

**CHESTER DIOCESAN BOARD
OF EDUCATION**

REGISTERED CHARITY: NO 525790

COMPANY LIMITED BY GUARANTEE: NO 85176

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2020



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

**Chester Diocesan Board of Education
Year ended 31 December 2020**

MEMBERS OF THE BOARD OF EDUCATION

THE BISHOP'S NOMINEES

Ven Dr M R Gilbertson
Revd J Piper (appointed 06/07/20)

MEMBERS ELECTED BY DIOCESAN SYNOD

Revd L Bannon
Professor P Bowden
Mrs M Cruxton
Dr D Cumberland
Dr C Gordon
Mrs S C Hudson
Canon E Renshaw MBE

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS OF THE COMPANY, LIMITED BY GUARANTEE

Ven Dr M R Gilbertson
Revd L Bannon
Professor P Bowden
Mrs M Cruxton
Dr D Cumberland
Dr C Gordon
Mrs S C Hudson
Revd S Morris (co-opted)
Canon E Renshaw MBE
Dr D Walter (co-opted)

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

TRUSTEES' REPORT

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2020.

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 and its continued effect. 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.

During the initial lockdown most schools remained open for keyworker and vulnerable children and all schools provided curriculum resources for home learning and worked on preparations for the eventual opening of schools for a wider number of children. All schools then fully reopened in the autumn term. A number of schools had to send 'bubbles' home for short periods due to positive cases and the test and trace protocol but schools remained open.

Employees continued to work remotely with no members of the team being furloughed. A skeleton staff attended the office on a regular but part-time basis to continue the financial aspects of work that could only be done from the office. Some further work was required to ensure that the accounts were up to date. Oversight by the Board 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 considered the possible impact on DBE income for the following year and are maintained a close scrutiny on reports from CCLA to inform their decision making.

The two main income streams for the Board, CCLA investments and the Family of Schools subscription were not adversely affected by the pandemic as schools continued to receive support and so subscribed to the Family of Schools and CCLA investments, after an initial dip, continued to bring positive returns. The lasting impact of this on investment is still to be realised and the Board, receiving regular reports from CCLA, continues to monitor it closely.

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 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. The DBE's work is in support of institutions that are publicly funded and, as education remains a central priority for government, it is envisioned that schools will continue to be funded to at least current levels, thus suggesting that they would be able to continue to subscribe to the Family of Schools and also take up DBE training. 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 and so income is not reliant on domestic business or European links which may be impacted by Brexit.

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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**

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 Ven Dr M R Gilbertson (Archdeacon of Chester) was appointed as Chair. As described in the Articles of Association, the members of the DBE are also the Trustees of the DBE.

Trustee induction and training

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. Trustees also meet key employees and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Trustees' statement on public benefit

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

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Charity Governance Code

The Board welcomed the introduction of the Charity Governance Code 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 – The Board continues to ensure its work is in line with its charitable objectives and also its vision of being deeply Christian and for the common good; and that its schools will be communities which are loving in relationships, ambitious in aspiration and bold in action. This vision continues to be developed and will be used as a basis for the work of the Board and its officers.

Leadership – The two committees continue to give a strong oversight of the work of the DBE, through detailed scrutiny and recommendations to the Board. An academy working party was established to consider the DBE's strategy towards academy development and other working parties are planned.

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. A risk committee, consisting of Chairs of the Committees and Executive Officers ensures that the process identifies risks and possible mitigations through each committee, draws these together and highlights any particular areas to the full Board. The Education Effectiveness and Finance and 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 brings a wide and diverse range of skills to the Board. This is further supported by additional co-options to the two committees.

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. However, the DBE intends to take a more proactive approach to encourage applications for appointment from a more diverse group with regards to age, gender and ethnicity. The DBE is committed to widening its diversity as it moves forward.

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

Organisation

The Board of trustees administers the charity. The Board meets regularly together with the Secretary who manages the day to day operations of the charity. The Board manages its business through two committees, Education Effectiveness and Finance and General Purposes. These are attended by members of the executive team. To facilitate effective operations, the Secretary has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and school related activities.

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Related parties

The charity has a close relationship with Chester Diocesan Board of Finance (a company limited by guarantee registered in England (no. 7826) and a registered charity (no. 248968)) which funds the work with children and young people and provides office accommodation.

The charity has a close relationship with Chester Diocesan Academies Trust (a company limited by guarantee registered in England (no. 8451787) and an exempt charity) which is established as a multi-academy trust in the Diocese.

The charity jointly owns DBE Services Ltd (a company limited by shares registered in England and Wales (no. 5531123)) with Blackburn Diocesan Board of Education, Carlisle Diocesan Board of Finance, Liverpool Diocesan Board of Finance, Manchester Diocesan Board of Education and York Diocesan Board of Finance. This company undertakes support work across the six dioceses and gift-aids any profit back to the six Boards.

Objectives and activities

The charity acts as the Education Authority for the Church of England in the Diocese of Chester, in accordance with The Diocesan Boards of Education Measure 1991. The objects of the charity are:

- to promote education consistent with the faith and practice of the Church of England in the Diocese;
- to promote religious education and religious worship in schools in the Diocese;
- to promote church schools in the Diocese;
- to advise the governors of Church schools in the Diocese;
- to advise the trustees of church educational endowments in the Diocese.

One of the principal activities is the administration of grant claims in respect of building and maintenance work carried out on school properties together with all other related matters which promote the efficiency of or otherwise benefit the schools in the Diocese. This administration has become a more central feature as the grant funding is now paid directly to the DBE for distribution rather than co-ordinated by the Local Authority as in previous years.

In addition, the charity has continued to provide assistance to Chester Diocesan Academies Trust (CDAT) in its early years. It has recently made the decision to actively encourage schools considering academy status to join CDAT.

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;

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- Advise and support governing boards 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;
- Provide pastoral support for church school leaders
- 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:

- a regular 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 the viability of schools, particularly those with very small pupil numbers.
- Deferred Governors 10% Liability payments causing excessive burden on DBE Accounts
- The unknown impact on income due to Covid and Brexit
- 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.

The Board, with local authorities, continues to support schools in facilitating discussion around school organisation and possible structures to manage school funds.

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

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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. Schools due for inspection were invited for specific training in order to prepare them for the inspection. From 17th March SIAMS inspections, along with Ofsted inspections, were suspended and are not expected to resume until summer 2021.

At the end of 2020, 72 schools in the diocese were judged to be 'Outstanding' or 'Excellent' church schools through the SIAMS inspection framework.

Schools are to be congratulated in their success in Ofsted inspections with 87% of schools graded 'Outstanding' or 'Good' by Ofsted.

As of the end of 2020, 99 schools were judged to be good or better under the Ofsted framework. Ofsted was suspended in March and only monitoring visits took place in the autumn term, which did not lead to a judgement. Of the schools that were inspected prior to the suspension, two were Requires Improvement, eight were Good and one Outstanding. Congratulations must go to Bowdon CE Primary School, which was the first Diocesan school to be judged Outstanding under the current Ofsted Framework.

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

The charity is being increasingly called upon to assist schools as they consider academy status. A growing number of 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. Training took place at Church House at the start of the year but was postponed when Church House closed due to the pandemic. Schools were still supported through cluster meetings and regular individual contact by Officers. Chairs of Governors were offered online meetings which were well supported. The training programme for the autumn term was reviewed and those events that

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could take place online did so. A very small number of training events were moved to later in the year as it was felt that they would only be effective in face to face training. Governor training taking place remotely proved a popular choice and it is envisioned that a mixture of face to face and online training will be used for governors in the future. Due to the difficulties faced by schools during the year, training events for the autumn term were offered free of charge.

As the annual senior leader conference was cancelled an additional online event was organised, 'Light into your lounge – an advent armchair retreat'. Headteachers were encouraged to go home for this session which was a time for spiritual reflection and an opportunity for headteachers to find a moment of quiet in a very busy term.

The annual Year 6 leavers' services could not take place as planned. With contributions from a number of schools, a 'virtual' year six leavers service was filmed and premiered so that schools could sit and share it at the same time but within their own schools. Following the launch, it was made available for schools who could not watch at the time.

Aided schools in the Diocese have continued to demonstrate their trust in the charity by having their Devolved Formula Capital (DFC) monies held centrally, enabling the Board 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 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 |
| • Oxton St Saviour's CE Primary | Re-roofing Phase 3 |

New projects in 2020:

- | | |
|----------------------------------|---|
| • Chester Blue Coat | New Modular Nursery |
| • Hartford CE High School | Phase 3 Re-Roofing Changing Rooms |
| • Marton & District CE | New Boilers |
| • Oxton St Saviour's CE Primary | Kitchen Refurbishment & H&S Improvements |
| • Oxton St Saviour's CE Primary | Reroofing - Phase 4 |
| • Prestbury CE Primary Condition | Replacement of the boilers and associated plant |
| • Sandbach Heath St John's | Extension Phase 2 |
| • Stockport St George's | Demolition of Air Raid Shelter
& Improvements to KS1 Outdoor Play Area |
| • Wincle | Septic Tank |

Capital Funding for these projects is now received by the DBE for distribution to voluntary aided schools rather than co-ordinated through the local authority as it was previously. An

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application process was developed in order for schools to apply for the funding through their building consultants clearly identifying priorities. This was the first year of its use and it will be reviewed regularly to ensure it supports the correct priorities in terms of school building needs, whilst remaining equitable for all schools over time. Using a specialist to support the process, officers identified a list of projects to be funded in priority order based on its criteria which was then scrutinised and approved by a subcommittee of the Board.

Reserves Policy

The charity is almost entirely dependent on the income from its investments to support its work. Consequently, investments are maintained, and the trustees would only consider expending capital in exceptional cases. Despite the volatility in national and world markets due to the pandemic and Brexit, the reserves have remained fairly stable.

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 2020 were £4,108,848 (2019 £3,802,990). Free restricted reserves (i.e. not held in tangible fixed assets) were £6,210,121 (2019 £5,929,072). 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 held free reserves – restricted and unrestricted - of £10,318,969 at the end of 2020. Of this, £10,064,571 is held in investments in order to provide some capital appreciation and a flow of investment income. Of the investments, £1,368,302 are fully unrestricted, equivalent to over 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.

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

Financial Review, Reserves and Going Concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

The Statement of Financial Activities shows a surplus of income over expenditure of £46,181 and investment gains of £522,209 together with a gain on revaluation of fixed assets of £36,593 resulting in net movement in funds of £604,983.

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. Although the income from investments dropped earlier in the year due to COVID-19, the markets invested in recovered quickly and so investment income for 2020 was comparable to the previous year. 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

During a difficult year, schools continued to remain open for keyworkers' and vulnerable children during national lockdown and open to all in September. The additional measures needed for this has had a detrimental impact for some school budgets despite support from central government. Schools continued to look to the Diocese for support in a range of areas and officers remained working and supporting throughout. The full impact on children's learning is yet to be realised as the virus continues to have an impact. The Board will continue to adapt its support as necessary and, in particular, closely monitor the wellbeing of school leaders to ensure the support they receive is timely and effective.

A focus for the Board's work already planned for the year is headteacher and senior leader wellbeing. Already a stressful and sometimes lonely job, the role of a headteacher has never been so difficult. In order to support this, the Board have agreed to fund a programme to

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supplement its headteacher wellbeing course which has run for two years. This includes the publication of a handbook designed to support headteachers in managing their own wellbeing but also governors in fulfilling their duty in managing the wellbeing of their senior leaders. It is also envisioned to incorporate a programme of support whereby headteachers receive termly contact from a 'wellbeing consultant' whose role is supporting the personal wellbeing of the headteacher using the handbook as a framework. These consultants will be drawn from recently retired headteachers who have a particular interest in supporting this work.

Although it would appear that the academy programme has not been moving quickly in the Diocese, there have been a small number of conversions into the diocesan academy trust and discussions with some small MATs about their future plans. Officer contact with senior government officials have indicated that following Brexit and the easing of the pandemic it is the plan of the government to move forward with the academy programme and greater focus and expectation that schools will consider joining an academy trust. With this in mind, the Board agreed that it needed to be prepared for this and develop its strategy regarding academies.

A working party was set up to look in detail at the current and possible future structure of academies around the Diocese, with a particular focus on ensuring a continued strong relationship with church schools within academy trusts and their distinctive nature. It was agreed the Board should review the number of MATs in the diocese. It was also agreed that the DBE would work closely with its own academy Trust, CDAT, to encourage and support its growth. The CEO of CDAT will work with DBE officers to identify both schools that require sponsorship as an academy and those that would bring strength to the Trust and may be encouraged to join.

The development of school improvement work will continue through the Diocesan school effectiveness officer. Schools in the diocese will be able to access school improvement partners and training on aspects related to general school improvement through DBE services to which schools are signposted. The distinctive nature of church schools will be developed and supported through the increased training offer on these aspects offered through the Family of Schools.

There is a national change in the organisation and planning of the denominational inspection framework SIAMS for 2021. The administration and coordination of inspections will be undertaken by a national team rather than through individual dioceses. This means that dioceses will move to being the body to support schools in this area of work rather than undertaking both roles. As Liverpool Diocesan Board of Education had been engaged to administer SIAMS inspections on behalf of Chester, the change will not be as significant in terms of officer work or finance but will require a new way of liaising with a national team rather than a neighbouring diocese.

The Board will continue to work with officers and departments of the Board of Finance on the Growing Faith Adventure. A number of activities are planned for the year in order to support this project. The peer support networks, both Growing Faith, and Curriculum, were paused during the initial lockdown and so they will be extended for a further year.

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With Church House being closed due to the pandemic, it highlighted some operational difficulties in fulfilling certain financial procedures remotely. This led to a recognition of the need to review and update the existing procedures. The Board plan to undertake a full review of its current practice and financial software in order to identify increased efficiency and effectiveness of working practices and inform the purchase of updated software.

Funds Held as Custodian Trustee on Behalf of Others

The charity acts as custodian trustee in respect of funds held on behalf of local trustees and such specific purpose funds are held in segregated accounts, separately accounted for, and do not appear in the financial statements. They are shown in note 11 to the accounts.

The company also acts as custodian trustee in respect of funds arising out of the sale of school properties where the funds are held pending the issue of an Order or other determination.

The Devolved Formula Capital for aided schools is held by the charity as part of these funds.

Information required by auditors

In respect of each Trustee at the date the Trustee's Report is signed:

- so far as we are aware, there is no information needed by the Charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- as the trustees of the Charity we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution will be proposed at the Annual General Meeting that BDO LLP be re-appointed as auditors to the charity for the ensuing year. In preparing the trustees' report advantage has been taken of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the trustees, the Trustees Report has been approved by:

M. R. Gilbertson

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

22nd October 2021

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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 on the financial statements

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 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Chester Diocesan Board of Education ("the Charitable Company") for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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).

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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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Other information

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

Other Companies Act 2006 reporting

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 are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

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 Strategic report or the Trustee's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Chester Diocesan Board of Education
Year ended 31 December 2020

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 the Companies Act 2006 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Charitable Company, and the sector in which they operate, we considered the risk of acts by the Charitable Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice (including FRS102 and the Charities Statement of Recommended Practice) and the UK Companies Act 2006. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper incoming resources recognition.

Chester Diocesan Board of Education
Year ended 31 December 2020

Our audit procedures in response to the above included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties and the recoverability of debtors including the bad debt provision;
- Procedures to test incoming resources including agreement of incoming resources recognised to supporting documentation on a sample basis and testing incoming resources recorded around the year end to check the appropriate year end cut-off;
- Identifying and testing journal entries identified as potentially unusual. This testing included, but was not limited to, any journal entries posted with specific keywords, journals posted by unexpected users, and journals posted to least used accounts;
- Discussions with management, and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Discussions with management, and those charged with governance to understand if there has been any Serious Incident Reports made to the Charity Commission either during the period or post year end;
- A review of trustees' meeting minutes both during the period, and post year end, for any known or suspected instances of non-compliance with laws and regulation, Serious Incident Reports made to the Charity Commission or fraud;
- Enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


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 2020

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.

DocuSigned by:

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Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester, UK,
Date: 28 October 2021

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 2020
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Restated Total 2019 £
Income from:					
Charitable activities	2.1	97,107	-	97,107	115,561
Investments	2.2	106,401	260,655	367,056	346,048
Donation	2.3	37,930	-	37,930	42,521
Total		241,438	260,655	502,093	504,130
Expenditure on:					
Charitable Activities	3.1	2,702	453,210	455,912	713,336
Total		2,702	453,210	455,912	713,336
Net gains on investments	5.1	67,122	455,087	522,209	1,650,637
Net income		305,858	262,532	568,390	1,441,431
Gains/losses on revaluation of fixed assets	4.1	-	36,593	36,593	(70,960)
Net movement in funds		305,858	299,125	604,983	1,370,471
Reconciliation of funds:					
Total funds brought forward	9	3,802,990	6,938,772	10,741,762	9,371,291
Total funds carried forward	9	4,108,848	7,237,897	11,346,745	10,741,762

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 22 to 33 form part of these financial statements.

Chester Diocesan Board of Education

Balance sheet as at 31 December 2020
Company Limited by Guarantee no 85176

		2020	Restated
	Note	£	2019
		£	£
Fixed assets			
Tangible assets	4.1	1,027,776	1,009,700
Investments	5	10,064,559	9,542,350
Other investment	5.3	12	12
		<u>11,092,347</u>	<u>10,552,062</u>
Current assets			
Debtors due in less than 1 year	6	309,634	252,293
Debtors due in more than 1 year	6	160,050	188,997
Cash at bank	7	1,560,956	1,242,576
		<u>2,030,640</u>	<u>1,683,866</u>
Creditors: amounts falling due within one year	8	1,776,242	1,494,166
Net current assets		<u>254,398</u>	<u>189,700</u>
Total assets less current liabilities		11,346,745	10,741,762
Net assets		<u>11,346,745</u>	<u>10,741,762</u>
Funds			
Restricted funds	9	7,237,897	6,938,772
Unrestricted general funds	9	4,108,848	3,802,990
Total charity funds		<u>11,346,745</u>	<u>10,741,762</u>

The notes on pages 22 to 33 form part of these financial statements.

Approved and authorised for issue by the Board on 22 October 2021

M. R. Gilbertson

Ven Dr M R Gilbertson
Archdeacon of Chester

Chester Diocesan Board of Education

Statement of Cash Flows for the year ended 31 December 2020

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

	Note	2020 £	Restated 2019 £
Net income for the reporting period		568,390	1,441,431
Depreciation		18,517	20,190
(Gains) on investments	5	(522,209)	(1,650,637)
Dividends and interest from investments	2.2	(300,579)	(302,820)
(Increase)/decrease in debtors		(28,394)	28,481
Increase in creditors		282,076	247,749
Net cash provided by/(used in) operating activities		17,801	(215,606)

Statement of cash flows for the year ended 31 December 2020

		2020 £	2019 £
Net cash provided by/(used in) operating activities		17,801	(215,606)
Cashflows from investing activities			
Dividends, interest from investments	2.2	300,579	302,820
Net cash provided by investing activities		300,579	302,820
Changes in cash and cash equivalents is the reporting period		318,380	87,214
Cash and cash equivalents at the beginning of the reporting period	7	1,242,576	1,155,362
Cash and cash equivalents at the end of the reporting period	7	1,560,956	1,242,576

The notes on pages 22 to 33 form part of these financial statements.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

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.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

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.

Notes to the accounts for the year ended 31 December 2020

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.

Notes to the accounts for the year ended 31 December 2020

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.

Notes to the accounts for the year ended 31 December 2020

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	Restated	
		2020	2019
	Unrestricted	£	£
	Conference income	16,656	37,286
	Chester Diocesan Family of Schools	78,737	74,619
	Other	1,714	3,656
		97,107	115,561
2.2	Income from investments	Unrestricted	Restricted
		£	£
	Dividends and interest	39,716	260,655
	Bank interest	208	-
	Rental income	66,477	-
		106,401	260,655
		367,056	
	Prior year:-	Unrestricted	Restricted
		£	£
	Dividends and interest	39,308	262,027
	Bank interest	1,485	-
	Rental income	43,228	-
		84,021	262,027
		346,048	
2.3	Donation	2020	2019
	Unrestricted	£	£
	Gift aided distribution from DBE Services Ltd	37,930	42,521
		37,930	42,521

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

3 Expenditure

3.1 Expenditure comprised:-

	2020 £	2020 £	2020 £	2020 £
	Charitable activities Restricted	Support costs Unrestricted	Support costs Restricted	Total
Grants (note 3.4)	590	-	-	590
Property costs	24,742	-	-	24,742
Salaries and recharges	307,115	-	34,124	341,239
Legal and professional fees	4,217	47	422	4,686
Audit and accountancy	-	2,528	22,752	25,280
Bank charges	-	-	236	236
Educational support costs	27,873	-	-	27,873
Other expenses	11,474	127	19,665	31,266
	376,011	2,702	77,199	455,912

Prior year:-

	Restated 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	64,822	-	20,189	85,011
Other expenses	86,742	858	7,721	95,321
	630,308	3,036	79,992	713,336

3.2 Governance costs

Beyond the audit costs detailed below in note 3.6, governance costs are limited to a small amount of staff time valued at no more than £1,000 per annum.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

3.3 Staff costs

There were 7.2 (2019: 7.3) 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 £337,681 (2019: £313,064).

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.

No remuneration (or expense reimbursement) was paid to any of the directors, or members of Chester Diocesan Board of Education, for the year (2019 £Nil).

The trustees have handed much of the day to day management of the charity to a number of key management personnel including the Director of Education. The total cost of employee benefits (including employer's national insurance and employers pension contributions) relating to key management personnel amounted to £155,177 (2019 £151,714). Of this amount, £nil (2019: £1,431) 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 £68,844 (2019 £66,053) excluding employers national insurance, together with pension contributions of £10,327 (2019 £9,908).

3.4 Grants paid

In 2020 financial assistance grants totalling £590 were paid to the governors of a single school (2019 £105,715 to the governors of a number of schools 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. Ten schools were part of CDAT at 31 December 2020.

	2020 £	2019 £
Grant payments to schools of less than £1,000 each	590	5,715
Grant to Chester Diocesan Academies Trust	-	100,000
	<u>590</u>	<u>105,715</u>

3.5 Recharges

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

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

3.6 Audit charge

	2020 £	2019 £
Current year audit	16,380	13,000
Teachers Pension scheme audit	-	615
Other services - VAT Advice	7,380	5,535
	<u>23,760</u>	<u>19,150</u>

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

4 Tangible Fixed Assets

4.1 Freehold properties

	2020 £	2019 £
At valuation 1 January	1,009,700	1,100,850
Depreciation	(18,517)	(20,190)
Revaluations	36,593	(70,960)
At valuation 31 December	<u>1,027,776</u>	<u>1,009,700</u>

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 2020.

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.

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

5	Investments		2020	2019
			£	£
5.1	Fair value at 1 January		9,542,350	7,891,713
	Net gains on revaluation at 31 December		522,209	1,650,637
	Fair value at 31 December		10,064,559	9,542,350
5.2	The investments held at 31 December comprised:-		2020	2019
			£	£
	CBF Investment Fund		8,297,581	7,888,357
	CBF Global Equity Income Fund		1,093,327	940,511
	CBF Property Fund		628,658	670,549
	COIF Charities Investment Fund		44,993	42,933
			10,064,559	9,542,350
5.3	Investment in DBE Services Ltd		2020	2019
			£	£
	Investment at cost		12	12
		% value	Profit for the year*	Aggregate capital and reserves
	Ordinary shares	16.67%	245,026	33,673
	At the year end the Charity received payments amounting to £37,930 (of which £37,930 was gift aided) from this company (2019: £40,246). The results above are from the accounts for 2020 (*Before gift aided distributions").			
6	Debtors		2020	Restated 2019
			£	£
	Amount falling due within one year			
	Grant		21,017	22,864
	Loans to governors and DoE debtor (note 12)		247,101	174,885
	Loans to schools		10,340	10,460
	Property debtors		8,866	9,366
	Trade debtors		5,275	18,057
	Prepayments, accrued income and other debtors		17,035	16,661
			309,634	252,293
	Amount falling due after one year			
	Loans to governors and DoE debtor (note 12)		139,050	157,497
	Loans to schools		21,000	31,500
			160,050	188,997
	Total debtors		469,684	441,290

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

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

7	Cash and Cash Equivalents	2020	2019
		£	£
	Cash at bank and in hand	1,560,956	1,242,576
	Total cash and cash equivalents	1,560,956	1,242,576

8	Creditors	2020	Restated 2019
		£	£
8.1	Amount falling due within one year		
	Trade creditors	40,662	106,848
	Accruals, deferred income and other creditors	73,609	171,169
	DoE and other funds payable (note 12)	1,661,971	1,216,149
		1,776,242	1,494,166
8.2	Deferred income	2020	Restated 2019
		£	£
	Balance at 1 January	58,742	51,885
	Utilised during the year	(58,742)	(51,885)
	Deferred in the year	23,595	58,742
	Balance at 31 December	23,595	58,742

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	-	1,027,776	1,027,776
	Investments	1,368,302	8,696,269	10,064,571
	Net current assets	2,740,546	(2,486,148)	254,398
	Total net assets	4,108,848	7,237,897	11,346,745

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 2020

9.2 Prior year analysis of net assets between funds (restated)

	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	2,501,810	(2,312,110)	189,700
Total net assets	3,802,990	6,938,772	10,741,762

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 £339,564 (2019: £319,622).

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 no further grant (2019 £100,000) to Chester Diocesan Academies Trust (note 3.4). There were no outstanding balances at the year end (2019 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.

	2020 £	2019 £
Funds held at 1 January	191,854	229,258
Reinvested dividends and interest	2,469	2,943
Funds divested	(1,019)	(52,233)
Gain on investments	3,417	11,886
Funds held at 31 December	196,721	191,854

Chester Diocesan Board of Education

Notes to the accounts for the year ended 31 December 2020

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 2020, the Board received DOE funding of £1,370,679 (2019 £2,012,059) together with governor contributions of £152,298 (2019 £223,562). In addition, projects valued at £14,521 (2019 £23,675) were fully governor funded, together with LEA funding of £118,819 (2019 £172,483). 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 Prior year comparative Statement of Financial Activities (restated)

	Unrestricted General Funds £	Restricted Trust Funds £	Total 2019 £
Income from:			
Charitable activities	115,561	-	115,561
Investments	84,021	262,027	346,048
Donation	42,521		42,521
Total	242,103	262,027	504,130
Expenditure on:			
Charitable Activities	3,036	710,300	713,336
Total	3,036	710,300	713,336
Net gains/losses on investments	237,582	1,413,055	1,650,637
Net (expenditure)/income	476,649	964,782	1,441,431
Gains on revaluation of fixed assets	-	(70,960)	(70,960)
Net movement in funds	476,649	893,822	1,370,471
Reconciliation of funds:			
Fund balances at 1 January	3,326,341	6,044,950	9,371,291
Fund balances at 31 December	3,802,990	6,938,772	10,741,762

14 Restatement of comparative figures

In the current period information came to light relating to errors in the reporting of conference income. As a result, conference income, and associated educational support costs have been restated by £12,034 and £2,875 respectively. The resultant increase in net movement in funds for 2019 is £14,909 to £1,370,471.

In the current period, it was identified that the debtors due in more than 1 year of £188,997 had been presented within fixed assets in 2019. This has been reclassified to current assets. This does not change the net movement in funds or net assets.