

**The Blackburn Diocesan Board of Education**

**Trustees' report and financial  
statements**

Registered company number 557954

Registered charity number 1020101

31 December 2003



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## Trustees' report

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 2003. The Trustees and the Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

The Financial Statements comply with current statutory requirements and with the requirements of the Charity's governing documents, its Memorandum and Articles of Association.

### 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.

### Review of the Year

"Ask me for my three main priorities for Government and I tell you – Education, Education and Education".

(Tony Blair, Labour Party Conference October 1996).

Education is the most powerful force in our society because it can lift people from the disadvantage of their background and carry them any distance to the very limits of their potential, far beyond the expectations and horizons of their dreams.

We are privileged in this Diocese to be able to play a major role in the education of young people. We are not however simply another LEA, we are there to ensure that the education these young people receive, is firmly based on Christian principles. It is our privilege to be able to share with these young people that all of life comes from knowing Jesus and from making him known to others. At the very core of the work of the Board of Education is the desire to provide opportunities and resources to pass on our Christian faith and to make Jesus known to all those we come into contact with. A great deal of the Board's time and effort goes into supporting schools and other educational establishments in their attempt to provide high quality education in a Christian context. The Government's pledge to see education at the very heart of their policies has provided us with a wonderful opportunity, but at the same time we find ourselves in a world of constant change. The Board is very grateful to all those who have given of their time and their energy to ensure that the Board is represented in every area of the educational world. Particular thanks are due to all those part time advisers who give so freely of their time and expertise for very little financial reward and without whom the Board would simply not achieve one small part of all that has been achieved not only in 2003 but over many years. We are constantly looking a new ways to pass on the faith. In September we launched new diocesan guidelines for collective worship, **"Putting the Wow into Worship"**. These provided teachers with additional material to help them in the preparation of exciting and meaningful worship. They complemented the Diocesan Board of Education syllabus and, as well as being adopted within this diocese, they are to be adopted across the whole of the north west region. We

believe it is very important to give young people a good experience of worship. To that end Epiphany, Resurrection and Advent Praise workshops have been organised throughout the diocese and over 3000 young people have been involved in them. The Epiphany Praise particularly concentrated on our links with the Diocese of the Free State and every child was asked to bring a pencil, which in England has very little value, but in the Free State is a prized possession. These pencils were then shipped out to the Free State. Lent Workshops in the Cathedral on the theme "Who was Jesus?" attracted over 500 children. A major project this year has been the development and use of Godly Play material throughout the whole diocese. To those of us who are a little older and have longer memories, it could be described in some ways as a modern day flannel graph! This has all been fitted round the ongoing courses and other work with schools.

On Education Sunday, the secondary schools of the diocese came together to celebrate in our Cathedral. It was a memorable evening that many who attended will never forget. Later on in the year three of our schools developed Stations of the Cross which we used in the Cathedral during Lent and Holy Week. They expressed the feelings of young people in those schools about the various aspects of Jesus' journey to the cross.

Our work in further and higher education continues apace. Part of the Government's agenda is to open access to higher education and this puts increasing pressure on those working in the Universities and St Martin's Chaplaincy services. The University of Central Lancashire now has over 35,000 students and in student number terms, this is the seventh largest university in England. We were privileged this year at Lancaster University to have services of Martin Stutzer who came to us from Braunschweig. During his year with us he was ordained as a Pastor and this provided a different dimension to our work as well as helping to foster and strengthen links between Lancaster University and Braunschweig. Martin's return to Germany in October prompted us to begin a review of our chaplaincy work in higher education, which is being chaired by Professor Carr.

In 2003 the National Youth Work Strategy was published and we took the opportunity to review our own youth work strategy and provision. Although we weren't aware of it at the time, this has proved invaluable groundwork in preparation for the changes that were forced upon us when the Reverend Brian McConkey was, in November, appointed to be the Vicar of Christ Church Fulwood. His appointment, along with work that had already taken place in our secondary schools, has led to exciting new proposals about how youth work might be managed within the diocese with some of the work being focused on our secondary schools. This has been developed during the early months of 2004 and hopefully new appointments will be possible from September 2004.

The Street Life Project in Blackpool, which runs a shelter for homeless people, received a big boost. Following a visit by the Deputy Prime Minister money has been made available to redevelop what was effectively an old air raid shelter near St John's Church into a purpose built centre. Our links with the Foxton Centre in Preston continues to develop and the centre continues to grow. There was a time when both these projects were seen as very small fish in a very large pond, but now thanks to the hard work of staff and volunteers, they have developed into major projects within the diocese. Working with young people takes many special skills and a great deal of stamina. At Pentecost, the most important attribute was an ability to stand very loud music. An event called "The Battle of the Bands" was held in the Crypt at the Cathedral. Young people came together to express their Christian faith and their hopes and fears for our world. Brian McConkey continued to arrange what has colloquially become "McConkey Tours". In 2003 there were tours to Iona, Greenbelt, Spring Harvest and Whithaugh Park to name but a few.

Children's work continued apace. The normal events were once again very popular, "Big Event for Little People", 11-13's Event and the Youth Leader Forums. "Catch 21" for those working with children and young people in parishes attracted over 100 people at its residential training conference in Morecambe.

A great deal of emphasis is placed these days on spirituality and the development of individual spiritualities. The whole team at the Board of Education have been involved in working with schools in the development of spirituality days and a 24 hour residential for Clergy was held on the subject of children's spirituality. Eighteen incumbents explored the theology of childhood and experienced Godly Play. It was so successful it is to be repeated again this year.

Working with children is about understanding the world that they live in and making connections. One of the most successful events was "A Morning with Harry Potter". Using clips from the film "Harry Potter and the Philosopher's Stone" it explored something of the theology of the story and attracted over 80 children with parents. It was so successful that it led on to "Another Morning with Harry Potter". If the first disciples had had the opportunity to play a game of Quidditch or visit Hogwarts Hall for a feast, who knows what sort of effect that might have had on the future of Christianity? For those who took part, it was a memorable event, not least one that will never be forgotten by Radio Lancashire!

It has been another busy year. Much of it made possible by the devotion of so many people who give so freely of their time to support the full time staff of the Board in the development of new and exciting ways of passing on the faith.

### **Reserves policy**

The trustees maintain the level reserves to provide working capital for the activities of the Board and to have funds 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 surplus of income over expenditure for the year of £167,000 (2002 surplus: £227,000) will be added to reserves. The total capital gains for the year of £50,000 (2002 losses: £114,000) will be added to reserves. The total value of free reserves is £1,352,000. This is considered sufficient by the Board.

### **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 for stipendiary clergy and employees. £34,600 in 2003.
- The Ecclesiastical Insurance Office plc, to whom the Board of Education pays retirement benefit contributions for some employees. £2,200 in 2003.
- The Blackburn Diocesan Board of Finance Limited, a registered charity and considered as connected to the Board of Education.

Grant received from DBF in 2003 is £227,000. £38,000 was paid to DBF, being accommodation and office services £25,000 and £13,000 for clergy housing.

### **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.

### **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 a formal 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**

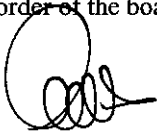
Organisations must make application to the Board of Education Executive. The Executive considers these in the light of their benefit for promoting Christian education within the diocese. Consideration is also given to the financial circumstances of the organisation applying.

Grants were less than 5% of total resources expended.

### **Auditors**

KPMG LLP were appointed as auditors to the charitable company at the 2003 Annual General Meeting.

By order of the board



**The Venerable Colin H Williams**  
*Chairman of Trustees*

Blackburn Diocesan Board of Education Limited  
Cathedral Close  
BLACKBURN  
BB1 5AA

*S. Oliver* 2004

## 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 2003.

**Charity Registration number** 1020101

**Company registration number** 557954

|                            |  |
|----------------------------|--|
| <b>Directors/ Trustees</b> | The Venerable CH Williams (Chairman)<br>Canon PJ Ballard (Resigned 31 December 2003)<br>The Rev D Barton (Resigned 31 December 2003)<br>Prof CJ Carr<br>The Right Reverend AD Chesters (Resigned 31 August 2003)<br>HK Derbyshire (Resigned 31 December 2003)<br>VJ Frost<br>GJ Garbett<br>The Venerable JA Hawley<br>JMP Hewitt<br>PJ Ingram<br>The Rev DH Jenkins (Resigned 31 March 2004)<br>TM Jones<br>KJ McDonald (Resigned 31 December 2003)<br>RE Radford<br>The Rev MD Ratcliffe (Resigned 31 December 2003)<br>JT Richardson<br>The Rev IH Robertson<br>LA Robinson<br>JC Scott<br>J Snape<br>AW Wittaker<br>The Rev AW Wilkinson (Resigned 31 December 2003)<br>The Rev CJ Wren |
|----------------------------|--|

Appointments are made under the Diocesan Board of Education Measure 1991  
For new members were appointed on the 1 January 2004

|                            |   |
|----------------------------|---|
| <b>Solicitors</b>          | Roebucks, Blackburn   |
| <b>Bankers</b>             | National Westminster Bank, Blackburn  |
| <b>Insurers</b>            | Ecclesiastical Insurance Group, Gloucester                                  |
| <b>Registered Auditors</b> | KPMG LLP<br>Edward VII Quay<br>Navigation Way<br>Ashton-on-Ribble, Preston. |
| <b>Registered Address</b>  | Church House<br>Cathedral Close<br>Blackburn BB1 5AA                        |

## **Statement of trustees' responsibilities**

Company and charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing those 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 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 charitable company will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the 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.



Edward VII Quay  
Navigation Way  
Ashton-on-Ribble  
PRESTON  
PR2 2YF

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

We have audited the financial statements on pages 8 to 17.

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 the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of trustees and auditors*

The trustees, who are also the directors of the Blackburn Diocesan Board of Education Limited for the purposes of company law, are responsible for preparing the trustees' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the charitable company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### *Basis of audit opinion*

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of affairs of the charitable company as at 31 December 2003 and of the charitable company's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*hanna wip*  
**KPMG LLP**  
Chartered Accountants  
Registered Auditor

25/10/ 2004

## Statement of Financial Activities

for the year ended 31 December 2003

| Note   | General<br>fund<br>£000 | Restricted<br>funds<br>Education<br>£000 | Restricted<br>funds<br>Barchester<br>£000 | Endow-<br>ment<br>funds<br>£000 | 2003<br>Total<br>£000 | 2002<br>Total<br>£000 |
|--|-------------------------|--|---|---------------------------------|-----------------------|-----------------------|
| <b>Incoming resources</b>                            |                         |  |   |                                 |                       |                       |
| Donations, Legacies and similar resources            |                         |  |   |                                 |                       |                       |
| Donations  | -                       | -  | 20  | -                               | 20                    | 24                    |
| Grants received from:                                |                         |  |   |                                 |                       |                       |
| Diocesan Board of Finance                            |                         |  |   |                                 |                       |                       |
| General Funds  | 227                     | -  | -   | -                               | 227                   | 227                   |
| Diocesan Board of Finance                            |                         |  |   |                                 |                       |                       |
| Restricted Funds                                     | 28                      | -  | -   | -                               | 28                    | 28                    |
| External organisations                               | 31                      | -  | -   | -                               | 31                    | 28                    |
| Barchester Scheme building work                      | -                       | -  | 12,117                                    | -                               | 12,117                | 9,562                 |
| <b>Incoming resources from operating activities</b>  |                         |  |   |                                 |                       |                       |
| Fees and Chaplaincy income                           | 43                      | -  | -   | -                               | 43                    | 23                    |
| Sale of publications and course                      | 56                      | -  | -   | -                               | 56                    | 36                    |
| Service level agreements and clerking support        | 189                     | -  | -   | -                               | 189                   | 182                   |
| Consultancy work                                     | 136                     | -  | -   | -                               | 136                   | 109                   |
| Investment income                                    | 91                      | 2  | 24  | -                               | 117                   | 75                    |
| Other incoming resources                             | 2                       | -  | -   | -                               | 2                     | 2                     |
| <b>Total incoming resources</b>                      | <b>803</b>              | <b>2</b>                                 | <b>12,161</b>                             | <b>-</b>                        | <b>12,966</b>         | <b>10,296</b>         |
| <b>Resources expended</b>                            |                         |  |   |                                 |                       |                       |
| Cost of generating funds                             |                         |  |   |                                 |                       |                       |
| Charitable expenditure:                              |                         |  |   |                                 |                       |                       |
| Grants paid  | 4                       | -  | -   | -                               | 4                     | 4                     |
| Cost of activities                                   | 479                     | -  | -   | -                               | 479                   | 381                   |
| Management and administration                        | 182                     | -  | -   | -                               | 182                   | 122                   |
| Barchester Scheme building work                      | -                       | -  | 12,117                                    | -                               | 12,117                | 9,562                 |
| Loan Interest  | 17                      | -  | -   | -                               | 17                    | -                     |
| <b>Total resources expended</b>                      | <b>682</b>              | <b>-</b>                                 | <b>12,117</b>                             | <b>-</b>                        | <b>12,799</b>         | <b>10,069</b>         |
| Net incoming resources before transfers              | 121                     | 2  | 44  | -                               | 167                   | 227                   |
| Transfers between funds                              | 24                      | -  | (24)                                      | -                               | -                     | -                     |
| Net incoming resources before capital gains/(losses) | 145                     | 2  | 20  | -                               | -                     | 227                   |
| <b>Capital gains/(losses)</b>                        |                         |  |   |                                 |                       |                       |
| Unrealised gains/(losses) on investments             | 21                      | 25                                       | -   | 4                               | 50                    | (114)                 |
| <b>Capital gains/(losses) for year</b>               | <b>21</b>               | <b>25</b>                                | <b>-</b>                                  | <b>4</b>                        | <b>50</b>             | <b>(114)</b>          |
| <b>Net movement in funds</b>                         | <b>166</b>              | <b>27</b>                                | <b>20</b>                                 | <b>4</b>                        | <b>217</b>            | <b>113</b>            |
| Total funds brought forward at 1 January             | 1,194                   | 8  | 75  | 33                              | 1,310                 | 1,197                 |
| <b>Total funds carried forward at 31 December</b>    | <b>1,360</b>            | <b>35</b>                                | <b>95</b>                                 | <b>37</b>                       | <b>1,527</b>          | <b>1,310</b>          |

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

## **Statement of total recognised gains and losses**

*for the year ended 31 December 2003*

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 2003

|  | Note | 2003         |              | 2002         |              |
|--|------|--------------|--------------|--------------|--------------|
|  |      | £000         | £000         | £000         | £000         |
| <b>Fixed assets</b>  |      |              |              |              |              |
| Tangible assets  | 6    |              | 8            |              | 12           |
| Investments  | 7    |              | 831          |              | 781          |
| <b>Current assets</b>  |      |              |              |              |              |
| Stocks   | 8    | 5            |              | 4            |              |
| Debtors  | 9    | 3,715        |              | 3,270        |              |
| Deposits and cash at bank and in hand                          | 10   | 989          |              | 795          |              |
|  |      | <u>4,709</u> |              | <u>4,069</u> |              |
| <b>Creditors: amounts falling due within one year</b>          | 11   | (3,146)      |              | (2,674)      |              |
| <b>Net current assets</b>                                      |      |              | <u>1,563</u> |              | <u>1,395</u> |
| <b>Total assets less current liabilities</b>                   |      |              | <u>2,402</u> |              | <u>2,188</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 11   |              | (875)        |              | (878)        |
| <b>Net assets</b>  |      |              | <u>1,527</u> |              | <u>1,310</u> |
| <b>Fund balances</b>   |      |              |              |              |              |
| General fund   | 12   |              | 1,360        |              | 1,194        |
| Education restricted funds                                     | 12   |              | 35           |              | 8            |
| Barchester fund (restricted)                                   | 12   |              | 95           |              | 75           |
| Endowment fund   | 12   |              | 37           |              | 33           |
|  |      |              | <u>1,527</u> |              | <u>1,310</u> |

These financial statements were approved by the board of directors on 5 July 2004 and were signed on its behalf by:



**The Venerable Colin H Williams**  
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           |
| Computers             | - | 25% per annum |
| Fixtures and fittings | - | 10% per annum |
| Office equipment      | - | 25% per annum |

#### ***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.

#### ***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.

##### ***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.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Grant from Diocesan Board of Finance**

The annual grant is agreed in advance by the Diocesan Synod and is to cover the budget net cost of Higher Education, Children's Youth and Buildings Support Work. In addition 55% of the salaried cost of Principal Schools Adviser is met.

#### **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.

##### ***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

|   | 2003<br>£000 | 2002<br>£000 |
|---|--------------|--------------|
| <b><i>Surplus of income over expenditure is stated<br/>After charging</i></b> |              |              |
| Auditors' remuneration  | 7            | 7            |
| Depreciation  | 5            | 4            |
|   | <hr/>        | <hr/>        |

### 3 Remuneration of trustees

None of the trustees received any remuneration from the Board of Education during the year (2002: nil).

## Notes (continued)

Expenses reimbursed to trustees during the year amounted to £38 (2002: £38). These relate to travel to meetings of the Executive for one trustee (2002: 1)

### 4 Staff numbers and costs

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

|                                | Number of employees |      |
|--------------------------------|---------------------|------|
|                                | 2003                | 2002 |
| Administration and secretarial | 4 ½                 | 4 ½  |

The aggregate payroll costs of these employees were as follows:

|                       | 2003      | 2002      |
|-----------------------|-----------|-----------|
|                       | £000      | £000      |
| Wages and salaries    | 81        | 76        |
| Social security costs | 5         | 5         |
| Other pension costs   | 5         | 4         |
|                       | <u>91</u> | <u>85</u> |

In addition to the above 4 employees (2002: 4) 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 |            |
|---------------------------------|-------------------|------------|
|                                 | 2003              | 2002       |
| Director of Education           | -                 | -          |
| Assistant Director of Education | -                 | -          |
| Principal Schools Adviser       | 1                 | 1          |
| Diocesan Youth Officer          | 1                 | 1          |
| Children's Work Adviser         | 1                 | 1          |
| University/FE Chaplains         | 3 ½               | 3 ½        |
|                                 | <u>6 ½</u>        | <u>6 ½</u> |

The total payroll costs during the year met by the charitable company and related to these non-employees amounted to £197,000 (2002: £171,400). Blackburn Diocesan Board of Finance Limited met the full stipend cost for the Director of Education, who is excluded from the staff numbers above as his stipend is paid directly by the Board of Finance.

The charitable company met 45% of the salaried cost of Principal Schools Adviser.

## Notes (continued)

### 4 Staff numbers and costs (continued)

The full payroll and housing costs of the Youth Officer were met by the charitable company which receives full funding for them from Lancashire County Council, Blackburn with Darwen, Blackpool Borough Council and The Blackburn Diocesan Board of Finance Limited. The full payroll costs of the Childrens Work Adviser were also met by the charitable company which receives full funding from The Blackburn Diocesan Board of Finance Limited

The full payroll costs of the university and FE chaplains are met by the charitable company. A contribution towards these costs from the universities and colleges concerned is shown in these accounts as Chaplaincy income. The balance of cost is funded by Blackburn Diocesan Board of Finance Limited.

#### *Pension scheme - Group Personal Pension Plan*

The DBE 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 DBE to the fund and amounted to £5,169 (2002: £3,815).

### 5 Realised gains on schools

There are 190 Church of England Schools in the Diocese of Blackburn (2002: 190 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 2003 were £nil (2002: £nil).

### 6 Tangible fixed assets

|                       | Fixtures,<br>fittings and<br>other<br>equipment<br>£000 | Total<br>£000 |
|-----------------------|---|---------------|
| <b>Cost</b>           |   |               |
| At beginning of year  | 62  | 62            |
| Additions             | 1   | 1             |
| At end of year        | 63  | 63            |
| <b>Depreciation</b>   |   |               |
| At beginning of year  | 50  | 50            |
| Charge for year       | 5   | 5             |
| At end of year        | 55  | 55            |
| <b>Net book value</b> |   |               |
| At 31 December 2003   | 8   | 8             |
| At 31 December 2002   | 12  | 12            |

Notes (continued)

7 Investments

|                                       | Unlisted securities<br>Central Board of Finance<br>Church of England |   | Listed<br>securities<br>Treasury<br>Stock | Total<br>UK<br>investments |
|---------------------------------------|--|---|---|----------------------------|
|                                       | Investment<br>fund   | Fixed<br>interest<br>securities<br>fund |   |                            |
|                                       | £000   | £000                                    | £000                                      | £000                       |
| Market valuation                      |  |   |   |                            |
| At 31 December 2002                   | 438  | 241                                     | 102                                       | 781                        |
| Additions                             | 100  | -                                       | -   | 100                        |
| Increase / (decrease) in market value | 59   | (7)                                     | (2)                                       | 50                         |
| Disposals                             | -  | -                                       | (100)                                     | (100)                      |
| At 31 December 2003                   | 597  | 234                                     | -   | 831                        |
| Historic cost                         | 345  | 224                                     | -   | 569                        |

Listed securities are 8% Treasury Stock 2003

8 Stocks

|                     | 2003<br>£000 | 2002<br>£000 |
|---------------------|--------------|--------------|
| Books and materials | 5            | 4            |

9 Debtors

|  | 2003<br>£000 | 2002<br>£000 |
|--|--------------|--------------|
| Amounts recoverable on school projects funded through the Barchester scheme. | 2,030        | 2,135        |
| Other debtors  | 1,237        | 627          |
| Amounts due from Diocesan Board of Finance                                   | 2            | 21           |
| Loan to Blackburn St Wilfrid's School  | 446          | 487          |
|  | 3,715        | 3,270        |

10 Deposits and cash at bank and in hand

|  | 2003<br>£000 | 2002<br>£000 |
|--|--------------|--------------|
| Cash at bank                           | 84           | 301          |
| Deposits with Central Board of Finance | 905          | 494          |
|  | 989          | 795          |

## Notes (continued)

### 11 Creditors

|   | 2003<br>£000 | 2002<br>£000 |
|---|--------------|--------------|
| <i>Amounts falling due within one year</i>  |              |              |
| Bank overdraft  | 159          | 89           |
| School loans  | 6            | 6            |
| Amounts payable on behalf of boards of school governors to external contractors under the Barchester scheme | 1,674        | 1,775        |
| Other creditors   | 171          | 178          |
| Accruals and deferred income  | 1,136        | 626          |
|   | <u>3,146</u> | <u>2,674</u> |
| <i>Amounts falling due after more than one year</i>   |              |              |
| Education trust funds   | 350          | 348          |
| School loans  | 25           | 30           |
| Loan from Diocesan Board of Finance   | 500          | 500          |
|   | <u>875</u>   | <u>878</u>   |

The school loans are payable by instalments as follows:

|              | Instalments payable between one and two years |              | Instalments payable between two and five years |              | Instalments payable after five years |              | Total        |              |
|--------------|---|--------------|--|--------------|--------------------------------------|--------------|--------------|--------------|
|              | 2003<br>£000                                  | 2002<br>£000 | 2003<br>£000                                   | 2002<br>£000 | 2003<br>£000                         | 2002<br>£000 | 2003<br>£000 | 2002<br>£000 |
| School loans | 6   | 6            | 20   | 20           | 5                                    | 10           | 31           | 36           |

### 12 Funds

|  | General fund<br>£000 | Education restricted<br>Restricted fund<br>£000 | Barchester<br>£000 | Endowment fund<br>£000 | Total<br>£000 |
|--|----------------------|---|--------------------|------------------------|---------------|
| At beginning of year                           | 1,194                | 8   | 75                 | 33                     | 1,310         |
| Surplus of income over expenditure in the year | 121                  | 2   | 44                 | -                      | 167           |
| Capital gains in the year                      | 21                   | 25  | -                  | 4                      | 50            |
| Transfers                                      | 24                   | -   | (24)               | -                      | -             |
| At end of year                                 | <u>1,360</u>         | <u>35</u>                                       | <u>95</u>          | <u>37</u>              | <u>1,527</u>  |

## Notes (continued)

### 12 Funds (continued)

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, of £102,500 (2002: £83,000). The Residential Endowment Fund is used to support Youth Work activities, of £44,700 (2002: £38,100), comprising Endowment capital, £36,700 and Income fund, £8,000 (restricted).

Education restricted funds include the Residential Endowment Income Fund £8,000, Education Trust Funds £25,100 and others £1,700.

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.

### 13 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.

### 14 Analysis of net assets between funds

|                              | <b>Tangible<br/>fixed<br/>assets</b> | <b>Investments</b> | <b>Net<br/>current<br/>assets</b> | <b>Creditors<br/>falling due<br/>after more<br/>than one<br/>year</b> | <b>Total</b> |
|------------------------------|--------------------------------------|--------------------|-----------------------------------|---|--------------|
|                              | <b>£000</b>                          | <b>£000</b>        | <b>£000</b>                       | <b>£000</b>   | <b>£000</b>  |
| General Fund                 | 8                                    | 535                | 1,392                             | (575)   | 1,360        |
| Education restricted Fund    | -                                    | 259                | 126                               | (350)   | 35           |
| Barchester Fund (restricted) | -                                    | -                  | 95                                | -   | 95           |
| Endowment fund               | -                                    | 37                 | -                                 | -   | 37           |
|                              | <u>8</u>                             | <u>831</u>         | <u>1,613</u>                      | <u>(925)</u>  | <u>1,527</u> |

### 15 Diocesan youth work

Diocesan youth work is funded as follows:

|   | <b>2003<br/>Total<br/>£000</b> | <b>2002<br/>Total<br/>£000</b> |
|---|--------------------------------|--------------------------------|
| DBE expenditure                         | 64                             | 67                             |
| Grants received from Local Authorities  | (28)                           | (26)                           |
| Grant received from Board of Finance    | (49)                           | (49)                           |
| Grants received from Restricted Funds   | -                              | -                              |
| Net cost to Diocesan Board of Education | <u>(13)</u>                    | <u>(8)</u>                     |