

**CHESTER DIOCESAN BOARD
OF EDUCATION**

**REGISTERED CHARITY: NO 525790
COMPANY LIMITED BY GUARANTEE: NO 85176**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2015

**CHESTER DIOCESAN BOARD OF EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015**

CONTENTS	PAGE
Members of the Board of Education	1
Directors and Professional Advisors	2
Trustees Report, incorporating the Strategic Report	3 - 9
Statement of Trustees' Responsibilities	10
Independent Auditor's Report to the Members of Chester Diocesan Board of Education	11 - 12
Statement of Financial Activities including Income and Expenditure Account	13
Balance Sheet	14
Statement of Cash Flows	15
Notes to the Accounts	16 – 25

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

MEMBERS OF THE BOARD OF EDUCATION DURING THE YEAR

EX-OFFICIO

The Rt Revd The Bishop of Chester *

ELECTED MEMBERS

1 Clerical and 1 Lay elected by Diocesan Synod,
1 Clerical or Lay elected by each Deanery Synod.

Mr R Blackhurst (resigned 31/12/2015)	Malpas Deanery
Mrs L Brewster (appointed 21/10/2015)	Stockport Deanery
The Revd L Boyle (appointed 1/1/2016)	Diocesan Synod
Mr S Cottam (resigned 31/12/2015)	Wallasey Deanery
Mr P A Edwards (resigned 20/10/2015)	Bowdon Deanery
Mr J Furse	Chadkirk Deanery
The Revd J L Goode (resigned 31/12/2015)	Great Budworth Deanery
The Revd Dr J Harries (resigned 31/12/2015)	Diocesan Synod
The Revd P Hartopp (resigned 31/07/2015)	Middlewich Deanery
Mr I Johnson (resigned 31/12/2015)	Mottram Deanery
The Revd S Mayo (resigned 20/10/2015)	Stockport Deanery
Mr W I McKenzie	Birkenhead Deanery
Mr P Noden	Nantwich Deanery
The Revd D Newstead (resigned 31/12/2015)	Wirral North Deanery
The Revd E Ollman (appointed 1/1/2016)	Middlewich Deanery
Mr E Owen *	Frodsham Deanery
Mr I Roberts	Diocesan Synod
Mrs R Sigeo (appointed 21/10/2015)	Bowdon Deanery
Mrs D Wisener (resigned 31/12/2015)	Congleton Deanery
Mr C Wilkinson (resigned 31/12/2015)	Chester Deanery
Mrs P Worswick	Macclesfield Deanery
Dr W Yates (resigned 31/12/2015)	Knutsford Deanery

CO-OPTED MEMBERS

The Revd L Bannon
The Revd D W Guest (resigned 31/12/2015)
Ms J Owen
Mr J Owens (resigned 31/12/2015)
Canon E Renshaw MBE *
Canon Prof T J Wheeler DL (resigned 9/10/2015) *

BISHOP'S NOMINEES

The Revd C Helm (resigned 31/12/2015)
The Rt Revd The Bishop of Birkenhead (resigned 31/12/2015) *
The Rt Revd The Bishop of Stockport (appointed 1/1/2016) *
The Ven Dr M Gilbertson *

SECRETARY

Canon J Turnbull

* Also Director of the company

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS OF THE COMPANY, LIMITED BY GUARANTEE

The Rt Revd The Bishop of Chester
The Rt Revd The Bishop of Birkenhead (resigned 31/12/2015)
The Rt Revd The Bishop of Stockport (appointed 1/1/2016)
The Ven Dr M Gilbertson
Canon E Renshaw MBE
Mr E Owen
Canon Prof T J Wheeler DL (resigned 9/10/2015)

SECRETARY AND REGISTERED ADDRESS/PRINCIPAL OFFICE

Canon J Turnbull
Church House, 5500 Daresbury Park, Daresbury, Warrington WA4 4GE

PROFESSIONAL ADVISORS

Bankers: National Westminster Bank plc
P O Box 8, 33 Eastgate Street, Chester, CH1 1XA

Solicitors: Hibberts LLP
25 Barker Street, Nantwich, Cheshire, CW5 5EN
Lee Bolton Monier-Williams
1 The Sanctuary, Westminster, London, SW1P 3JT

Registered Auditors: BDO LLP
5 Temple Square, Temple Street, Liverpool, L2 5RH

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2015.

Reference and administrative details

Charity number: 525790

Company number: 85176

Principal Office: Church House, 5500 Daresbury Park, Daresbury, Warrington WA4 4GE

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

Ex-officio trustee: The Rt Revd The Bishop of Chester

Bishop of Chester nominees: The Rt Revd The Bishop of Birkenhead
The Ven The Archdeacon of Chester

Elected trustees: E Owen
Canon E Renshaw MBE
Canon Prof T J Wheeler DL (resigned 9/10/2015)

Secretary: Canon J Turnbull

Structure, Governance and Management

Governing Document

The Chester Diocesan Board of Education is a company limited by guarantee governed by its Memorandum and Articles of Association of 1943 amended on 17 October 1995. It is registered as a charity with the Charity Commission. Members of the company are elected or appointed in accordance with The Chester Diocesan Board of Education Order 1993. Following elections to Diocesan Synod, the Board was reconstituted on 1 January 2013. There were 28 members at the year-end (28 in 2014), each of whom agree to contribute £1 in the event of the charity winding up.

The Bishop of Chester is a member and he nominates two members from among the suffragan bishops, full time assistant bishops or archdeacons in the Diocese. He may also nominate two additional members. Diocesan Synod elects two members and each Deanery Synod elects one member. The trustees have the power to co-opt up to eight further members to fill specialist roles. All members serve for a period of three years.

When considering co-opting members, the Board has regard to the requirement for any experience needed, for example in Church schools in the Diocese or work with children, young people or in the Further Education or Higher Education sector in the Diocese.

Appointment of trustees

As set out in the Articles of Association the chair of the trustees is the Bishop of Chester except that, if he does not desire to be Chairman, the members after consultation with the Bishop, shall appoint some other person (whether or not a member) to be Chairman. The Bishop of Birkenhead was the Chairman throughout the year.

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT

The trustees comprise the Chairman of the Association, the members appointed by the Bishop from among the suffragan bishops, full time assistant bishops or archdeacons in the Diocese and up to four other members elected by the members of the Board.

Trustee induction and training

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity.

Trustees also meet key employees and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The board of trustees administers the charity. The board meets regularly together with the Secretary who manages the day to day operations of the charity. To facilitate effective operations, the Secretary has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and school related activities.

Related parties

The charity has a close relationship with Chester Diocesan Board of Finance (a company limited by guarantee registered in England (no. 7826) and a registered charity (no. 248968)) which funds the work with children and young people and provides office accommodation.

The charity has a close relationship with Chester Diocesan Academies Trust (a company limited by guarantee registered in England (no. 8451787) and an exempt charity) which was established during the year as a multi-academy trust within the Diocese.

The charity jointly owns DBE Services Ltd with Blackburn Diocesan Board of Education, Carlisle Diocesan Board of Finance, Liverpool Diocesan Board of Finance, Manchester Diocesan Board of Education and York Diocesan Board of Finance. This company undertakes support work across the six dioceses and gift-aids any profit back to the six Boards.

Objectives and activities

The charity acts as the Education Authority for the Church of England in the Diocese of Chester, in accordance with The Diocesan Boards of Education Measure 1991. The objects of the charity are:

- to promote education consistent with the faith and practice of the Church of England in the Diocese;
- to promote religious education and religious worship in schools in the Diocese;
- to promote church schools in the Diocese;
- to advise the governors of Church schools in the Diocese;
- to advise the trustees of church educational endowments in the Diocese;
- to promote youth and children's work in the Diocese;
- to support work in institutions of further and higher education in the Diocese.

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT

One of the principal activities is the administration of grant claims in respect of building and maintenance work carried out on school properties together with all other related matters which promote the efficiency of or otherwise benefit the schools in the Diocese.

The company also acts as custodian trustee for a number of specific trusts (referred to as Specific Purpose Funds in the attached accounts).

The strategies employed to achieve the charity's objectives are to:

- Administer and advise on building work, particularly in aided schools in the Diocese;
- Advise and support governing bodies in aspects of their role such as appointments, admissions and ethos;
- Support and promote quality religious education and worship in church schools in the Diocese;
- Arrange for and support staff and governors through denominational inspection procedures;
- Provide training opportunities for staff and governors;
- Provide pastoral and other support to schools experiencing difficulties;
- Work with other Diocesan Boards of Education in the DBE Services group to provide high quality services to schools;
- Represent the Diocese on committees and groups involved in school work;
- Advise and support the trustees of church educational endowment held wholly or partly for or in connection with any church school.

Work with children and young people is supported entirely by Chester Diocesan Board of Finance.

Strategic Report

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan, and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified only a few minor new risks but it has resulted in better emergency procedures and contingency plans and has given the impetus for better planning. A key element in the management of financial risk is the setting of a reserves policy and its regular review by trustees. There is trustee indemnity insurance in place.

The major risks faced by the charity are the changes to working practices and increased workload caused by alterations in law and practices by central government. This is mitigated by using external consultants and developing the ability of staff working in schools to share good practice.

Grant making policy

The charity makes discretionary grants to governors or schools as financial assistance towards the cost of approved school projects. In deciding whether to make a grant, the trustees consider the school's ability to fund the work themselves by obtaining information using an application form which asks for information on other sources of finance.

Achievements, Performance and Public Benefit

The Department for Education which provides grants for building work in aided schools has continued to provide Devolved Formula Capital to schools, but at the reduced level. This is becoming an issue as the amounts are insufficient to meet building needs. Aided schools in the Diocese have continued to demonstrate their trust in the charity by having these funds held centrally, enabling us to allow some schools to expend money which they will not receive until the following year.

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT

The charity has provided public benefit in the following ways:

Many schools benefited from building work and the support of staff and consultants from DBE Services Ltd. Projects with work over £100,000 included:

- | | |
|----------------------------|---------------------------------------|
| • Altrincham | Refenestration |
| • Macclesfield Bollinbrook | Extension to Hall |
| • Davenham | Extension and alterations |
| • Halton St Mary | Entrance extension |
| • Kettleshulme St James | Extension and remodelling |
| • Sale St Anne's | Replace Heating System |
| • Stockport St George | Kitchen refurbishment and other works |
| • Whitegate | New Assembly Hall and Kitchen |

In addition, Ellesmere Port Christ Church are having a new school building under the Priority School Building Programme.

Capital grant for building work is now not limited to a single year with indicative levels shown for the following two years. This has enabled more effective use of funds. A change in the procedures connected with the provision of grant has improved the receipt of such grant.

The administration of denominational inspection continues to be undertaken by the Diocese of Liverpool on behalf of this Diocese and the Diocese of Manchester. In addition, the charity continued to support schools before and after these inspections and it is of great benefit in further developing the Christian foundation of our schools as well as offering a means of pastoral support to senior managers. The following schools are to be congratulated on being seen as outstanding church schools by their inspector during the year:

- Bebington St Andrew's C of E School
- Dodleston C of E School
- Dukinfield St John's C of E School
- Mollington St Oswald's C of E School
- Mossley C of E School
- Tarporley C of E School
- Warmingham C of E School
- Woodchurch C of E School
- Winsford St Chad's C of E School

99% of church schools in the Diocese are currently graded 'Outstanding' or 'Good' in their denominational inspection.

The charity is being seen by the Government as more responsible for standards in church schools in the Diocese. 89% of church schools in the Diocese are currently graded 'Outstanding' or 'Good' by Ofsted. The charity makes available additional support to schools rated less than 'Good' by Ofsted and is represented at feedback meetings at the end of inspections. Officers are requested to give information to Her Majesty's Inspectors when they visit schools placed in 'Special Measures'. The following schools are to be congratulated on being seen as being outstanding schools in their Ofsted inspection during the year:

- Stapeley Broad Lane C of E School
- Stretton St Matthew's C of E School

The charity is being increasingly called upon to assist schools as they consider academy status. Many schools are now considering either forming or joining multi-academy trusts, and the charity's officers have regular meetings with officials from the Regional Schools Commissioners responsible for academies in the regions. Although no schools became academies during the year, Acton and Worleston St Oswald's C of E Schools were both granted academy orders.

The charity has supported governors in the usual round of senior appointments in church schools and other issues. Successful training courses, some in conjunction with DBE Services and the National College, have been run to support the development of Christian leaders for schools.

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT

The 'Chester Diocesan Family of Schools' has continued successfully for a seventh year with membership of schools remaining high. Schools pay an annual subscription to be a member and receive discounts on courses provided and receive other benefits including termly support for Collective Worship. The courses for teachers and governors have continued to be successful and maintain the profile of the charity. The accessibility of the new Church House has continued to deliver a consistently high attendance at events. RE support continues to be provided to member schools through exemplar lesson plans as well as regular meetings for RE co-ordinators.

The annual Year 6 leavers' services were again well-attended and appreciated by all who attended, with two services held in the Cathedral for a third year. We are most grateful to the Cathedral and Astbury St Mary's Church for hosting these events.

The reduced funding for local authorities has resulted in schools continuing to look for increased support and the charity is increasing the provision it provides. The team of consultants has been increased with a number of current serving headteachers being approached to add support along with a recently retired member of Her Majesty's Inspectorate.

The regular half-termly newsletter which goes to all church schools and other interested parties and also the website has been successful in communicating the charity's work and supporting school staff and governors in their respective roles.

The chaplains of secondary schools have continued to be supported through regular meetings.

An initiative has continued to assist parish churches to work effectively with their local schools.

Mrs Christine Woodward who supported the charity in financial, legal and property matters retired in June and was replaced by Mrs Adele Holt. Mrs Sandra James whose duties included being the Director's secretary retired at the end of August. Both have served the charity well for over twenty-six years. At the year-end, the Bishop of Birkenhead ceased to be the chair of the charity after eight very successful years.

Financial Review

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Statement of Financial Activities shows net expenditure of £58,770 and investment gains of £84,938, resulting in net movement in funds of £26,168 (2014 £227,671).

Investment Policy

The charity holds cash together with holdings in the Central Board of Finance (CBF) Church of England Investment Fund, the CBF Church of England Global Equity Income Fund, and the CBF Church of England Property Fund. The intention is to provide some income together with capital appreciation to afford long term protection against inflation. Performance is in line with expectations.

The CBF guarantee that investments are made in accordance with the ethical standards of the Church of England.

The trustees regularly consider the performance of the shares to ensure that the return in terms of capital growth and income is appropriate to the needs of the charity. This year the review led the trustees to sell all fixed interest securities held and invest in more property shares as the income from fixed interest shares reduced and their medium term value is expected to fall as bank interest rates rise.

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT

Reserves Policy

The charity is almost entirely dependent on the income from its investments to support its work. Consequently investments are maintained and the trustees would only consider expending capital in exceptional cases.

The Restricted Trust Funds arise out of the sale of school properties which in past years came under various Educational Endowment Orders and were amalgamated into a uniform statutory trust in 1995 following the provisions of the Education Act 1993. The use of these funds is restricted to the following:

- a) funding the purchase, or erection of, improvement or enlargement of, relevant school premises in the area;
- b) funding maintenance costs of any relevant school in the area;
- c) funding the costs of the administration of the trust and the costs of providing advice, guidance and resources in connection with any matter related to the management of, or education provided at any relevant school in the area.

The Unrestricted General Funds held are historic funds and may be used for the general purposes of the Board in achieving its charitable objectives.

Plans for Future Periods

The continuing changes in education policy and practice requires the charity and the schools it serves to be prepared for an unclear future. As Local Authority support continues to be reduced, schools must secure their support from other organisations and we continue to encourage schools to work together or provide appropriate services centrally where that is appropriate.

The 'Chester Diocesan Family of Schools' needs to evolve into a structure providing for the needs of schools in the Diocese and it is intended to develop a series of review mechanisms which schools can use as part of their self-assessment.

The Bishop of Stockport, the Rt Revd Libby Lane was elected chair of the charity in January 2016 and it is hoped to restructure its Board. Consultations are underway on reducing its size to nine members. If Diocesan Synod agrees to this proposal it will require the agreement of the Secretary of State for Education for an Order to be laid before Parliament. This change is intended to make the charity more responsive and the Board more effective in its work. The inclusion of schools in multi-academy trusts and the reduction in grant for capital work in schools will have long-term consequences for the way the charity's staff support schools.

It is intended to hold a 'Big Sing' in the Cathedral during 2016 which will give children in church schools across the Diocese the important opportunity to celebrate and worship together.

The revision of the Primary RE Guidelines is continuing and it is hoped to launch the new Guidelines during 2016.

Funds Held as Custodian Trustee on behalf of others

The charity acts as custodian trustee in respect of funds held on behalf of local trustees and such specific purpose funds are shown separately in the financial statements.

The company also acts as custodian trustee in respect of funds arising out of the sale of school properties where the funds are held pending the issue of an Order or other determination.

The Devolved Formula Capital for aided schools is held by the charity as part of these funds.

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

TRUSTEES REPORT, INCORPORATING THE STRATEGIC REPORT

Information required by auditors

In respect of each Trustee at the date the Trustee's Report is signed:

- so far as we are aware, there is no information needed by the Charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- as the trustees of the Charity we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution will be proposed at the Annual General Meeting that BDO LLP be re-appointed as auditors to the charity for the ensuing year.

In preparing the trustees' report advantage has been taken of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the trustees, the Trustees Report, incorporating the Strategic Report, has been approved by



The Rt Revd E J H Lane (Chair)

Date: 16 May 2016

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESTER DIOCESAN BOARD OF EDUCATION

We have audited the financial statements of Chester Diocesan Board of Education for the year ended 31 December 2015 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows 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 charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also 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. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, incorporating the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**CHESTER DIOCESAN BOARD OF EDUCATION
YEAR ENDED 31 DECEMBER 2015**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHESTER DIOCESAN BOARD OF EDUCATION**

Matters on which we are required to report by exception

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

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

BDO LLP

Hamid Ghafoor (Senior statutory auditor)
for and on behalf of BDO (UK) LLP, Statutory auditor
Manchester, UK

Date 31/6/2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**CHESTER DIOCESAN BOARD OF EDUCATION
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Unrestricted Funds	Restricted Funds	Total 2015	Total 2014 Restated
		£	£	£	£
Income from:					
Charitable activities	2.1	110,397	-	110,397	98,424
Investments	2.2	86,274	227,196	313,470	288,256
Total Income		196,671	227,196	423,867	386,680
Expenditure on:					
Charitable Activities	3.1	2,210	480,427	482,637	495,887
Total Expenditure		2,210	480,427	482,637	495,887
Net gains/(losses) on investments	6.1	5,989	78,949	84,938	324,880
Net income/(expenditure)		200,450	(174,282)	26,168	215,673
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets		-	-	-	11,998
Net movement in funds		200,450	(174,282)	26,168	227,671
Reconciliation of funds:					
Total funds brought forward		2,387,718	5,959,561	8,347,279	8,119,608
Total funds carried forward		2,588,168	5,785,279	8,373,447	8,347,279

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities.

**CHESTER DIOCESAN BOARD OF EDUCATION
BALANCE SHEET AS AT 31 DECEMBER 2015
COMPANY LIMITED BY GUARANTEE NO 85176**

	Note	2015 £	2014 Restated £
Fixed assets			
Tangible assets			
investment properties	4.1	1,009,700	1,009,700
other	4.2	519	1,038
Investments	6.1	7,089,777	6,370,380
Investment in associated company	6.2	12	12
		<u>8,100,008</u>	<u>7,381,130</u>
Current assets			
Cash at bank		869,057	1,633,650
Debtors	5	650,477	610,614
		<u>1,519,534</u>	<u>2,244,264</u>
Creditors: amounts falling due within one year	7.1	1,246,095	1,276,075
Net current assets		<u>273,439</u>	<u>968,189</u>
Total assets less current liabilities		8,373,447	8,349,319
Creditors: amounts falling due after more than one year	7.2	-	2,040
Net assets		<u>8,373,447</u>	<u>8,347,279</u>
Funds			
Restricted funds	8	5,785,279	5,959,561
Unrestricted general funds		2,588,168	2,387,718
Total charity funds		<u>8,373,447</u>	<u>8,347,279</u>

The financial statements were approved and authorised for issue by the Board of Directors on 16 May 2016 and signed on its behalf by



The Rt Revd E J H Lane (Chair)

CHESTER DIOCESAN BOARD OF EDUCATION
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2015	2014
	£	Restated £
Net income for the reporting period	26,168	215,673
Depreciation	519	511
(Gains) on investments	(84,938)	(324,880)
Dividends, interest and royalties from investments	(313,470)	(288,256)
(Increase)/decrease in debtors	(39,863)	200,926
(Decrease)/increase in creditors	(32,020)	374,376
Net cash (used in)/provided by operating activities	(443,604)	178,350

Statement of Cash Flows

	2015	2014
	£	£
Net cash provided by/(used in) operating activities	(443,604)	178,350
Cash Flows from investing activities		
Dividends, interest and royalties from investments	313,470	288,256
Payments to acquire tangible fixed assets	-	(1,549)
Payments to acquire investments	(634,459)	(1,071,927)
Receipts from sale of tangible fixed assets	-	171,998
Receipts from sale of investments	-	352,935
Net cash (used in) investing activities	(320,989)	(260,287)
Net decrease in cash	(764,593)	(81,937)
Cash at 1 January 2015	1,633,650	1,715,587
Cash at 31 December 2015	869,057	1,633,650

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

1 Accounting Policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments and properties at market value, and in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 and the Companies Act 2006.

1.2 Income

Income is included in the Statement of Financial Activities on the basis of the amounts receivable for the year.

1.3 Expenditure

Expenditure is included in the Statement of Financial Activities on the accruals basis, based on the amounts payable for work done and services provided in the year. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activity costs also include the cost of administering grant claims in respect of building and maintenance work carried out on school properties, the cost of administering grants payable and providing support to the other charitable activities of the company.

Governance costs are those costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

1.4 Grants

Grants payable included within charitable activities represent discretionary grants to Governors or Schools for financial assistance towards the cost of specific, approved school projects. Grants payable are included in the Statement of Financial Activities on the accruals basis, to the extent that conditions for payment have been met.

1.5 Investments

Investments are included in the balance sheet at their market value at the balance sheet date.

1.6 Restricted Funds

Funds arising out of the sale of school properties were received in past years under various Educational Endowment Orders and were amalgamated into a uniform statutory trust in 1995 following the provisions of the Education Act 1993. These funds are shown separately as trust funds in the financial statements, as summarised in note 9, and their use is restricted to the following:-

- a) funding the purchase, or erection of, improvement or enlargement of, relevant school premises in the area,
- b) funding maintenance costs of any relevant school in the area,
- c) funding the costs of the administration of the trust and the costs of providing advice, guidance and resources in connection with any matter related to the management of, or education provided at any relevant school in the area.

1.7 Tangible fixed assets - other than property

The cost of office fixtures and office equipment acquired are capitalised and are depreciated over their estimated useful lives at the rates of 33.3% per annum straight line for computer equipment and 20% per annum straight line for other furniture and equipment.

Office fixtures and office equipment costing less than £1,000 are not capitalised.

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

1.8 Tangible fixed assets - property

Proceeds from the sale of former school properties are normally held by the company as custodian trustee (in specific purpose funds, note 10) until a relevant Educational Endowment Order or other determination is issued. The financial statements up to 31 December 1996 did not include any value for former school properties held in the name of the company which had not yet been sold but these properties have been included in subsequent accounts at their estimated market value, as disclosed in note 4.1.

1.9 Liabilities

The charity recognises liabilities when an obligation exists as a result of a past event and a reasonable estimate can be made of the amount of that obligation.

1.10 Reserves

A full reserves policy is noted in the Trustees' Report.

2 Income

2.1 Income from Charitable activities

	2015	2014
	£	£
Conference income	33,488	27,266
Gift aided distribution from DBE Services Ltd	40,144	33,975
Chester Diocesan Family of Schools	32,334	35,649
Other	4,431	1,534
	<u>110,397</u>	<u>98,424</u>

2.2 Income from investments

	Unrestricted	Restricted	2015	2014
	£	£	£	Restated
				£
Dividends and interest	23,725	227,196	250,921	236,300
Bank interest	4,054	-	4,054	7,145
Rental income	58,248	-	58,248	44,564
Interest on advances	247	-	247	247
	<u>86,274</u>	<u>227,196</u>	<u>313,470</u>	<u>288,256</u>

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

3 Expenditure

3.1 Expenditure comprised:-

	2015 £	2015 £	2015 £	2014 £
	Charitable activities	Support costs	Total	Total
Grants	5,815	-	5,815	12,007
Property costs	10,355	-	10,355	8,858
Salaries and other recharges	231,058	25,673	256,731	237,775
Legal and professional fees	28,066	3,118	31,184	39,201
Audit and accountancy	-	11,303	11,303	11,100
Bank charges	-	378	378	442
Depreciation	-	519	519	511
Educational support costs	141,408	-	141,408	144,340
Other expenses	22,450	2,494	24,944	41,653
	439,152	43,485	482,637	495,887

3.2 Staff costs

	2015 £	2014 £
Salary	39,291	39,146
Employer's National Insurance Contributions	3,170	1,321
Employers Pension Contributions	5,852	5,520
	48,313	45,987

During the year there was one (2014: one) full time employee employed by Chester Diocesan Board of Education. In addition there were the equivalent of five full time employees under joint employment contracts with Chester Diocesan Board of Finance.

Employer's pension contributions above on behalf of the single employee employed by Chester Diocesan Board of Education have been paid into the Teacher's Pension Scheme, an unfunded, defined benefit scheme.

Four of the five employees under joint contracts of employment are members of the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

No remuneration (or expense reimbursement) was paid to any of the directors, or members of The Board of Education, for the year (2014: £Nil).

The day to day management of the charity is in the hands of the Director of Education, who is one of the five full time equivalents above with a joint contract of employment with Chester Diocesan Board of Finance. He was paid a salary of £61,475 in the year.

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

3.3 Grants paid

In 2015 financial assistance grants totalling £5,815 were paid to the governors of three schools (2014: £12,007 to the governors of six schools).

	2015 £	2014 £
Bishops' High School – assistance with funding chaplain	-	5,000
Hartford - assistance with funding chaplain	5,000	2,500
Stockport St George – assistance with refurbishment proposal	-	3,192
Other grant payments of less than £1,000 each	815	1,315
	<u>5,815</u>	<u>12,007</u>

3.4 Recharges

A recharge was are paid to the Chester Diocesan Board of Finance for work carried out on behalf of schools in the Diocese. The majority of the recharge was for salaries under joint contracts of employment.

3.5 Audit charge

	2015 £	2014 £
Charge	<u>11,303</u>	<u>11,100</u>

3.6 The cost of errors and omissions and trustee indemnity insurance for the year amounted to £688 (2014: £739).

4 Tangible Fixed Assets

4.1 Freehold property

	2015 £	2014 £
At valuation 1 January	1,009,700	1,169,700
Disposal of property during year at carrying value	-	(160,000)
At valuation 31 December	<u>1,009,700</u>	<u>1,009,700</u>

The properties were independently valued by Mason Owen (chartered surveyors) in November 2013. Full independent valuations are undertaken every five years: the next being due in 2018.

The properties were provided to the Board at no cost by order of the Secretary of State for Education.

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

4.2 Fixtures and office equipment

	2015	2014
	£	£
Cost		
At 1 January	1,549	-
Acquisition in year	-	1,549
At 31 December	<u>1,549</u>	<u>1,549</u>
Depreciation		
At 1 January	511	-
Charge for year	519	511
At 31 December	<u>1,030</u>	<u>511</u>
Net book value at 31 December	<u>519</u>	<u>1,038</u>

5 Debtors

	2015	2014
	£	£
Amount falling due within one year		
Grants receivable	40,102	32,788
Other investments and advances to school governors	358,538	364,092
Other debtors, prepayments and accrued income	91,559	111,146
	<u>490,199</u>	<u>508,026</u>
Amount falling due after one year		
Other investments and advances to school governors	160,278	102,588
Total debtors	<u>650,477</u>	<u>610,614</u>

Debtors are valued at the undiscounted amount receivable

6 Investments

	2015	2014
	£	Restated £
6.1 Market value at 1 January	6,370,380	5,326,508
Disposals at market value	-	(352,935)
Acquisitions at cost	634,459	1,071,927
Net gains on revaluation at 31 December	84,938	324,880
Market value at 31 December	<u>7,089,777</u>	<u>6,370,380</u>

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

6.2	The investments held at 31 December comprised:-	2015	2014
		£	Restated £
	CBF Deposits	1,051,892	417,435
	CBF Investment Fund	4,704,477	4,659,243
	CBF Global Equity Investment Fund	636,955	648,659
	CBF Property Fund	665,368	614,349
	COIF Deposits and Investment Fund	31,085	30,694
		7,089,777	6,370,380

6.3	Investment in DBE Services Ltd (associated company)	2015	2014
		£	£
	Investment at cost	12	12
		% value	Profit for the year
			Aggregate capital and reserves
	Ordinary shares	17%	5,451
			28,385

At the year end the Charity received gift aid payments amounting to £40,144 from this company (2014: £33,975). The results above are from the accounts for 2015.

7	Creditors	2015	2014
		£	Restated £
7.1	Amount falling due within one year		
	Trade creditors	36,197	91,278
	Loans	-	1,640
	Other creditors, accruals and deferred income	700,491	632,006
	DFC funds payable	509,407	551,151
		1,246,095	1,276,075
7.2	Amount falling due after one year		
	Loans from Church of England Archbishops' Council	-	2,040
7.3	Loans (cleared in the year) were repayable as follows:-		
	Due within 1 year	-	1,640
	Due between 1 and 2 years	-	1,040
	Due between 2 and 5 years	-	1,000
		-	3,680

The loans were repayable to the Church of England Archbishops' Council, interest free and repayable over various terms. They were redeemed in the year.

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

7.4 Deferred income

Balance at 1 January	28,844	23,516
Utilised during the year	(28,844)	(23,516)
Deferred in the year	15,533	28,844
Balance at 31 December	<u>15,533</u>	<u>28,844</u>

Deferred income represents prepaid 'Chester Diocesan Family of Schools' subscriptions.

Creditors are valued at the undiscounted amount payable.

8 Restricted funds

There is in essence a single restricted fund arising from the sale of school properties, the objects of which are as described in the trustees report.

Funds held at 1 January 2015	5,959,561
Income from investments	227,196
Expenditure	(480,427)
Gains on investments	78,949
Funds held at 1 January 2015	<u>5,785,279</u>

9 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	519	1,009,700	1,010,219
Investments	1,034,811	6,054,978	7,089,789
Net current assets	1,552,838	(1,279,399)	273,439
Total net assets	<u>2,588,168</u>	<u>5,785,279</u>	<u>8,373,447</u>

Included in restricted funds is the following revaluation reserve:-

	£
Balance as at 1 January 2015	1,069,700
Movement in year	-
Balance as at 31 December 2015	<u>1,069,700</u>

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

10 Related parties

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester.

Contribution re joint employment contracts and other recharges payable to The Chester Diocesan Board of Finance, an organisation in which there are a number of trustees on both boards totalled £207,357 (2014: £190,204).

The Charity owns 17% of the ordinary share capital of DBE Services Ltd, an entity which commenced trading on 1 January 2006. The company undertakes support work across six northern dioceses.

The Directors do not regard the schools in the Diocese to be classified as related parties.

Chester Diocesan Academies Trust

Donations of £Nil (2014: £84,685) were paid to Chester Diocesan Academies Trust (CDAT), an organisation in which there are a number of trustees on both boards. During the year costs were incurred by Chester Diocesan Board of Education on behalf of CDAT totalling £Nil (2014: £8,256). At 31 December 2014, £Nil (2013: £Nil) was owed by CDAT to Chester Diocesan Board of Education. The trustees do not consider that there is overall control that would require this Charity to be consolidated within these financial statements.

11 Funds held as custodian trustee

The company acts as custodian trustee in respect of funds held on behalf of local trustees and such specific purpose funds are shown separately in the financial statements, as summarised below. The company also acts as custodian trustee in respect of funds arising out of the sale of school properties where the funds are held pending the issue of an Order or other determination. The funds are held in separate accounts to ensure that sufficient custody and segregation from the charity's own assets.

	2015 £	2014 £
Funds held at 1 January 2015	410,281	470,882
Further funds received	1,619	-
Reinvested dividends and interest	3,579	3,595
Funds divested	(2,914)	(66,532)
Gain on investments	410	2,336
Funds held at 31 December 2015	<u>412,975</u>	<u>410,281</u>

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

12 Transition to FRS 102

This is the first year the DBE has presented its results under FRS 102 and SORP 2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. In previous years, the DBE disclosed in its financial statements some funds for which it in fact acted as custodian trustee. In order to comply with FRS 102 and SORP 2015, these funds are no longer disclosed in the financial statements, but are now separately disclosed in note 11 above. Set out below are a reconciliation of the surplus for the year and the reserves as previously stated in the 2014 financial statements to the amounts restated in the comparatives in the financial statements for the year to 31 December 2015.

**Reconciliation of net movement in funds for the year ended
31 December 2014 as previously stated to that restated under FRS102**

	Unrestricted Funds	Restricted Funds	Specific Purpose Funds	Total
	2014	2014	2014	2014
	£	£	£	£
Net movement in funds as previously reported	202,959	24,712	(60,601)	167,070
Specific Purpose Funds no longer disclosed in accounts	-	-	60,601	60,601
Net movement in funds restated	<u>202,959</u>	<u>24,712</u>	<u>-</u>	<u>227,671</u>

Reserves reconciliation - 1 January 2014

As previously reported	2,184,759	5,934,849	470,882	8,590,490
Specific Purpose Funds no longer disclosed in accounts	-	-	(470,882)	(470,882)
Restated	<u>2,184,759</u>	<u>5,934,849</u>	<u>-</u>	<u>8,119,608</u>

Reserves reconciliation - 31 December 2014

As previously reported	2,387,718	5,959,561	410,281	8,757,560
Specific Purpose Funds no longer disclosed in accounts	-	-	(410,281)	(410,281)
Restated	<u>2,387,718</u>	<u>5,959,561</u>	<u>-</u>	<u>8,347,279</u>

**CHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

13 Prior year comparative Statement of Financial Activities restated

	Unrestricted Funds £	Restricted Funds £	Total 2014 £
Income from:			
Charitable activities	98,424	-	98,424
Investments	74,337	213,919	288,256
Total Income	172,761	213,919	386,680
Expenditure on:			
Charitable Activities	2,430	493,457	495,887
Total Expenditure	2,430	493,457	495,887
Net gains/(losses) on investments	32,628	292,252	324,880
Net income/expenditure	202,959	12,714	215,673
Other recognised gains/(losses):			
Gains on revaluation of fixed assets	-	11,998	11,998
Net movement in funds	202,959	24,712	227,671
Reconciliation of funds:			
Total funds brought forward	2,184,759	5,934,849	8,119,608
Total funds carried forward	2,387,718	5,959,561	8,347,279