

**CHESTER DIOCESAN BOARD
OF EDUCATION**

*Amending
Accounts*

REGISTERED CHARITY: NO 525790

COMPANY LIMITED BY GUARANTEE: NO 85176

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2019



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Throughout this document, "DBE" refers to Chester Diocesan Board of Education.

Chester Diocesan Board of Education
Year ended 31 December 2019

MEMBERS OF THE BOARD OF EDUCATION

THE BISHOP'S NOMINEES

| | |
|---|------------------------|
| 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 | (resigned 09/11/2019) |
| Mrs M Cruxton | (appointed 09/11/2019) |
| Dr C Gordon | (appointed 09/11/2019) |
| Mr C Hughes | (resigned 29/01/2019) |
| Canon E Renshaw MBE | |
| Mrs S Riley | (resigned 16/03/2019) |
| Mr I Roberts | (resigned 07/10/2019) |

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 | (resigned 09/11/2019) |
| Mrs M Cruxton | (appointed 09/11/2019) |
| Dr D Cumberland | |
| Dr C Gordon | (appointed 09/11/2019) |
| Mrs S C Hudson | (appointed 16/03/2019) |
| Mr C Hughes | (resigned 29/01/2019) |
| Revd S Morris (co opted) | (appointed 12/11/2019) |
| Canon E Renshaw MBE | |
| Mrs S Riley | (resigned 16/03/2019) |
| Mr I Roberts | (resigned 07/10/2019) |
| Dr D Walter (co opted) | (appointed 12/11/2019) |

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 PO Box 8, 33 Eastgate Street, Chester, CH1 1XA
Registered Auditors: BDO LLP 5 Temple Square, Temple Street, Liverpool, L2 5RH

Chester Diocesan Board of Education
Year ended 31 December 2019

TRUSTEES' REPORT

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2019.

Coronavirus (COVID-19)

In common with other companies and charities across England, the Diocesan Board of Education's work has been impacted by the advent of the coronavirus pandemic. Despite a change in working practices as Church House closed, the Board of Education and its officers continued to work and support its schools throughout this period. Most schools remained open for keyworker and vulnerable children and all schools worked on preparations for the eventual opening of schools for a wider number of children. Oversight by the Board has continued through remote meetings with increased oversight of possible risks to the company through additional meetings focused purely on this aspect. The Finance and General Purposes Committee have considered the possible impact on DBE income for the following year and are maintaining a close scrutiny on reports from CCLA to inform their decision making. As this report is about the calendar year to 31 December 2019, before the pandemic arose' it will concentrate on that year, apart from where subsequent events are relevant to it.

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.
- d) two members co-opted by the **Board** who shall be persons with experience of church schools in the **Diocese**

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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 resigned as Chair at the beginning of the year and Ven Dr M R Gilbertson (Archdeacon of Chester) was appointed as Chair for the rest of 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.

Charity Governance Code

The Board welcomed the introduction of the Charity Governance Code in 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 the previous year the Board held a visioning day to set out its overarching purpose. They agreed that the Board of Education and its schools should be Loving in Relationships, Ambitious in Aspiration and Bold in Action. The Board of directors has continued to develop its vision in order to ensure its aims and purpose are closely aligned and are working towards a strategic plan to match this updated vision.

Leadership – Committees created during 2018 have further improved the monitoring and challenge of the Board. These committees have also been further strengthened by the co-option of additional members to each committee to ensure a wide range of skills.

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 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 - The risk register is regularly updated to ensure the Board is aware of and managing its current risks. The Education Effectiveness and Finance & General Purposes committees continue to support the Board of directors in taking control of and responsibility for the decision-making process of the charity.

Board Effectiveness - The Board of directors has been further strengthened by appointments made during the year who bring a wide and diverse range of skills to the Board. This has been further supported by additional co-options to the two committees.

Chester Diocesan Board of Education
Year ended 31 December 2019

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.

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.

Chester Diocesan Board of Education
Year ended 31 December 2019

In addition, the charity has continued to provide assistance to 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;
- 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.

Trustee indemnity insurance is in place.

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

- Changes in school funding reducing viability of small schools
- Deferred Governors 10% Liability payments causing excessive burden on DBE Accounts
- Loss of key DBE personnel through leaving/retirement.

Mitigation for these risks have been identified and the loss of key personnel is likely to be a lower risk in the following year as the current executive team has been increased in number and are relatively recent appointments.

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.

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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

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.

At the end of 2019, 72 schools in the diocese were judged to be 'Outstanding' or 'Excellent' church schools through the SIAMS inspection framework. In 2019, the following 7 schools are to be congratulated on being rated 'Excellent' during the year:

Kingsley St John's CE Primary School, Oxton St Saviour's CE Primary School, Shocklach Oviatt CE Primary School, Witton Church Walk CE Primary School, Worleston St Oswald's CE Primary School, Guilden Sutton CE Primary School and Birkenhead Christ Church CE Primary School.

97% 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 90% of schools graded 'Outstanding' or 'Good' by Ofsted.

A new Ofsted framework was implemented in September 2019 with a greater focus on curriculum which has provided a challenge for some schools. 11 schools were inspected under this new framework with 9 receiving a 'good' judgement and 2 'requires improvement'.

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 2019, 18 schools in the Diocese were deemed to be outstanding. Ofsted have inspected a number of 'outstanding' schools that would have been exempt but have undertaken a risk assessment exercise to identify schools which should receive an inspection. 4 'outstanding' schools were inspected, of these 2 were deemed 'good' and 2 'requires improvement'. Further support has been given to other diocesan schools that are currently deemed 'outstanding' in order to prepare them for a possible inspection.

These statistics do not include the Grosvenor Park Church of England Academy (Free School) as it has not received any inspection.

Chester Diocesan Board of Education
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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.

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 continues to be well subscribed.

An increased programme of 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.

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 sixth 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 2018:

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

New projects in 2019:

- | | |
|---------------------------------|---------------------------------------|
| • Lower Peover | - Compliant small sewage treatment |
| • Bollington St John's CE | - Boiler and heating works |
| • Hartford CE High School | - Main Hall refenestration to windows |
| • St Anne's CE Primary School | - Re-roofing Phase 3 |
| • Oxtan St Saviour's CE Primary | - Re-roofing Phase 3 |

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

The Department for Education has announced a change in how capital funding will be distributed for voluntary aided schools with the funds being sent directly to dioceses in 2020 rather than through Local Authorities as currently happens under the Locally Co-ordinated Voluntary Aided Programme (LCVAP). The board has developed and prepared a process to oversee this with the Finance and General Purposes Committee taking a key role in this work.

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 2019 were £3,789,213 (2018 £3,324,598). Free restricted reserves (ie not held in fixed assets) were £5,926,197, (2018 £4,944,100). 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 £10,725,110 at the end of 2019. Of this, £9,542,362 is held in investments in order to provide some capital appreciation and a flow of investment income. Of the investments, £1,301,180 are fully unrestricted, equivalent to nearly 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.

Chester Diocesan Board of Education
Year ended 31 December 2019

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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and with the Charities Act 2011.

The Statement of Financial Activities shows net expenditure of £224,115 and investment gains of £1,650,637, together with a loss on revaluation of fixed assets of £70,960 resulting in net movement in funds of £1,355,562 (2018 (£319,982)).

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. In making the assessment, the trustees consider the financial impact of Covid-19 and on the cash flow forecast and perform stress testing of the plans.

Having performed the assessment, the Trustees conclude that Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

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 2019 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.

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

Chester Diocesan Board of Education
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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 variety of courses offered has been designed to support schools and offer an alternative option to employing external organisations. Religious Education (RE) hubs have been set up across the diocese to support good quality RE in diocesan schools and the Board has agreed to fund the implementation of Peer support networks supported by the Church of England's Foundation for Educational Leadership in 2020. These will encourage schools to work more closely together and support one another in the development of curriculum and working with local churches.

The Board is also working with officers from the Diocesan Board of Finance to support the Church of England's 'Growing Faith' vision.

The final implementation of the charity's restructured operational team has taken place with the appointment of a School Effectiveness Officer in April 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. Schools wishing to convert are given an opportunity to present their case to a panel of DBE members who make the decision regarding conversion. The Board continues to reflect on its policy towards the development of academies.

Further 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. CDAT now has its own operational team following the appointment of a CEO in May with further appointments made to support the administration of the Trust. This means that the two bodies operate separately with DBE officers working to support CDAT as they do other schools and academies. 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.

**Chester Diocesan Board of Education
Year ended 31 December 2019**

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.

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. C. Gilbertson

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

Chester Diocesan Board of Education
Year ended 31 December 2019

Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of Chester Diocesan Board of Education ("the Charitable Company") for the year ended 31 December 2019, 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 2019 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, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the 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.

Chester Diocesan Board of Education
Year ended 31 December 2019

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 13 November 2020

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 2019 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total 2019 £ | Restated Total 2018 £ |
|---|----------|----------------------------|--------------------------|--------------------|--------------------------------|
| Income from: | | | | | |
| Charitable activities | 2.1 | 103,527 | - | 103,527 | 71,416 |
| Investments | 2.2 | 84,021 | 262,027 | 346,048 | 332,937 |
| Donation | 2.3 | 42,521 | - | 42,521 | 40,246 |
| Total | | 230,069 | 262,027 | 492,096 | 444,599 |
| Expenditure on: | | | | | |
| Charitable Activities | 3.1 | 3,036 | 713,175 | 716,211 | 575,714 |
| Total | | 3,036 | 713,175 | 716,211 | 575,714 |
| Net gains/(losses) on investments | 5.1 | 237,582 | 1,413,055 | 1,650,637 | (298,535) |
| Net (expenditure)/income | | 464,615 | 961,907 | 1,426,522 | (429,650) |
| (Losses)/gains on revaluation of fixed assets | 4.1 | - | (70,960) | (70,960) | 109,668 |
| Net movement in funds | | 464,615 | 890,947 | 1,355,562 | (319,982) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 9 | 3,324,598 | 6,044,950 | 9,369,548 | 9,689,530 |
| Total funds carried forward | 9 | 3,789,213 | 6,935,897 | 10,725,110 | 9,369,548 |

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 34 form part of these financial statements.

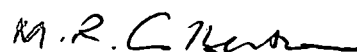
Chester Diocesan Board of Education

Balance sheet as at 31 December 2019
Company Limited by Guarantee no 85176

| | Note | 2019 £ | 2018 £ |
|--|------|--------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 4.1 | 1,009,700 | 1,100,850 |
| Investments | 5 | 9,542,350 | 7,891,713 |
| Other investment | 5.3 | 12 | 12 |
| Debtors due in more than 1 year | 6 | 188,997 | 115,394 |
| | | <u>10,741,059</u> | <u>9,107,969</u> |
| Current assets | | | |
| Debtors due in less than 1 year | 6 | 234,236 | 351,849 |
| Cash at bank | 7 | 1,242,576 | 1,155,362 |
| | | <u>1,476,812</u> | <u>1,507,211</u> |
| Creditors: amounts falling due within one year | 8 | 1,492,761 | 1,245,632 |
| Net current (liabilities)/assets | | <u>(15,949)</u> | <u>261,579</u> |
| Total assets less current liabilities | | 10,725,110 | 9,369,548 |
| Net assets | | <u>10,725,110</u> | <u>9,369,548</u> |
| Funds | | | |
| Restricted funds | 9 | 6,935,897 | 6,044,950 |
| Unrestricted general funds | 9 | 3,789,213 | 3,324,598 |
| Total charity funds | | <u>10,725,110</u> | <u>9,369,548</u> |

The notes on pages 20 to 34 form part of these financial statements.

Approved and authorised for issue by the Board on 11th November 2020



Ven Dr M R Gilbertson
Archdeacon of Chester

Chester Diocesan Board of Education

Statement of Cash Flows for the year ended 31 December 2019

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

| | Note | 2019 | Restated 2018 |
|--|-------------|------------------|--------------------------|
| | | £ | £ |
| Net income/(expenditure) for the reporting period | | 1,426,522 | (429,650) |
| Depreciation | 4.1 | 20,190 | 18,518 |
| Losses/(gains) on investments | 5 | (1,650,637) | 298,535 |
| Dividends and interest from investments | 2.2 | (302,820) | (292,155) |
| (Increase)/decrease in debtors | | 44,010 | 96,773 |
| Increase/(decrease) in creditors | | 247,129 | 226,774 |
| Net cash provided by/(used in) operating activities | | (215,606) | (81,205) |

Statement of cash flows for the year ended 31 December 2019

| | | 2019 | 2018 |
|---|-----|------------------|------------------|
| | | £ | £ |
| Net cash provided by/(used in) operating activities | | (215,606) | (81,205) |
| Cashflows from investing activities | | | |
| Dividends, interest from investments | 2.2 | 302,820 | 292,155 |
| Net cash provided by/(used in) investing activities | | 302,820 | 292,155 |
| Changes in cash and cash equivalents is the reporting period | | 87,214 | 210,950 |
| Cash and cash equivalents at the beginning of the reporting period | 7 | 1,155,362 | 944,412 |
| Cash and cash equivalents at the end of the reporting period | 7 | 1,242,576 | 1,155,362 |

The notes on pages 20 to 34 form part of these financial statements.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

1 Accounting Policies

Chester Diocesan Board of Education is a company limited by guarantee without share capital 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 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and with 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.

Notes to the accounts for the year ended 31 December 2019

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

1.4 Grants

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

1.5 Allocation of Support costs

As explained in the Annual Report, the Board of Education supports Church of England schools in the diocese in a wide range of ways including assisting with building projects, supporting and training governors, and promoting religious education more widely. The allocation between activities fluctuates as necessary.

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.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

Freehold properties are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Buildings are depreciated using the National matrix of property components published by the National Housing Federation. Depreciation is applied using the "flat - medium rise (average 25 dwellings) column of the matrix as follows:-

| | Useful life (years) | Depreciation |
|---|------------------------|--------------|
| Main fabric | 100 | 69% |
| Roof structure and covering | 70 | 6% |
| Windows and external doors | 30 | 3% |
| Gas boilers/fires | 15 | 3% |
| Kitchen | 20 | 6% |
| Bathroom/WCs | 30 | 3% |
| Mechanical systems (heating, ventilation, plumbing) | 30 | 3% |
| Electrics | 40 | 3% |
| Lift | 20 | 4% |

The amount of depreciation charged in the year is shown in note 4.1. 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.

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

1.9 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.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

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.

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 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 2019

1.14 Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. In making the assessment, the trustees consider the financial impact of Covid-19 and on the cash flow forecast and perform stress testing of the plans.

Having performed the assessment, the Trustees conclude that Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Charity's ability to continue as a going concern.

2 Income

| 2.1 Income from Charitable activities Unrestricted | 2019 £ | 2018 £ |
|---|----------------|---------------|
| Conference income | 25,252 | 22,150 |
| Chester Diocesan Family of Schools | 74,619 | 43,825 |
| Other | 3,656 | 5,441 |
| | 103,527 | 71,416 |

| 2.2 Income from investments | Unrestricted £ | Restricted £ | 2019 £ |
|-----------------------------|-------------------|-----------------|----------------|
| Dividends and interest | 39,308 | 262,027 | 301,335 |
| Bank interest | 1,485 | - | 1,485 |
| Rental income | 43,228 | - | 43,228 |
| | 84,021 | 262,027 | 346,048 |

| Prior year:- | Unrestricted £ | Restricted £ | 2018 £ |
|------------------------|-------------------|-----------------|----------------|
| Dividends and interest | 37,566 | 254,167 | 291,733 |
| Bank interest | 422 | - | 422 |
| Rental income | 40,782 | - | 40,782 |
| | 78,770 | 254,167 | 332,937 |

| 2.3 Donation Unrestricted | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Gift aided distribution from DBE Services Ltd | 42,521 | 40,246 |
| | 42,521 | 40,246 |

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

3 Expenditure

3.1 Expenditure comprised:-

| | 2019 £ | 2019 £ | 2019 £ | 2019 £ |
|-----------------------------|--|----------------------------------|--------------------------------|----------------|
| | Charitable activities Restricted | Support costs Unrestricted | Support costs Restricted | Total |
| Grants (note 3.4) | 105,715 | - | - | 105,715 |
| Property costs | 62,651 | - | - | 62,651 |
| Salaries and recharges | 289,983 | - | 32,220 | 322,203 |
| Legal and professional fees | 20,395 | 227 | 2,040 | 22,662 |
| Audit and accountancy | - | 1,951 | 17,559 | 19,510 |
| Bank charges | - | - | 263 | 263 |
| Educational support costs | 67,697 | - | 20,189 | 87,886 |
| Other expenses | 86,742 | 858 | 7,721 | 95,321 |
| | 633,183 | 3,036 | 79,992 | 716,211 |

Prior year:-

| | 2018 £ | 2018 £ | 2018 £ | Restated 2018 £ |
|-----------------------------|--|----------------------------------|--------------------------------|-----------------------|
| | Charitable activities Restricted | Support costs Unrestricted | Support costs Restricted | Total |
| Grants (note 3.4) | 100,715 | - | - | 100,715 |
| Property costs | 18,900 | - | - | 18,900 |
| Salaries and recharges | 241,297 | - | 26,811 | 268,108 |
| Legal and professional fees | 14,158 | 157 | 1,416 | 15,731 |
| Audit and accountancy | - | 1,976 | 17,780 | 19,756 |
| Bank charges | - | - | 430 | 430 |
| Educational support costs | 73,215 | - | - | 73,215 |
| Other expenses | 72,825 | 603 | 5,431 | 78,859 |
| | 521,110 | 2,736 | 51,868 | 575,714 |

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.

3.3 Staff costs

| | 2019 £ | 2018 £ |
|---|-----------|---------------|
| Salary | - | 24,000 |
| Employer's National Insurance Contributions | - | 2,546 |
| Employers Pension Contributions | - | 3,955 |
| | - | 30,501 |

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

There were 7.3 (2018: 5.1) full time equivalent (fte) employees under joint contracts of employment with Chester Diocesan Board of Finance. Their employment costs are borne by Chester Diocesan Board of Finance and recharged to Chester Diocesan Board of Education. The total employment costs recharged to Chester Diocesan Board of Education concerning these employees amounted to £313,064 (2018: £238,170).

The 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.

There were no (2018 0.67 fte) employees directly employed by 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 (2018 £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 benefit (including employer's national insurance and employers pension contributions) relating to key management personnel amounted to £151,714 (2017 £174,998). Of this amount, £1,431 (2018: £30,501) 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 £66,053 (2018 £64,758) excluding employers national insurance, together with pension contributions of £9,908 (2018 £9,714).

3.4 Grants paid

In 2019 financial assistance grants totalling £100,715 were paid to the governors of a number of schools and to Chester Diocesan Academies Trust (CDAT) (2018 £100,715 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. Six schools were part of CDAT at 31 December 2019; another two have joined since.

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Grant payments to schools of less than £1,000 each | 5,715 | 715 |
| Grant to Chester Diocesan Academies Trust | 100,000 | 100,000 |
| | 105,715 | 100,715 |

3.5 Recharges

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

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

3.6 Audit charge

| | 2019 £ | 2018 £ |
|-------------------------------|---------------|---------------|
| Current year audit | 13,000 | 12,402 |
| Teachers Pension scheme audit | 615 | 738 |
| Other services - VAT Advice | 5,535 | 4,613 |
| | 19,150 | 17,753 |

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

3.7 Public liability insurance

The cost of public liability insurance for the year amounted to £1,475 (2018 £1,459).

4 Tangible Fixed Assets

4.1 Freehold properties

| | 2019 £ | Restated 2018 £ |
|---------------------------------|------------------|-----------------------|
| At valuation 1 January | 1,100,850 | 1,009,700 |
| Depreciation | (20,190) | (18,518) |
| Revaluations | (70,960) | 109,668 |
| At valuation 31 December | 1,009,700 | 1,100,850 |

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

A desk top valuation was performed by Fisher German LLP as at 31 December 2019.

The valuations 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 held one other property that had suffered severe vandalism, together with complex planning issues. It was acquired by the DBE in 2005 for £500,000, and at 31 December 2018 had fair value of nil. The property was disposed of in the year for nil value, with the possibility of a share in future gains.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

5 Investments

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| 5.1 Fair value at 1 January | 7,891,713 | 8,190,248 |
| Net (losses)/gains on revaluation at 31 December | 1,650,637 | (298,535) |
| Fair value at 31 December | 9,542,350 | 7,891,713 |

5.2 The investments held at 31 December comprised:-

| | 2019 £ | 2018 £ |
|--------------------------------|------------------|------------------|
| CBF Investment Fund | 7,888,357 | 6,443,816 |
| CBF Global Equity Income Fund | 940,511 | 723,863 |
| CBF Property Fund | 670,549 | 688,016 |
| COIF Charities Investment Fund | 42,933 | 36,018 |
| | 9,542,350 | 7,891,713 |

5.3 Investment in DBE Services Ltd

| | | 2019 £ | 2018 £ |
|--------------------|---------|-------------------------|--------------------------------------|
| Investment at cost | | 12 | 12 |
| | % value | Profit for the year* | Aggregate capital and reserves |
| Ordinary shares | 16.67% | 265,188 | 71,175 |

At the year end the Charity received payments amounting to £42,246 (of which £40,246 was gift aided) from this company (2018: £40,246). The results above are from the accounts for 2019 (*Before gift aided distributions").

6 Debtors

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Amount falling due within one year | | |
| Grant | 22,864 | 5,297 |
| Loans to governors and DoE debtor (note 12) | 174,885 | 283,090 |
| Loans to schools | 10,460 | 10,460 |
| Property debtors | 9,366 | 34,940 |
| Prepayments, accrued income and other debtors | 16,661 | 18,062 |
| | 234,236 | 351,849 |
| Amount falling due after one year | | |
| Loans to governors and DoE debtor (note 12) | 157,497 | 73,394 |
| Loans to schools | 31,500 | 42,000 |
| | 188,997 | 115,394 |
| Total debtors | 423,233 | 467,243 |

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

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

7 Cash and Cash Equivalents

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Cash at bank and in hand | 1,242,576 | 1,155,362 |
| Total cash and cash equivalents | 1,242,576 | 1,155,362 |

8 Creditors

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| 8.1 Amount falling due within one year | | |
| Trade creditors | 106,848 | 12,716 |
| Accruals, deferred income and other creditors | 169,764 | 124,474 |
| DoE and other funds payable (note 12) | 1,216,149 | 1,108,442 |
| | 1,492,761 | 1,245,632 |

8.2 Deferred income

| | | |
|-------------------------------|---------------|---------------|
| Balance at 1 January | 51,100 | 20,150 |
| Utilised during the year | (51,100) | (20,150) |
| Deferred in the year | 57,337 | 51,100 |
| Balance at 31 December | 57,337 | 51,100 |

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

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds £ |
|-------------------------|----------------------------|--------------------------|---------------------|
| Tangible fixed assets | - | 1,009,700 | 1,009,700 |
| Investments | 1,301,180 | 8,241,182 | 9,542,362 |
| Net current assets | 2,488,033 | (2,314,985) | 173,048 |
| Total net assets | 3,789,213 | 6,935,897 | 10,725,110 |

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

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

9.2 Prior year analysis of net assets between funds

| | 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 |
| Total net assets | 3,324,598 | 6,044,950 | 9,369,548 |

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 £319,622 (2018: £238,170).

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 Chester Diocesan Academies Trust. The trustees do not consider that there is overall control of the 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 (2018 £100,000) to Chester Diocesan Academies Trust (note 3.4). There were no outstanding balances at the year end (2018 nil).

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.

| | 2019 £ | 2018 £ |
|-----------------------------------|----------------|----------------|
| Funds held at 1 January | 229,258 | 233,663 |
| Reinvested dividends and interest | 2,943 | 2,682 |
| Funds divested | (52,233) | (4,879) |
| Gain on investments | 11,886 | (2,208) |
| Funds held at 31 December | 191,854 | 229,258 |

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

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 2019, the Board received DOE funding of £2,012,059 (2018 £1,683,641) together with governor contributions of £223,562 (2018 £187,071). In addition, projects valued at £23,675 (2018 £130,702) were fully governor funded, together with LEA funding of £172,483 (2018 £4,579). 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

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010, (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

A copy of the latest valuation report can be found at the following this link on the Teachers' Pension Scheme website:-
<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

During the prior year, employer's pension contributions were paid in to the Teachers' Pension Scheme (TPS) on behalf of 1 employee, and a full note is provided in the accounts for that year. The employee retired during the prior year; no contributions were made in the current year.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2019

14 Prior year comparative Statement of Financial Activities

| | Unrestricted General Funds £ | Restated Restricted Trust Funds £ | Restated Total 2018 £ |
|--------------------------------------|---|--|--|
| Income from: | | | |
| Charitable activities | 71,416 | - | 71,416 |
| Investments | 78,770 | 254,167 | 332,937 |
| Donation | 40,246 | | 40,246 |
| Total | 190,432 | 254,167 | 444,599 |
| Expenditure on: | | | |
| Charitable Activities | 2,736 | 572,978 | 575,714 |
| Total | 2,736 | 572,978 | 575,714 |
| Net gains/losses on investments | (43,927) | (254,608) | (298,535) |
| Net (expenditure)/income | 143,769 | (573,419) | (429,650) |
| Gains on revaluation of fixed assets | - | 109,668 | 109,668 |
| Net movement in funds | 143,769 | (463,751) | (319,982) |
| Reconciliation of funds: | | | |
| Fund balances at 1 January | 3,180,829 | 6,508,701 | 9,689,530 |
| Fund balances at 31 December | 3,324,598 | 6,044,950 | 9,369,548 |

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Notes to the accounts for the year ended 31 December 2019

15 Restatement of comparative figures

As a requirement of the Charities Statement of Recommended Practice, component accounting depreciation has been applied retrospectively, resulting in a restatement of the amounts included in the 2018 financial statements. The impact on the relevant disclosures in the accounts are provided below:-

| | As previously stated | Restated |
|--------------------------------------|-------------------------|------------------|
| | £ | £ |
| Freehold properties | | |
| At valuation 1 January 2018 | 1,009,700 | 1,009,700 |
| Depreciation | - | (18,518) |
| Revaluations | 91,150 | 109,668 |
| At valuation 31 December 2018 | 1,100,850 | 1,100,850 |