

**CHESTER DIOCESAN BOARD  
OF EDUCATION**

**REGISTERED CHARITY: NO 525790**

**COMPANY LIMITED BY GUARANTEE: NO 85176**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

<b>CONTENTS</b>	<b>PAGE</b>
List of Members of the Board of Education	1
Directors and Professional Advisors	1
Trustees' Report	2 - 10
Trustees' Responsibilities	11
Independent Auditor's Report to the Members of Chester Diocesan Board of Education	12 - 14
Statement of Financial Activities	15
Balance Sheet	16
Statement of Cash Flows	17
Notes and Accounting Policies	18 – 30

**Chester Diocesan Board of Education  
Year ended 31 December 2017**

**MEMBERS OF THE BOARD OF EDUCATION**

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

**DIRECTORS AND PROFESSIONAL ADVISORS**

DIRECTORS OF THE COMPANY, LIMITED BY GUARANTEE

The Rt Rev The Bishop of Chester (resigned 24 April, 2017)

The Rt Rev The Bishop of Stockport

The Ven Dr M Gilbertson (resigned 24 April, 2017)

Canon E Renshaw MBE

Mr E Owen

Mr P Bowden (appointed 24 April, 2017)

Mr D Cumberland (appointed 24 April, 2017)

Mrs S Riley (appointed 24 April, 2017)

Mr I Roberts (appointed 24 April, 2017)

SECRETARY AND REGISTERED ADDRESS/PRINCIPAL OFFICE

Mr Christopher Penn (appointed 30 August, 2017)

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 2017**

**TRUSTEES' REPORT**

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2017.

**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:

The Rt Rev The Bishop of Chester (resigned 24 April, 2017)

The Rt Rev The Bishop of Stockport

The Ven Dr M Gilbertson (resigned 24 April, 2017)

Canon E Renshaw MBE

Mr E Owen

Mr P Bowden (appointed 24 April, 2017)

Mr D Cumberland (appointed 24 April, 2017)

The Revd L Bannon (appointed 24 April, 2017)

The Revd L Boyle (appointed 24 April, 2017)

Mr C Hughes (appointed 24 April, 2017)

Mrs S Riley (appointed 24 April, 2017)

Mr I Roberts (appointed 24 April, 2017)

Secretary: Mr C Penn (appointed 30 August 2017)

Canon J Turnbull (resigned 30 April 2017)

Mrs S Noakes (appointed 1 May 2017, resigned 29 August 2017)

**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. 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 have been revised during 2017. The new Board comprises:

- a) the Bishop or the Bishop's nominee;

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

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 (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 is established as a multi-academy trust within the Diocese.

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

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.

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 up of a Finance and General Purposes Committee, which will review in detail the current risk management strategy.

There is trustee indemnity insurance in place.

### **Achievements, Performance and Public Benefit**

At the end of 2017, 69 schools were judged to be outstanding church schools through the SIAMS inspection framework. In 2017, the following 19 schools are to be congratulated on being seen as outstanding church schools by their inspector during the year:

St Matthew's (Stockport), Wynbunbury Delves, Bollington Cross, Bosley St Mary's, Chelford, Prestbury, Antrobus St. Mark's, Crowton Christchurch, Frodsham, Great Budworth, Huxley, Tilston Parochial, Willaston, Runcorn All Saints, St. Mary's Halton, All Saints, Marple, Mottram, Bowden, Holy Spirit, Hoylake Holy Trinity.

98% of church schools in the Diocese are currently graded 'Outstanding' or 'Good' in their denominational inspection. Schools are to be congratulated in their success in Ofsted inspections with 93% of our schools now 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 meet with senior members of Her Majesty's Inspectorate to discuss standards in our schools. At the end of 2017, 23 schools within the Diocese, are deemed to be outstanding, with the following schools to be congratulated on being seen as an outstanding school in their Ofsted inspection during the year:

- Guilden Sutton CE Primary
- Tushingam-with-Grindley CE Primary

The charity continued to support schools before and after denominational inspections and these provide great benefit in further developing the Christian foundation of our schools as well as offering a means of pastoral support to senior managers.

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 head teachers adding support.

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

The regular education news and information, through the half-termly newsletter and the schools' section on the Diocesan website, has been successful in communicating the charity's work and supported school staff and governors in their respective roles.

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 correspond with officials from the Regional Schools Commissioners responsible for academies in the regions.

Bunbury Aldersey C of E School, Worleston St Oswald's C of E School and Warmingham C of E School have formed a multi-academy trust. Stalybridge St Paul's C of E School and Wybunbury Delves C of E School have joined Chester Diocesan Academies Trust. Several other schools are actively seeking to join Chester Diocesan Academies Trust and the Trust is expected to grow to around 10 schools by the end of 2018, with more expected to follow in 2019.

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, have been run to support the development of Christian leaders for schools.

The 'Chester Diocesan Family of Schools' has continued successfully for a ninth 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 advice and support, an annual visit and 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 Church House has continued to deliver a consistently high interest in events. During the year a range of courses were offered, providing support and development for teachers at different levels of responsibility from Newly Qualified Teachers to teachers considering headship. The national 'Understanding Christianity' resource has been further developed in the Diocese and the ways in which it can be linked to the Diocesan RE syllabus.

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 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.

Many schools benefited from building work and the support of staff and consultants from DBE Services Ltd.

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

Projects with work over £100,000 included:

Completion of projects begun in 2016:

- |  |                                   |
|--|-----------------------------------|
| • Bollinbrook CE Primary, Macclesfield     | - hall remodel and reroofing      |
| • St Anne's CE Primary, Sale               | - reroofing                       |
| • Prestbury CE Primary                     | - replacement of mobile classroom |
| • Whitegate CE Primary                     | - completion of new hall          |
| • Christ Church CE Primary, Ellesmere Port | - new nursery                     |
| • St Mary's CE Primary, Halton             | - boiler replacement              |
| • St George's CE Primary, Stockport        | - dry rot and window upgrade      |
| • St George's CE Primary, Hyde             | - classroom refurbishment         |
| • St Peter's CE Primary, Heswall           | - entrance refurbishment          |

New projects in 2017:

- |                                     |                        |
|-------------------------------------|------------------------|
| • Witton Church Walk CE Primary     | - mobile room          |
| • St George's CE Primary, Stockport | - boiler replacement   |
| • Altrincham CE Primary             | - replacement windows  |
| • Sir Thomas Boteler High School    | - window refurbishment |

The level of capital funds continues at a substantially reduced level and this will build up difficulties in future years.

In April, the Charity saw the retirement of its secretary, Canon Jeff Turnbull, the Diocesan Director of Education. Jeff had led the work of the Charity in supporting and promoting the work in education and across church schools within the Diocese of Chester for over 25 years. His contribution to the Charity was both significant and substantial and this was formally marked at a reception at Church House.

In September, Mr Chris Penn took up post as the new Diocesan Director of Education and Secretary for the Charity. Chris has over twenty years' experience working in Education, fifteen of these within church schools and the last ten as a head teacher. He leads the team of officers within the Board of Education that provides support to the 116 schools across the Diocese of Chester.

### **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 £42,533 and investment gains of £651,902, resulting in net movement in funds of £609,369 (2016 £706,714).

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 2017 were £3,180,829, (2016 £2,899,516) equivalent to over six

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

years of current annual expenditure. Restricted reserves at 31 December were £6,508,701, (2016 £6,180,645).

**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.

The newly formed Finance and General Purposes Committee will review the Investment Policy and propose recommendations to the Board.

**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.

The Finance and General Purposes Committee will review the Reserves Policy and make recommendations to the Board.

**Plans for Future Periods**

This period of change for our schools with revision to the curriculum, formal assessments, inspection frameworks and a new National funding formula, continues to create a level of turbulence and some uncertainty for schools. Local Authority support continues to be reduced further and schools are securing their support from other organisations against the background of tightening budgets that could have a serious negative effect on schools' ability to operate as they have in past years. Schools are increasingly looking to the Diocese and the charity for its support.

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

The charity's response to this will see further encouragement of its schools to work together, looking to form hubs of schools and geographic networks to further encourage and strengthen such partnerships and collaboration, whilst also preparing for the possibility of schools converting to academy status.

The 'Chester Diocesan Family of Schools' programme is to be overhauled to provide an 'enhanced offer' of school improvement to schools in the Diocese and a more comprehensive programme of training and professional development will also be offered. Following the restructuring of the Board at the start of this year, the establishment of appropriate structures to ensure greater effectiveness and to make the charity more strategic and responsive and effective in its work with schools will be introduced.

In order to deliver this, a full review of the charity's operational team will take place with a restructuring of the existing team. This will ensure the charity is best able to meet the changing needs and demands from its schools.

The further growth of multi-academy trusts will affect the way the charity works in future. The charity has determined the framework in which church schools within the Diocese will be able to become academies and join or form multi-academy trusts. This relates to maintaining and protecting the existing governance structures of voluntary-aided and voluntary- controlled schools, as well as their Christian distinctiveness. Procedures for the appointment and support of members and directors appointed to church-based trusts will need to be developed and monitored.

Such growth is anticipated within the Diocesan multi-academy trust, Chester Diocesan Academies Trust (CDAT). The charity will need to review how it will best support this growth both financially and strategically as it further develops its relationship with the Trust. A Memorandum of Understanding will be drawn up to formalise this arrangement.

#### **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

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

- 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 has been approved by:

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

### **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.

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

### **Opinion**

We have audited the financial statements of Chester Diocesan Board of Education ("the Charitable Company") for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2017 and of its incoming resources and application of resources 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.

### **Basis for opinion**

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

### **Conclusions related to going concern**

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

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

### **Other information**

The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

**Chester Diocesan Board of Education**  
**Year ended 31 December 2017**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

- 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 Directors' 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 financial statements in accordance with the small companies regime; or
- were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Hamid Ghafoor (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Liverpool, UK  
Date

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

**Chester Diocesan Board of Education  
Company Limited by Guarantee No 85176  
Statement of Financial Activities for the year ended 31 December 2017**

	<b>Notes</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
<b>Income from:</b>					
Charitable activities	2.1	99,209	-	99,209	120,651
Investments	2.2	88,996	246,747	335,743	292,205
<b>Total</b>		<u>188,205</u>	<u>246,747</u>	<u>434,952</u>	<u>412,856</u>
<b>Expenditure on:</b>					
Charitable Activities	3.1	1,927	475,558	477,485	456,603
<b>Total</b>		<u>1,927</u>	<u>475,558</u>	<u>477,485</u>	<u>456,603</u>
Net gains/(losses) on investments		95,035	556,867	651,902	750,461
<b>Net income/(expenditure) and movement in funds</b>		<u><b>281,313</b></u>	<u><b>328,056</b></u>	<u><b>609,369</b></u>	<u><b>706,714</b></u>
<b>Reconciliation of funds:</b>					
Total funds brought forward		2,899,516	6,180,645	9,080,161	8,373,447
<b>Total funds carried forward</b>		<u><b>3,180,829</b></u>	<u><b>6,508,701</b></u>	<u><b>9,689,530</b></u>	<u><b>9,080,161</b></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 18 to 30 form part of these financial statements.

**Chester Diocesan Board of Education  
Company Limited by Guarantee No 85176  
Balance sheet as at 31 December 2017**

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets			
freehold properties	4.1	1,009,700	1,009,700
Investments	5	8,190,248	7,538,346
Other investment	5.3	12	12
		<u>9,199,960</u>	<u>8,548,058</u>
<b>Current assets</b>			
Debtors	6	564,016	615,091
Cash at bank	7	944,412	977,104
		<u>1,508,428</u>	<u>1,592,195</u>
Creditors: amounts falling due within one year	8	1,018,858	1,060,092
<b>Net current assets</b>		<u>489,570</u>	<u>532,103</u>
<b>Total assets less current liabilities</b>		<b>9,689,530</b>	<b>9,080,161</b>
<b>Net assets</b>		<u><b>9,689,530</b></u>	<u><b>9,080,161</b></u>
<b>Funds</b>			
Restricted funds	9	6,508,701	6,180,645
Unrestricted general funds	9	3,180,829	2,899,516
Total charity funds		<u>9,689,530</u>	<u>9,080,161</u>

The notes on pages 18 to 30 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  
Company Limited by Guarantee No 85176  
Statement of Cash Flows for the year ended 31 December 2017**

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

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Net income for the reporting period		609,369	706,714
Depreciation	4.2	-	519
(Gains) on investments	5	(651,902)	(750,461)
Dividends and interest from investments	2.2	(283,009)	(242,181)
Decrease in debtors		51,075	35,386
(Decrease) in creditors		(41,234)	(186,003)
<b>Net cash (used in) operating activities</b>		<b>(315,701)</b>	<b>(436,026)</b>

**Statement of cash flows for the year ended 31 December 2017**

		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
<b>Net cash (used in) operating activities</b>		<b>(315,701)</b>	<b>(436,026)</b>
<b>Cashflows from investing activities</b>			
Dividends, interest from investments	2.2	283,009	242,181
Payments to acquire investments	5	-	(750,000)
<b>Net cash provided by/(used in) investing activities</b>		<b>283,009</b>	<b>(507,819)</b>
<b>Changes in cash and cash equivalents in the reporting period</b>		<b>(32,692)</b>	<b>(943,845)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	7	<b>977,104</b>	<b>1,920,949</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	7	<b>944,412</b>	<b>977,104</b>

The notes on pages 18 to 30 form part of these financial statements.

## Chester Diocesan Board of Education

### Notes to the accounts for the year ended 31 December 2017

#### 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 costs 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 for the year ended 31 December 2017

#### 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 11, 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 11) 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 were 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.

**Notes to the accounts for the year ended 31 December 2017**

**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).

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 for the year ended 31 December 2017**

#### **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 3.3, 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 for the year ended 31 December 2017**

**2 Income**

<b>2.1 Income from Charitable activities</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Conference income	21,196	31,202
Gift aided distribution from DBE Services Ltd	36,301	44,044
Chester Diocesan Family of Schools	37,142	41,216
Other	4,570	4,189
	<b>99,209</b>	<b>120,651</b>

<b>2.2 Income from investments</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Dividends and interest	36,202	246,747	282,949	238,542
Bank interest	61	-	61	3,639
Rental income	52,733	-	52,733	50,024
	<b>88,996</b>	<b>246,747</b>	<b>335,743</b>	<b>292,205</b>

**3 Expenditure**

**3.1 Expenditure comprised:-**

	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Charitable activities</b>	<b>Support costs</b>	<b>Total</b>	<b>Total</b>
Grants	50,715	-	50,715	8,315
Property costs	22,612	-	22,612	20,667
Salaries and other recharges	227,745	25,305	253,050	258,684
Legal and professional fees	16,562	1,840	18,402	36,786
Audit and accountancy	-	12,692	12,692	10,165
Bank charges	-	380	380	367
Depreciation	-	-	-	519
Educational support costs	72,275	-	72,275	113,218
Other expenses	42,623	4,736	47,359	7,882
	<b>432,532</b>	<b>44,953</b>	<b>477,485</b>	<b>456,603</b>

**3.2 Governance costs**

Beyond the audit costs detailed below in note 3.6, 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 for the year ended 31 December 2017

#### 3.3 Staff costs

	2017 £	2016 £
Salary	40,329	39,733
Employer's National Insurance Contributions	4,441	4,098
Employers Pension Contributions	6,646	6,548
	<b>51,416</b>	<b>50,379</b>

During the year there was 1 (2016: 1) full time employee employed by Chester Diocesan Board of Education. In addition there was the equivalent of 4.8 (2016: 5) full time employees 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 £206,165 (2016: £196,922).

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 Chester Diocesan Board of Education, for the year (2016: £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. The total cost of employee benefits (including employer's national insurance and employers pension contributions) relating to key management personnel amounted to £162,209 (2016: £183,929). Of this amount, £51,416 (2016: £50,379) was borne directly by Chester Diocesan Board of Education. The remaining balance was borne by Chester Diocesan Board of Finance and recharged.

Jeff Turnbull, the Director of Education, retired in April 2017, and his successor, Chris Penn, started in September. Both received remuneration at an annual rate between £60,000 and £70,000.

#### 3.4 Grants paid

In 2017 financial assistance grants totalling £50,715 were paid to the governors of one school and to Chester Diocesan Academies Trust (2016: £8,315 to the governors of three schools).

	2017 £	2016 £
Hartford - assistance with funding chaplain	-	7,500
Other grant payments of less than £1,000 each	715	815
One off startup grant to Chester Diocesan Academies Trust	50,000	-
	<b>50,715</b>	<b>8,315</b>

## Chester Diocesan Board of Education

### Notes to the accounts for the year ended 31 December 2017

#### 3.5 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.

#### 3.6 Audit fee

	2017 £	2016 £
Audit fee	10,015	9,400

#### 3.7 Errors and Omissions insurance

The cost of errors and omissions and trustee indemnity insurance for the year amounted to £1,322 (2016: £1,322).

### 4 Tangible Fixed Assets

#### 4.1 Freehold properties

	2017 £	2016 £
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 were 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.

#### 4.2 Fixtures and office equipment

	2017 £	2016 £
Cost		
At 1 January	-	1,549
At 31 December	<u>-</u>	<u>1,549</u>
Depreciation		
At 1 January	-	1,030
Charge for year	-	519
At 31 December	<u>-</u>	<u>1,549</u>
Net book value at 31 December	<u>-</u>	<u>-</u>

**Chester Diocesan Board of Education**

**Notes to the accounts for the year ended 31 December 2017**

**5 Investments**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
5.1 Fair value at 1 January	7,538,346	6,037,885
Acquisitions at cost	-	750,000
Net gains on revaluation at 31 December	651,902	750,461
<b>Fair value at 31 December</b>	<b>8,190,248</b>	<b>7,538,346</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
CBF Investment Fund	6,711,371	6,134,464
CBF Global Equity Income Fund	772,505	724,485
CBF Property Fund	669,069	645,187
COIF Charities Investment Fund	37,303	34,210
	<b>8,190,248</b>	<b>7,538,346</b>

**5.3 Investment in DBE Services Ltd**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Investment at cost	12	12
	<b>% value</b>	<b>Loss for the year</b>
	<b>Aggregate capital and reserves</b>	
Ordinary shares	17%	(9,048)
		14,220

During the year the Charity received payments amounting to £36,301 (of which £34,301 was gift aided) from this company (2016: £44,044). The results above are from the accounts for 2017.

**6 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amount falling due within one year		
Grants receivable	22,439	41,155
Concessionary loans to school governors	201,887	201,163
Other investments	112,381	96,678
Other debtors, prepayments and accrued income	69,177	84,615
	<b>405,884</b>	<b>423,611</b>
Amount falling due after one year		
Concessionary loans to school governors	158,132	191,480
<b>Total debtors</b>	<b>564,016</b>	<b>615,091</b>

**Chester Diocesan Board of Education**

**Notes to the accounts for the year ended 31 December 2017**

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

**7 Cash and Cash Equivalents**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	944,412	977,104
<b>Total cash and cash equivalents</b>	<b>944,412</b>	<b>977,104</b>

**8 Creditors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>8.1 Amount falling due within one year</b>		
Trade creditors	53,263	39,970
Other creditors, accruals and dererred income	304,302	382,181
DFC funds payable	661,293	637,941
	<b>1,018,858</b>	<b>1,060,092</b>

**8.2 Deferred income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Balance at 1 January	26,331	15,533
Utilised during the year	(26,331)	(15,533)
Deferred in the year	20,150	26,331
Balance at 31 December	<b>20,150</b>	<b>26,331</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**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	-	1,009,700	1,009,700
Investments	1,107,525	7,082,735	8,190,260
Net current assets	2,073,304	(1,583,734)	489,570
<b>Total net assets</b>	<b>3,180,829</b>	<b>6,508,701</b>	<b>9,689,530</b>

## Chester Diocesan Board of Education

### Notes to the accounts for the year ended 31 December 2017

#### 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 £206,165 (2016: £205,375).

The Charity owns 16.67% of the ordinary share capital of DBE Services Ltd (note 5.3), an entity which commenced trading on 1 January 2006. The company undertakes support work across six northern dioceses. During the year the Charity received payments from DBE Services Ltd amounting to £36,301 (of which £34,301 was gift aided) from this company (2016: £44,044). No amounts were outstanding at the year end.

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

#### Chester Diocesan Academies Trust

Some of the Directors of Chester Diocesan Board of Education are also directors of trustees of of Chester Diocesan Academies Trust. The trustees do not consider that there is overall control Trust. The trustees do not consider that there is overall control that would require this Charity to be consolidated within these financial statements. During the year, Chester Diocesan Board of Education made a one off startup grant of £50,000 (2016 nil) to Chester Diocesan Academies Trust (note 3.4).

#### 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.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Funds held at 1 January 2017	261,283	412,975
Further funds received	446	-
Reinvested dividends and interest	2,292	2,743
Funds divested	(35,019)	(159,871)
Gain on investments	4,661	5,436
Funds held at 31 December 2017	<b>233,663</b>	<b>261,283</b>

**12 Pensions**

During the year, employer's pension contributions were paid in to the Teachers' Pension Scheme (TPS) on behalf of 1 employee (2016: 1 employee). TPS is a multi-employer defined benefit pension scheme.

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

## Chester Diocesan Board of Education

### Notes to the accounts for the year ended 31 December 2017

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuationreport.aspx>

#### Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015. The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

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

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

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

The employers pension costs paid to TPS in the period amounted to £6,646 (2016 - £6,548).

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2017

13 Prior year comparative Statement of Financial Activities

	Unrestricted General Funds £	Restricted Trust Funds £	Total 2016 £
<b>Income from:</b>			
Charitable activities	120,651	-	120,651
Investments	80,232	211,973	292,205
<b>Total</b>	<u>200,883</u>	<u>211,973</u>	<u>412,856</u>
<b>Expenditure on:</b>			
Charitable Activities	1,982	454,621	456,603
<b>Total</b>	<u>1,982</u>	<u>454,621</u>	<u>456,603</u>
Net gains/losses on investments	112,447	638,014	750,461
<b>Net movement in funds</b>	<u>311,348</u>	<u>395,366</u>	<u>706,714</u>
<b>Reconciliation of funds:</b>			
Fund balances at 1 January	2,588,168	5,785,279	8,373,447
<b>Fund balances at 31 December</b>	<u><b>2,899,516</b></u>	<u><b>6,180,645</b></u>	<u><b>9,080,161</b></u>