

Registered Charity Number 1031550

Company Number 46014

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



Registered Office
1 The Sanctuary Westminster London SW1P 3JT

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

ADMINISTRATIVE DETAILS

TRUSTEES

No Trustee had any beneficial interest in the company during 2017. The following Trustees were in post at the date of this report.

The Rt. Rev. J. Langstaff - President

The Ven. C. Mansell - Chair (stepped down as Chair on 26.05.2017, resigned 01.07.2017)

Dr J. Blyth - Interim Chair (appointed 26.05.2017)

Other Members:

Mrs. L. Bailey

The Rev. J. E. Bowen

Mrs. J. M. Bowring

Mr. D. W. Bridger

The Rev. R. Bristow

Mrs. J. Craig

Mrs. M. Davey

Mrs J. Faik

Mr. M. R. Gillespie

Mr. A. J. Hill

Mr. P. Homewood

Cllr D Hurt

Mrs. A. M. Jeffreys

Cllr B. Kemp

Mr. J. J. King

Ms. C. Sargent

Mr. C. Scott

Mr. C. Town

Mr. L. A. Townson

Trustees are appointed or elected via individual Deanery Synods throughout the Diocese, other than the Bishop who is ex-officio and two Bishop appointees.

The charity is relying upon the guidance issued by the Charities Commission in relation to the induction and training of Trustees.

SENIOR STAFF AND ADVISERS

Director of Education

Alex Tear (resigned 18.08.2017)

Deputy / Interim Director of Education

John Constanti (appointed 21.08.2017 as Interim Director from Deputy Director)

Assistant Director of Education (Schools)

Virginia Corbyn

Lead Consultant for School Improvement

Caroline Crofts

Registered Office 1 The Sanctuary Westminster London SW1P 3JT

Principal Office Diocesan Office St. Nicholas' Church Boley Hill Rochester Kent ME1 1SL

Bankers National Westminster Bank Plc Chatham Branch 148 High Street Chatham Kent ME4 4DB

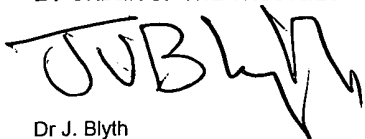
Auditors haysmacintyre 10 Queen Street Place, London, EC4R 1AG

Solicitors Lee Bolton Monier Williams 1 The Sanctuary Westminster London SW1P 3JT

Investment Advisers The Central Board of Finance of the Church of England
Senator House, 85 Queen Victoria Street, London, EC4V 4ET
and
Sarasin & Partners LLP
Juxon House 100 St Paul's Churchyard London EC4M 8BU

Insurers EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

BY ORDER OF THE TRUSTEES



Dr J. Blyth
Interim Chair of the Board

4th June 2018



Mr John Constanti
Secretary

4th June 2018

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements for the year ended 31 December 2017.

The Directors/Trustees are one and the same and in signing as Trustees they are also signing the Strategic Report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- a Directors Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees' Annual Report under the Charities Act 2011

MISSION STATEMENT

To support and encourage the work of schools, churches and parishes across the Diocese of Rochester in promoting Christian distinctiveness through excellent education of children and young people.

LEGAL OBJECTS

The Incorporated Rochester Diocesan Board of Education's objects are confirmed within the objects clause of its Memorandum and Articles of Association which are:

1. To maintain and extend education in and knowledge of the Christian religion in general and the faith and practice of the Church of England in particular to all sections of the community within the Diocese of Rochester.
2. To carry out the functions of the Diocesan Board of Education for the Diocese of Rochester under the provisions of the Diocesan Boards of Education Measure 1991 and any legislation amending, supplementing or replacing the same.

The Diocese of Rochester Consolidated Educational Endowments were created by a resolution of the Board passed on 9 November 1994 and are held on the terms of the Uniform Statutory Trusts under Schedule 36 of the Education Act 1996.

In addition Trust Funds are held on behalf of schools. Please refer to note 19 in the financial statements for details of the assets held in this capacity.

STRATEGIC AIMS

The Trustees and officers have continued to work towards achieving the agreed strategic aims of the Board, for the triennium, which can be summarised as follows.

1. To actively promote and support Christian Distinctiveness through developing high quality, leadership and effective governance of our Church schools.
2. To provide targeted challenge and focussed support for school effectiveness in order that 85% of our Church schools are judged "Good" or better in both the OFSTED and SIAMS inspection frameworks by 2017.
3. To improve the quality of teaching and learning of Religious Education in Church primary schools through the implementation of a revised Diocesan syllabus, sharing best practice and offering professional development opportunities for all teaching staff in Church primary schools.
4. To ensure the good stewardship and effective deployment of the Board of Education's resources, to ensure its sustainable future and ability to deliver its triennial aims and key priorities.
5. To develop effective strategic partnerships with Local Authorities, Teaching Schools Alliances, Multi Academy Trusts and other key stakeholders ensuring that every Church school is part of an informal, formal or structural collaboration which supports their Christian Distinctiveness, school effectiveness and sustainable future.

OBJECTIVES FOR THE YEAR

The Trustees and officers, of the Board, have continued to work towards achieving the agreed strategic aims of the Board, for the triennium, as outlined above.

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ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

1. To actively promote and support Christian Distinctiveness through developing high quality, leadership and effective governance of our Church schools.
 - a. The skills audit template continues to be used during the Foundation governor appointment process to ensure that those appointed have the requisite skills and experience to serve.
 - b. Officers or our associate consultants are, wherever possible, involved throughout the appointment process for new Head Teachers liaising with Local Authority officers and governors to ensure the best candidates are appointed.
 - c. In addition to the training development programmes already offered to Head Teachers and governors the six-module development programme for governors which was launched in September 2016 continued to be delivered.
 - d. The Board's Lead Associate for School Improvement has supported our Church schools with Head Teacher appraisals, training, school advisory visits, leadership, scoping and Progress & Impact meetings.
2. To provide targeted challenge and focussed support for school effectiveness in order that 85% of our Church schools are judged "Good" or better in both the OFSTED and SIAMS inspection frameworks by 2017.
 - a. The Board, under the management of the Assistant Director of Education (Schools), manages national inspections, within the statutory SIAMS framework, of the distinctiveness and effectiveness of each Church school in the Diocese, once every three to five years. In 2017, 24 such inspections were undertaken (2016 - 13) and it is anticipated that slightly less inspections will be undertaken in 2018.
 - b. The Board's Lead Associate for School Improvement has supported our Church schools with Head Teacher appraisals and appointments, training, school advisory visits, leadership, scoping and Progress & Impact meetings. Additionally, the Lead Associate for School Improvement regularly reviews, monitors and reports on our Church schools' performance data, identifying those that are vulnerable so as remedial recommendations and actions can be implemented.
 - c. The support given to schools by our Assistant Director of Education (Schools), Lead Associate for School Improvement and associate consultants has contributed to 96% of our Church schools judged good or better in both Ofsted and SIAMS/SIAMS which exceeds the 85% target and is an increase over the 2016 percentage of 90%. The table below confirms the combined percentage of 96%.

Category	SIAMS/SIAMS		Ofsted		Combined Total	
	No	%	No	%	No	%
Grade 1 - Outstanding	49	56	18	20	67	38
Grade 2 – Good	38	43	64	73	102	58
Grade 3 – RI/Satisfactory	1	1	6	7	7	4
Grade 4 - Inadequate	0	0	0	0	0	0
Totals	88	100	88	100	176	100

3. To improve the quality of teaching and learning of Religious Education in Church primary schools through the implementation of a revised Diocesan syllabus, sharing best practice and offering professional development opportunities for all teaching staff in Church primary schools.
 - a. The Assistant Director of Education (Schools) provided further support by undertaking Midterm Monitoring Reviews (MMRs), Head Teacher induction, bespoke training for RE subject leaders, acted as a REQM assessor in five schools and has provided courses in relation to New to a Church School, New to Leading RE, Understanding Christianity, clergy training for those new to the Rochester Diocese, and the Church of England Vision for education within the context of Rochester.
 - b. The Assistant Director of Education (Schools) continued to serve on the Standing Advisory Council on Religious Education (SACRE) for Kent, Bromley and Medway and acted as the RE advisor for Bexley SACRE.
 - c. The Assistant Director of Education (Schools) has rewritten and ensured that the RE Syllabus has been implemented in all our 84 Church primary schools.

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ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (CONTINUED)

4. To ensure the good stewardship and effective deployment of the Board of Education's resources, to ensure its sustainable future and ability to deliver its triennial aims and key priorities.
 - a. Financial markets were very turbulent during 2017 and the Finance and Resources Committee reviewed and monitored, on a quarterly basis, investment yields and growth.
 - b. Following the relocation of the Children and Youth team to the Mission and Community Engagement team in January 2016, the grant receipt from the Diocesan Board of Finance reduced from £160,754 in 2015 to £19,000 in 2016 and to zero in 2017.
 - c. Financial pressures continue to be a concerning factor and the Finance and Resources Committee reviewed, on a quarterly basis, income and expenditure levels and reviewed ways to increase income and decrease expenditure.
 - d. The main points associated with the Board of Education's finances in 2017 can be summarised as follows:
 - i. The operational deficit decreased from £214,475 in 2016 to £197,887 in 2017.
 - ii. This operational deficit was partly offset by an increase in the trading company surplus from £67,693 in 2016 to £74,502 in 2017.
 - iii. Investment income increased from £157,005 in 2016 to £184,569 in 2017.
 - iv. Unrealised gains on investments decreased from £424,505 in 2016 to £352,399 in 2017.Whilst the Board of Education's fund balances increased from £5,239,192 in 2016 to £5,492,684 in 2017 maintaining operational deficits in the future is not sustainable.
5. To develop effective strategic partnerships with Local Authorities, Teaching Schools Alliance, Multi Academy Trusts (MATs) and other key stakeholders ensuring that every Church school is part of an informal, formal or structural collaboration which supports their Christian Distinctiveness, school effectiveness and sustainable future.
 - a. The Deputy / Interim Director of Education continued to work closely with schools and Multi Academy Trusts (MATs) in relation to their conversion and growth supporting them on the development of new Church of England school bids in areas of planned new housing development across the Diocese, such as Rochester Riverside, Ebbsfleet, Springhead, Kings Hill and Tunbridge Wells.
 - b. Discussions concerning new school provision with Local Authority and ESFA officers continued and it is hoped that further, additional new Church schools will result.
 - c. Guidance protocols and a financial tool kit have been produced to assist governing bodies with the Head Teacher recruitment processes and evaluating future financial viability.
 - d. The Deputy / Interim Director of Education continued to assist in developing the national Church educational policy.

The following tables provide details of the status of our Church schools and our Church Multi Academy Trusts (MATs) membership.

Table 1 - Church of England schools by status and sector in Diocese of Rochester

School Status	Number of Primary Schools	Number of Secondary Schools
Voluntary Aided (VA)	22	1
Voluntary Controlled (VC)	32	0
Academies & Free Schools	30	4

Table 2 - Church Multi-Academy Trusts in the Diocese of Rochester

Name of MAT	Local Authority Area	Number of academies
Aletheia Anglican Academies Trust	Kent	6
Amadeus Primary Academies Trust	Bexley	4 (1 former community school)
Aquinas Church of England Education Trust	Bromley	9 (1 former community school)
Medway Anglican School Trust	Medway	3
Pilgrim Academy Trust	Medway	2
Rochester Diocesan Academy Trust	Kent	1
Tenax Trust	Kent/Sussex	7 (1 former community school and a former Chichester VA school)
Trinitas Academy Trust	Bexley	6 (2 former community schools)

FUTURE PLANS

The Trustees and officers, of the Board, will work towards achieving the agreed annual aims and objectives of the Board for 2018.

1. To actively promote and support Christian Distinctiveness through developing high quality teaching and learning, leadership and effective governance of our Church schools.
2. To provide targeted challenge and focussed support for school effectiveness in order that 90% of our Church schools are judged "Good" or better in both the OFSTED and SIAMS inspection frameworks by 2019.
3. To improve the quality of teaching and learning of Religious Education in Church primary schools through the implementation of a revised Diocesan syllabus, sharing best practice and offering professional development opportunities for all teaching staff in Church primary schools.
4. To develop effective strategic partnerships with Local Authorities, Teaching Schools Alliances, Multi Academy Trusts (MATs) and other key stakeholders ensuring that every Church school is part of an informal, formal or structural collaboration which supports their Christian Distinctiveness, school effectiveness and sustainable future.
5. To ensure the good stewardship and effective deployment of the Board of Education's resources, to ensure its sustainable future and ability to deliver its triennial aims and key priorities.
6. To take opportunities for growth through the establishment of new Church schools and maintaining existing Church schools.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

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FINANCIAL REVIEW

1. Financial Performance

A comparison of the income received for 2016 and 2017 can be summarised as follows:

- a. The grant received from the Board of Finance reduced to zero from £19,000 in 2016.
- b. The subsidiary trading company surplus increased by £6,809 from £67,693 in 2016 to £74,502 in 2017.
- c. Investment income increased by £27,564 from £157,005 in 2016 to £184,569 in 2017.
- d. Unrealised gains on investments decreased by £72,106 from £424,505 in 2016 to £352,399 in 2017.

A comparison of expenditure incurred for 2016 and 2017 can be summarised as follows:

- a. Overall expenditure for schools' work decreased by £7,202 from £368,898 in 2016 to £361,696 in 2017.
- b. The schools' work expenditure from the Restricted Income fund increased by £11,818 from £349,847 in 2016 to £361,665 in 2017.
- c. Revenue grant expenditure decreased to zero from £6,255 in 2016.
- d. Governance costs increased by £162 from £2,808 in 2016 to £2,970 in 2017.

The Consolidated Educational Endowments Income Fund incurred a deficit of £197,887 which was partly met by transfers from the School Improvement Fund (unrestricted) of £99,598 and the trading activities surplus of £74,502 within the Corporate General Fund (unrestricted) to total £174,100.

The various income and expenditure movements for the year had the following impact on reserves:

- a. The Corporate Funds reserve remained unchanged at zero.
- b. The School Improvements Funds reserve decreased by £69,738 from £465,582 in 2016 to £395,844 in 2017.
- c. The Restricted Income Fund reserve decreased by £23,787 from £30,913 in 2016 to £7,126 in 2017.
- d. The Endowment Funds reserve increased by £347,017 from £4,742,697 in 2016 to £5,089,714 in 2017.

The Trustees were unable to prepare a balanced budget for 2018 and estimate an overall deficit of some £168,757 which will be monitored and reviewed.

The Trustees through the Finance and Resources Committee will continue to explore further options in order to increase income and decrease expenditure.

2. Reserves Policy

Reserves are an inherent part of the risk management process. The need for reserves will vary depending on our financial position and our assessment of the risks we face at a particular time.

The Trustees have reviewed the reserves policy which takes account of the predominant risks, challenges and the working capital requirements in both the short and medium term.

It is the Trustees' policy to, wherever possible, meet expenditure by generating income from the restricted capital fund, the trading subsidiary and from DBF grant receipts.

The Trustees are aware that income is presently insufficient to meet expenditure. Unless and until the two are balanced, the Trustees recognise that they will need to draw on reserves, both unrestricted and restricted. It is estimated that the annual cost of meeting the Diocesan Board of Education's core objectives until the next strategic review in 2018 totals £400,000. Budgeted income to the restricted trust fund is £144,000, leaving a deficit of £256,000. Although a significant proportion of this will be covered by surpluses in the trading subsidiary, the Trustees have nevertheless agreed an estimated reduction in reserves of up to £256,000 should they be needed, to cover the deficit.

The Diocesan Board of Education also holds restricted reserves which have generally been historically accumulated from the sale of redundant school properties. These restricted reserves can only be used towards the cost of Church of England schools (buildings, resources, advice, and the salaries of Diocesan Board of Education staff to administer these activities).

Unrestricted and restricted reserves are largely invested in equities which historically rise in value over the long term. The value is monitored regularly by the Board's Finance and Resources Committee, and Trustees have delegated to that Committee the timing and level of sales of investments in order to meet the annual deficit. The Trustees recognise that selling investments is not sustainable in the long term. It is therefore exploring all options to balance the Board's costs with its income.

As at 31 December 2017 the total consolidated funds totalled £5,492,684 (2016 £5,239,192) of which £5,096,840 (2016 £4,773,610) were restricted and £395,844 (2016 £465,582) were unrestricted. The annual deficit meeting the Diocesan Board of Education's core objectives totalled £197,887 compared to an estimated deficit until the next strategic review in 2018 of £256,000.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

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FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL REVIEW (CONTINUED)

3. Grant Making Policy

When considering school applications for financial assistance, the Trustees will adopt the following priorities:

- a. The total value of grants will be limited to the revenue income. Any grant award, which would necessitate expenditure of the endowment fund, will not normally be approved.
- b. All projects should be approved for grant aid by the DfE and supported by the LA.
- c. New Church Aided primary schools.
- d. New Church Aided secondary schools.
- e. Church Controlled schools deciding to adopt Church Aided status.
- f. Existing Church Aided schools.
- g. Schools serving socially deprived areas.
- h. The Governing Body's financial resources.
- i. Previous projects, at the school, funded by the Board of Education.

4. Investment Policy

The Board has a policy to invest in accordance with the ethical investment policy of the Church of England.

In line with this policy the Trustees considered the most appropriate vehicle for investing funds and found that specialised pooled funds, designed for the church and charity sector and managed by the Central Board of Finance and Sarasin & Partners meet their requirements to generate both income and capital growth.

Although the performance of investment markets fluctuated during the year, the value of the investment portfolio at 31 December 2017 increased by £308,190 and the investment income for the year increased by £27,564.

The Board considers that the total returns shown in the table below are very good in absolute terms and satisfactory in relative terms when reviewed against the comparator index shown below.

	2017	2016
	%	%
Actual Total Return Achieved	10.80	13.24
ARC Steady Growth Charity Index	9.72	13.40

The Charitable Company currently holds £550 in cash deposits with the Central Board of Finance and £84,664 in cash deposits at bank, which are held in order to provide cash for the charity's operations. Cash deposits have generated a return of 0.05% in the year, which the Trustees consider to be unsatisfactory but understandable in the current economic climate.

The Finance and Resources Committee reviews and monitors the performance of the investment funds on a quarterly basis.

5. Related Parties

The Charitable Company in previous years received annual grants from the Rochester Diocesan Society and Board of Finance to avoid depleting capital. In 2017 the Charitable Company did not receive a grant (2016 £19,000). During the year taxable profits of £69,502 was transferred by deed of covenant from The Diocesan Schools Agency to the Incorporated Rochester Diocesan Board of Education. A £5,000 contribution towards staff costs was received from the Diocesan Schools Agency to the Incorporated Rochester Diocesan Board of Education.

The Board of Education acts as a member with a limited liability of £10 for the following Multi Academy Trusts:-

Aquinas, MAST, Amadeus, Trinitas, Alethia, Pilgrim. Additionally the Rochester Diocesan Board of Education also appoints governors to Voluntary Aided and Voluntary Controlled Schools. The Diocesan Schools Agency provides services to the Multi Academy Trusts, Voluntary Aided and Voluntary Controlled Schools at an arms-length basis at the discretion of the schools.

6. Public Benefit

When considering the Incorporated Rochester Diocesan Board of Education and its subsidiary's activities, the Trustees have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit. No changes to ongoing activities were considered necessary as the varied works of the Board of Education have always benefited the public in numerous ways as detailed in this report.

7. Going Concern

Accounting standards require the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Trustees regard the going concern basis as being appropriate as the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. The Charitable Company has adequate financing facilities based on the Trustees' review of the forecast and the current level of free reserves available.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

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FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification and management of risk and to achieve this, a register of identified risks is maintained and, alongside it a management strategy formed. This is subject to annual review by the Trustees with the responsibility for delivery of the identified management strategies, being delegated to the Director of Education and the Deputy / Interim Director of Education.

In the Trustees' opinion there are established resources and review systems, which under normal conditions, should allow the identified risks to be mitigated to an acceptable level in its day to day management.

The risk register identifies two areas where the probability and impact of the events is considered "high". These areas and their associated mitigation strategies are:

- a. **Inability to produce balanced budgets.**
This risk has already crystallised. Its management is challenging as an increase in income and reductions in expenditure are difficult to achieve. These efforts will continue but in the meantime the Board recognises it will need to draw on reserves.
- b. **Inadequate reserves and cash flow.**
Reserves invested to maximise total return. But capital is currently drawn down to meet unbalanced budgets, leading to reduced reserves and thus reduced income. Sustained drawdown of reserves is unsustainable.

STRUCTURE AND GOVERNANCE

Summary information about the structure of the Church of England

The Church of England is the established church with Her Majesty The Queen as its Supreme Governor. It is organised into two provinces (Canterbury and York) with a total of 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all people within the geographical area. This charge is shared with priests within benefices and parishes which are sub divisions of the Diocese. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod.

The Diocese of Rochester is divided into three Archdeaconries within which there are seventeen deaneries, each with its own Deanery Synod. Within each deanery there are individual ecclesiastical parishes with their own parochial church council, which shares with the parish priest, local responsibility for the mission of the church.

Organisational structure

The Diocesan Boards of Education Measure 1991 confirms that for every Diocese there shall be a Diocesan Board of Education which shall have certain functions and shall be responsible to the Diocesan Synod. The Bishop, after consultation with the Board, shall appoint a Director of Education for the Diocese who shall act as secretary to the Board.

The Incorporated Rochester Diocesan Board of Education is a company limited by guarantee (No. 46014) and a registered charity (No. 1031550) governed by its Memorandum and Articles of Association.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

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FOR THE YEAR ENDED 31 DECEMBER 2017

STRUCTURE AND GOVERNANCE (CONTINUED)

Organisational structure (continued)

The Board's principal activity is to maintain and extend education in and knowledge of the Christian religion in general and the faith and practice of the Church of England in particular to all sections of the community within the Diocese of Rochester. It was established in its present form on the 19 November 1895.

Governance and policy of the Board is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law.

The Board's composition and membership is summarised as follows.

- The Bishop (also President).
- Two Trustees nominated by the Bishop (who shall be senior clerics within the Diocese).
- Two additional Trustees nominated by the Bishop.
- Two Trustees elected by Diocesan Synod.
- Up to eight Trustees co-opted by the Board.
- Up to three Trustees from the Bexley, Bromley and Kent Local Authorities and
- One Trustee elected by each of the Deanery Synods.

The Trustees' term of office is three years and those who served during the year are shown on page 1.

In October 2016, the Diocesan Synod approved proposals for the reconstitution of the DBE. The Secretary of State for Education approved the revised Articles of Association and issued an Order in November 2017. It is envisaged that the new Board members will be appointed in the autumn of 2018 and established in January 2019. In the interim period it is likely that the Diocesan Board of Education will operate under transitional arrangements. The guidance document for Deanery Synods elections has now been finalised and is also on our website.

Decision making structure

Corporate priorities, the overall financial strategy for the Board, in accordance with its objects, are the responsibility of the Trustees as is their review and monitoring. Operational delivery of these priorities and strategies is delegated to the Director of Education and the Deputy / Interim Director of Education.

The Board meets three times a year to conduct its business, approve policy and review the impact of its work. Much of the operational decision-making is delegated to an Executive Committee, a Finance and Resources Committee and a School Effectiveness Committee which meet between three and six times per year.

These sub-committees are a critical part of the Board's work and provide oversight and monitoring of the key areas of responsibility to ensure that the Diocesan Board of Education (DBE), as an independent, incorporated charitable company, remains compliant with legislation and the requirements of the Charity Commission.

The Trustees are assisted in their work by officers and the following three Committees.

1. The Executive Committee
Meets six times per year to set the agenda for the Board meetings and to deal with matters in between Board meetings.
2. Finance and Resources Committee
Meets three times per year and monitors and reviews the management and annual accounts, budget, investment performance, school building projects, reserves and risk management policies.
3. School Effectiveness Committee
Meets four times per year and monitors and reviews the performance of Church schools in terms of academic and Christian distinctiveness identifying those that are vulnerable.

The Chair of the DBE and its officers have embraced the Diocesan strategic review, now branded as "Called Together" and collaborated with others to produce materials and assist with the launch, which officially took place on Saturday 4 November 2017. A review of the consultation responses is now being undertaken and in particular how the DBE might assist in the delivery of agreed strategic objectives.

Trustees are members of the Board and are selected as outlined above. At the beginning of each triennium a vision morning is arranged for all Trustees led by the Director of Education to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of 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. During the vision morning Trustees meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

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STRUCTURE AND GOVERNANCE (CONTINUED)

Funds held as Custodian Trustee

The Board is custodian trustee of assets held on behalf of church schools and others who act as managing trustees. These assets are not aggregated in the financial statements as the Board does not control them and they are segregated from the Board's own assets by means of a separate accounting system. Further details of these assets, whose market value totalled £1,765,667 at 31 December 2017 (2016 - £1,743,221), are provided in notes 19 & 20.

Key management remuneration

The pay of the key management personnel, as detailed in note 10, and all staff are reviewed annually and normally increased in accordance with average earnings to reflect a cost of living adjustment. For the last two years no annual increase has taken place due to financial constraints. In view of the nature of the charity, the Trustees benchmark against pay levels in other charities. The remuneration benchmark is the mid-point of the range paid for similar roles in similar charities and sizes.

Funds held on behalf of church schools

The Board receives contributions from governors of church voluntary aided schools within the Diocese in connection with their major repair and capital projects and also government grants in connection with same. The Board administers these monies as managing agent and makes appropriate payments to consultants and contractors for work undertaken. These monies do not belong to the Board and therefore these receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held, or due at the balance sheet date are treated as debtors or creditors on the balance sheet, as shown in notes 13 and 14.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

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FOR THE YEAR ENDED 31 DECEMBER 2017

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 period 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 charitable company and of its net income for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

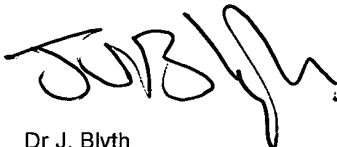
In determining how amounts are presented within items in the statement of financial activities and balance sheet, the Trustees have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the Charitable Company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The re-appointment of haysmacintyre as auditors will be proposed at the Annual General Meeting.

By order of the Board



Dr J. Blyth
Interim Chair of the Board

Date: 4th June 2018

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

Independent Auditor's Report to the Trustees of the Incorporated Rochester Diocesan Board of Education

Opinion

We have audited the financial statements of the Incorporated Rochester Diocesan Board of Finance for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the 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).

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.

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 the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity in accordance with the ethical requirements that are 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement [set out on page 10], 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 determine 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

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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (CONTINUED)

Conclusions relating 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual 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 misstatements in the Trustees' Annual 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 trustees' report and from the requirement to prepare a strategic report.



Samantha Coutinho (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
10 Queen Street Place, London, EC4R 1AG

Date: 4/6/18

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted Funds Corporate Funds General £	Unrestricted Funds School Improvements £	Restricted Funds Consolidated Educational Income £	Endowment Funds Endowments Capital £	Total 2017 £	Total 2016 £
INCOME FROM:							
Donations and legacies	3	-	-	-	-	-	19,000
Charitable activities	4	-	-	201	-	201	-
Other trading activities	5	74,502	-	-	-	74,502	67,693
Investments	7	31	24,478	160,060	-	184,569	157,005
Other income	8	-	-	3,517	-	3,517	1
TOTAL INCOME		74,533	24,478	163,778	-	262,789	243,699
EXPENDITURE ON:							
Charitable activities							
Schools' work	9	31	-	361,665	-	361,696	368,898
Revenue grants		-	-	-	-	-	6,255
TOTAL EXPENDITURE		31	-	361,665	-	361,696	375,153
Net income/(expenditure) for the year before gains/losses on investments		74,502	24,478	(197,887)	-	(98,907)	(131,454)
Unrealised gains / (losses) on investments	12	-	5,382	-	347,017	352,399	424,505
Realised gains / (losses) on investment redemption	12	-	-	-	-	-	5,801
Net income/(expenditure) for the year		74,502	29,860	(197,887)	347,017	253,492	298,852
Transfers between funds	15	(74,502)	(99,598)	174,100	-	-	-
Net movement in funds		-	(69,738)	(23,787)	347,017	253,492	298,852
Fund balances brought forward		-	465,582	30,913	4,742,697	5,239,192	4,940,340
Fund balances carried forward		-	395,844	7,126	5,089,714	5,492,684	5,239,192

The above statement contains all the gains and losses recognised in the current and preceding year.

All income and expenditure relates to continuing operations.

The Companies Act 2006 requires a separate income and expenditure account to be prepared to exclude transactions relating to Endowment Funds. No such income and expenditure account has been included in these statements as the relevant exclusions from this Statement of Financial Activities are all clearly shown above. These are: Endowment funds income £0 (2016 - £3,078) and Endowment fund realised gains and losses on investments £0 (2016 - £5,801)

The notes on pages 15 to 28 form part of these financial statements.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

BALANCE SHEET - COMPANY NUMBER 46014

AS AT 31 DECEMBER 2017

		Unrestricted Funds	Unrestricted Funds	Restricted Funds	Endowment Funds		
		Corporate Funds General	School Improvements	Consolidated Educational Income	Endowments Capital	Total 2017	Total 2016
	Note	£	£	£	£	£	£
Fixed Assets							
Tangible Fixed Assets	11	-	-	10,007	210,645	220,652	240,425
Investments	12	51	321,162	-	4,756,295	5,077,508	4,769,318
		51	321,162	10,007	4,966,940	5,298,160	5,009,743
Current Assets							
Debtors	13	1,151	69,502	105,831	-	176,484	125,604
CBF Deposits		11,042	3,136	-	550	14,728	111,126
Sarasin Deposits		-	394	183	-	577	23,109
Bank Deposits		-	1,650	-	-	1,650	55
Cash at Bank - Current Account		-	-	-	-	-	24,910
Cash at Bank - Business Reserve		-	-	(37,560)	122,224	84,664	128,350
		12,193	74,682	68,454	122,774	278,103	413,154
Current Liabilities							
Bank overdraft		9,250	-	-	-	9,250	8,554
Creditors	14	2,994	-	71,335	-	74,329	175,151
		12,244	-	71,335	-	83,579	183,705
Net Current Assets		(51)	74,682	(2,881)	122,774	194,524	229,449
Total Assets Less Current Liabilities		-	395,844	7,126	5,089,714	5,492,684	5,239,192
Net Assets		-	395,844	7,126	5,089,714	5,492,684	5,239,192
Funds							
Unrestricted	18	-	395,844	-	-	395,844	465,582
Restricted	18	-	-	7,126	-	7,126	30,913
Endowment	18	-	-	-	5,089,714	5,089,714	4,742,697
		-	395,844	7,126	5,089,714	5,492,684	5,239,192

Approved and authorised for issue by the Board on 4 June 2018



Dr J. Blyth
Interim Chair of the Board

The notes on pages 15 to 28 form part of these financial statements.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard 102 published on 16 July 2014, the Financial Reporting Standard 102 (effective 1 January 2015) and the Companies Act 2006.

The Trustees have adopted the September 2015 version of FRS 102 and update bulletin 1.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policy note.

In preparing the financial statements, the Trustees are required to make certain judgements and estimates. The key judgements and estimates are considered to be the valuation of investment property. The Trustees consider that the carrying value of the investment property at £205,857 is a fair representation of the open market value of that property.

These accounts present the results of the Rochester Diocesan Board of Education and do not include the results of its subsidiary, the Diocesan Schools Agency Limited. The Trustees have taken the exemption under section 24.6 of FRS 102 SORP 2015 not to produce consolidated accounts on the basis that the Diocesan Schools Agency Limited is not considered to be material to the group.

The charity constitutes a public benefit entity as defined by FRS 102.

Accounting standards require the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Trustees confirm they consider the going concern basis remains appropriate as the company has adequate resources to continue in operational existence for the foreseeable future. The Charitable Company has adequate financing facilities based on the Trustees' review and the current level of free reserves available.

a) Income

Donations and legacies are accounted for as soon as their amount and receipt are certain. In the case of donations this is usually when they are received. All other income is accounted for under the accruals concept.

b) Expenditure

Expenditure is accounted for under the accruals concept inclusive of VAT. VAT is included as it is not recoverable by the Charitable Company. Governance costs are those costs associated with constitutional and statutory requirements.

c) Investments

Investments are included in the balance sheet at market value apart from the investment in the subsidiary company which is included at cost. Realised gains or losses on sale of investments represent proceeds of sale less the appropriate proportion of the opening carrying value and are shown in the Statement of Financial Activities.

Unrealised gains or losses on revaluation of investments are shown in the Statement of Financial Activities.

d) Allocation of expenditure

Common, shared items of expenditure are apportioned to the different areas of work based on the number of employees within each area. The irrecoverable element of VAT is included with the items of expense to which it relates.

e) Funds

Restricted funds are funds subject to specific conditions imposed by the donor which are binding on the Trustees.

Unrestricted funds have no restrictions on their use.

Designated funds are a form of unrestricted fund, which has been allocated or designated for specific purposes by the Charitable Company itself. The use of designated funds for their designated purpose will remain at the discretion of the Trustees. Endowment funds are restricted funds whose income can be used to fund schools' work.

The Corporate Funds are unrestricted funds, the Income Fund of the Consolidated Educational Endowments is a restricted fund, the Capital Fund of the Consolidated Educational Endowments is an endowment fund and the School Improvements Fund is an unrestricted fund.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

f) Depreciation

Depreciation is provided on all tangible fixed assets in use, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of the asset over its expected life, as follows:

Freehold Buildings	- No depreciation is provided as the residual value of the properties is such that any depreciation charge would be immaterial to the accounts.
Investment Property	- Investment Property is held at its open market value. Depreciation is not charged in accordance with FRS102.
Mobile Classrooms	- over 1 year.
Motor Vehicles	- over 4 years.
Equipment	- over 3 years.

Assets with a cost of below £1,500 are not capitalised and are charged as an expense in the Statement of Financial Activities.

g) Pensions

The assets of the pension scheme are held separately from those of the Board and are invested with the Ecclesiastical Insurance Group under the supervision of the scheme Trustees. The Board's contribution to the scheme is charged to its income and expenditure as contributions are made, as disclosed in note 17.

h) Grants

Grants made by the Board are treated as expenditure when they are approved.

i) Liability recognition

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2. EDUCATION ACTS 1944 ,1973 AND 1996

The Consolidated Educational Endowments Funds emanate from the sale proceeds of former school buildings and from endowments of closed schools.

On 9 November 1994 the Board of Education passed a resolution under what is now Section 557 of the 1996 Act to adopt the uniform statutory trusts in respect of funds held under Section 86 schemes and Section 2 orders and to consolidate the funds and endowments as "The Diocese of Rochester Consolidated Educational Endowments".

3. DONATIONS AND LEGACIES

	2017 £	2016 £
Corporate Funds - General		
From Board of Finance	-	19,000
	<u>-</u>	<u>19,000</u>

As a consequence of the Children and Youth team relocating in January 2016 to the Mission and Community Engagement team, likely future grants from the Board of Finance have decreased to zero.

4. CHARITABLE ACTIVITIES

	2017 £	2016 £
Consolidated Educational Endowments - Income		
Revenue grants	201	-
	<u>201</u>	<u>-</u>

5. OTHER TRADING ACTIVITIES

	2017 £	2016 £
Corporate Funds - General		
The Diocesan Schools Agency Ltd - distribution of profits to parent charity	69,502	62,693
Contribution to staff costs	5,000	5,000
	<u>74,502</u>	<u>67,693</u>

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

	2017 £	2016 £
Surplus on ordinary activities prior to contribution to charity	74,502	67,693
Amount covenanted to charity	(69,502)	(62,693)
Contribution to staff costs	(5,000)	(5,000)
Retained surplus in subsidiary	<u>-</u>	<u>-</u>

7. INCOME FROM INVESTMENTS

	2017 £	2016 £
Quoted Investments		
Corporate Funds - General		
CBF deposit interest	31	51
School Improvements		
Bank interest	2	326
Sarasin Income distribution	11,412	11,912
Sarasin Interest	8	12
CBF deposit interest	107	-
Sarasin Realised Gain	<u>12,949</u>	<u>-</u>
	24,478	12,250
Consolidated Educational Endowments - Income		
CBF Investment Fund	88,790	73,015
CBF deposit interest	90	248
Sarasin Income distribution	62,459	59,166
Sarasin Interest	14	51
Bank interest	27	466
Rent Receivable	<u>8,680</u>	<u>8,680</u>
	160,060	141,626
Consolidated Educational Endowments - Capital		
Sarasin Realised Gain	-	2,913
Prior year adjustment	<u>-</u>	<u>165</u>
	-	3,078
	<u>184,569</u>	<u>157,005</u>

The investment income relates to income generated from endowments to support the Charitable Company's work in schools.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8. OTHER INCOME

	2017 £	2016 £
Consolidated Educational Endowments - Income		
Rent received - Ditton	1	1
Profit on sale of motor vehicle	3,516	-
	<u>3,517</u>	<u>1</u>
Total Other Income	<u>3,517</u>	<u>1</u>

9. ANALYSIS OF COSTS

		2017 Schools' Work £	2016 Schools' Work £
Corporate Funds - General			
Staff charges - Costs	Direct	31	1,031
Staff charges - Management	Support	-	16,160
Audit costs - Governance costs	Support	-	1,860
		<u>31</u>	<u>19,051</u>
Consolidated Educational Endowments - Income			
Schools' festival	Direct	154	700
Staff charges - Costs	Direct	311,115	298,478
Depreciation - motor vehicles	Support	9,773	12,274
Office costs	Support	19,190	23,289
Share of office expenses	Support	8,593	10,798
Audit costs - Pension Scheme	Support	1,752	2,160
Audit costs - Governance costs	Support	2,970	948
Legal costs	Support	8,118	1,200
		<u>361,665</u>	<u>349,847</u>

Included in the Schools Work costs is an amount of £2,970 for audit fees (2016 - £2,808). Total audit fees for the Charitable Company and its subsidiary amounted to £8,045 (2016 - £7,368).

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10. STAFF CHARGES

	2017 £	2016 £
Wages and salaries	208,551	217,110
Social security costs	21,920	23,072
Other pension costs	62,349	57,278
Seconded staff costs	2,250	-
Travelling and sundry expenses	16,076	18,209
	<u>311,146</u>	<u>315,669</u>
Corporate Funds - General		
Costs of activities in furtherance of the Charity's objects	-	16,160
Management and administration of the Charity	31	1,031
	<u>31</u>	<u>17,191</u>
Consolidated Educational Endowments - Income	<u>311,115</u>	<u>298,478</u>
Total	<u>311,146</u>	<u>315,669</u>

The average monthly number of employees was 5 (2016 - 4).

The numbers of staff whose emoluments (including taxable benefits in kind but excluding employer's pension contributions) amounted to more than £60,000 were as follows:

	2017 Number	2016 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1

None of the Trustees received any remuneration or expenses in this or the previous year.

The number of Trustees accruing benefits under defined benefit pension schemes was nil (2016 - nil).

Remuneration of key management personnel

The cost to the organisation of remunerating Key Management Personnel was £253,524 (2016: £270,474)

Costs include gross pay, employer's pension, employers NI, taxable benefits and contractor's payments.

In addition to the Trustees, key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees for planning, directing and controlling the activities of the Diocesan Board of Education. During 2017 they were:-

Director of Education	Alex Tear (resigned 18.08.2017)
Deputy / Interim Director of Education	John Constanti (appointed 21.08.2017 Interim Director from Deputy Director)
Assistant Director of Education (Schools)	Virginia Corbyn
Lead Consultant for School Improvement	Caroline Crofts

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11. TANGIBLE FIXED ASSETS

	Freehold Property £	Investment Property £	Motor Vehicle £	Mobile Classrooms £	Total £
Cost or valuation					
At 1 January 2017	10,007	205,857	49,090	16	264,970
Additions	-	-	-	-	-
Disposals	-	-	(30,000)	-	(30,000)
At 31 December 2017	10,007	205,857	19,090	16	234,970
Depreciation					
At 1 January 2017	-	-	24,545	-	24,545
Charge for year	-	-	9,773	-	9,773
Disposals	-	-	(20,000)	-	(20,000)
At 31 December 2017	-	-	14,318	-	14,318
Net book values					
At 31 December 2017	10,007	205,857	4,772	16	220,652
At 31 December 2016	10,007	205,857	24,545	16	240,425

Mobile classrooms are written down on acquisition to a nominal value of £1 since they are considered to have no net realisable value to the Board.

The freehold property consists of one piece of land at a cost of £10,000 at the Bennett Memorial CE Secondary School and seven open schools which are included at a nominal value of £1 each which reflects the lack of realisable value of the schools to the Board.

The investment property comprises additional accommodation purchased for Aylesford St Peter's CE Primary School at a cost of £205,857. The charity received quarterly rental income of £2,170 in respect of this property. No depreciation was charged in the year.

The investment property is integral to the school, without which the school cannot operate and as such could not be sold without the school closing. The rental yield is approximately 4%. On this basis the Trustees consider £205,857 represents the fair value of the investment property.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12. INVESTMENTS

	Cost 2017 £	Market Value 2017 £	Cost 2016 £	Market Value 2016 £
Quoted Investments				
CBF Investment Fund	672,263	2,740,861	652,520	2,494,768
Sarasin Alpha CIF - DBE	1,747,582	2,015,434	1,733,504	1,880,688
Sarasin Alpha CIF - School Imp.	277,179	321,162	355,210	393,811
	<u>2,697,024</u>	<u>5,077,457</u>	<u>2,741,234</u>	<u>4,769,267</u>
Unquoted Investments				
The Diocesan Schools Agency Ltd	-	51	-	51
	<u>-</u>	<u>5,077,508</u>	<u>-</u>	<u>4,769,318</u>
		2017		2016
		£		£
Brought forward at 1 January		4,769,267		4,338,912
Disposals		(100,000)		(116,362)
Additions		42,842		116,412
Unrealised gain		352,399		424,505
Realised gain		<u>12,949</u>		<u>5,801</u>
		<u>5,077,457</u>		<u>4,769,267</u>

All quoted investments are tier one investments.

The £51 unquoted investment relates to the cost of 100% of the issued ordinary share capital of the Diocesan Schools Agency Limited a company registered in England and Wales. It is a trading company which covenants all taxable profits to its holding company, this Charitable Company. The surplus on ordinary activities after taxation was £Nil (2016 - £Nil). The aggregate of share capital and reserves was £200 (2016 - £200).

The CBF Investment Fund's share value will reflect fluctuations in share prices and currency exchange rates. The Fund includes tangible assets such as property. Any property within the Fund is valued by an external property valuer; any such valuations are a matter of opinion rather than fact.

The Sarasin Investment Fund's share value will reflect fluctuations in share prices and currency exchange rates. The Fund includes tangible assets such as property. Any property within the Fund is valued by an external property valuer; any such valuations are a matter of opinion rather than fact.

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

13. DEBTORS

	2017 £	2016 £
Consolidated Ed. Endowments - Income		
Other Debtors		
Diocesan Board of Finance	17,365	375
Expenditure recoverable on sale of property	88,466	62,536
	<u>105,831</u>	<u>62,911</u>
Corporate Funds - General		
Prepayments	1,151	-
	<u>1,151</u>	<u>-</u>
Unrestricted Funds		
Amounts due from The Diocesan Schools' Agency Ltd	69,502	62,693
	<u>69,502</u>	<u>62,693</u>
	<u>176,484</u>	<u>125,604</u>

14. CREDITORS

	2017 £	2016 £
Consolidated Ed. Endowments - Income		
Other Creditors		
Department for Education	61,962	162,537
Contributions from Governors	8,361	9,046
Bequest for religious artefacts	102	102
Trust funds held on behalf of third parties	10	10
Accruals & Deferred income		
Audit fees	900	948
	<u>71,335</u>	<u>172,643</u>
Corporate Funds - General		
Other Creditors		
Diocesan Board of Finance	-	375
SEER Funds	924	273
Accruals and deferred income		
Audit Fees	2,070	1,860
	<u>2,994</u>	<u>2,508</u>
	<u>74,329</u>	<u>175,151</u>

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15. TRANSFERS BETWEEN FUNDS

The Consolidated Educational Endowments Income Fund incurred a deficit of £197,887 which was partly met by transfers from the School Improvement Fund (unrestricted) of £99,598 and the trading activities surplus of £74,502 within the Corporate Funds General (unrestricted) to total £174,100.

16. RELATED THIRD PARTY TRANSACTIONS

During the year no grants (2016 - £19,000) were received from the Rochester Diocesan Society and Board of Finance Finance. The Trustees of the Board of Education are appointed by the Deanery Synods.

During the year taxable profits of £69,502 (2016 - £62,693) was transferred by deed of covenant from the Diocesan Schools Agency to the Incorporated Rochester Diocesan Board of Education. Note 13 details the amount outstanding as at 31 December 2017 and 2016. A £5,000 (2016 - £5,000) contribution towards staff costs was received from the Diocesan Schools Agency to the Incorporated Rochester Diocesan Board of Education.

The Board of Education acts as a member with a limited liability of £10 for the following Multi Academy Trusts:- Aquinas, MAST, Amadeus, Trinitas, Alethia, Pilgrim. Additionally the Rochester Diocesan Board of Education also appoints governors to Voluntary Aided and Voluntary Controlled Schools. The Diocesan Schools Agency provides services to the Multi Academy Trusts, Voluntary Aided and Voluntary Controlled Schools at an arms-length basis at the discretion of the schools.

17. PENSION SCHEME

Staff Defined Benefit Scheme

The Rochester Diocesan Society and Board of Finance ('RDBF') operates a defined benefit pension arrangement called the Rochester Diocesan Staff Retirement Benefit Scheme ('the Scheme'). Some staff employed by the Board are included within this scheme. The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for defined contribution schemes operated by the Employer. No allowance has been made for discretionary benefits. Board of Education staff are jointly employed by the RDBF and RDBE. The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for the future accrual of benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2015. The results of that valuation were updated by an independent qualified actuary to 31 December 2017 allowing for cashflows in and out of the Scheme and changes to assumptions over the period.

The Board are not a named legal party to the Scheme and the deficits are included within the RDBF annual accounts. The funding arrangements for this scheme are set out in the RDBF financial statements, the Board's proportion cannot be identified and therefore no further details of deficits are included within these accounts apart from the annual contributions made by the Board to the Scheme which in 2017 totalled £51,060 (2016 - £45,700).

Defined Contribution Scheme

A defined contribution scheme is operated. Amounts payable in the year amounted to £6,544 in 2017 (2016 - £7,556).

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 ANALYSIS OF FUNDS

1. Analysis of movements in Funds

	Unrestricted Funds	Unrestricted Funds	Restricted Funds	Endowment Funds	Total	2016
	Corporate Funds General £	School Improvements £	Consolidated Educational Income £	Endowment Capital £	£	£
Balance at 1 January 2017	-	465,582	30,913	4,742,697	5,239,192	4,940,340
Income in the year	74,533	24,478	163,778	-	262,789	243,699
Expenditure in the year	(31)	-	(361,665)	-	(361,696)	(375,153)
Movements on investments	-	5,382	-	347,017	352,399	430,306
Transfers between funds	(74,502)	(99,598)	174,100	-	-	-
Balance at 31 December 2017	-	395,844	7,126	5,089,714	5,492,684	5,239,192

2. Analysis of net assets between Funds

	Tangible Fixed Assets £	Fixed Asset Investments £	Net Current Assets £	Total £	2016 £
Restricted Funds					
Consolidated Educational Endowments - Income	10,007	-	(2,881)	7,126	30,913
Endowment Funds					
Consolidated Educational Endowments - Capital	210,645	4,756,295	122,774	5,089,714	4,742,697
Unrestricted Funds					
Corporate Funds - General	-	51	(51)	0	-
School Improvement Fund	-	321,162	74,682	395,844	465,582
	220,652	5,077,508	194,524	5,492,684	5,239,192

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19. TRUSTEESHIPS

The Board of Education act as Trustees for the following Church of England Schools within the Diocese.

Belvedere Trinity CE Secondary School	Leybourne St Peter and St Paul CE Primary School
Belvedere St Augustine's of Canterbury CE Primary School	Northfleet St Botolph CE Primary School
Bennett Memorial Diocesan CE Secondary School	Penge St John CE Primary School
Bredhurst CE Primary School	Pilgrim CE Primary School
Broadwater Down St Mark CE Primary School	Platt CE Primary School
Bromley Bishop Justus CE Secondary School	Rainham St Margaret CE Primary School
Bromley St Mark CE Primary School	Rusthall St Paul CE Primary School
Bromley Parish CE Primary School	Seal CE Primary School
Burham CE Primary School	Sevenoaks St John CE Primary School
Chatham St John CE Infants School	Shorne CE Primary School
Chiddingstone CE Primary School	Snodland CE Primary School
Chislehurst St Nicholas CE Primary School	Southborough CE Primary School
Cliffe St Helen CE Primary School	St Paul's Cray CE Primary School
Crayford St Paulinus CE Primary School	St Mary's Island CE Primary School
Dartford Holy Trinity CE Primary School	Stone St Mary's CE Primary School
Ditton CE Primary School	Strood St Nicholas CE Primary School
Erith Christchurch CE Primary School	Sundridge & Brasted CE Primary School
Falconwood Bishop Ridley CE Primary School	Sutton at Hone CE Primary School
Grain St James CE Primary School	Swanley St Paul CE Primary School
Gravesend Holy Trinity CE Primary School	Swanley St Mary CE Primary School
Gravesend St George's CE Secondary School	Troy Town St Margaret CE Primary School
Hever CE Primary School	Trottiscliffe CE Primary School
High Brooms St Matthew CE Primary School	Tunbridge Wells St James CE Infants School
Horton Kirby CE Primary School	Tunbridge Wells St James CE Junior School
Hunton CE Primary School	Tunbridge Wells St Marks CE Primary School
Ide Hill CE Primary School	Tunbridge Wells St Peters CE Primary School
Keston CE Primary School	Wateringbury CE Primary School
Knockholt St Katharines CE Primary School	West Kingsdown St Edmund's CE Primary School
Lamorbey Holy Trinity CE Primary School	West Malling CE Primary School
Lamberhurst St Mary's CE Primary School	Westerham Churchill CE Primary School
Langafel CE Primary School	Wrotham St George CE Primary School

20. TRUST FUNDS

At the year end the charitable company held, in separate deposit accounts, £1,765,667 (2016 - £1,743,221) on behalf of a number of Church of England schools.

	£
At 31 December 2016	1,743,221
New money received	3
Purchase of investments	-
Sale of investments	-
Interest and dividends received	12,909
Rentals received	2,000
Withdrawals in respect of sundry grants	(13,415)
Investment gain / (loss)	20,949
	<u>1,765,667</u>

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21. COMPARATIVE ANALYSIS OF MOVEMENTS IN FUNDS 2016

	Unrestricted Funds	Unrestricted Funds	Restricted Funds	Endowment Funds	Total
	Corporate Funds General	School Improvements	Consolidated Educational Income	Endowment Capital	
	£	£	£	£	£
Balance at 1 January 2016	-	596,444	-	4,343,896	4,940,340
Income in the year	86,744	12,250	141,627	3,078	243,699
Expenditure in the year	(19,051)	-	(356,102)	-	(375,153)
Movements on investments	-	34,583	-	395,723	430,306
Transfers between funds	(67,693)	(177,695)	245,388	-	-
Balance at 31 December 2016	-	465,582	30,913	4,742,697	5,239,192

INCORPORATED ROCHESTER DIOCESAN BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES 2016

	Unrestricted Funds Corporate Funds General £	Unrestricted Funds School Improvements £	Restricted Funds Consolidated Educational Income £	Endowment Funds Endowments Capital £	Total 2016 £
INCOME FROM:					
Donations and legacies	19,000	-	-	-	19,000
Charitable activities	-	-	-	-	-
Other trading activities	67,693	-	-	-	67,693
Investments	51	12,250	141,626	3,078	157,005
Other income	-	-	1	-	1
TOTAL INCOME	86,744	12,250	141,627	3,078	243,699
EXPENDITURE ON:					
Charitable activities					
Schools' work	19,051	-	349,847	-	368,898
Revenue grants	-	-	6,255	-	6,255
TOTAL EXPENDITURE	19,051	-	356,102	-	375,153
Net income/(expenditure) for the year before gains/losses on investments	67,693	12,250	(214,475)	3,078	(131,454)
Unrealised gains / (losses) on investments	-	34,583	-	389,922	424,505
Realised gains / (losses) on investment redemption	-	-	-	5,801	5,801
Net income/(expenditure) for the year	67,693	46,833	(214,475)	398,801	298,852
Transfers between funds	(67,693)	(177,695)	245,388	-	-
Net movement in funds	-	(130,862)	30,913	398,801	298,852
Fund balances brought forward	-	596,444	-	4,343,896	4,940,340
Fund balances carried forward	-	465,582	30,913	4,742,697	5,239,192