

**REGISTERED NUMBER: 3124204**  
**REGISTERED CHARITY NUMBER: 1053184**

**BID SERVICES**  
**(a company limited by guarantee)**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

TUESDAY



\*A3KGG8WH\*

A32

11/11/2014

#11

COMPANIES HOUSE

<b>CONTENTS</b>	<b>PAGES</b>
DIRECTORS' REPORT	1
STRATEGIC REPORT	4
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	7
STATEMENT OF FINANCIAL ACTIVITIES	9
BALANCE SHEET	10
CASHFLOW STATEMENT	11
NOTES TO THE FINANCIAL STATEMENTS	12

**CONSTITUTIONAL AND ADMINISTRATIVE DETAILS**

<b>Charity Name</b>	BID Services
<b>Charity Registration Number</b>	1053184
<b>Company Registration Number</b>	03124204
<b>Registered Office</b>	Deaf Cultural Centre Ladywood Road Birmingham B16 8SZ

**Board of Trustees**

The directors, who are also trustees of the charity, serving during the year were as follows:

Mr L Martin (Chair)  
Mrs G Conway  
Mr C Daniels  
Mr G Gillan (Treasurer)  
Mr L Gregory  
Mr M Harris (Resigned 21 November 2013)  
Mr M Hillier  
Ms S Kaur  
Mrs A Merchant (Appointed 21 November 2013)  
Mr M Reynolds  
Mr A Stewart

The directors retiring by rotation are Mrs G Conway, Mr L Martin and Mr A Stewart.

The charitable company maintains indemnity insurance for its directors and officers at an annual premium of £3,000 (2013: £3,140).

Currently there is no representative from Solihull Metropolitan Borough Council. Nominees act as observers and none has voting rights.

Directors are selected against pre-determined skills criteria designed to ensure that the board has the necessary knowledge with which to direct BID.

The board has an establishment of 12 members with powers of co-option.

<b>Company Secretary</b>	B Sheppard	
<b>Senior Management Team</b>	Bryan Sheppard	Chief Executive
	Gail Penberthy	Director of Development
	Michael Price	Director of Resources

## **CONSTITUTIONAL AND ADMINISTRATIVE DETAILS**

### **Independent Auditors**

Clement Keys LLP  
No.8 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1QT

### **Bankers**

National Westminster Bank Plc  
30a Harborne Road  
Edgbaston  
Birmingham  
B15 3AA

### **Principal Activities**

The principal activities of BID Services ("BID") continue to be the provision of a range of services with deaf, visually impaired and physically disabled people and people with other disabilities, together with education and training to further their advancement in the community at large.

The policies adopted in furtherance of the principal activity of the company are to promote, safeguard and protect the interests and welfare of people by way of empowerment.

### **Company Status**

The charity is a company limited by guarantee (number 3124204), and as such has no share capital. The company is governed by its Memorandum and Articles of Association, as updated in January 2008. The liability of the members of the company, as set out in the Memorandum of Association, is limited to £1 per member.

### **Trustee and Director Induction and training**

New directors receive induction training appropriate to the role they are to fulfil. Directors regularly review their requirement for training and this is provided as and when required. In the course of the previous year a training session covering responsibilities under charity law was held.

### **Organisational Structure**

The charity's main operating base is near the centre of Birmingham; the charity also operates residential accommodation for deaf people and these premises are located within the City of Birmingham.

The board meets a minimum of 6 times a year and additional meetings are held as required.

Day to day management of the organisation is delegated to the Chief Executive and the Senior Management team. Policies and procedures detail limits to authority.

## **OBJECTIVES AND ACTIVITIES**

In shaping the charitable company's objectives for the year and planning its activities the Trustees have considered the Charity Commission's guidance on public benefit.

The objectives of the charity as set out in the Memorandum and Articles of Association are to relieve deaf, deafened and hard of hearing, those who use sign language as their preferred language and those with other disabilities in any manner which is now or shall hereafter be deemed to be charitable in law.

The trustees currently aim to realise this by improving access for deaf people and people with other disabilities to standard community resources, and to reduce dependency - both manifestations of the social cohesion and empowerment agendas. In addition they wish to change the way in which the deaf community views itself, in particular the schisms within it, and, more generally, the way society views people with disabilities.

These aspirations have been interpreted and developed into the following objectives which underpin the annual organisational work plan:

1. Business Development: Seeking new opportunities and developing business to build a more adaptable, stronger and sustainable organisation;
2. Quality: Working together to continually improve standards to achieve high levels of quality from people that are professional, committed and engaged;
3. Communication: Recognise and respect people's preferred style of communication;
4. Equality and Diversity: Celebrating difference, we value and treat people with respect to give them more choice and an improved quality of life; and
5. Training, Learning and Development: Investing in staff development and providing progression opportunities to develop skilled, effective and dynamic people.

Each year a range of initiatives is planned by staff and managers and these are reflected in the annual work plan which is approved by the trustees. Each initiative is analysed to determine how it is going to be done, by whom and when, resources required and performance indicators established. The work plan is monitored throughout the year as part of the performance review cycle and the results presented to trustees annually.

## **ACHIEVEMENT AND PERFORMANCE**

### **Care Management and equipment**

BID has delivered the care management service on behalf of Birmingham City Council for more than 60 years. As part of their cuts programme, Birmingham City Council decided to provide the service itself and staff transferred across at the end of March.

We continue to provide a social work, care management and equipment services to a number of other councils throughout England.

### **Communication Service**

This service continues to develop through diversification and provides a quality interpreting service to individuals, health services and other statutory bodies, for deaf people in employment and organisations throughout England. Our innovative 24/7 interpreting service was introduced some years ago and continues to provide support to deaf people in challenging situations. British Sign Language and Deaf Awareness remain a core service provision but changes in further education funding make the provision of classes financially challenging for all concerned.

### **Employment Services**

Given the radical changes in routes into employment resulting from Work Programme, we have worked with a number of contractors researching how we might best meet the needs of deaf people in the coming years. We were successful in obtaining lottery funding to develop this service and this will enable us to build on the foundations already established. We continue to work with deaf people to assist them into the jobs market and have been successful in obtaining lottery funding which enables us to bring more resources to the service.

### **Volunteer Services**

Volunteers continue to make a significant contribution to our work. Like all employees, volunteers require recruitment and selection, training and development and management and the lack of funding to support this constrains their use. Possibly more worrying is the view in some political circles that volunteers cost nothing. This is simply not the case.

### **CarePlus**

The service, which provides domiciliary care services for deaf people by deaf people continues, enabling service users to live in the community and in their own homes successfully. The service continues to evolve in response to changing requirements, among them personalisation.

### **Supporting People**

The service continues to do valuable work helping people to live independently and maintain their tenancies. Like CarePlus, the service will evolve as personalisation becomes more established.

### **Public Education, Development and Research**

The brief of the department is to raise the profile of BID in order to increase both public and community awareness of our services and to secure funding to ensure future sustainability. The Development Team has continued to raise awareness of the organisation and successfully generates new funding and project opportunities for BID, benefiting both the community and the organisation itself.

### **Residential Services**

A range of initiatives has been undertaken throughout the year to support all the residents to live an enjoyable life within the home and the wider community.

### **Deaf Cultural Centre**

The brief of the Deaf Cultural Centre is to provide a space where the uniqueness of deaf culture is celebrated and to raise its profile. Attracting conference and event activity remains challenging and constrains unfunded cultural activity.

### **Key Performance indications**

Payroll costs represent a substantial portion of operating costs and their continuing control is crucial to the financial wellbeing of the organisation.

Wages as a percentage of incoming resources is 61% (2013: 74%)

In order to better balance the risks associated with current income distribution, growing income from commercial trading as a proportion of turnover and growing income from grants and donations have been defined as strategic objectives.

- Commercial trading income as a percentage of incoming resources is 2.0% (2013: 1.9%)
- Grants and donations as a percentage of incoming resources is 3.2% (2013: 3.5%)

### **Risk Review**

The trustees reviewed the risks to which the Charity is exposed in the course of the year. Key risks identified included competition, failure to respond to change and loss of key personnel and the trustees consider that this analysis remains salient. With the full force of the Coalition's cuts programme now being felt, it is reasonable to conclude that the level of risk to which the organisation is exposed will continue to increase.

New business acquisition and staff development and learning remain at the forefront of BID's strategy and this has left us well placed to respond to current challenges.

In addition, the trustees continue to respond to the uncertainty by planning increases in the general fund, closely monitoring the financial performance of all activities and critically assessing any project requiring capital expenditure.

### **FINANCIAL REVIEW**

The financial statements have been prepared in accordance with the requirements of the Statement of Recommended Practice Accounting and Reporting by Charities and the Companies Act 2006.

Net incoming resources for the year amounted to £26,010 compared to incoming resources of 39,880 last year. After transfers between funds the general unrestricted fund increased to £73,768.

Pension scheme deficits are of increasing concern but the trustees are keen to maintain a sensible balance between the potential for longer term liabilities and costs and the need to maintain the schemes as a key part of our employee reward package.

### **Investment Policy and Performance**

Taking account of the evolving macro-economic situation in the course of the year along with forecast demands on resources, the trustees decided to continue their policy of keeping reserves in cash or near cash. Various instruments are selected to balance maximisation of return with risk and cash availability. In response to continuing concern, albeit somewhat less than in the past year, risk averse view of financial institutions has been maintained and this, while limiting overall returns, means that our exposure to loss of funds is limited.

### **Reserves Policy**

The reserves policy requires the general fund to be maintained at around 25% +/- 2 ½% of the coming year's budgeted expenditure. Clearly deflationary economic and competitive conditions predispose a considerably higher figure. An assessment of the current economic situation along with risks to contract security and the need to be able to respond proactively to opportunities as they become available indicate a current requirement of £2.0m. The unrestricted fund currently stands at £5.9m and, taking account of the increased risk profile noted above and continuing uncertainty around evolution of service provision, the trustees continue to plan to increase the figure.

**BID SERVICES**  
**STRATEGIC REPORT (continued)**  
**YEAR ENDED 31 MARCH 2014**

---

**PLANS FOR FUTURE PERIODS**

The organisation's strong financial position will provide a reasonable foundation from which to respond creatively to opportunities and the focus of future planning is primarily about business development and long term sustainability in a policy environment that is far from favourable to organisations like ourselves.

**DIRECTORS' RESPONSIBILITIES**

The directors (who are also trustees of BID Services for the purposes of charity law) are responsible for preparing the Directors' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepting Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including income and expenditure, of the charitable group for that period. In preparing those financial statements, the directors are required to:

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

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

In so far as the directors are aware:

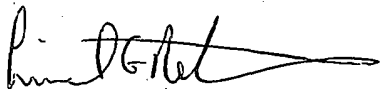
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

**Auditors**

The auditors Clement Keys LLP will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

**Approved by the board and signed on its behalf by:**



**Mr L Martin**  
**Director**

**18 September 2014**

## **BID SERVICES**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BID SERVICES**

---

We have audited the financial statements of BID Services Limited for the year ended 31 March 2014 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities set out on page 6 the directors (who are also the trustees of the charitable company for the purpose of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## **BID SERVICES**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BID SERVICES (continued)**

---

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

In our opinion the information given in the Directors' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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



**Simon Atkins FCA**

**Senior Statutory Auditor  
for and on behalf of:**

**18 September 2014**

**CLEMENT KEYS LLP  
Chartered Accountants  
Statutory Auditors  
No.8 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1QT**

**BID SERVICES**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating the Income and Expenditure Account)**  
**YEAR ENDED 31 MARCH 2014**

	Note	Unrestricted funds £	Designated funds £	Restricted funds £	2014 Total £	2013 Total £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
<i><b>Voluntary income</b></i>						
Grants and donations	2	20,987	-	167,858	188,845	191,735
<i><b>Activities for generating funds</b></i>						
Commercial trading operations	5	116,907	-	-	116,907	103,201
Investment income	3	54,065	-	-	54,065	39,948
<b>Incoming resources from charitable activities</b>						
Contract service income	4	5,451,935	-	-	5,451,935	5,071,111
<b>Total incoming resources</b>		5,643,894	-	167,858	5,811,752	5,405,995
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Commercial trading operations	5	138,020	-	-	138,020	96,245
Costs of generating voluntary income		63,500	-	-	63,500	63,500
Interest and other finance costs		3,352	-	-	3,352	3,994
<b>Charitable activities</b>		5,086,907	76,440	139,176	5,302,523	4,817,575
Other resources expended		249,906	-	-	249,906	242,804
Governance costs		77,441	-	-	77,441	73,997
<b>Total resources expended</b>	6	5,619,126	76,440	139,176	5,834,742	5,298,115
<b>Net incoming/(outgoing) resources being net income/(expenditure) for the year before other recognised gains and losses</b>						
		24,768	(76,440)	28,682	(22,990)	107,880
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes		49,000	-	-	49,000	(68,000)
<b>Net incoming funds</b>		73,768	(76,440)	28,682	26,010	39,880
<b>Reconciliation of funds</b>						
Funds brought forward at 1 April 2013		2,360,228	3,563,758	326,327	6,250,313	6,210,433
Funds carried forward at 31 March 2014		2,433,996	3,487,318	355,009	6,276,323	6,250,313

All amounts above are derived from continuing operations and the charitable company has no recognised gains or losses other than those passing through the Statement of Financial Activities and hence no separate statement of total recognised gains and losses is presented.

All of the activities of the charitable company are classed as continuing.

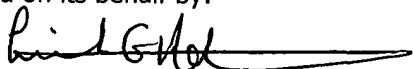
The notes on pages 12 to 32 form part of these financial statements.

**BID SERVICES**  
**COMPANY NUMBER 03124204**  
**GROUP AND COMPANY BALANCE SHEETS**  
**YEAR ENDED 31 MARCH 2014**

	Notes	Group 2014 £	2013 £	Company 2014 £	2013 £
<b>Fixed assets</b>					
Tangible assets	10	4,811,619	4,889,888	4,811,619	4,889,888
Investments in subsidiary undertakings	11		10,000	10,000	10,000
		<u>4,811,619</u>	<u>4,889,888</u>	<u>4,821,619</u>	<u>4,899,888</u>
<b>Current assets</b>					
Stocks	12	2,858	2,371	2,858	-
Debtors	13	1,027,181	804,450	1,048,025	826,266
Cash at bank and in hand		1,377,202	1,574,189	1,341,910	1,536,332
		<u>2,407,241</u>	<u>2,381,010</u>	<u>2,389,935</u>	<u>2,362,598</u>
<b>Creditors:</b> amounts falling due within one year	14	(512,926)	(493,391)	(505,819)	(485,178)
		<u></u>	<u></u>	<u></u>	<u></u>
<b>Net current assets</b>		1,894,315	1,887,619	1,884,116	1,877,420
<b>Total assets less current liabilities</b>		<u>6,705,934</u>	<u>6,777,507</u>	<u>6,705,735</u>	<u>6,777,308</u>
<b>Creditors:</b> amounts falling due in more than one year					
Loans	15	(167,611)	(211,194)	(167,611)	(211,194)
		<u></u>	<u></u>	<u></u>	<u></u>
<b>Net assets excluding pension scheme liability</b>		6,538,323	6,566,313	6,538,124	6,566,144
Defined benefit pension scheme liability	16	(262,000)	(316,000)	(262,000)	(316,000)
		<u></u>	<u></u>	<u></u>	<u></u>
<b>NET ASSETS</b>		<u>6,276,323</u>	<u>6,250,313</u>	<u>6,276,124</u>	<u>6,250,114</u>
<b>RESTRICTED FUNDS</b>	17	355,009	326,327	355,009	326,327
<b>Unrestricted funds</b>					
General funds – general	18	2,695,996	2,676,228	2,695,797	2,676,029
- pension fund	18	(262,000)	(316,000)	(262,000)	(316,000)
Designated funds	18	3,487,318	3,563,758	3,487,318	3,563,758
		<u>6,276,323</u>	<u>6,250,313</u>	<u>6,276,124</u>	<u>6,250,114</u>

Approved by the Board of Directors on 18 September 2014.

Signed on its behalf by:



**Mr L Martin**  
**Director**

**BID SERVICES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>Reconciliation of net outgoing resources to net cash flow from operating activities</b>			
Net incoming resources		26,010	39,880
Depreciation charges		250,189	240,653
Net interest		(54,065)	(39,948)
(Increase)/decrease in stocks		(487)	467
Increase in debtors		(224,061)	(313,215)
Decrease in creditors		(76,718)	(110,772)
Net cash (outflow) from operating activities		<u>(79,132)</u>	<u>(182,935)</u>
<b>CASH FLOW STATEMENT</b>			
Net cash outflow from operating activities		(79,132)	(182,932)
Returns on investments and servicing of finance	(a)	54,065	39,948
Capital expenditure	9	(171,920)	(72,232)
Decrease in cash	(b)	<u>(196,987)</u>	<u>(215,219)</u>

The notes on pages 12 to 32 form part of these financial statements.

**BID SERVICES**  
**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 MARCH 2014**

<b><u>(a) Returns on investment and servicing of finance</u></b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest received	<u>54,065</u>	<u>39,948</u>

<b><u>(b) Decrease in cash</u></b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Balance at beginning of period	1,574,189	1,789,408
Net cash outflow (note c)	<u>(196,987)</u>	<u>(215,189)</u>
Balance at end of period	<u>1,377,202</u>	<u>1,574,189</u>

<b><u>(c) Reconciliation of net cash flow to movements in net funds</u></b>	<b>£</b>
Decrease in cash during year being change in net funds	(196,987)
Net funds at 1 April 2013	<u>1,574,189</u>
Net funds at 31 March 2013	<u>1,377,202</u>

<b><u>(d) Analysis of changes in net funds</u></b>	<b>At 1 April</b>	<b>Cash</b>	<b>At 31 March</b>
	<b>2013</b>	<b>flows</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank	<u>1,574,189</u>	<u>(196,987)</u>	<u>1,377,202</u>

## **1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies is set out below.

### **a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and include the results of the charitable group's operations which are described in the Directors' Report.

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 and in compliance with the revised Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued in March 2005 and applicable accounting standards.

### **b) Basis of Consolidation**

The consolidated financial statements consolidate the results of the parent company and of the subsidiary on a line by line basis. A separate Statement of Financial Activities for the charitable company itself are not presented because advantage has been taken of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

### **c) Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the charitable group is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income by way of grants, donations and gifts is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charitable group, are recognised when it becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charitable group where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charitable group earns the right to consideration by its performance. Where income is received in advance of performance it is treated as deferred income and included within creditors.

### **d) Resources expended**

Resources expended are included in the Consolidated Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities for its beneficiaries and comprises both the direct costs and support costs relating to those activities.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include audit fees and costs linked to the strategic management of the charitable company.

**1. ACCOUNTING POLICIES - cont**

**d) Resources expended - cont**

All costs are allocated between the expenditure categories of the Consolidated Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

**e) Unrestricted funds**

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

**f) Designated funds**

Designated funds are unrestricted funds earmarked by the Directors for particular purposes.

**g) Restricted funds**

Where income is received for purposes specified by the donor or by the terms of the appeal under which it was raised, that income is shown as restricted in the statement of financial activities. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance is carried forward as restricted income funds.

**h) Deferred income**

Deferred income comprises amounts granted in advance on projects where it is clear from the terms under which the funds are received that they cannot be used until future periods or there are pre-conditions to entitlement which have not yet been met.

**i) Investments**

Investments in subsidiary undertakings are stated at cost.

**j) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives on a straight line basis as follows:

Freehold buildings	: over 50 years
Freehold improvements	: over 10 years
Long leasehold buildings	: over 50 years
Computer equipment	: over 3 – 5 years
Motor vehicles	: over 4 years
Fixtures and equipment	: over 3 – 10 years

**k) Pensions**

The charitable company pays contributions to a personal pension plan, a defined contribution pension scheme and two multi-employer defined benefit schemes. The charge in the accounts represents amounts payable in respect of the personal pension plan and the defined contribution scheme. In the case of one of the defined benefit schemes it is not possible to identify the underlying share of assets and liabilities belonging to BID so the contributions charged in the statement of financial activities are those collected by the schemes' managers for the year based on actuarial advice. In the case of the other scheme contributions are charged to the statement of financial activities in accordance with rates advised by the scheme actuary.

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

---

**1. ACCOUNTING POLICIES - cont**

**l) Operating leases**

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

**m) Gifts in kind**

Gifts in kind are valued at their open market value as reported by external valuers and recorded at that value as both incoming and outgoing resources in these financial statements.

**n) Taxation**

As a charitable company, BID Services, is exempt from tax on income and gains falling within section 478 of the Taxes Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen within the charitable company.

**o) VAT**

The charitable company is registered for VAT and all costs are therefore shown exclusive of VAT.

**2. VOLUNTARY INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Grants, donations and other income</b>		
Legacies	5,349	26,097
Donations	30,506	13,434
Grants		
Lottery – employment project	53,191	-
Sport England	36,299	-
Other grants and donations from Trusts	63,500	85,846
Transfer in – BCA Merger (note 24)	<u>-</u>	<u>66,358</u>
	<u><b>188,845</b></u>	<u><b>191,735</b></u>

**3. INVESTMENT INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank interest	<u>54,065</u>	<u>39,948</u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Statutory bodies – contract service income	4,167,934	3,979,197
Trading and other activities	<u>1,284,001</u>	<u>1,091,914</u>
	<u><b>5,451,935</b></u>	<u><b>5,071,111</b></u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**5. TRADING OPERATIONS**

The charitable company owns 100% of the share capital of Deaf Cultural Centre (Trading) Limited which provides catering and conference facilities. During the year, Deaf Cultural Centre (Trading) Limited made sales of £21,868 (2013: £35,214) to the parent company and recharges of £755 (2013: £42,170).

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
<b>Turnover</b>	138,775	138,415
Cost of sales	<u>(35,460)</u>	<u>(42,775)</u>
<b>Gross profit</b>	103,315	95,640
Staff costs	(68,149)	(58,842)
Other operating costs	<u>(35,166)</u>	<u>(36,798)</u>
<b>Operating profit</b>	-	-
Tax on profit on ordinary activities	-	-
Retained in subsidiary	<u>-</u>	<u>-</u>
<b>The assets and liabilities of the subsidiary at 31 March were:</b>		
Net current assets	<u>10,199</u>	<u>10,199</u>
<b>Total net assets</b>	<u>10,199</u>	<u>10,199</u>
<b>Aggregate share capital and reserves</b>	<u>10,199</u>	<u>10,199</u>

**6. RESOURCES EXPENDED BY CHARITY**

	<b>Finance</b> <b>Costs</b> <b>£</b>	<b>Direct</b> <b>Costs</b> <b>£</b>	<b>Support</b> <b>Costs</b> <b>£</b>	<b>Total</b> <b>2014</b> <b>£</b>	<b>Total</b> <b>2013</b> <b>£</b>
<b>Charitable activities</b>					
-Community services	-	4,251,982	521,967	4,773,950	4,305,207
-Residential services	3,352	454,584	82,025	539,962	537,753
-Public education development and Research	-	219,757	40,581	260,338	255,318
<b>Activities for generating funds</b>	-	172,908	10,145	183,053	125,840
<b>Governance</b>	-	69,603	7,837	77,441	73,997
<b>Total resources expended</b>	<u>3,352</u>	<u>5,168,834</u>	<u>662,556</u>	<u>5,834,742</u>	<u>5,298,115</u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**7. SUPPORT COSTS BY ACTIVITY**

	Community services	Residential services	Public education development and research	Activities for generating funds	Governance	2014 Total	2013 Total
	£	£	£	£	£	£	£
Facilities	137,301	-	7,318	1,829	5,249	151,697	239,063
Human resources and administration	176,244	35,879	14,550	3,637	1,132	23,442	193,516
Finance	118,189	25,801	10,463	2,616	814	157,882	150,208
Information technology	90,234	20,346	8,251	2,063	642	121,535	119,355
	<u>521,967</u>	<u>82,025</u>	<u>40,581</u>	<u>10,145</u>	<u>7,837</u>	<u>662,556</u>	<u>702,142</u>

Support costs are allocated as follows:

Facilities	- surface area utilised/occupied
Finance and HR	- full time equivalent staff members
IT	- units of equipment

**8. CHARITABLE EXPENDITURE**

	2014 £	2013 £
Expenditure includes:		
Auditors' remuneration		
- in respect of audit	15,000	15,000
Depreciation – owned assets	250,189	240,654
Rentals payable under operating leases		
-office equipment	2,986	2,986
Interest on pension scheme liability	30,000	-
Other financial costs	(28,000)	(5,000)
	<u></u>	<u></u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

---

**9. TRUSTEE AND STAFF COSTS**

Members of the trustee board and committees do not receive any remuneration for their services. During the year, one director received travel and subsistence expenses of £670 (2013: £NIL).

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,122,730	3,622,086
Social security costs	254,781	247,104
Pension costs	<u>202,290</u>	<u>131,529</u>
	<u><b>3,579,801</b></u>	<u><b>4,000,719</b></u>

One employee received emoluments in the banding £85,000 - £90,000, together with contributions to a defined contribution pension scheme of £24,178 (2013: £8,178).

Two employees (2013: three employees) received emoluments in the banding £60,000 - £65,000.

Charitable funds have been used to purchase indemnity insurance for the trustees at a cost of £3,000 (2013: £3,140).

The average number of employees in the year was as follows:

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Community services	120	108
Residential services	-	12
Public education, development and research	2	1
Activities for generating funds	1	11
Governance	1	1
Support	<u>9</u>	<u>6</u>
	<u><b>133</b></u>	<u><b>139</b></u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**10. TANGIBLE FIXED ASSETS**

Group and company	Long leasehold property £	Freehold land and buildings £	Motor vehicles £	Plant machinery fixtures and fittings £	Total £
<b>Cost</b>					
At 1 April 2013	4,536,846	881,410	19,500	527,223	5,964,979
Additions	-	-	-	171,920	171,920
Disposals	-	-	-	-	-
At 31 March 2014	4,536,846	881,410	19,500	699,143	6,136,899
<b>Depreciation</b>					
At 1 April 2013	544,429	105,769	19,500	405,393	1,075,091
Charge for year	90,744	17,628	-	141,817	250,189
Elimination on disposal	-	-	-	-	-
At 31 March 2014	635,173	123,397	19,500	547,210	1,325,280
<b>Net book values</b>					
At 31 March 2014	3,901,673	758,013	-	151,933	4,811,619
At 31 March 2013	3,992,417	775,641	-	121,830	4,889,888

**11. INVESTMENT IN SUBSIDIARY UNDERTAKING**

The charitable company owns 100% of the ordinary share capital of Deaf Cultural Centre (Trading) Limited, a company incorporated in the United Kingdom. The shares were acquired at a cost of £10,000. The principal activity of Deaf Cultural Centre (Trading) Limited is the provision of catering services and facilities hire. The results of the subsidiary undertaking are set out in note 5.

**12. STOCK**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b> £	<b>2013</b> £	<b>2014</b> £	<b>2013</b> £
Catering stocks	<u>2,858</u>	<u>2,371</u>	<u>-</u>	<u>-</u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

13. DEBTORS	Group		Company	
	2014 £	2013 £	2014 £	2013 £
<b>Amounts falling due within one year</b>				
Fees receivable	891,260	584,041	870,816	570,731
Other debtors and accrued income	48,869	150,532	48,869	150,441
Prepayments	87,052	69,877	87,052	69,877
Amounts due from other group charity	-	-	41,288	35,217
	<u>1,027,181</u>	<u>804,450</u>	<u>1,048,025</u>	<u>826,266</u>
<b>14. CREDITORS: amounts falling due within one year</b>				
	Group		Company	
	2014 £	2013 £	2014 £	2013 £
<b>Amounts falling due within one year</b>				
Trade creditors	92,793	95,226	89,082	91,393
Taxation and social security	71,654	101,930	67,299	96,112
Loans	30,000	30,000	30,000	30,000
Other creditors	31,856	13,704	30,990	13,117
Amounts due to other group charity	-	-	1,825	2,025
Accruals	95,084	89,791	95,084	89,791
Deferred income	191,539	162,740	191,539	162,740
	<u>512,926</u>	<u>493,391</u>	<u>505,819</u>	<u>485,178</u>
<b>Deferred income</b>			<b>2014 £</b>	<b>2013 £</b>
Deferred income brought forward			162,740	205,809
Deferred in year			91,539	62,740
Recognised in year			<u>(62,740)</u>	<u>(105,809)</u>
Deferred income carried forward			<u>191,539</u>	<u>162,740</u>

Income is deferred when the charitable company may not have unconditional entitlement to the income or when the invoice relates to the delivery of a service and is therefore only recognised to the extent that the charitable company has provided the service.

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**15. CREDITORS: amounts falling due after one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due after one year</b>				
Loans	167,611	211,194	167,611	211,194
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Included within the above are amounts falling due for repayment as follows:			<b>2014</b>	<b>2013</b>
			<b>£</b>	<b>£</b>
Less than 1 year			30,000	30,000
in 1 – 2 years			30,000	30,000
In 2 – 5 years			90,000	90,000
In more than 5 years			17,611	91,194
			<u>          </u>	<u>          </u>
			167,611	241,194
			<u>          </u>	<u>          </u>

The figure for loans constitutes a loan from National Westminster Bank plc of £450,000 repayable in monthly instalments over 15 years from the date of draw down. Interest is charged at one percentage point over Base Rate. It is secured by a first legal charge on Chesterberry which is situated at Chester Road, Birmingham.

<b>16. DEFINED BENEFIT PENSION SCHEME LIABILITY - company</b>	<b>£</b>
At 1 April 2013	316,000
Movement for the year	(54,000)
	<u>          </u>
At 31 March 2014	262,000
	<u>          </u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**17. RESTRICTED FUNDS (Group and company)**

	<b>1 April 2013 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Transfers £</b>	<b>31 March 2014 £</b>
<b>Restricted funds</b>					
Arts	13,902	9,000	(21,631)	-	1,271
Community	42,822	8,818	(29,101)	-	22,538
Employment	-	53,191	(18,000)	-	35,191
Residential	51,383	550	-	-	51,933
Sports	20,319	36,299	(21,921)	-	34,697
Volunteers	6,375	-	(6,375)	-	-
Other	39,607	-	(12,728)	-	26,879
B&DTG	24,578	-	(5,000)	-	19,578
BCA	42,721	60,000	(22,500)	-	80,221
Capital appeal	84,621	-	(1,920)	-	82,701
<b>Total restricted funds</b>	<b>326,327</b>	<b>167,858</b>	<b>(139,176)</b>	<b>-</b>	<b>355,009</b>

**Purposes of restricted funds**

Arts	Funds form Arts Council England supporting the Deaf Arts Development Project.
Community	Funds to support a range of community activities.
Employment	Funds held to support activities furthering opportunities for employment for deaf people.
Residential	Funds to support preparation of deaf people for work.
Sport	Funds to support sports activities for deaf people.
Volunteers	Funds donated to support the development and activities of volunteers.
Others	Funds donated to support a range of other activities.
B&DCG	Funds held to support the activities of this group. Birmingham and District Tinnitus Group .
BCA	Birmingham Community Advocacy.

**18. UNRESTRICTED FUNDS (Group)**

	<b>1 April 2013 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Gains/31 March Transfers £</b>	<b>2014 £</b>
<b>Unrestricted funds</b>					
<b>Designated</b>					
Business development fund	200,000	-	-	-	200,000
IT Development fund	4,560	-	-	-	4,560
Residential development fund	48,876	-	-	-	48,876
Building development fund	3,310,322	-	(76,440)	-	3,233,882
<b>Total designated funds</b>	<b>3,563,758</b>	<b>-</b>	<b>(76,440)</b>	<b>-</b>	<b>3,487,318</b>
<b>General funds</b>	<b>2,676,228</b>	<b>5,637,762</b>	<b>(5,617,994)</b>	<b>-</b>	<b>2,695,996</b>
Pension fund	(316,000)	28,000	(23,000)	49,000	(262,000)
<b>Total unrestricted funds</b>	<b>5,923,986</b>	<b>5,665,762</b>	<b>(5,717,434)</b>	<b>49,000</b>	<b>5,921,314</b>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**18. UNRESTRICTED FUNDS (Company)**

	<b>1 April 2013 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Gains/31 March Transfers £</b>	<b>2014 £</b>
<b>Unrestricted funds</b>					
<b>Designated</b>					
Business development fund	200,000	-	-	-	200,000
IT Development fund	4,560	-	-	-	4,560
Residential development fund	48,876	-	-	-	48,876
Building development fund	3,310,322	-	(76,440)	-	3,233,882
<b>Total designated funds</b>	<b>3,563,758</b>	<b>-</b>	<b>(76,440)</b>	<b>-</b>	<b>3,487,318</b>
<b>General funds</b>	<b>2,676,029</b>	<b>5,498,987</b>	<b>(5,479,219)</b>	<b>-</b>	<b>2,695,797</b>
Pension fund	(316,000)	28,000	(23,000)	49,000	(262,000)
<b>Total unrestricted funds</b>	<b>5,923,787</b>	<b>5,526,987</b>	<b>(5,722,434)</b>	<b>49,000</b>	<b>5,921,115</b>

**Purposes of designated funds**

Business development fund	To facilitate future organisational development initiatives.
IT Development fund	Support depreciation of IT assets.
Residential development fund	This fund supports the development of an owned property into a home for deaf people.
Building development fund	This fund was created to support the construction of the Deaf Cultural Centre. The balance will reduce in line with depreciation of the building.

**19. OPERATING LEASE COMMITMENTS – GROUP AND COMPANY**

At the year end the charitable company has annual commitments under non-cancellable operating leases as follows:

	<b>2014 Equipment £</b>	<b>2013 Equipment £</b>
2-5 years	2,986	2,986

In addition to the above the charitable company holds a 125 year lease expiring in 2131 from Birmingham City Council on which a peppercorn rent is payable.

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**20. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted £</b>	<b>Designated £</b>	<b>Restricted £</b>	<b>Total £</b>
Tangible fixed assets	1,493,036	3,233,882	84,701	4,811,619
Net current assets	1,370,571	253,436	270,308	1,894,315
Loans > 1 year	(167,611)	-	-	(167,611)
Pension reserve	(262,000)	-	-	(262,000)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets	2,433,996	3,487,318	355,009	6,276,323
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The designated funds within unrestricted funds are represented by cash at bank.

**21. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY**

The financial activities shown in the consolidated statement of financial activities includes those of the company's wholly owned subsidiary.

A summary of the financial activities undertaken by the parent charitable company is set out below:

	<b>2014 £</b>	<b>2013 £</b>
<b>Gross incoming resources</b>	5,694,845	5,344,964
Total expenditure on charitable activities	(5,640,394)	(5,163,087)
Governance costs	<u>(77,441)</u>	<u>(73,997)</u>
<b>Net incoming resources for the year</b>	(22,991)	107,880
Actuarial gains/(losses) on defined benefit pension schemes	<u>49,000</u>	<u>(68,000)</u>
<b>Net incoming funds</b>	26,009	39,880
Total funds brought forward	<u>6,250,114</u>	<u>6,056,218</u>
<b>Total funds carried forward</b>	<u>6,276,123</u>	<u>6,250,114</u>
<b>Represented by:</b>		
Unrestricted funds	2,433,796	2,360,029
Designated funds	3,487,318	3,563,758
Restricted funds	<u>355,009</u>	<u>326,327</u>
	<u>6,276,123</u>	<u>6,250,114</u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**22. TAX STATUS**

As a charitable company, BID Services, is exempt from tax on income and gains falling within Section 478 of the Taxes Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen within the charitable company. The trading subsidiary has no profits which are subject to taxation under the provisions of the Income and Corporation Taxes Act 2000.

**23. PENSIONS**

As at the year end, pension contributions outstanding were £nil (2013: £26,983).

**(a) Pension costs – West Midlands Pension Fund**

Certain employees of the charitable company are members of the West Midlands Metropolitan Authorities Pension Fund, a defined benefit scheme.

The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. This scheme is subject to a triennial review with the most recent one having been at 31 March 2010. This valuation has been rolled forward to 31 March 2014 for the purposes of the rules in Financial Reporting Standard Number 17 Retirement Benefits ("FRS17") used in the disclosure below.

The FRS17 figures as at 31 March 2014 were based on projecting forward the 31 March 2010 valuation for three years.

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised in the balance sheet</b>		
Present value of funded obligations	(747)	(799)
Fair value of plan assets	<u>485</u>	<u>483</u>
Net amount recognised	(262)	(316)
Amounts recognised as:		
Liabilities	<u>(262)</u>	<u>(316)</u>
	(262)	(316)
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised in the SOFA</b>		
<b>Components of pension cost</b>		
Current service cost	(4)	(4)
Interest cost	(30)	(31)
Expected return on plan assets	28	26
	<u>(6)</u>	<u>(9)</u>

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

(a)	Pension costs – West Midlands Pension Fund – continued	2014		2013	
		£'000		£'000	
	Movement in surplus during the year				
	Deficit in scheme at beginning of year	(316)		(251)	
	Movement in year:				
	(Current service cost)	(4)		(4)	
	Contributions	11		12	
	Net return on assets/(interest cost)	(2)		(5)	
	Actuarial loss	49		(68)	
	Deficit in scheme at end of year	(262)		(316)	
	Plan assets	2014		2013	
		% £'000	% £'000		
	The weighted average asset allocation and expected % return at the year end was as follows:				
	Asset category				
	Equities	58.3	282	42.1	204
	Government Bonds	8.2	40	9.0	43
	Other Bonds	10.7	52	12.0	58
	Property	9.0	44	9.0	43
	Other	13.8	67	27.9	135
			485		483
	Weighted average assumptions used to determine obligations at:				
		2014		2013	
		%		%	
	Rate of increase in salaries	4.15		4.15	
	Rate of pension increase	2.4		2.40	
	Discount rate	4.3		3.70	
	Inflation assumption	2.4		2.40	
	Mortality non-retireds	SPA02_CMI_2009_1.25%SPA02_CMI_2009_1.25%			
	Mortality retired	SPA02_CMI_2009_1.25%SPA02_CMI_2009_1.25%			
	Difference between expected and actual return on scheme assets:				
		2014	2013	2012	
	Amount (£'000)	(14)	(28)	44	
	Percentage of scheme assets	2.8%	5.8%	9.8%	
	Experience gains and losses on scheme liabilities:				
	Amount (£'000)	(10)	(28)	(20)	
	Percentage of scheme liabilities	1.3%	5.8%	4.5%	
	Total amount recognised in statement of financial activities:				
	Amount (£'000)	54	(68)	(42)	
	Percentage of scheme liabilities	20.6%	8.5%	6%	

**(b) Pension costs - Pensions Trust (CARE Scheme)**

BID Services participates in The CARE Scheme (the 'Scheme'), which is a funded multi-employer defined benefit scheme.

The main benefits provided by the Scheme are:

- 1.1. A pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-out of the State scheme; or
- 1.2. A pension of one-hundredth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-in to the State scheme.

**Contributions prior to 1 April 2012**

For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 10.0% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten).

For members in the one-hundredth structure of the Scheme, employers pay contributions at the rate of 8.5% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten minus one).

Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.5% to reflect the higher costs of a closed arrangement.

Employers that have closed the one-hundredth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.2% to reflect the higher costs of a closed arrangement.

**Contributions from 1 April 2012**

For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 10.6% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten, plus 0.5).

For members in the one-hundredth structure of the Scheme, employers pay contributions at the rate of 8.8% of earnings and members pay contributions based on an age-related scale (equal to age divided by 10, minus 0.5).

In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between Members and Employers, as long as the maximum Member contribution rates are  $[(\text{age} / 10) + 0.5]\%$  (one-eightieth structure) and  $[(\text{age} / 10) - 0.5]\%$  (one-hundredth structure). For reference, the total FSCRs from 1 April 2012 are 15.5% (one-eightieth structure) and 12.7% (one-hundredth structure).

Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.0% to reflect the higher costs of a closed arrangement.

Employers that have closed the one-hundredth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.6% to reflect the higher costs of a closed arrangement.

The Trustee commissions an actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

**(b) Pension costs - Pensions Trust (CARE Scheme) – Continued**

A defined contribution (DC) section of the Scheme has been available since 1 April 2011. For members in the DC section of the Scheme, employers pay contributions at the rate of 8.5% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten, minus one). As at the balance sheet date there were 32 active members of the Scheme employed by BID Services. The annual pensionable payroll in respect of these members was £71,293.

BID Services has closed the Scheme to new entrants.

During the accounting period the employer paid contributions at the rate of 10.00% for members in the one-eightieth structure.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2010 by a professionally qualified actuary using the 'projected unit' method. The market value of the Scheme's assets at the valuation date was £21.3 million. The valuation revealed a deficit of assets compared to liabilities of £2.6 million, equivalent to a past service funding level of 89%.

financial assumptions underlying the valuation as at 30 September 2010 were as follows:

	% p.a.
Rate of return pre retirement (non-orphans)	6.5
Rate of return post retirement (non-orphans)	4.3
Rate of return pre retirement (orphans)	3.0
Rate of return post retirement (non-orphans)	3.5
Rate of pension increases pre 5 April 2005	2.6
Rate of pension increases post 5 April 2005	2.1
Rate of price inflation	3.0

an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £2.6 million would be dealt with by the payment of deficit contributions of £208,000 per annum, increasing each year by 3%, from 1 April 2012 to 31 March 2022. BID Services's share of these deficit contributions is £8,400 per annum, payable in monthly instalments of £700. These deficit contributions are in addition to the contribution rates set out above.

Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £24.5 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £6.8 million, equivalent to a past service funding level of 78%.

a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

**(b) Pension costs - Pensions Trust (CARE Scheme) – Continued**

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

**(c) Pension costs - Pensions Trust (Growth Plan)**

BID Services participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

BID Services paid contributions at the rate of 10.6% during the accounting period.

**(c) Pension costs - Pensions Trust (Growth Plan) – Continued**

As at the balance sheet date there were 8 active members of the Plan employed by BID Services. BID Services has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

**(c) Pension costs - Pensions Trust (Growth Plan) – Continued**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

Owing to this situation, we have included 2 figures/calculations, namely:

- The cost of withdrawal if we include Series 3 liabilities in the calculation
- The cost of withdrawal if we exclude Series 3 liabilities from the calculation

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented.

**BID SERVICES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2013**

---

**24. BCA Merger**

On 1 October 2012 the net assets and activities of Building Community Advocacy Limited were merged with BID Services. The assets that were transferred on that date were:

	£
Debtors	69,177
Cash at bank	3,545
Creditors	<u>(6,364)</u>
	66,358
	<u><u>          </u></u>
Represented by:	
Unrestricted fund	41,481
Restricted fund	<u>24,877</u>
	66,358
	<u><u>          </u></u>

**25. RELATED PARTY TRANSACTIONS**

Advantage has been taken of the exemption in FRS8 paragraph 3(c) not to disclose transactions with group companies, as consolidated financial statements are prepared.

**26. ULTIMATE CONTROLLING PARTY**

The members of BID Services are the trustees and hence BID Services is controlled by its board of trustees.