

The Blackburn Diocesan Board of Education

Trustees' report and financial statements

Registered number 557954

Registered charity number 1020101

31 December 2005



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Trustees' report

Legal and administrative details

The Blackburn Diocesan Board of Education Limited (by guarantee) hereafter referred to as the "charitable company" is a registered company and is registered with the Charity Commissioners. The company was incorporated on 30 November 1955.

The directors, for the purposes of company law, present their report and financial statements for the year ended 31 December 2005.

Charity Registration number	1020101
Company registration number	557954
Company Secretary	Rev Canon Peter Ballard
Directors/ Trustees	Venerable CH Williams (Chairman) (Resigned 31.10.05) Prof CJ Carr (Appointed Chairman 01.11.05) Rev RW Bunday (Appointed 01.03.05) Rev TN Dyer Rev JW Finch GJ Garbett Rev MA Gisbourne Rev FE Green (Appointed 01.03.05) Venerable JA Hawley JMP Hewitt PJ Ingram TM Jones V Priest RE Radford Rt Rev NS Reade Rev JT Richardson Rev IH Robertson LA Robinson JC Scott J Snape AW Wittaker Rev CJ Wren

Appointments are made under the Diocesan Board of Education Measure 1991

Solicitors	Roebucks, Blackburn
Bankers	National Westminster Bank, Blackburn
Insurers	Ecclesiastical Insurance Group, Gloucester
Registered Auditors	KPMG LLP Navigation Way Ashton-on-Ribble, Preston.
Registered Address	Church House Cathedral Close Blackburn BB1 5AA

Trustees' report *(continued)*

The Board of Education is a statutory body under the Diocesan Boards of Education Measure 1991. Those persons who are normally referred to as members of the Board of Education are in company law the Directors of the Board and Trustees in charity law.

The Trustees present their report and audited financial statements for the year ended 31 December 2004. The Trustees and the Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

The Financial Statements comply with current statutory requirements, with the requirements of the Charity's governing documents, its Memorandum and Articles of Association and with the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (Revised 2000).

Objects of the Charity

To raise or provide and apply funds and make grants and loans to secure the maintenance and development of Christian Education in, parishes, schools, FE and HE establishments. To support school governors in the maintenance and development of school buildings. To be the custodian trustee of school buildings and land as defined in individual school trustee deeds or under section 86 of the Education Act 1944.

Organisation

The Board of Education, as defined in statute, has overall control of the activities of the Board. The Board operates with five sub committees. The Executive committee has responsibility for management of the Board. The Children's Committee, Youth Committee, School's Committee and Higher and Further Education Committee are the working committees for each of these specialist areas. The Board reports to the Diocesan Synod and the Bishop's Council. Membership of the Diocesan Synod is also the membership of the Diocesan Board of Finance.

Method of Appointment of Trustees

The trustees are appointed in the following way:

Two senior staff of the Diocese of Blackburn are appointed by the Bishop, two clergy and two laity are elected by Diocesan Synod, six members are elected from the Diocesan Synod and a minimum of four to a maximum of eight co-opted members with experience of church schools in the diocese or experience of the charitable companies work.

Review of the Year

The Board once again had a very successful year in 2005.

Work with schools continued at its high level. We supported over £80 million of capital work and through our Total Property Management Scheme supported over 70 schools in the north west with their day to day maintenance and overall management of the school building.

New insurance regulations in 2005 saw the Board of Education having to register with the Financial Services Authority. Being the only Church of England Board of Education which achieved registration we supported several northern Dioceses with specialist insurance from EIG for school buildings and activities.

We continue to be successful in our bids for further grant support for capital works on schools the most significant bid being for a complete rebuild of St John's Primary School in Blackpool. This increased activity along with the demand placed on us from other Diocesan Boards of Education for support resulted in an increase in the staffing of the Board in the schools' building area. The Director was asked by the Church of England to represent it on a voluntary aided capital working party established by the DfES. He also continues to drive forward the development of DBE Services which will eventually provide services to schools across the north west on behalf of the five north west Diocesan Boards of Education.

In 2004 the Board had taken the decision to place extra resources into its work with children and young people. This has resulted in the Board using its own resources and external grant to develop chaplaincy within our secondary schools and during the year the Reverend Andy Froud took up his post as Chaplain at St George's Blackpool and Ruth Taylor was appointed to a similar post at Balshaw's and Runshaw College to begin in September 2006. Helen Sage joined the Board as a half time secondary school's adviser, the other half of the post being funded by St George's Blackpool where she teaches RE.

The Board said farewell to Mary Binks who had devoted 14 years of her life to working with young people and supporting the Board's work in parishes across the Diocese. Mary was a nationally renowned figure and words simply cannot describe the debt the Diocese owes to her for all that she has contributed. We were delighted that Susan Witts accepted our invitation to take up the post of Assistant Director of Education for Children's Work. Susan had done a great deal of work with the Diocese and has had a long experience of teaching within Church schools. These changes

Trustees' report *(continued)*

coincided with Government proposals to develop extended services within schools. The work of the Board has therefore been rejigged in order to provide a greater, closer working relationship between schools, children and youth work. Extended Schools probably provides the greatest opportunity in the last 100 years for parishes and schools to work together to develop Christian work which will receive support from some public funding. To support our development in this work we have also appointed Veronica Priest to work as a part time Children's Work Adviser within the Diocese. There have been many other exciting developments over the year including the beginning of a Church College Certificate in Christian Youth Work; support for spirituality days in four of our Church high schools; the support for youth projects in secular organisations within the Diocese such as the Foxton Centre, Streetlife Blackpool and the YMCA. Our work wherever possible has been ecumenical and the close working with the North Lancashire District Methodist Church has been developed to work with other denominations and interfaith groups. This extra work has all been taken on in addition to the many things we have continued. If we have an issue to address it is about those things we might have to give up in order to let new things develop.

Our work in higher education continues to develop. The expansion of higher education has put greater pressure on Chaplains in this field of work. During 2005 St Martin's College applied for degree awarding powers and it is hoped that they will be awarded during this year. This will give added impetus to the development of a University of Cumbria which will be a Christian University based at St Martin's, Lancaster as well as several sites in Cumbria. This will assist in widening participation and provide a great service to the many areas of Cumbria which at present find access to higher education very difficult.

One sadness this year has been the failure to make progress in the appointment of a Chaplain to the University of Central Lancashire. It is hoped that that will be remedied in 2006.

Future Development

In the coming year we hope that other secondary schools will consider appointing a Chaplain/Youth Officer. The Board is committed over the next five years to finding £¾ million to support this work along with grants from other areas plus contributions from schools and in some cases, parishes. We very much hope that this will be seen as pump priming money and that at the end of the five year contracts, the schools will find the work of the Chaplain/Youth Officer so invaluable that they will be able to find funds from their own resources to continue the posts.

Accommodation is a major issue. As our level of work has expanded, so too have the number of staff. The problem is further compounded by the redevelopment proposals around the Cathedral. At some point in the near future the Board will either have to seek accommodation away from the Cathedral site or buy into accommodation on the site. Either way this will be an increase commitment to our resources as at present our accommodation costs are minimal owing to the excellent agreement that the Board of Finance entered into with the Cathedral some years ago. In addition to any rental costs, the very fact of a move will have financial implications.

We are also investigating the possibility of sponsoring a school in the Diocese of the Free State. There are excellent links between the Board of the Education and the Diocese. Susan Witts will be going out to the Free State at the end of August and it is hoped that discussions will take place to further develop our links.

2006 will be a time of change in the way the Board operates. The Board has been restructured to emphasise a closer working relationship between schools and young people. The Government agenda "Every Child Matters" has led to major reorganisation within Local Authorities and once again Blackburn has been at the forefront of reorganising the work of its Board to reflect these national changes. In addition, the Director has been appointed as the Archdeacon of Lancaster and those added responsibilities have necessitated changes within responsibilities.

The great strength of the Board is its commitment to Christian service and a vision for passing on the faith. The commitment of the whole team which includes not just Church House staff but those based in other places and many who give very freely of their time to the Board, is an exemplar of Christian Discipleship. Most of what has been achieved would not have been achieved if it hadn't been for the total commitment of every member of the family of the Blackburn Board of Education.

Reserves policy

The reserves level has increased in 2006. This provides working capital for the activities of the Board which have continued to expand and include additional staffing for youth workers/chaplains and administration staff providing support to schools. The Board also requires funds to be available to provide assistance to schools for their contribution to building projects. The Board also holds Section 554 money, which is money realised from the sale of schools and only the income from this can be used to support the overall work of the Board.

The trustees have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission. They have agreed to set a reserves figure equivalent to one month's maximum expected expenditure on the Barchester Scheme (building projects), £2,000,000, three months budgeted running costs for 2006, £225,000 and

Trustees' report *(continued)*

have set aside £650,000 to provide accommodation fund pending the outcome of discussions by the Cathedral on the new development where the current charity offices are located. The total approved level of reserves is £2,875,000.

The surplus of income over expenditure for the year of £582,000 (2004 surplus: £953,000) will be added to reserves. The total capital gains for the year of £103,000 (2004 gain: £40,000) will be added to reserves. The total value of free reserves is £2,666,000. The level of free reserves is £209,000 short of the approved level. The trustees expect the incoming resource to exceed the expenditure sufficiently in the coming year to bring the level of free reserves to the correct level.

Related party transactions

Within the ministry of the Church of England in the Diocese of Blackburn the Board of Education is responsible for the maintenance and development of Christian Education in, parishes, schools, FE and HE establishments. It also supports school governors in the maintenance and development of school buildings. The Board reports to the Blackburn Diocesan Synod and the Bishop's Council.

Other related parties include:

The Church of England Pensions Board; to whom the Board of Education pays retirement benefit contributions of £55,874 for stipendiary clergy and employees.

The Ecclesiastical Insurance Office plc, to whom the Board of Education pays retirement benefit contributions of £2,600 for some employees.

The Blackburn Diocesan Board of Finance Limited, a registered charity and considered as connected to the Board of Education.

Grant received from the DBF in 2005; £261,500 from general funds, £56,000 from restricted funds for youth work and support services for reception, information technology and finance.

Investment policy

The charity utilises NatWest Treasury services for short-term cash investment (i.e. less than three months approx.) and places any cash not required for longer than three months to CCLA where it is invested in the CBF Deposit Fund.

The CCLA issues a quarterly investment report, which is taken into account, in deciding the allocation of the Board's funds to the investment options available to the CCLA. The Board currently invests in the CBF Investment Fund and the Fixed Interest Securities Fund. Historically the Board invested in 8% Treasury Stock and this will be held to maturity.

At the beginning of 2005 the company purchased an investment property. The value is shown in the accounts at cost.

The trustees are happy with the level of investment income received in 2005.

Trustees' report *(continued)*

Risk Assessment and Management Strategy

The trustees of the charitable company have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

A strategic plan and annual budget approved by the trustees;

Regular consideration by the Board of Education of financial results and variance from budgets;

Delegation of authority and segregation of duties;

Identification and management of risks.

During the year the trustees will continue to develop its risk management process to assess and document business risks and implement risk management strategies. This will involve assessing the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. This process will draw on the ongoing consideration of business risk, which already forms a significant aspect of the trustees' duties.

The key risks, which may impact on the charitable company, include:

Reduction in income to a level not sufficient to cover running costs;

Loans to schools not being repaid.

The potential impact of both these risks is mitigated by the grant received from the DBF and grants for school building works from the Dfes.

Financial assistance and grant making policy

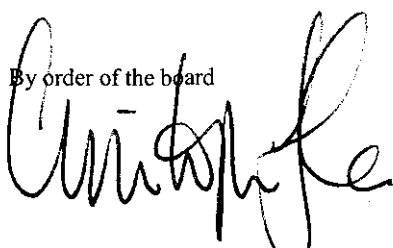
Organisations must make application to the Board of Education Executive. The Executive considers these in the light of their benefit for promoting Christian education within the diocese. Consideration is also given to the financial circumstances of the organisation applying.

Grants were less than 5% of total resources expended.

Auditors

Auditors to the charitable company will be appointed at the 2006 Annual General Meeting.

By order of the board



5th May 2006

Professor Christopher J Carr

Chairman of Trustees

Blackburn Diocesan Board of Education Limited

Cathedral Close

BLACKBURN

BB1 5AA

Statement of trustees' responsibilities in respect of the Trustees' Report and Financial Statements

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.

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the excess of expenditure over income 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 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;¹ and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of The Blackburn Diocesan Board of Education Limited

We have audited the financial statements of The Blackburn Diocesan Board of Education Limited for the year ended 31 December 2005 which comprise Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities on page 6, the company's trustees, who are also the directors of The Blackburn Diocesan Board of Finance Limited for the purposes of company law, are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Kevin W
KPMG LLP
Chartered Accountants
Registered Auditor

26/7/ 2006

Statement of Financial Activities (incorporating Income & Expenditure account)

for the year ended 31 December 2005

Note	General Fund	Restricted Funds Education	Restricted funds Barchester	Endow-Ment Funds	2005 Total	2004 Total
	£000	£000	£000	£000	£000	£000
Incoming resources						
Donations, Legacies and similar resources						
Donations	1	2	18	-	21	23
Grants received from:						
Diocesan Board of Finance General Funds	262	-	-	-	262	280
Diocesan Board of Finance Restricted Funds	56	-	-	-	56	30
External organisations	42	-	-	-	42	26
Barchester Scheme building work	-	-	19,620	-	19,620	18,430
Incoming resources from operating activities						
Fees and Chaplaincy income	42	-	-	-	42	42
Sale of publications and course	39	-	-	-	39	53
Service level agreements and clerking support	441	-	-	-	441	293
Consultancy work	150	-	-	-	150	200
Investment income	179	2	208	-	389	158
Other incoming resources	-	-	-	-	-	567
Total incoming resources	<u>1,212</u>	<u>4</u>	<u>19,846</u>	<u>-</u>	<u>21,062</u>	<u>20,102</u>
Resources expended						
Cost of generating funds						
Charitable expenditure:						
Grants paid	4	2	-	-	6	7
Cost of activities	626	-	-	-	626	527
Management and administration	205	-	-	-	205	164
Barchester Scheme building work	-	-	19,620	-	19,620	18,430
Loan Interest	23	-	-	-	23	21
Total resources expended	<u>858</u>	<u>2</u>	<u>19,620</u>	<u>-</u>	<u>20,480</u>	<u>19,149</u>
Net incoming resources before transfers	354	2	226	-	582	953
Transfers between funds	13	-	(208)	-	-	-
Net incoming resources before capital gains/(losses)	562	2	18	-	582	953
Capital gains/(losses)						
Unrealised gains on investments	57	40	-	6	103	40
Profit/(loss) on sale of fixed assets	1	-	-	-	1	(2)
Capital gains/(losses) for year	<u>58</u>	<u>40</u>	<u>-</u>	<u>6</u>	<u>104</u>	<u>38</u>
Net movement in funds	<u>620</u>	<u>42</u>	<u>18</u>	<u>6</u>	<u>686</u>	<u>991</u>
Total funds brought forward at 1 January	2,309	52	118	39	2,518	1,527
Total funds carried forward at 31 December	<u>2,929</u>	<u>94</u>	<u>136</u>	<u>45</u>	<u>3,204</u>	<u>2,518</u>

There is no material difference between the reported results and the historical results of the charitable company.

There were no other recognised gains or losses arising, other than those given in the Statement of Financial Activity. All amounts arise from continuing operations.

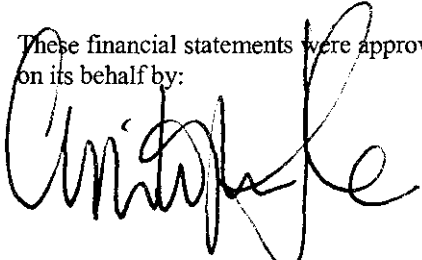
Balance sheet

at 31 December 2005

	Note	2005		2004 (Restated)	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		883		665
Investments	8		975		871
Current assets					
Stocks	9	5		5	
Debtors	10	3,138		3,527	
Deposits and cash at bank and in hand	11	3,685		2,064	
		<u>6,828</u>		<u>5,596</u>	
Creditors: amounts falling due within one year					
	12	(4,278)		(3,742)	
Net current assets			<u>2,550</u>		<u>1,854</u>
Total assets less current liabilities			<u>4,408</u>		<u>3,390</u>
Creditors: amounts falling due after more than one year					
	12		(1,204)		(872)
Net assets			<u>3,204</u>		<u>2,518</u>
Fund balances					
General fund	13		2,929		2,309
Education restricted funds	13		94		52
Barchester fund (restricted)	13		136		118
Endowment fund	13		45		39
			<u>3,204</u>		<u>2,518</u>

These financial statements were approved by the board of directors on
on its behalf by:

2006 and were signed

 2 May 2006

Professor Christopher J Carr
Chairman of Trustees

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included on a market value basis, and in accordance with the Statement of Recommended Practice (2000): Accounting by Charities and applicable accounting standards.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	-	nil
Charitable Use Property	-	nil
Computers	-	25% per annum
Fixtures and fittings	-	10% per annum
Office equipment	-	25% per annum

In accordance with FRS15 the charitable use property is not being depreciated as the management believe that the property's residual disposal value is at least equal to its book value and there is a planned approach to repair and maintenance.

The charitable company will perform annual impairment testing of assets on which depreciation is not provided in accordance with FRS11 to determine whether residual disposal values of these assets in aggregate continue to exceed carrying value.

Cash flow

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fixed asset investments

Fixed asset investments are stated at market value at the balance sheet date.

Investment properties

Investment properties are stated at cost and will be revalued annually.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Income:

Grants and donations

Grants are predominantly payments from DfES and Lancashire County Council in relation to schools projects under the Barchester scheme. Grants are recorded as income when receivable. Where grants are restricted to future accounting periods they are treated as deferred income and recognised in those accounting periods. Other donations are recorded as income when received.

Grants payable

Grants payable are debited to expenditure when the charitable company has a constructive obligation to pay.

Notes (continued)

1 Accounting policies (continued)

Fees and Chaplaincy income

Fees received from university chaplaincies are recognised on an accruals basis in the period to which they relate.

School support income

From April 1999 schools have been invoiced for the support services provided by the Board of Education. Prior to this school support contributions were voluntary. Income is recognised on an accruals basis.

Investment income

Interest and dividends from Central Board of Finance Investments are recognised on an accruals basis.

Grant from Diocesan Board of Finance

The annual grant is agreed in advance by the Diocesan Board of Finance Limited as agreed by the Diocesan Synod.

Consultancy Work

This income is predominantly contributions from architect companies towards the cost of the Buildings Support department.

Expenditure:

Barchester Scheme Building work

Expenditure is predominantly made up of payments to architects and managing contractors on school projects financed through the Barchester fund. Expenditure is recognised in the period in which the school's liability to the contractor arises.

Cost of Activities

The cost of running each department of the Board (excluding admin support) is recognised on an accruals basis.

Administration

Board of Education administration support costs are recognised on an accruals basis.

Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in independently administered funds. The amount charged in the statement of financial activities represents the contributions payable to the scheme in respect of the accounting period.

The charitable company also operates a defined benefits scheme. The assets of the scheme are held separately from the charitable company in independently administered funds. The amount charged against income represents the contributions payable to the scheme by the charitable company in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Fund accounting

Funds held by the charitable company are either:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Endowment funds

This is capital, held in perpetuity to create income for specified purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the income relating to the purchase of capital items is transferred to unrestricted funds in the Statement of financial activities.

Realised gains on schools

Realised gains on schools represent amounts which accrue to the Board of Education from the sale of church schools' land or buildings and which have been received in the period.

Unrealised gains / losses on investments

Unrealised gains and losses on investments represent the aggregate change in market value of investments since the previous balance sheet date.

Realised gains / losses on investments

Realised gains or losses on investments relate to actual gains or losses arising in the period on disposal of investments.

2 Surplus of income over expenditure

	2005 £000	2004 £000
<i>Surplus of income over expenditure is stated</i>		
<i>After charging</i>		
Auditors' remuneration	6	6
Depreciation	5	6
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of trustees

None of the trustees received any remuneration from the Board of Education during the year (2004: nil).

Expenses reimbursed to trustees during the year amounted to £58 (2004: nil). These relate to travel to meetings of the Executive for one trustee.

4 Staff numbers and costs

The average number of full time equivalent persons employed by the charitable company during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Deputy Director Education	1	-
Assistant Director Children's Work	¼	-
Principal Schools Adviser	¼	-
Youth Chaplains/ Officers	2	-
Assistant Director School Buildings	1	1
Administration and Secretarial	6	5
	<hr/> 10 ½	<hr/> 6

The aggregate payroll costs of these employees were as follows:

	2005	2004
	£000	£000
Wages and salaries	225	109
Social security costs	19	9
Other pension costs	24	7
	<hr/> 268	<hr/> 125

None of the above employees received emoluments exceeding £50,000 in the year (2004:none).

In addition to the above 10 ½ employees (2004: 6) the charitable company met some or all of the payroll costs of the following people who worked for the charitable company during the year but were employed by the Church Commissioners.

	Number of persons	
	2005	2004
Director of Education	1	1
Principal Schools Adviser	1	1
Children's Work Adviser	½	1
University/FE Chaplains	2	2
Youth Chaplains/ Officers	¼	-
	<hr/> 4 ¾	<hr/> 6

The total payroll costs during the year met by the charitable company and related to these non-employees amounted to £151,781 (2004: £193,500).

Notes (continued)

4 Staff numbers and costs (continued)

Pension schemes

Group Personal Pension Plan

The Blackburn Diocesan Board of Education participates in a defined contribution pension scheme. The assets of the pension scheme are held separately from those of the DBE in an independently administered fund. The pension cost charge for the year represents contributions payable by the Blackburn Diocesan Board of Education to the fund.

Church Workers Pension Fund

Blackburn Diocesan Board of Education participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

At 31 December 2005 the Blackburn Diocesan Board of Education had 4 active members in the Fund.

The Blackburn Diocesan Board of Education is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. A valuation of the fund was carried out as at 31 December 2004 and the Blackburn Diocesan Board of Education's average contribution rate is being revised to 23.1% with effect from 1 January 2006.

Church of England Funded Pension Scheme

The Blackburn Diocesan Board of Education participates in the Church of England Funded Pensions Scheme and is responsible for 5 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pension Scheme is a defined benefit scheme but the Blackburn Diocesan Board of Education is unable to identify its share of the underlying assets and liabilities – each employer in the scheme pays a common contribution rate. The latest valuation of the scheme was carried out as at 31 December 2003. This revealed a shortfall of £91m, with assets of £196m and a funding target of £287m, assessed using the following assumptions:

- Investment return 6.8% pa
- Increase in pensionable stipends 3.8% pa
- Pension increases 3.8% pa

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires Blackburn Diocesan Board of Education to account for pension costs on the basis of contributions actually payable to the scheme in the year. Following the results of the valuation, the Blackburn Diocesan Board of Education contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

Contributions

The pension cost charge for the year represents contributions payable by the Blackburn Diocesan Board of Education to the funds and amounted to £23,600 (2004 £7,000)

Notes (continued)

5 Analysis of Resources Expended

	Staff Costs	Stipend Costs	Other	Dep'n	Total	
	£000	£000	£000	£000	2005 £000	2004 £000
Cost of Generating Funds						
Charitable Expenditure:						
Grants Paid	-	-	6	-	6	7
Cost of activities	169	152	300	5	626	527
Management and admin	99	-	106	-	205	164
Barchester Building Scheme	-	-	19,620	-	19,620	18,430
Loan Interest	-	-	23	-	23	21
Total Resources Expended	268	152	20,055	5	20,480	19,149

6 Realised gains on schools

There are 189 Church of England Schools in the Diocese of Blackburn (2004: 189 schools). Should any of these schools be closed and the premises be sold, then the Diocesan Board of Education would normally have a claim on the proceeds. Proceeds received in 2005 were £nil (2004: £nil).

7 Tangible fixed assets

	Investment Property	Charity Use Property	Fixtures, fittings and other equipment	Total
	£000	£000	£000	£000
Cost				
At beginning of year	650	-	32	682
Additions	3	218	3	224
Disposals	-	-	(1)	(1)
At end of year	653	218	34	905
Depreciation				
At beginning of year	-	-	17	17
Disposals	-	-	-	-
Charge for year	-	-	5	5
At end of year	-	-	22	22
Net book value				
At 31 December 2005	653	218	12	883
At 31 December 2004	650	-	15	665

Notes (continued)

8 Investments

	Unlisted securities Central Board of Finance Church of England		Total UK investments
	Investment Fund	Fixed interest securities fund	
	£000	£000	£000
Market valuation			
At 31 December 2004	638	233	871
Increase/(decrease) in market value	100	4	104
At 31 December 2005	<u>738</u>	<u>237</u>	<u>975</u>
Historic cost	<u>445</u>	<u>224</u>	<u>669</u>

9 Stocks

	2005 £000	2004 £000
Books and materials	<u>5</u>	<u>5</u>

10 Debtors

	2005 £000	2004 (Restated) £000
Amounts recoverable on school projects funded through the Barchester scheme	2,533	2,997
Other debtors	77	100
Amounts due from Diocesan Board of Finance	-	8
Loan to Blackburn St Wilfred's School	365	409
Prepayments	2	3
Accrued income	161	10
	<u>3,138</u>	<u>3,527</u>

Balances owing on schools in relation to the Barchester scheme in 2004 has been moved to "Amounts recoverable on school projects funded through the Barchester scheme" from "Other debtors".

Loan to Blackburn St Wilfred's

Instalments due in one year		Instalments payable due in two and five years		Instalments due in five years		Total	
2005 £000	2004 £000	2005 £000	2004 £000	2005 £000	2004 £000	2005 £000	2004 £000
<u>46</u>	<u>44</u>	<u>212</u>	<u>200</u>	<u>107</u>	<u>165</u>	<u>365</u>	<u>409</u>

Notes (continued)

11 Deposits and cash at bank and in hand

	2005	2004 (Restated)
	£000	£000
Natwest (Current Account and Deposits)	2,162	527
Deposits with Central Board of Finance	1,523	1,537
	<u>3,685</u>	<u>2,064</u>

Outstanding cheques on the NatWest current account have been offset by the deposits held with NatWest. The 2004 figures have been restated under this method.

12 Creditors

	2005	2004 (Restated)
	£000	£000
<i>Amounts falling due within one year</i>		
School loans	5	6
Amounts payable on behalf of boards of school governors to external contractors under the Barchester scheme	4,024	1,454
Amounts payable for investment property	-	585
Other creditors	1	187
Accruals	14	206
Deferred income	134	1,304
Amounts due to Diocesan Board of Finance - General	17	-
Amounts due to Diocesan Board of Finance - Loan	83	-
	<u>4,278</u>	<u>3,742</u>
<i>Amounts falling due after more than one year</i>		
Education trust funds	772	353
School loans	15	19
Loan from Diocesan Board of Finance	417	500
	<u>1,204</u>	<u>872</u>

The loans are payable by instalments as follows:

	Instalments payable in one year		Instalments payable between two and five years		Instalments payable after five years		Total
	2005 £000	2004 £000	2005 £000	2004 £000	2005 £000	2004 £000	2005 £000
School loans	5	6	15	19	-	-	20
Loan from DBF	83	-	333	-	84	-	500
<i>Deferred Income</i>							
							£000
At beginning of year							1,304
Recognised in year							(1,304)
Deferred income 2005							134
At end of year							<u>134</u>

Notes (continued)

13 Funds

	General fund £000	Education restricted Restricted fund £000	Barchester £000	Endowment fund £000	Total £000
At beginning of year	2,309	52	118	39	2,518
Surplus of income over expenditure in the year	354	2	226	-	582
Capital gains in the year	58	40	-	6	104
Transfers	208	-	(208)	-	-
At end of year	<u>2,929</u>	<u>94</u>	<u>136</u>	<u>45</u>	<u>3,204</u>

The General Fund consists of those amounts available for the general purposes of the charitable company. Restricted Barchester Funds comprise the Common Fund, into which schools make voluntary donations, total fund £140,500 (2004: £122,400). The Residential Endowment Fund is used to support Youth Work activities, of £55,900 (2004: £47,900), comprising Endowment capital, £45,400 and Income fund, £10,500 (restricted).

Education restricted funds include the Residential Endowment Income Fund £10,500, Education Trust Funds £83,500.

The Barchester Fund is a voluntary contribution scheme, which holds funds, on behalf of boards of school governors, for maintenance and building projects of Church of England schools.

14 Share capital

The charitable company is limited by guarantee, registered in England and does not have authorised or allotted share capital. The liability of each member of the Board may not exceed £1.

15 Analysis of net assets between funds

	Tangible fixed assets £000	Investments £000	Net Current Assets £000	Creditors falling due after more than one year £000	Total £000
General Fund	883	614	1,864	(432)	2,929
Education restricted Fund	-	316	550	(772)	94
Barchester Fund (restricted)	-	-	136	-	136
Endowment fund	-	45	-	-	45
	<u>883</u>	<u>975</u>	<u>2,550</u>	<u>(1,204)</u>	<u>3,204</u>

16 Diocesan youth work is funded as follows:

	2005 Total £000	2004 Total £000
DBE expenditure net of non grant income	112	59
Grants received from Local Authorities	(30)	(26)
Grant received from Board of Finance	-	(32)
Grants received from Restricted Funds	(56)	(2)
Other Grants for Youth Chaplains	(12)	-
Net cost to Diocesan Board of Education	<u>14</u>	<u>(1)</u>

Notes (continued)

17 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2005 Total Vehicles £000	2004 Total Vehicles £000
Operating leases which expire: In the second to fifth year inclusive	3	-
	<u>3</u>	<u>-</u>