

**CHESTER DIOCESAN BOARD  
OF EDUCATION**

**REGISTERED CHARITY: NO 525790**

**COMPANY LIMITED BY GUARANTEE: NO 85176**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

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**Chester Diocesan Board of Education  
Year ended 31 December 2018**

**MEMBERS OF THE BOARD OF EDUCATION**

**THE BISHOP'S NOMINEE**

Rt Revd E J H Lane, Bishop of Stockport	(resigned 11/02/2019)
Ven Dr M R Gilbertson	(appointed 12/02/2019)

**MEMBERS ELECTED BY DIOCESAN SYNOD**

Revd L Bannon	
Revd L Boyle	
Mr C Hughes	(resigned 29/01/2019)
Mr E Owen	(resigned 21/06/2018)
Canon E Renshaw MBE	
Mrs S Riley	(resigned 16/03/2019)
Mr I Roberts	

**DIRECTORS AND PROFESSIONAL ADVISORS**

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

Rt Revd E J H Lane, Bishop of Stockport	(resigned 11/02/2019)
Ven Dr M R Gilbertson	(appointed 12/02/2019)
Revd L Bannon	
Mr P Bowden	
Revd L Boyle	
Dr D Cumberland	
Mr C Hughes	(resigned 29/01/2019)
Mr E Owen	(resigned 21/06/2018)
Canon E Renshaw MBE	
Mrs S Riley	(resigned 16/03/2019)
Mr I Roberts	
Mrs S C Hudson	(appointed 16/03/19)

**SECRETARY AND REGISTERED ADDRESS/PRINCIPAL OFFICE**

Mr C Penn  
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

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

## **TRUSTEES' REPORT**

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2018.

### **Structure, Governance and Management**

Chester Diocesan Board of Education is a registered charity no 525790, and a company limited by guarantee no 85176.

### **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 24 April 2017. It is registered as a charity with the Charity Commission. The 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
  - (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 they do 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. As described in the Articles of Association, the members of the DBE are also the Trustees of the DBE.

### **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 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.

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**Charity Governance Code**

The Board welcomed the introduction of the Charity Governance Code 2017 and continues to review best practice as it aims to improve. The Board has made several steps forward in improving its governance and effectiveness as follows: -

**Organisational Purpose** - In 2018, the Board of directors together with other senior leaders, met for a visioning day. The purpose was to review the Board's aims and purpose, what it has done previously to achieve these aims and what it could do or what it could improve in the future to further these aims.

**Leadership** - The Board created an Education Effectiveness committee and a Finance & General Purposes committee at the start of 2018 to oversee the two key areas of the charity's work. The committees meet once a (school) term to ensure the Board's charitable purposes are being met through the day to day activities of the charity. Also, the senior leaders of the charity are now taking a more proactive role in line-managing staff. Two new roles have been created and appointments made; a Christian Distinctiveness Officer and a School's Effectiveness Officer. An administration apprentice was also recruited to provide additional support to the DBE team.

**Integrity** - The Bishop of Chester nominates the chair of the DBE to ensure the Board operates within the values of the Diocese of Chester and the Church of England. The rest of Board is appointed by the Diocesan Synod to ensure that the Board can be independent in its decision making. The Board is also required to report back to the Diocesan Synod to share its progress in furthering its purposes.

**Decision Making, Risk and Control** - As a result of the visioning day the Board is fully clear about its purpose. The risk register has been fully rewritten to ensure the Board is aware of and managing its current risks. The Education Effectiveness and Finance & General Purposes committees have allowed the Board of directors to take greater control of and responsibility for the decision-making process of the charity. In particular, the Finance and General Purposes committee takes a more active role in monitoring and managing the finance risks of the charity.

**Board Effectiveness** - In 2017, the Board of directors was restructured. The Board of directors now has fewer members to ensure that each Board member takes an active role in the charity and each of these members has been appointed to ensure a wide and diverse range of skills.

**Diversity** - The Board of directors is appointed by the Diocesan Synod and as far as possible, members are nominated to include a wide range of knowledge, skills and perspectives.

**Openness and Accountability** - The charity is accountable to and makes regular reports to Diocesan Synod and various other Diocesan committees to ensure that the Board is transparent in how it operates.

**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. The Board manages its business through two committees, Education Effectiveness and Finance and General Purposes. These are attended by members of the executive team. 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.

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**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 in 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.

In addition, the charity has continued to provide assistance Chester Diocesan Academies Trust in its early years.

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;

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- Advise governing bodies on the appointment of senior staff;
- Provide training opportunities for staff and governors;
- Provide pastoral and other support to schools experiencing difficulties;
- Facilitate school collaboration and support:
- 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.

Trustee indemnity insurance is in place.

The Board considers the main risks to be in the following areas

- increased need for support to schools following conversion to academy – the Board seeks representation on relevant multi academy trusts and promotes joining Chester Diocesan Academies Trust.
- education provision resulting from legislative, funding and recruitment pressures – the Board provides a range of assistance to schools directly and involves local networks and contacts.

A key element in the management of financial risk is the implementation of a Finance and General Purposes Committee, which keeps the risk management strategy under review.

**Brexit**

The DBE receives income and meets its commitments in sterling, and as such is not excessively exposed to first order risks such as currency fluctuation arising from the United Kingdom's forthcoming departure from the European Union. It may be more exposed to second order effects such as consequent changes in the level of economic activity in the United Kingdom. In addition, the DBE receives investment income from a variety of funds held with CCLA Investment Management Ltd, which are well diversified internationally and across investment type.

**Achievements, Performance and Public Benefit**

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In addition to Ofsted inspections, Anglican church schools undergo a denominational inspection under the auspices of the Statutory Inspection of Anglican and Methodist Schools (SIAMS) (Section 48 of the Education Act 2005).

The charity continued to support schools before and after denominational inspections and these provide great benefit in further developing the Christian foundation of the 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 several current serving headteachers adding support.

At the end of 2018, 74 schools in the diocese were judged to be 'Outstanding' or 'Excellent' church schools through the SIAMS inspection framework. A new SIAMS framework was implemented in September 2018 whereby the highest grade awarded was changed from 'Outstanding' to 'Excellent'. In 2018, the following 19 schools are to be congratulated on being rated 'Outstanding' or 'Excellent' during the year:

Altrincham, Barrow, Bollinbrook, Brereton, Clutton, Davenham, Thurstaston Dawpool, Delamere, Elworth, Little Bollington, Lower Peover, Norton St Berteline's, Overleigh St Mary's, Smallwood, St Anne's (Fulshaw), St Bridget's (West Kirby), St George's (Stockport), St Mary's (Sale), Wincle.

96% of church schools in the Diocese are currently graded 'Outstanding', 'Excellent' or 'Good' in their denominational inspection.

Schools are to be congratulated in their success in Ofsted inspections with 94% of 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 2018, 22 schools in the Diocese were deemed to be outstanding. Ofsted have amended their inspection process so that schools that would be deemed 'Outstanding' in the judgement of their inspector, no longer receive that rating immediately, but are informed that they are still 'Good' with a confirmatory inspection taking place within 18 months. If the school remains "Outstanding" at that inspection, then they receive that rating. This has impacted on the number of schools been deemed 'Outstanding' during the current year.

These statistics do not include the University of Chester Church of England (Free School) as it has not received any inspection nor Borderbrook Church of England Primary School which is primarily supported by the Diocese of St Asaph.

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. In 2018 Upton Heath Church of England Primary,



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Clutton Church of England Primary and Little Sutton Church of England Primary formed the Samara Trust.

The charity has supported governors in several senior appointments in church schools. They have also supported several schools that have experienced difficulties during the year. Successful training courses, some in conjunction with DBE Services Ltd, have been run to support the development of Christian leaders for schools.

The 'Chester Diocesan Family of Schools' support package has been further developed in 2018 to offer three different choices in addition to the core support offer. There is an enhanced package which includes bespoke improvement support, and a package that includes a School Improvement Partner. Finally, there is a package which includes both. The take-up of the enhanced packages is expected to grow over time; 19 were purchased for the academic year 2018/19.

The courses for senior leaders, 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. A new Statutory Inspection of Anglican and Methodist Schools (SIAMS) framework introduced in September 2018 required additional training and support for schools that were due to be inspected in the first year of the new framework to ensure they were appropriately prepared. The training offer has also been further developed to provide a wider option of courses that are more generally for schools rather than specifically church schools, such as safeguarding and data analysis. These are led by external consultants and the take up of these will be reviewed before planning the following year's programme.

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 fifth year. The charity is 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.

Projects with work over £100,000 included:

Completion of projects begun in 2017:

- |                                     |                      |
|-------------------------------------|----------------------|
| • Witton Church Walk CE Primary     | - mobile room        |
| • St George's CE Primary, Stockport | - boiler replacement |

New projects in 2018:

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- |  |                                      |
|--|--------------------------------------|
| • Hartford Church of England High School | - West Building Main Hall re-roofing |
| • Sale St Anne's C of E School           | - Re-roofing                         |
| • Great Budworth                         | - safeguarding and other works       |
| • Astbury                                | - secure entrance                    |

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

### **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 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.

Free unrestricted reserves at the end of 2018 were £3,324,598 (2017 £3,180,829). Free restricted reserves (ie not held in fixed assets) were £4,944,100, (2017 £5,499,001). It should be noted that restriction (c) above on the restricted funds is wide, and encompasses a wide range of the Board's activity, so are available for consideration when reviewing reserves available for the future activity of the Board.

The Board holds free reserves – restricted and unrestricted - of £8,268,698 at the end of 2018. Of this, £7,891,713 is held in investments in order to provide some capital appreciation and a flow of investment income. The remainder, £376,973 is equivalent to nearly nine months expenditure. In addition, the Board holds another £1,063,598 in unrestricted investments, equivalent to a further two years of expenditure. While the Board has no intention of liquidating these investments, it could do so with little difficulty. As such the Board considers it has adequate reserves to enable it to respond to changing church education needs and fluctuations in the economic environment.

It should be noted that these levels of reserves are partly historic and partly received through Act of Parliament; they are not hoarded donations.

The Finance and General Purposes Committee of the Board will continue review levels of reserves and make their findings known to the Board of Directors.

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**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 £112,597 and investment loss of (£298,535), together with revaluation of fixed assets of £91,150 resulting in net movement in funds of (£319,982) (2017 £609,369).

The financial statements have been prepared on the going concern basis, as the trustees consider that the Board has sufficient reserves to continue operations.

**Investment Policy and Outcome**

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 income together with capital appreciation to afford long term protection against inflation. All the funds continued to generate income at the same or marginally increased levels compared to the prior year. However, all the equity-based funds declined in the year, with only the CBF Church of England Property Fund showing a gain. However, the Board considers that while the performance in 2018 is disappointing, the investments remain appropriate to the aim of long-term capital appreciation together with income generation. The CBF guarantee that investments are made in accordance with the ethical standards of the Church of England. The trustees will continue to regularly consider the performance of the shares to ensure that the return in terms of capital growth and income is appropriate to the long-term needs of the charity and have met with representatives of CCLA who operate the funds, early in 2019.

The Finance and General Purposes Committee will continue to keep Investment Policy and the investments themselves under review and keep the board of directors informed.

**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.

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 enhanced Family of Schools packages and increased

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variety of courses offered has been designed to support schools and offer an alternative option to employing external organisations.

In order to deliver this, a full review of the charity's operational team has taken place with a restructuring of the existing team and further appointments have been made comprising a Christian Character and Continuing Professional Development Officer and administrative apprentice. A School Effectiveness Officer has also been appointed and is due to start in 2019. This ensures 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 to support this have been further developed.

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 is in the process of being 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 held in segregated accounts, separately accounted for, and do not appear in the financial statements. They are shown in note 11 to the accounts.

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.

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**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:

*M R. Gilbertson* 14/05/2019.

**The Venerable M Gilbertson (Chair)**  
**Archdeacon of Chester**

### **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 for the year ended 31 December 2018, 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 2018 and of 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.

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CHESTER DIOCESAN BOARD OF EDUCATION (continued)**

**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.

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, have 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 Trustees' 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



**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CHESTER DIOCESAN BOARD OF EDUCATION (continued)**

- 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 and 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CHESTER DIOCESAN BOARD OF EDUCATION (continued)**

**Use of our report**

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.

BDO LLP

Hamid Ghafoor (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Liverpool, UK  
Date 4/6/2019.

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 2018**  
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
<b>Income from:</b>					
Charitable activities	2.1	71,416	-	71,416	62,908
Investments	2.2	78,770	254,167	332,937	335,743
Donation	2.3	40,246		40,246	36,301
<b>Total</b>		<u>190,432</u>	<u>254,167</u>	<u>444,599</u>	<u>434,952</u>
<b>Expenditure on:</b>					
Charitable Activities	3.1	<u>2,736</u>	<u>554,460</u>	<u>557,196</u>	<u>477,485</u>
<b>Total</b>		<u>2,736</u>	<u>554,460</u>	<u>557,196</u>	<u>477,485</u>
Net (losses)/gains on investments	5.1	(43,927)	(254,608)	(298,535)	651,902
<b>Net (expenditure)/income</b>		<u>143,769</u>	<u>(554,901)</u>	<u>(411,132)</u>	<u>609,369</u>
Gains on revaluation of fixed assets	4.1	-	91,150	91,150	-
<b>Net movement in funds</b>		<u>143,769</u>	<u>(463,751)</u>	<u>(319,982)</u>	<u>609,369</u>
<b>Reconciliation of funds:</b>					
Total funds brought forward	9	3,180,829	6,508,701	9,689,530	9,080,161
<b>Total funds carried forward</b>	9	<u>3,324,598</u>	<u>6,044,950</u>	<u>9,369,548</u>	<u>9,689,530</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 20 to 32 form part of these financial statements.

**Chester Diocesan Board of Education**

**Balance sheet as at 31 December 2018**  
**Company Limited by Guarantee no 85176**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Fixed assets</b>			
Tangible assets	4.1	1,100,850	1,009,700
Investments	5	7,891,713	8,190,248
Other investment	5.3	12	12
Debtors due in more than 1 year	6	115,394	210,632
		<b>9,107,969</b>	<b>9,410,592</b>
<b>Current assets</b>			
Debtors due in less than 1 year	6	351,849	353,384
Cash at bank	7	1,155,362	944,412
		<b>1,507,211</b>	<b>1,297,796</b>
Creditors: amounts falling due within one year	8	1,245,632	1,018,858
<b>Net current assets</b>		<b>261,579</b>	<b>278,938</b>
<b>Total assets less current liabilities</b>		<b>9,369,548</b>	<b>9,689,530</b>
<b>Net assets</b>		<b>9,369,548</b>	<b>9,689,530</b>
<b>Funds</b>			
Restricted funds	9	6,044,950	6,508,701
Unrestricted general funds	9	3,324,598	3,180,829
<b>Total charity funds</b>		<b>9,369,548</b>	<b>9,689,530</b>

The notes on pages 20 to 32 form part of these financial statements.

The financial statements have been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board on 14th May 2019

*M.R. Gilbertson*

Ven Dr M R Gilbertson  
Archdeacon of Chester

**Chester Diocesan Board of Education**

**Statement of Cash Flows for the year ended 31 December 2018**

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

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period		(411,132)	609,369
Losses/(gains) on investments	5	298,535	(651,902)
Dividends and interest from investments	2.2	(292,155)	(283,009)
(Increase)/decrease in debtors		96,773	51,075
Increase/(decrease) in creditors		226,774	(41,234)
<b>Net cash provided by/(used in) operating activities</b>		<b>(81,205)</b>	<b>(315,701)</b>

**Statement of cash flows for the year ended 31 December 2018**

		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>(81,205)</b>	<b>(315,701)</b>
<b>Cashflows from investing activities</b>			
Dividends, interest from investments	2.2	292,155	283,009
<b>Net cash provided by/(used in) investing activities</b>		<b>292,155</b>	<b>283,009</b>
<b>Changes in cash and cash equivalents is the reporting period</b>		<b>210,950</b>	<b>(32,692)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	7	<b>944,412</b>	<b>977,104</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	7	<b>1,155,362</b>	<b>944,412</b>

The notes on pages 20 to 32 form part of these financial statements.

## **Chester Diocesan Board of Education**

### **Notes to the accounts for the year ended 31 December 2018**

#### **1 Accounting Policies**

Chester Diocesan Board of Education is a company limited and guaranteed by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is set out in the trustees' report.

##### **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.

Conference income is derived from training events delivered to staff at Church of England schools.

Gift aided distribution from DBE Services Ltd - the Board has an investment in DBE Services Ltd (note 5.3) which provides services to church schools including inspections, teaching and curriculum support, administrative services, building work, equipment and construction support. The Board receives gift aided distributions on the profits.

The board operates a support package under the name "Chester Diocesan Family of Schools" referred to elsewhere in the annual report and accounts, and receives subscription income as a result.

The Board receives dividends and interest on a range of investments, all holdings in Church of England Funds operated by CCLA Investment Management Ltd

The Board receives rental income from four former schools.

##### **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.

## **Chester Diocesan Board of Education**

### **Notes to the accounts for the year ended 31 December 2018**

#### **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.

#### **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.

#### **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 - 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 2018**

**1.9 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.

**1.10 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.

**1.11 Amounts due from school governors in respect of projects**

The company receives funding on behalf of schools from the Department of Education for funding building works and other projects. The company also makes payments to contractors on behalf of the schools. In the majority of cases, the governors make a 10% contribution to the cost of the project; this often leaves an amount payable to the company by the governors of the school. By concession, the company allows school governors time to pay their contribution, dependent on size and duration of the project and other factors. On occasions, the governors of the school fund the whole cost of the project, leaving the full amount repayable to the company.



## **Chester Diocesan Board of Education**

### **Notes to the accounts for the year ended 31 December 2018**

#### **1.12 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.

#### **1.13 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.

#### **1.14 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 2018

### 2 Income

2.1 Income from Charitable activities	2018	2017
Unrestricted	£	£
Conference income	22,150	21,196
Chester Diocesan Family of Schools	43,825	37,142
Other	5,441	4,570
	<b>71,416</b>	<b>62,908</b>

2.2 Income from investments	Unrestricted	Restricted	2018	2017
	£	£	£	£
Dividends and interest	37,566	254,167	291,733	282,949
Bank interest	422	-	422	61
Rental income	40,782	-	40,782	52,733
	<b>78,770</b>	<b>254,167</b>	<b>332,937</b>	<b>335,743</b>

2.3 Donation	2018	2017
Unrestricted	£	£
Gift aided distribution from DBE Services Ltd	40,246	36,301
	<b>40,246</b>	<b>36,301</b>

### 3 Expenditure

#### 3.1 Expenditure comprised:-

	2018	2018	2018	2018	2017
	£	£	£	£	£
	Charitable	Support	Support	Total	Total
	activities	costs	costs		
	Restricted	Unrestricted	Restricted		
Grants (note 3.4)	100,715	-	-	100,715	50,715
Property costs	18,900	-	-	18,900	22,612
Salaries and recharges	241,297	-	26,811	268,108	253,050
Legal and professional fee	14,158	157	1,416	15,731	18,402
Audit and accountancy	-	1,976	17,780	19,756	12,692
Bank charges	-	-	430	430	380
Educational support costs	73,215	-	-	73,215	72,275
Other expenses	54,307	603	5,431	60,341	47,359
	<b>502,592</b>	<b>2,736</b>	<b>51,868</b>	<b>557,196</b>	<b>477,485</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 2018

#### 3.3 Staff costs

	2018 £	2017 £
Salary	24,000	40,329
Employer's National Insurance Contributions	2,546	4,441
Employers Pension Contributions	3,955	6,646
	<b>30,501</b>	<b>51,416</b>

During the year there was the equivalent of 0.67 (2017: 1) full time employees (fte) employed by Chester Diocesan Board of Education. In addition there was the equivalent of 5.1 (2017: 4.8) full time employees under joint employment contracts with Chester Diocesan Board of Finance. The 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 £238,170 (2017: £206,165).

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.

4.8 of the 5.1 fte 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 (2017: £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 £174,998 (2017: £162,209). Of this amount, £30,501 (2017: £51,416) was borne directly by Chester Diocesan Board of Education. The remaining balance was borne by Chester Diocesan Board of Finance and recharged. Of these, the highest paid was Chris Penn, who received £64,758 (2017: £21,758) excluding employers national insurance, together with pension contributions of £9,714 (2017: £3,264).

#### 3.4 Grants paid

In 2018 financial assistance grants totalling £100,715 were paid to the governors of one school and to Chester Diocesan Academies Trust (CDAT) (2017: £50,715 to the governors of one school and to CDAT). CDAT works with the DBE and provides Church of England Schools in the Diocese with the opportunity to join a multi academy trust that supports their specifically Christian ethos. Five schools were part of CDAT at 31 December 2018; another has joined since.

	2018 £	2017 £
Other grant payments of less than £1,000 each	715	715
One off startup grant to Chester Diocesan Academies Trust	-	50,000
Further grant to Chester Diocesan Academies Trust	100,000	-
	<b>100,715</b>	<b>50,715</b>

## Chester Diocesan Board of Education

### Notes to the accounts for the year ended 31 December 2018

#### 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 charge

	2018 £	2017 £
Current year audit	12,402	12,018
Prior year audit	-	1,880
Teachers Pension scheme audit	738	797
Other services - VAT Advice	4,613	-
	<u>17,753</u>	<u>14,695</u>

As Chester Diocesan Board of Education is not registered for VAT, audit fees are shown including VAT.

#### 3.7 Public liability, errors and omissions insurance

The cost of public liability, errors and omissions and trustee indemnity insurance for the year amounted to £1,459 (2017: £1,322).

### 4 Tangible Fixed Assets

#### 4.1 Freehold properties

	2018 £	2017 £
At valuation 1 January	1,009,700	1,009,700
Revaluations	91,150	-
At valuation 31 December	<u>1,100,850</u>	<u>1,009,700</u>

Valuations are determined by an independent, professionally qualified valuer, for each property : regular interval, and specifically in any year where the Trustees believe there has been a materi: change in value.

A desk top valuation was performed by Neil Cummings MRICS of Wright Marshall Limited as at 31 December 2018. The valuations were were undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. The directors consider the values presented in the financial statements to accurately reflect their fair value as at the balance sheet date. The surplus on revaluation has been credited to the Statement of Financial Activities for the year. The properties were provided to the Board at no cost by order of the Secretary of State for Education. The values of the properties at the time of receipt are not known.

In addition to the properties above, the DBE holds one other property that has suffered severe vandalsim, together with complex planning issues. It was acquired by the DBE in 2005 for £500,000, and has a current fair value of nil. This property is held for sale.

# Chester Diocesan Board of Education

## Notes to the accounts for the year ended 31 December 2018

### 5 Investments

	2018 £	2017 £
5.1 Fair value at 1 January	8,190,248	7,538,346
Net (losses)/gains on revaluation at 31 December	(298,535)	651,902
<b>Fair value at 31 December</b>	<b>7,891,713</b>	<b>8,190,248</b>

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

	2018 £	2017 £
CBF Investment Fund	6,443,816	6,711,371
CBF Global Equity Income Fund	723,863	772,505
CBF Property Fund	688,016	669,069
COIF Charities Investment Fund	36,018	37,303
	<b>7,891,713</b>	<b>8,190,248</b>

### 5.3 Investment in DBE Services Ltd

		2018 £	2017 £
Investment at cost		12	12
	% value	Profit for the year*	Aggregate capital and reserves
Ordinary shares	16.67%	235,517	47,320

At the year end the Charity received payments amounting to £42,246 (of which £40,246 was gift aided) from this company (2017: £36,301). The results above are from the accounts for 2018. (\*Before gift aided distributions".)

### 6 Debtors

	2018 £	2017 £
Amount falling due within one year		
Grant	5,297	22,439
Loans to governors and DoE debtor (note 12)	283,090	201,887
Loans to schools	10,460	59,881
Property debtors	34,940	6,217
Prepayments, accrued income and other debtors	18,062	62,960
	<b>351,849</b>	<b>353,384</b>
Amount falling due after one year		
Loans to governors and DoE debtor (note 12)	73,394	158,132
Loans to schools	42,000	52,500
	<b>115,394</b>	<b>210,632</b>
<b>Total debtors</b>	<b>467,243</b>	<b>564,016</b>

# Chester Diocesan Board of Education

## Notes to the accounts for the year ended 31 December 2018

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

### 7 Cash and Cash Equivalents

	2018	2017
	£	£
Cash at bank and in hand	1,155,362	944,412
<b>Total cash and cash equivalents</b>	<b>1,155,362</b>	<b>944,412</b>

### 8 Creditors

	2018	2017
	£	£
<b>8.1 Amount falling due within one year</b>		
Trade creditors	12,716	53,263
Accruals, deferred income and other creditors	124,474	76,193
DoE and other funds payable (note 12)	1,108,442	889,402
	<b>1,245,632</b>	<b>1,018,858</b>

### 8.2 Deferred income

Balance at 1 January	20,150	26,331
Utilised during the year	(20,150)	(26,331)
Deferred in the year	51,100	20,150
<b>Balance at 31 December</b>	<b>51,100</b>	<b>20,150</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

### 9.1 Analysis of net assets between funds (2018)

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Tangible fixed assets	-	1,100,850	1,100,850
Investments	1,063,598	6,828,127	7,891,725
Net current assets	2,261,000	(1,884,027)	376,973
<b>Total net assets</b>	<b>3,324,598</b>	<b>6,044,950</b>	<b>9,369,548</b>

The restricted funds are, in effect, a single fund whose origin and purpose is described in note 1.7.

Included within Restricted Funds is an element of revaluation reserve on Freehold Properties. As noted in Note 4.1, the surplus on revaluation has been credited to the Statement of Financial Activities for the year. The properties were provided to the Board at no cost by order of the Secretary of State for Education. The values of the properties at the time of receipt are not known.

## Chester Diocesan Board of Education

### Notes to the accounts for the year ended 31 December 2018

#### 9.2 Analysis of net assets between funds (2017)

	Unrestricted Funds £	Restricted Funds £	Total Funds £
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>

#### 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 £238,170 (2017: £206,165).

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.

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 further grant of £100,000 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 from the financial statements, and are 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.

	2018 £	2017 £
Funds held at 1 January	233,663	261,283
Further funds received	-	446
Reinvested dividends and interest	2,682	2,292
Funds divested	(4,879)	(35,019)
Gain on investments	(2,208)	4,661
<b>Funds held at 31 December</b>	<b>229,258</b>	<b>233,663</b>

**Notes to the accounts for the year ended 31 December 2018**

**12 Funding for building and other projects at schools**

Chester Diocesan Board of Education receives funding from the Department of Education (DOE) on behalf of schools, and makes payments to contractors and suppliers on their behalf. The Board also receives payments from school governors where they are directly liable for part of the cost of projects. In 2018, the Board received DOE funding of £1,683,641 (2017 £1,861,911) together with governor contributions of £187,071 (2017 £206,880). In addition, projects valued at £130,702 (2017 £99,933) were fully governor funded, together with LEA funding of £4,579 (2017 £65,915). Amounts outstanding from governors and from the DOE are shown in debtors at the end of the year; DFC funds held on behalf of school projects are shown in creditors.

**13 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.



**Notes to the accounts for the year ended 31 December 2018**

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 £3,955 (2017 - £6,646).

**14 Prior year comparative Statement of Financial Activities**

	<b>Unrestricted General Funds £</b>	<b>Restricted Trust Funds £</b>	<b>Total 2017 £</b>
<b>Income from:</b>			
Charitable activities	99,209	-	99,209
Investments	88,996	246,747	335,743
<b>Total</b>	<b>188,205</b>	<b>246,747</b>	<b>434,952</b>
<b>Expenditure on:</b>			
Charitable Activities	1,927	475,558	477,485
<b>Total</b>	<b>1,927</b>	<b>475,558</b>	<b>477,485</b>
Net gains on investments	95,035	556,867	651,902
<b>Net movement in funds</b>	<b>281,313</b>	<b>328,056</b>	<b>609,369</b>
<b>Reconciliation of funds:</b>			
Fund balances at 1 January	2,899,516	6,180,645	9,080,161
<b>Fund balances at 31 December</b>	<b>3,180,829</b>	<b>6,508,701</b>	<b>9,689,530</b>

