

**CHESTER DIOCESAN BOARD  
OF EDUCATION**

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

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**CHESTER DIOCESAN BOARD OF EDUCATION  
YEAR ENDED 31 DECEMBER 2016**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2016**

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**CHESTER DIOCESAN BOARD OF EDUCATION  
YEAR ENDED 31 DECEMBER 2016**

**MEMBERS OF THE BOARD OF EDUCATION DURING THE YEAR ENDED 31 DECEMBER 2016**

**EX-OFFICIO**

The Rt Rev 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	Malpas Deanery
Mrs L Brewster	Stockport Deanery
The Revd L Boyle	Diocesan Synod
Mr J Furse	Chadkirk Deanery
Mr W I McKenzie	Birkenhead Deanery
The Revd D Newstead	Wirral North Deanery
Mr P Noden	Nantwich Deanery
The Revd E Ollman	Middlewich Deanery
Mr E Owen *	Frodsham Deanery
Mrs S Riley	Congleton Deanery
Mr I Roberts	Diocesan Synod
Mrs R Sigee	Bowdon Deanery
Mrs P Worswick	Macclesfield Deanery

**CO-OPTED MEMBERS**

The Revd L Bannon  
Ms J Owen  
Canon E Renshaw MBE \*

**BISHOP'S NOMINEES**

The Rt Rev The Bishop of Stockport \*  
The Ven Dr M Gilbertson \*

**SECRETARY**

Canon J Turnbull

\* Also Director of the company

**MEMBERS OF THE BOARD OF EDUCATION FROM 1 JANUARY 2017**

**THE BISHOP'S NOMINEE**

The Rt Rev The Bishop of Stockport

**MEMBERS ELECTED BY DIOCESAN SYNOD**

The Revd L Bannon  
The Revd L Boyle  
Mr C Hughes  
Mr E Owen  
Canon E Renshaw MBE  
Mrs S Riley  
Mr I Roberts

**CHESTER DIOCESAN BOARD OF EDUCATION  
YEAR ENDED 31 DECEMBER 2016**

**DIRECTORS AND PROFESSIONAL ADVISORS**

**DIRECTORS OF THE COMPANY, LIMITED BY GUARANTEE**

The Rt Rev The Bishop of Chester  
The Rt Rev The Bishop of Stockport  
The Ven Dr M Gilbertson  
Canon E Renshaw MBE  
Mr E Owen

**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:** 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 2016**

**TRUSTEES REPORT**

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2016.

**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 Stockport The Ven The Archdeacon of Chester
Elected trustees:	E Owen Canon E Renshaw MBE
Secretary:	Canon J Turnbull

**Structure, Governance and Management**

**Governing Document**

The Chester Diocesan Board of Education is a company limited by guarantee registered in England and Wales and 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 in 2016 were elected or appointed in accordance with The Chester Diocesan Board of Education Order 1993. There were 19 members at the year-end (28 in 2015), each of whom agreed to contribute £1 in the event of the charity winding up.

The Bishop of Chester was a member and he nominated two members from among the suffragan bishops, full time assistant bishops or archdeacons in the Diocese. He could nominate two additional members. Diocesan Synod elected two members and each Deanery Synod could elect one member. The trustees had 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.

As an application was submitted to the Secretary of State for Education for a new Order reducing the size of the Board, a number of positions were not filled. The Chester Diocesan Board of Education Order 2016 was made on 7 June 2016 and a new Board came into being on 1 January 2017. The Memorandum and Articles of Association will be revised during 2017.

The new Board comprises:

- a) the Bishop or the Bishop's nominee;
- b) one person nominated by the Bishop;
- c) seven members appointed by the Synod who are worshipping members of the Church of England but need not themselves be members of the Synod ("the appointed members"), of whom
  - (i) at least three members shall be appointed from each of the two archdeaconries of the diocese, being persons who work, worship or reside in the archdeaconry from which they are appointed, and

**CHESTER DIOCESAN BOARD OF EDUCATION  
YEAR ENDED 31 DECEMBER 2016**

- (ii) at least one member shall be a Clerk in Holy Orders beneficed or licensed in the Diocese.

**Appointment of trustees**

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

The trustees comprise the Chair 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.

**Trustees' statement on public benefit**

Chester Diocesan Board of Education is a public benefit entity. The trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity.

**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 (a company limited by shares registered in England and Wales (no. 5531123)) 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.

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.

**CHESTER DIOCESAN BOARD OF EDUCATION  
YEAR ENDED 31 DECEMBER 2016**

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;
- Advise and support schools converting to academy status;
- 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.

### **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.

### **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.

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:

- |                                |  |
|--------------------------------|--|
| • Ellesmere Port Christ Church | New modular nursery                        |
| • Macclesfield Bollinbrook     | Extension to hall and reroofing works      |
| • Halton St Mary               | Replacement of boilers and new gas mains   |
| • Heswall St Peters            | Extension and creation of withdrawal space |
| • Hyde St George               | Refurbishment and extension                |
| • Kettlethulme St James        | Extension and remodelling                  |
| • Prestbury                    | New classroom to replace mobile            |
| • Sale St Anne's               | Reroofing works                            |
| • Stockport St George's        | Dry rot treatment and window upgrade       |
| • Whitegate                    | Hall                                       |



**CHESTER DIOCESAN BOARD OF EDUCATION  
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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 fourth year. This year the speaker in the Cathedral was the Bishop of Stockport and at Astbury the Revd Dr J Cuttell. 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 adding support.

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.

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

Mrs Charlotte Somers joined the staff as Administrator during the year.

#### **Financial Review, Reserves and Going Concern**

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), the Companies Act 2006 and the Charities Act 2011.

The Statement of Financial Activities shows net expenditure of £43,747 and investment gains of £750,461, resulting in net movement in funds of £706,714 (2015 £26,168).

The financial statements have been prepared on the going concern basis, as the trustees consider that the Board has sufficient reserves to continue operations. Free unrestricted reserves at 31 December 2016 were £2,899,516, (2015 £2,588,168) equivalent to over six years of current annual expenditure. Restricted reserves at 31 December were £5,170,945, (2015 £4,775,579).

#### **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, the CBF Church of England Property Fund, and the COIF Charities Investment 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 purchasing additional shares in the Investment Fund using cash in the Deposit Fund in order to improve return and provide further protection against inflation.

#### **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;

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- 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**

Education policy and practice will further develop and the charity and the schools it serves must be prepared for an unclear future. Local Authority support is likely to be reduced further and schools are securing their support from other organisations against the background of tightening budgets. The proposed National Funding Formula, rather than producing a benefit that was expected, could have a serious negative effect on schools' ability to operate as they have in past years. We continue to encourage schools to work together and are looking to form hubs of schools to further encourage this and prepare for the possibility of them converting to academy status.

The 'Chester Diocesan Family of Schools' programme needs to be reviewed in order to provide for the needs of schools in the Diocese.

The restructuring of the Board will be followed this year by the establishment of appropriate structures to ensure effectiveness and make the charity more responsive and effective in its work. The Memorandum and Articles of Association will be revised during the year to reflect the new Board structure.

The growth of multi-academy trusts in particular will affect the way the charity works in future. As well as the resources needed to support the growth of the Diocesan multi-academy trust, Chester Diocesan Academies Trust and the relationship it has with the charity, procedures for the appointment and support of members and directors appointed to other church-based trusts will need to be developed and monitored.

Following the launch of the new Primary RE syllabus and the national 'Understanding Christianity' project, further support for Religious Education will be required.

During 2017, a new Diocesan Director of Education will need to be appointed as Canon Jeff Turnbull will retire from the role he has held for over 26 years.

**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.

**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.

**CHESTER DIOCESAN BOARD OF EDUCATION  
YEAR ENDED 31 DECEMBER 2016**

**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 has been approved by

The Rt Revd E J H Lane (Chair)  
Bishop of Stockport

Date:

**CHESTER DIOCESAN BOARD OF EDUCATION  
YEAR ENDED 31 DECEMBER 2016**

**TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are sufficient to show and explain the charity's transactions and 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.

**CHESTER DIOCESAN BOARD OF EDUCATION  
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**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 2016 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 auditors**

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed auditor under the Companies Act and report in accordance with that Act. 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](http://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 2016 and of the charity's incoming resources and application of resources, including the 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 for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the trustees' report.

**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

**CHESTER DIOCESAN BOARD OF EDUCATION  
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- 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; or
- the trustees were not entitled to prepare the trustees' report in accordance with the small companies regime nor entitled to the exemption from the requirement to prepare a strategic report.

**Hamid Ghafoor** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Liverpool, UK

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 for the year ended 31 December 2016**

	<b>Note</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Income from:</b>					
Charitable activities	2.1	120,651	-	120,651	110,397
Investments	2.2	80,232	211,973	292,205	313,470
<b>Total</b>		<u>200,883</u>	<u>211,973</u>	<u>412,856</u>	<u>423,867</u>
<b>Expenditure on:</b>					
Charitable Activities	3.1	1,982	454,621	456,603	482,637
<b>Total</b>		<u>1,982</u>	<u>454,621</u>	<u>456,603</u>	<u>482,637</u>
Net gains/(losses) on investments	5.1	112,447	638,014	750,461	84,938
<b>Net income/(expenditure) and movement in funds</b>		<u>311,348</u>	<u>395,366</u>	<u>706,714</u>	<u>26,168</u>
<b>Reconciliation of funds:</b>					
Total funds brought forward		2,588,168	5,785,279	8,373,447	8,347,279
<b>Total funds carried forward</b>		<u>2,899,516</u>	<u>6,180,645</u>	<u>9,080,161</u>	<u>8,373,447</u>

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

The notes on pages 17 to 29 form part of these financial statements.

**Chester Diocesan Board of Education**

**Balance sheet as at 31 December 2016**

	Note	2016 £	Restated 2015 £
<b>Fixed assets</b>			
Tangible assets			
freehold properties	4.1	1,009,700	1,009,700
other	4.2	-	519
Investments	5	7,538,346	6,037,885
Other investment	5.3	12	12
		<u><b>8,548,058</b></u>	<u><b>7,048,116</b></u>
<b>Current assets</b>			
Debtors	6	615,091	650,477
Cash at bank	7	977,104	1,920,949
		<u><b>1,592,195</b></u>	<u><b>2,571,426</b></u>
Creditors: amounts falling due within one year	8	1,060,092	1,246,095
<b>Net current assets</b>		<u><b>532,103</b></u>	<u><b>1,325,331</b></u>
<b>Total assets less current liabilities</b>		<b>9,080,161</b>	<b>8,373,447</b>
<b>Net assets</b>		<u><b>9,080,161</b></u>	<u><b>8,373,447</b></u>
<b>Funds</b>			
Restricted funds	9	6,180,645	5,785,279
Unrestricted general funds	9	2,899,516	2,588,168
Total charity funds		<u><b>9,080,161</b></u>	<u><b>8,373,447</b></u>

The notes on pages 17 to 29 form part of these financial statements.

Approved and authorised for issue by the Board on

The Rt Revd E J H Lane (Chair)  
Bishop of Stockport

**Chester Diocesan Board of Education**

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

	<b>Note</b>	<b>2016</b>	<b>Restated</b>
		<b>£</b>	<b>2015</b>
			<b>£</b>
Net income/(expenditure) for the reporting period		706,714	26,168
Depreciation	4.2	519	519
(Gains) on investments	5	(750,461)	(84,938)
Dividends and interest from investments	2.2	(242,181)	(255,222)
Decrease/(increase) in debtors		35,386	(39,864)
(Decrease) in creditors		(186,003)	(32,020)
<b>Net cash (used in) operating activities</b>		<b><u>(436,026)</u></b>	<b><u>(385,357)</u></b>

**Statement of cash flows for the year ended 31 December 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Net cash (used in) operating activities</b>	(436,026)	(385,357)
<b>Cashflows from investing activities</b>		
Dividends and interest from investments	2.2	242,181
Payments to acquire investments	5	(750,000)
<b>Net cash provided by/(used in) investing activities</b>	<b><u>(507,819)</u></b>	<b><u>255,222</u></b>
<b>Changes in cash and cash equivalents in the reporting period</b>	<b><u>(943,845)</u></b>	<b><u>(130,135)</u></b>
Cash and cash equivalents at the beginning of the reporting period	7	<b><u>1,920,949</u></b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7</b>	<b><u>1,920,949</u></b>

The notes on pages 17 to 29 form part of these financial statements.

## Chester Diocesan Board of Education

### Notes to the accounts

#### 1 Accounting Policies

##### 1.1 Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: 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 1st January 2015 (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared in accordance with the historical cost convention, as modified by the inclusion of fixed asset investments and freehold properties at fair value.

##### 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 Allocation of Support costs

As explained in the Annual Report, the Board of Education supports Church of England schools in the diocese in a wide range of ways including assisting with building projects, supporting and training governors, and promoting religious education more widely. The allocation between activities fluctuates as necessary. In addition the Board operates with a small staff and as a result does not consider that keeping formal records of the allocation of support cost between activities would provide significant useful information.

##### 1.6 Investments

Investments are stated in the balance sheet at fair value.

Unrealised gains and losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the statement of financial activities as net gains/(losses) on investments.

## Chester Diocesan Board of Education

### Notes to the accounts

#### 1.7 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.

#### 1.8 Tangible fixed assets - Office fixture and office equipment

Office fixtures and office equipment are stated at cost less depreciation.

Depreciation is charged so as to allocate the cost of the assets over their estimated useful lives, using the straight line method.

Office equipment – 20% per annum

Computer equipment – 33% per annum

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

#### 1.9 Tangible fixed assets - freehold 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, classified as tangible fixed assets, have been included in subsequent accounts, as disclosed in note 4.1.

Freehold properties are included at fair value as at the balance sheet. A full valuation is attained from a qualified valuer, for each property at regular intervals, and specifically in any year where the Trustees believe there has been a material change in value.

Revaluation gains or losses (which are not considered to be impairment losses) are included in the SOFA under the section for other recognised gains and losses.

#### 1.10 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

## **Chester Diocesan Board of Education**

### **Notes to the accounts**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### **1.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **1.12 Concessionary loans**

The company makes concessionary loans to schools to assist with the funding of building works.

Concessionary loans are initially measured at the amount paid and are recognised in the statement of financial position.

In subsequent years, the carrying amount of concessionary loans in the financial statements is adjusted to reflect any accrued interest receivable.

To the extent that a loan that has been made is irrecoverable, an impairment loss is recognised in the SOFA.

## **Chester Diocesan Board of Education**

### **Notes to the accounts**

#### **1.13 Funds held as custodian trustee**

The Charity acts as custodian trustee in respect of funds held on behalf of local trustees and funds arising out of the sale of school properties where funds are held pending the issue of an Order or other determination.

Funds held as custodian trustee do not belong to the Charity and so are not a component of the Charity's assets, income or expenditure in the reporting period.

#### **1.14 Pensions**

Employer's pension contributions are paid in to the Teachers' Pension Scheme (TPS) on behalf of one employee. TPS is a defined benefit pension scheme.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 12, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period in which they relate.

#### **1.15 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property - freehold property is held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.

Other key sources of estimation uncertainty include:

- Provision for bad debts - bad debts are provided against when there is objective evidence that the debt will not be recoverable.

## Chester Diocesan Board of Education

### Notes to the accounts

#### 2 Income

2.1 Income from Charitable activities			2016 £	2015 £
Conference income			31,202	33,488
Gift aided distribution from DBE Services Ltd			44,044	40,144
Chester Diocesan Family of Schools			41,216	32,334
Other			4,189	4,431
			<b>120,651</b>	<b>110,397</b>

  

2.2 Income from investments	Unrestricted £	Restricted £	2016 £	2015 £
Dividends and interest	26,569	211,973	238,542	250,921
Bank interest	3,639	-	3,639	4,054
Rental income	50,024	-	50,024	58,248
Interest on advances	-	-	-	247
	<b>80,232</b>	<b>211,973</b>	<b>292,205</b>	<b>313,470</b>

#### 3 Expenditure

##### 3.1 Expenditure comprised:-

	2016 £ Charitable activities	2016 £ Support costs	2016 £ Total	2015 £ Total
Grants	8,315	-	8,315	5,815
Property costs	20,667	-	20,667	10,355
Salaries and other recharges	232,816	25,868	258,684	256,731
Legal and professional fees	33,107	3,679	36,786	31,184
Audit and accountancy	-	10,165	10,165	11,303
Bank charges	-	367	367	378
Depreciation	-	519	519	519
Educational support costs	113,218	-	113,218	141,408
Other expenses	7,094	788	7,882	24,944
	<b>415,217</b>	<b>41,386</b>	<b>456,603</b>	<b>482,637</b>

##### 3.2 Governance costs

Beyond the audit costs detailed in note 3.1 above, governance costs are limited to a small amount of staff time valued at no more than £1,000 per annum.

## Chester Diocesan Board of Education

### Notes to the accounts

#### 3.3 Staff costs

	2016	2015
	£	£
Salary	39,733	39,291
Employer's National Insurance Contributions	4,098	3,170
Employers Pension Contributions	6,548	5,852
	<b><u>50,379</u></b>	<b><u>48,313</u></b>

During the year there was 1 (2015: 1) full time employee employed by Chester Diocesan Board of Education. In addition there was the equivalent of 5 full time employees (2015: 5) under joint employment contracts with Chester Diocesan Board of Finance. Their employment costs are borne by Chester Diocesan Board of Finance and recharged to Chester Diocesan Board of Education. The total employment costs recharged to Chester Diocesan Board of Education concerning these employees amounted to £196,922 (2015: 199,682).

Employer's pension contributions disclosed 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. Pension contributions to the scheme are borne by Chester Diocesan Board of Finance and recharged to Chester Diocesan Board of Education.

No remuneration (or expense reimbursement) was paid to any of the directors, or members of The Board of Education, for the year (2015: £Nil).

The trustees have handed much of the day to day management of the charity to a number of key management personnel including the Director of Education. Total employee benefits (including employer's pension contributions) paid to key management personnel amounted to £167,773 (2015: £165,367). Of this amount, £46,281 (2015: £45,413) was borne directly by Chester Diocesan Board of Education. The remaining balance was borne by Chester Diocesan Board of Finance and recharged.

During the year, there was 1 employee (2015: 1 employee), who is one of the five full time equivalents noted above as having a joint contract of employment with Chester Diocesan Board of Finance, who received remuneration between £60,000 and £70,000.

## Chester Diocesan Board of Education

### Notes to the accounts

#### 3.4 Grants paid

In 2016 financial assistance grants totalling £8,315 were paid to the governors of three schools (2015: £5,815 to the governors of three schools).

	2016 £	2015 £
Hartford - assistance with funding chaplain	7,500	5,000
Other grant payments of less than £1,000 each	815	815
	<u>8,315</u>	<u>5,815</u>

#### 3.5 Recharges

A recharge was 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.

#### 3.6 Audit charge

	2016 £	2015 £
Charge	<u>9,400</u>	<u>11,303</u>

#### 3.7 Errors and Omissions insurance

The cost of errors and omissions and trustee indemnity insurance for the year amounted to £1,322 (2015: £688).

### 4 Tangible Fixed Assets

#### 4.1 Freehold properties

	2016 £	2015 £
At valuation 1 January	1,009,700	1,009,700
At valuation 31 December	<u>1,009,700</u>	<u>1,009,700</u>

A full valuation is attained from a qualified valuer, for each property at regular intervals, and specifically in any year where the Trustees believe there has been a material change in value.

A desk top valuation was performed by Neil Cummings MRICS of Wright Marshall Limited in the current year. The directors consider the values presented in the financial statements to accurately reflect their fair value as at the balance sheet date.

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

#### 4.2 Fixtures and office equipment

	2016 £	2015 £
Cost		
At 1 January	1,549	1,549
At 31 December	<u>1,549</u>	<u>1,549</u>
Depreciation		
At 1 January	1,030	511
Charge for year	519	519
At 31 December	<u>1,549</u>	<u>1,030</u>
<b>Net book value at 31 December</b>	<u>-</u>	<u>519</u>

#### 5 Investments

	2016 £	Restated 2015 £
5.1 Fair value at 1 January	6,037,885	5,952,947
Acquisitions at cost	750,000	-
Net gains on revaluation at 31 December	750,461	84,938
Fair value at 31 December	<u>7,538,346</u>	<u>6,037,885</u>

Prior year disclosure has been restated as it is considered that funds held in investment deposit accounts is characteristic of cash and cash equivalents and is more accurately represented as so. An amount of £1,051,892 has been restated as cash in the comparative balance.

#### 5.2 The investments held at 31 December comprised:-

	2016 £	2015 £
CBF Investment Fund	6,134,464	4,704,477
CBF Global Equity Income Fund	724,485	636,955
CBF Property Fund	645,187	665,368
COIF Charities Investment Fund	34,210	31,085
	<u>7,538,346</u>	<u>6,037,885</u>

**Chester Diocesan Board of Education**

**Notes to the accounts**

**5.3 Investment in DBE Services Ltd**

		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Investment at cost		12	12
	% value	Loss for the year	Aggregate capital and reserves
Ordinary shares	16.67%	<u>(5,117)</u>	<u>23,268</u>

At the year end the Charity received gift aid payments amounting to £44,044 from this company (2015: £40,144). The results above are from the accounts for 2016.

**6 Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amount falling due within one year		
Grants receivable	41,155	40,102
Concessionary loans to school governors	201,163	272,263
Other investments	96,678	86,275
Other debtors, prepayments and accrued income	84,615	91,559
	<u>423,611</u>	<u>490,199</u>
Amount falling due after one year		
Concessionary loans to school governors	191,480	160,278
Total debtors	<u><b>615,091</b></u>	<u><b>650,477</b></u>

No interest is charged on concessionary loans to school governors. Debtors are valued at the undiscounted amount receivable.

There were no concessionary loans which had been committed but not taken up at the reporting date.

**7 Cash and Cash Equivalents**

	<b>2016</b>	<b>Restated</b>
	<b>£</b>	<b>2015</b>
		<b>£</b>
Cash at bank and in hand	977,104	1,920,949
<b>Total cash and cash equivalents</b>	<u><b>977,104</b></u>	<u><b>1,920,949</b></u>

## Chester Diocesan Board of Education

### Notes to the accounts

#### 8 Creditors

	2016 £	2015 £
<b>8.1 Amount falling due within one year</b>		
Trade creditors	39,970	36,197
Other creditors, accruals and dererred income	382,181	700,491
DFC funds payable	637,941	509,407
	<b><u>1,060,092</u></b>	<b><u>1,246,095</u></b>

#### 8.2 Deferred income

	2016 £	2015 £
Balance at 1 January	15,533	28,844
Utilised during the year	(15,533)	(28,844)
Deferred in the year	26,331	15,533
Balance at 31 December	<b><u>26,331</u></b>	<b><u>15,533</u></b>

The majority of deferred income relates to subscriptions to the Chester Diocesan Family of Schools as described in the Annual Report.  
Creditors are valued at the undiscounted amount payable.

#### 9 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	-	1,009,700	1,009,700
Investments	1,012,489	6,525,868	7,538,357
Net current assets	1,887,027	(1,354,923)	532,104
<b>Total net assets</b>	<b><u>2,899,516</u></b>	<b><u>6,180,645</u></b>	<b><u>9,080,161</u></b>

#### 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 £205,375 (2015: £207,357).

The Charity owns 16.67% 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 Board of Education

### Notes to the accounts

#### Chester Diocesan Academies Trust

There were no financial transactions between Chester Diocesan Board of Finance and Chester Diocesan Academies Trust in the current or the prior year. Some of the directors of Chester Diocesan Board of Education are also directors of Chester Diocesan Academies Trust. 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 as summarised below. Funds held as custodian trustee do not belong to the Charity and so are not a component of the Charity's assets, income, or expenditure in the reporting period. 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.

	2016 £	2015 £
Funds held at 1 January 2016	412,975	410,281
Further funds received	-	1,619
Reinvested dividends and interest	2,743	3,579
Funds divested	(159,871)	(2,914)
Gain on investments	5,436	410
Funds held at 31 December 2016	<u>261,283</u>	<u>412,975</u>

#### 12 Pensions

During the year, employer's pension contributions were paid in to the Teachers' Pension Scheme (TPS) on behalf of 1 employee (2015: 1 employee). TPS is a multi-employer defined benefit pension scheme.

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

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

## Chester Diocesan Board of Education

### Notes to the accounts

#### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employers pension costs paid to TPS in the period amounted to £6,548 (2015 - £5,852).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Chester Diocesan Board of Education

Notes to the accounts

13 Prior year comparative Statement of Financial Activities

	Unrestricted General Funds £	Restricted Trust Funds £	Total 2015 £
<b>Income from:</b>			
Charitable activities	110,397	-	110,397
Investments	86,274	227,196	313,470
<b>Total</b>	<u>196,671</u>	<u>227,196</u>	<u>423,867</u>
<b>Expenditure on:</b>			
Charitable Activities	2,210	480,427	482,637
<b>Total</b>	<u>2,210</u>	<u>480,427</u>	<u>482,637</u>
Net gains/losses on investments	5,989	78,949	84,938
<b>Net movement in funds</b>	<u>200,450</u>	<u>(174,282)</u>	<u>26,168</u>
<b>Reconciliation of funds:</b>			
Fund balances at 1 January	2,387,718	5,959,561	8,347,279
<b>Fund balances at 31 December</b>	<u>2,588,168</u>	<u>5,785,279</u>	<u>8,373,447</u>