restricted Fixed Assets	17,590,807	129,679	(386,174)	395,841	-	17,730,153
ESFA capital Grants	-	234,919	-	(231,902)	-	3,017
CIF Capital grant	-	246,660	-	(90,460)	-	156,200
Other capital grants	-	10,000	-	(10,000)	-	-
	<u>17,590,807</u>	<u>621,258</u>	<u>(386,174)</u>	<u>63,479</u>	<u>-</u>	<u>17,889,370</u>
Total restricted funds	<u>13,680,550</u>	<u>8,605,968</u>	<u>(8,735,265)</u>	<u>(90,175)</u>	<u>274,000</u>	<u>13,735,078</u>
Total of funds	<u>13,539,664</u>	<u>9,078,063</u>	<u>(9,193,427)</u>	<u>-</u>	<u>274,000</u>	<u>13,698,300</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
UNRESTRICTED FUNDS						
Unrestricted Funds	(30,358)	199,658	(298,186)	(12,000)	-	(140,886)
	<u>(30,358)</u>	<u>199,658</u>	<u>(298,186)</u>	<u>(12,000)</u>	<u>-</u>	<u>(140,886)</u>
RESTRICTED FUNDS						
General annual grant (GAG)	893,542	6,548,240	(6,619,451)	(82,105)	-	740,226
Start Up Grant	20,005	-	(4,575)	-	-	15,430
Other income	-	359,724	(359,724)	-	-	-
Other ESFA grants	315,912	1,143,327	(1,106,152)	-	-	353,087
Pension reserve	(3,338,000)	-	163,000	-	(1,844,000)	(5,019,000)
	<u>(2,108,541)</u>	<u>8,051,291</u>	<u>(7,926,902)</u>	<u>(82,105)</u>	<u>(1,844,000)</u>	<u>(3,910,257)</u>
RESTRICTED FIXED ASSET FUNDS						
Restricted Fixed Assets	20,694,030	5,654	(3,484,123)	375,246	-	17,590,807
ESFA Capital Grants	447,593	83,909	(250,361)	(281,141)	-	-
	<u>21,141,623</u>	<u>89,563</u>	<u>(3,734,484)</u>	<u>94,105</u>	<u>-</u>	<u>17,590,807</u>
Total restricted funds	<u>19,033,082</u>	<u>8,140,854</u>	<u>(11,661,386)</u>	<u>12,000</u>	<u>(1,844,000)</u>	<u>13,680,550</u>
Total of funds	<u>19,002,724</u>	<u>8,340,512</u>	<u>(11,959,572)</u>	<u>-</u>	<u>(1,844,000)</u>	<u>13,539,664</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS (continued)

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/ESFA 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.

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 2017.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS (continued)

Statement of funds – Parent charity

	Brought Forward 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward 31 August 2017 £
Unrestricted funds						
General funds	<u>33,858</u>	<u>165,390</u>	<u>(179,240)</u>	<u>-</u>	<u>-</u>	<u>20,008</u>
Restricted funds						
ESFA grants	<u>77,300</u>	<u>15,000</u>	<u>(84,642)</u>	<u>-</u>	<u>-</u>	<u>7,658</u>
Total funds	<u>111,158</u>	<u>180,390</u>	<u>(263,882)</u>	<u>-</u>	<u>-</u>	<u>27,666</u>

Restricted funds

ESFA grants funds as at 31 August 2017 are analysed as follows:

	2017 £	2016 £
Restricted Sponsor Capacity Fund	7,658	
Diocesan Facilitation Grant	-	2,615
Start Up Grants:		
Harper Bell School	-	15,429
School Improvement Funds:		
Edgbaston, St Georges	-	3,020
Hawkesley	-	21,233
Nechells, St Clements	-	1,063
Newtown, St Georges	-	135
Harper Bell	<u>-</u>	<u>33,804</u>
Total restricted funds	<u>7,658</u>	<u>77,300</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS (continued)

Statement of funds – Parent charity – prior year

	Brought Forward 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward 31 August 2016 £
Unrestricted funds						
General funds	<u>25,915</u>	<u>175,675</u>	<u>(167,732)</u>	<u>-</u>	<u>-</u>	<u>33,858</u>
Restricted funds						
ESFA grants	<u>142,990</u>	-	<u>(65,690)</u>	<u>-</u>	<u>-</u>	<u>77,300</u>
Total funds	<u>168,905</u>	<u>175,675</u>	<u>(233,422)</u>	<u>-</u>	<u>-</u>	<u>111,158</u>

Restricted funds

ESFA grants funds as at 31 August 2016 are analysed as follows:

	2016 £	2015 £
Diocesan Facilitation Grant	2,615	3,648
Start Up Grants:		
Harper Bell School	15,429	20,005
School Improvement Funds:		
Edgbaston, St Georges	3,020	8,938
Hawkesley	21,233	35,169
All Saints Academy	-	19,813
Nechells, St Clements	1,063	1,063
Newtown, St Georges	135	15,155
Harper Bell	<u>33,804</u>	<u>39,200</u>
Total restricted funds	<u>77,300</u>	<u>142,990</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	(140,886)	472,095	(458,162)	90,175	-	(36,778)
Restricted funds	(3,910,257)	7,984,710	(8,349,091)	(153,654)	274,000	(4,154,292)
Restricted fixed asset funds	17,590,807	621,258	(386,174)	63,479	-	17,889,370
	<u>13,539,664</u>	<u>9,078,063</u>	<u>(9,193,427)</u>	<u>-</u>	<u>274,000</u>	<u>13,698,300</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
General funds	(30,358)	199,658	(298,186)	(12,000)	-	(140,886)
Restricted funds	(2,108,541)	8,051,291	(7,926,902)	(82,105)	(1,844,000)	(3,910,257)
Restricted fixed asset funds	21,141,623	89,563	(3,734,484)	94,105	-	17,590,807
	<u>19,002,724</u>	<u>8,340,512</u>	<u>(11,959,572)</u>	<u>-</u>	<u>(1,844,000)</u>	<u>13,539,664</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	2,034	2,034
Tangible fixed assets	-	-	17,428,600	17,428,600
Fixed asset investments	12,051	-	-	12,051
Current assets	68,618	1,809,678	458,736	2,337,032
Creditors due within one year	(118,522)	(822,995)	-	(941,517)
Creditors due in more than one year	1,075	(48,975)	-	(47,900)
Provisions for liabilities and charges	-	(5,092,000)	-	(5,092,000)
	<u>(36,778)</u>	<u>(4,154,292)</u>	<u>17,889,370</u>	<u>13,698,300</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Intangible fixed assets	-	-	3,559	3,559
Tangible fixed assets	-	-	17,587,248	17,587,248
Current assets	(129,686)	1,966,031	-	1,836,345
Creditors due within one year	(11,200)	(796,313)	-	(807,513)
Creditors due in more than one year	-	(60,975)	-	(60,975)
Provisions for liabilities and charges	-	(5,019,000)	-	(5,019,000)
	<u>(140,886)</u>	<u>(3,910,257)</u>	<u>17,590,807</u>	<u>13,539,664</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	GROUP	
	2017	2016
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(115,364)	(3,619,060)
Adjustment for:		
Depreciation charges	384,648	382,612
Returns on investments and servicing of finance	(947)	(1,944)
Dividends, interest and rents from investments	(12,051)	-
Amortisation	1,525	1,017
Increase in stocks	(1,164)	-
(Increase)/decrease in debtors	(386,519)	76,301
Increase in creditors	122,731	66,610
Capital grants from DfE and other capital income	(621,258)	(89,563)
LGPS pension adjustments	347,000	(163,000)
Cash transferred out - All Saints Academy	-	3,219,508
Net cash used in operating activities	(281,399)	(127,519)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	GROUP	
	2017	2016
	£	£
Cash in hand	1,615,162	1,510,431
Total	1,615,162	1,510,431

22. 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 West Midlands Pension Fund and Warwick County Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £20,921 were payable to the schemes at 31 August 2017 (2016 - £44,817) and are included within creditors.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

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.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £426,454 (2016 - £400,676).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

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 2017 was £408,252 (2016 - £318,908), of which employer's contributions totalled £310,177 (2016 - £230,810) and employees' contributions totalled £98,075 (2016 - £88,098). The agreed contribution rates for future years are 14.9 - 23.2% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.58 %	2.20 %
Rate of increase in salaries	4.00 %	3.75 %
Rate of increase for pensions in payment / inflation	2.65 %	2.00 %
Inflation assumption (CPI)	2.70 %	2.00 %

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

	2017	2016
Retiring today		
Males	21.9	23
Females	24.4	25.5
Retiring in 20 years		
Males	24.1	25.1
Females	26.6	27.9

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,043,000	1,488,000
Other bonds	105,000	264,000
Property	253,000	213,000
Cash	145,000	141,000
Government bonds	305,000	143,000
Other	362,000	224,000
Total market value of assets	<u>3,213,000</u>	<u>2,473,000</u>

The actual return on scheme assets was £380,000 (2016 - £370,000).

The amounts recognised in the Statement of financial activities are as follows:

	2017 £	2016 £
Current Service Cost	598,000	351,000
Net Interest on defined liability	108,000	114,000
Total	<u>706,000</u>	<u>465,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	7,492,000	5,479,000
Interest cost	166,000	191,000
Employee contributions	93,000	86,000
Actuarial losses	11,000	2,137,000
Benefits paid	(48,000)	-
Exchange differences on foreign schemes	-	(3,000)
Estimated benefits paid net of transfers in	(7,000)	(9,000)
Transfer out of academy trust	-	(740,000)
Current Service Cost	598,000	351,000
Closing defined benefit obligation	<u>8,305,000</u>	<u>7,492,000</u>

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	2,473,000	2,141,000
Interest income	58,000	77,000
Actuarial gains	285,000	293,000
Employer contributions	359,000	269,000
Employee contributions	93,000	86,000
Estimated benefits paid	(48,000)	(12,000)
Transfer out of Trust	(7,000)	(381,000)
	<u>3,213,000</u>	<u>2,473,000</u>
Closing fair value of scheme assets	<u>3,213,000</u>	<u>2,473,000</u>

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

GROUP	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	47,637	35,135
Between 1 and 5 years	58,666	67,808
Total	<u>106,303</u>	<u>102,943</u>
AMOUNTS RECEIVABLE:		
Within 1 year	5,051	5,051
Between 1 and 5 years	14,310	19,361
Total	<u>19,361</u>	<u>24,412</u>

The parent charity had no non-cancellable operating leases in the current or prior year.

24. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 1 for the debts and liabilities contracted before he/she ceases to be a member.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. RELATED PARTY TRANSACTIONS

The charitable company has taken advantage of the exemption under FRS 102, section 33 not to disclose related party transactions between its sponsored academies.

Owing to the nature of the group's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the group's financial regulations and normal procurement procedures.

The Birmingham Diocesan Board of Education recharged support costs of £50,263 (2016: £44,500) to the charity in the year ended 31 August 2017. There were no amounts outstanding at the year-end (2016 - £Nil).

The Diocese of Birmingham Educational Trust received the balance on the academies School Improvement Grants. The Trust decided to transfer these amounts to The Birmingham Diocesan Academies Trust so that they can be used more easily within the new Multi-Academy Trust framework. There is an argument for these amounts to remain within the Trust and then be recharged on a usage basis by The Birmingham Diocesan Academies Trust but it was decided that the more pragmatic solution was to transfer them as restricted funds. These amounts total £21,881 and the whole amount of these grants is still outstanding at the year-end.

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

26. POST BALANCE SHEET EVENTS

On 1 September 2017, the constituent academy trusts transferred their operations, assets and liabilities to the Birmingham Diocesan Academies Trust (Company number: 10729883) and ceased trading.

27. PRINCIPAL SUBSIDIARIES

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

	Total funds held	Total income resources	Total expenditure	Surplus/ (Deficit) for period	Assets	Liabilities
	£	£	£	£	£	£
St George's Church of England Academy, Newtown	3,463,355	1,893,651	(1,723,797)	119,854	4,391,634	(928,279)
St George's Church of England Primary School	1,349,742	1,438,399	(1,476,320)	36,079	2,581,126	(1,231,384)
Hawkesley Church Primary Academy	2,191,138	1,461,751	(1,605,131)	115,620	3,841,893	(1,650,755)
St Michael's C of E Primary Academy, Handsworth	1,612,186	1,264,061	(1,290,759)	(117,698)	2,329,866	(717,680)
St Clement's C of E Primary Academy, Nechells	1,752,086	1,615,898	(1,548,251)	(4,353)	2,554,889	(802,803)
The Nethersole Church of England Academy	3,302,127	1,394,875	(1,456,249)	92,626	3,943,464	(641,337)

THE DIOCESE OF BIRMINGHAM EDUCATIONAL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

27. PRINCIPAL SUBSIDIARIES (continued)

Academy name	Country	Company number	Principal activity
St George's Church of England Academy, Newtown	England and Wales	08328369	Primary education
St George's Church of England Primary School	England and Wales	08509022	Primary education
Hawkesley Church Primary Academy	England and Wales	08528914	Primary education
St Michael's C of E Primary Academy, Handsworth	England and Wales	08177570	Primary education
St Clement's C of E Primary Academy Nechells	England and Wales	08165736	Primary education
The Nethersole Church of England Academy	England and Wales	08309048	Primary education

The principal address and registered office of each subsidiary is as follows:

St George's Church of England Academy, Newtown - St George's Street, Newtown, Birmingham, B19 3QY.

St George's Church of England Primary School - Beaufort Road, Birmingham, West Midlands, B16 8HY.

Hawkesley Church Primary Academy - 376 Shannon Road, Birmingham, West Midlands, B38 9TR.

St Michael's C of E Primary Academy, Handsworth - Piers Road, Handsworth, Birmingham, B21 0UX.

St Clement's C of E Primary Academy Nechells - Butlin Street, Nechells, Birmingham, B7 5NS.

The Nethersole Church of England Academy - High Street, Polesworth, Tamworth, Staffordshire, B78 1DZ.