

**The Blackburn Diocesan Board of Education  
Limited (by guarantee)**

**Trustees' report and financial  
statements**

Registered company number 557954

Registered charity number 1020101

31 December 2012

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## Contents

Trustees' report	1
Statement of Trustees' responsibilities in respect of the Trustees' report and the financial statements	9
Independent auditor's report to the members of The Blackburn Diocesan Board of Education Limited (by guarantee)	10
Statement of Financial Activities	12
Balance sheet	13
Cash flow statement	14
Notes	15

## Trustees' report

### Reference 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 2012.

Charity Registration number	1020101	
Company registration number	557954	
Company Secretary	Frederick Kershaw Rev P Lock	(resigned 15 March 2013) (appointed 15 March 2013)
Directors/ Trustees	CJ Carr Rev RW Bunday Rev JW Finch Ms D Forshaw Mr GJ Garbett Rev MA Gisbourne Venerable JA Hawley Mr JMP Hewitt Rev G A Pollitt Mrs RE Radford Rt Rev NS Reade Rev Canon Dr P Shepherd Miss J Snape Rev CJ Wren	(Chairman) (resigned 31 December 2012) (resigned 31 December 2012) (resigned 31 December 2012) (resigned 31 December 2012)       (resigned 1 November 2012)

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 Auditor	KPMG LLP Navigation Way Ashton-on-Ribble, Preston
Registered Address	Church House Cathedral Close Blackburn BB1 5AA

## **Trustees' report** *(continued)*

### **1 Structure, governance and management**

The Board of Education is a statutory body under the Diocesan Boards of Education No2 Measure 1991. This requires every diocese to have a Board of Education which has responsibility for overseeing the work of Church Schools and being responsible for managing Education Charitable Trusts. The Board of Education was incorporated in November 1955 and is a company limited by guarantee.

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 2012. 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 (March 2005).

The charity is a limited company and statutory accounts are filed annually with Companies House.

### **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 lay 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.

The trustees are elected every three years with a new Board coming into being on the 1 January following those elections.

### **Induction and Training of Trustees**

On induction there is a meeting with prospective trustees to explain their roles and responsibilities. They are advised of the structure of the Blackburn Diocesan Board of Education and associated companies.

Trustee training is provided on an ad hoc basis as a need is identified. This is currently under review in order to instigate a more formal training process.

### **Organisation**

The Board of Education, as defined in statute, has overall control of the activities of the Board. The Board operates with four sub-committees. The Executive committee has responsibility for management of the Board. The School's Committee, Children's Committee, Youth 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.

### **Related Parties**

#### Connected charities

The trustees consider the following to be connected charities:

Blackburn Diocesan Board of Finance (BDBF) – a registered charity, which has responsibility to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Blackburn and elsewhere. This includes a responsibility for Church Schools and young people in the Diocese. The BDBF provides a substantial grant towards the work of the BDBE. Grants received from the BDBF in 2012: £359,197 from general funds, £34,620 grant of service for finance, human resources advice, computer support and reception, £38,000 from restricted funds for youth work.

#### Pensions

The Church of England Pensions Board, to whom the Board of Education pays retirement benefit contributions of £51,695 for stipendiary clergy and employees; this is paid through BDBF to the pension board.

## **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. There is no internal audit function as it is not considered an efficient use of the resources of the charity.

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 have continued 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 on-going consideration of business risk, which already forms a significant aspect of the trustees' duties.

An annual meeting has been put in place to review the risks of the Blackburn Diocesan Board of Education.

During the year consultants have been engaged to assist in the management of on-going work where it had been identified that Human Resources needed strengthening.

The key risks, which may impact on the charitable company, are

- Failure of the Department For Education (DFE) to process claims in a timely manner to meet the financial obligations of the BDBE,
- Reduction in income to a level not sufficient to cover running costs,
- Repayable financial support to schools not being repaid

The trustees are satisfied that the potential financial impact of these risks is mitigated by the variable annual grant received from the BDBF.

The economic downturn may result in school budgets being cut in real terms in 2013. The Board generates resources through Service Level Agreements with schools and it may be that demands placed on school budgets could reduce the ability of schools to buy services from the Board in 2013.

## **2 Objectives and activities**

### **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, further and higher education 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.

### **Main Activities**

- The support of Church of England schools in all areas of their activities. In particular
  - Maintenance of their buildings
  - Development and delivery of religious education and collective worship
  - Protection of the interests of the trustees of Church of England Schools
- The development of youth and children's work in Parishes and Schools across the Diocese of Blackburn
- The support and development of Christian Spirituality in secular institutions of higher and further education
- The provision of Chaplaincy support to church colleges and church based universities

## **Trustees' report (continued)**

### **Public Benefit Statement**

The Board exists under the Diocesan Board of Education Measure (No 2 1991) Its duty is to support all church schools The public benefit of church schools is in many different ways, we provide a great deal of support to young people and their families and the related school communities Our support for schools does not only provide for those who attend for education it also provides buildings which can be used by parishes and outside bodies and therefore we are supporting public benefit through community facilities The trustees have referred to charity commission guidance and consider the entity is compliant

Our support for Youth and Children's Work across the Diocese touches the lives of thousands of people many of whom are not regular church attenders

We offer funding and professional support to the three universities within the Diocese We also fund chaplains in the three universities The work in universities is both with the university students and also the whole university community and therefore reaches out not just across the Diocese but also beyond

### **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

## **3. Achievements and performance**

### **Main Achievements of the Year**

#### **Support for Schools**

In 2012 we continued to support schools with capital and revenue work Through our Total Property Management service level agreements the revenue work has increased

We continue to support schools in their infrastructure and capital works which is a major part of the Board's work Due to the economic downturn and the reduction in Capital Programmes by the Coalition Government this has impacted on the amount of Capital work that has been undertaken during this year A further contribution on the decline of in Capital work has been the reduction of 60% in schools Devolved Formula Capital and the Local Co-ordinated Voluntary Aided funding programme which currently is a 1 year programme having previously been one of 3 years The Board continues to make provision to support schools in finding their 10% Governors contributions Although it is now 3 years since the Coalition Government took office, there is still uncertainty because of the economic downturn and the cuts in public spending and policies, particularly with the introduction of the New Academies, Studio Schools and Free Schools, which currently continues to have an impact on church schools, and is closely being monitored by the Board The Board is working closely with the National Society and its trading company DBE Services to position itself to be a school provider to address the continual introduction in new legislation by the Government

During the year the pupils and staff of Blackburn St Silas School occupied their new state of the art primary school which was rebuilt on the existing site and was funded jointly by the Local Authority and the Diocese at a cost of £5,000,000

The majority of schools use the services of the Board to manage their Devolved Formula Capital The Board offers to all schools the opportunity of a management service to ensure that all statutory requirements are met and that the necessary returns are made regarding this money The Board has a statutory responsibility to report on the use of this money by all schools to the Department of Education on an annual basis

We continue to provide resources for the support of Christian education in schools and parishes It is our intention in 2013 to further develop our resource provision and to seek partners who can both help us develop products for a wider market We are increasingly using the website as a marketing tool for both the promotion and sale of resources During this year we were successful in producing a joint school and parish resource called the last supper which has been used extensively We have also increased the number of road shows that are undertaken throughout the year and these have proved to be extremely beneficial particularly to parishes

## **Trustees' report (continued)**

### **Main Achievements of the Year (continued)**

We continue to support the work of youth chaplains in our high schools. We are currently supporting eight of our ten high schools which is an increase of 2 since 2011. It is our intention to be able to support posts in all ten high schools should the schools seek our support, it is anticipated that an additional youth chaplain will be appointed to another school during 2013 thus expanding this commitment.

We continue to work on behalf of our schools in responding to constant Government initiatives and changes to policies and procedures. The Government's desire to constantly change its procedures in the belief that that promotes both an improvement in provision and greater clarity for parents, consumes a considerable amount of our time and resources, particularly with the introduction of Academies, Studio Schools and Free Schools. We would not be able to respond in the way we do without the continued support and devotion of part time advisers.

We have begun a new round of school inspections under the new Ofsted Framework and continue to provide training for inspectors, to appoint them and to monitor outcomes and performance. We have discontinued with our policy of providing concurrent SIAM's inspections with those of OFSTED, as this is no longer sustainable given the changes that have been introduced under the new Ofsted framework.

Our staff continue to support schools following inspections in the development of action plans.

Our work on succession planning and identifying future church school leaders continues both locally and in co-operation with our partners in DBE Services Ltd.

### **Youth and Children's Work**

Our links with The Diocese of South Africa continue in our support for developments in the Free State. The Board has continued its special interest in an orphanage project, Itekgeng, which is situated in a township of Mqheleng and is promoting this project through churches and schools.

During 2012 we continued to support a small rural educational project in Sri Lanka through our schools and parishes, and a member of The Board's staff was able to visit the project during November 2012. It is anticipated that during 2013 this support will continue in providing resources of a revenue and capital nature. The Board also supports the work of the Board of Education of Colombo.

Our links with the Diocese of Hong Kong continues to be placed on hold until they have consolidated their current programme of development. It is anticipated that any future links will be of an ad-hoc nature given the current financial situation in the UK and their plan to become self-supporting.

The Board continues to offer support, resources and encouragement to volunteer youth and children's workers in parishes. In order to provide training for them which is externally recognised we continue to run courses validated by the University of Cumbria and University of Chester including a Certificate in Christian Youth Work and a Certificate for Children's Ministry. These qualifications provide the opportunity for people to use those credits to gain further qualifications and ultimately a Master's Degree.

We are at the forefront in our commitment to encourage churches to become child friendly and provide Child Friendly Church Awards. At a service in October to celebrate the retirement of the Bishop Rt. Rev N S Reade the one-hundredth Child Friendly Church Awards was presented by the Bishop.

Our staff continued to be involved nationally in developing Schools, Youth and Children's Work conferences and the Board continues to seek to be a beacon in the national scene for initiatives and for provision of services to Schools, Children and Youth Work.

## **4 Financial review**

### **Investment policy**

The charity utilised Nat West bonds and the CBF Deposit fund with CCLA for all investments.

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.

At the financial year end the Board held one fixed rate NatWest Bonds of £1,500,000 for 12 months at 2.00%.

The trustees are satisfied with the level of investment income received in 2012.

**Trustees' report** *(continued)*

**4. Financial review**

**Reserves policy**

The reserves of the company provide working capital for the activities of the Board. The Board also requires funds to be available to provide assistance to schools for their contribution to building projects.

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 school buildings Scheme, £2,500,000, six months budgeted running costs for 2013, £598,000 and 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 £3,748,000.

The total value of free reserves (general reserves less assets used in the charity and designated fund) is £4,215,000. The level of free reserves is £467,000 above the approved level. There has been a considerable reduction of government grants available for capital work affecting the amount required for the Barchester scheme. The trustees will reduce the excess over the next few years to cover the charitable activities as outlined in the section 'Plans for the Future'.

The level of designated funds at the year-end is £2,315,000 (2011 £1,324,000). Material designated funds include the New Opportunity Fund at £499,718 for school buildings support and the Elmslie Fund at £571,750 for educational purposes in the Blackpool area. During the year £600,000 have been designated for the support of youth chaplaincy work over the next 5 year period and £400,00 to support the sponsoring of academies. The funds are released as and when suitable projects arise.

**Principal Funding Sources**

There is an annual grant agreed in advance by the Diocesan Board of Finance Limited as agreed by the Diocesan Synod. A grant of service is provided in addition to cash for the provision of finance, computer support and reception duties. The Board is also in receipt of funds allocated from the BDBF restricted Funds. Total Funding £431,817 (2011 £437,560).

Total interest and dividends income is £260,349 (2011 £242,025).

Service level agreements to provide support services to schools £262,468 (2011 £244,180).

**Financial Support of Key Objectives**

The BDBE has currently £871,000 of support invested in schools projects which is repayable by the schools as part of the Barchester scheme. This enables schools to undertake necessary building projects.

The BDBE employs staff to support schools in their maintenance and building projects. During the year £73,092 was spent on directly undertaken activities in this area which includes generating voluntary income.

Additional school support is provided by staff for the development and delivery of religious education and collective worship. This may be in the form of staff directly supporting the school or running training courses and events for the schools. During the year £278,831 (2011 £267,000) was spent on directly undertaken activities in this area.

Youth and children's work occurs both in schools and parishes. Youth and children's work directly undertaken activities cost £407,306 (2011 £389,200).

The BDBE also supports university chaplains and this support amounted to £75,144 of activities directly undertaken.



## Trustees' report *(continued)*

### 5 Plans for future periods

#### School Buildings

The new one form entry (FE) Church of England / Methodist primary school in Chorley which was occupied by the pupils at the commencement of the Spring Term in January 2011 has proved so popular that it is oversubscribed and the reception class is full. Plans are already in place with approval and funding from Lancashire County Council for the school to be enlarged, to become a two FE primary school. Because of the increase in the school population at primary level in many areas The Board is undertaking interim discussions with 2 of its Local Authorities to develop a programme of significant enlargement at a number of its schools. The current position is that agreed has been made to significantly enlarge 5 Primary Schools 2 of which will be rebuilt. There are also a number of Primary schools that will have additional temporary accommodation on their existing sites to cater for increased numbers of pupils.

#### Accommodation

It is the view of the Boards leadership team that the current office accommodation is no longer suitable to support our work and purposes. Problems include lack of storage of office stock, lack of space for resources, lack of office space for staff, lack of secure and safe storage for legal/historical documents, shortage of space for expansion of services (Multi-Academy Trust), shortage of parking for visitors, no large meeting room or conference facility, poor Internet/Broadband, current building needs a considerable amount spending on it to bring it up to the required standard.

For these reasons we are looking at options for a new office. The leadership team have suggested that new accommodation should be purchased and not rented.

We hope that new office accommodation will include resource centre, adequate storage, small conference centre, ample parking, good transport links, and infrastructure to support high quality/high speed Internet. It is hoped that the Board and its staff will have relocated within the next financial year.

#### Support for Schools

Plans to increase our support for schools in the next 12 months include

- A Multi-Academy Trust (MAT) – this will be created to allow convertor academies and sponsored academies to be supported by the Board through close and effective working. They will have overall responsibility for legal, financial, governance, maintenance of buildings, recruitment, deployment and training of all staff, teaching and learning, pupil progress and attainment in all member academies. The MAT will be an independent Trust wholly owned by the Diocese of Blackburn.
- A Teaching Schools Alliance – working collaboratively with our three Teaching Schools and other outstanding/good schools across the Diocese, as well as national, local and specialist leaders of education, we will offer increased capacity for school to school improvement and development in all key areas, especially Initial Teacher Training
  - Leadership Development
  - Talent Management
  - Specialist Leaders of Education
  - School-to-school support
  - Research and Development
- We are looking to increase our capacity to support schools directly by increasing the number of School Improvement Advisers from one to 2 full time members of staff. We are also increasing the number of honorary advisers by asking outstanding/good headteachers when they retire to join the adviser's team.
- Members of the Boards Leadership Team are looking into ways to increase the variety of resources offered to schools. We plan to make these available through our website which will be developed to include password protected areas to ensure only our schools have access to the materials we produce.
- Information Technology – we are planning to upgrade our IT facilities considerably. This will include planning to ensure portable and static computers communicate effectively, remote access to enable staff to work with files held on the server via the Internet, identifying programs that will further support and develop our work e.g. new database, website, Disclosure and Barring Service (DBS), etc.

**Trustees' report** (*continued*)

**5. Plans for future periods**

Youth and Children's Work

Plans for further developing our work with youth and children include

- Development of children's programmes which are suitable to a wider range of church traditions e.g. developing the principles of 'Messy Church' to include churches of all traditions
- Planning and delivering training which reflects the developments above
- Ensuring we provide training which is in line with the Diocesan document 'Reshaping Ministry for Mission'
- Continuing the development of the Youth Worker model in our secondary schools/academies to support the mission of the church and the development of young people's faith
- Developing ways in which our Youth Adviser can work increasingly effectively with deaneries and parishes to develop our work with young people across the diocese
- We are currently planning for a new mobile resource centre which will be available to both schools and parishes. This will be a travelling 'experience' based learning centre where children and young people can learn about and explore aspects of the Christian faith

Some of these projects will be funded by using the Board's reserves

**6 Custodian Trustee**

The BDBE is the custodian trustee for all Voluntary Aided Church of England Schools in the Benefice area (Diocese of Blackburn) except in cases where it is the actual trustee either by right of the trustee document or following an order under S86 of the 1944 Education Act

Under the 1991 Diocesan Board of Education Measure, governors are required to consult the Board and seek written permission to do any work on the school building which involves governor liability

The Board's main objective is to support Christian education and governors in the maintenance and development of school buildings

**7. Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

**Auditor**

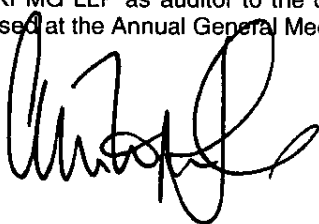
A resolution to reappoint KPMG LLP as auditor to the company and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting

By order of the board

**Christopher J Carr**

*Chair of The Board of Education*

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



11 June 2013

## **Statement of Trustees' responsibilities in respect of the Trustees' report and the 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. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure 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, 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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**

8 Princes Parade

Liverpool

L3 1QH

United Kingdom

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

We have audited the financial statements of The Blackburn Diocesan Board of Education Limited (by guarantee) for the year ended 31 December 2012 set out on pages 12 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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 explained more fully in the Statement of Trustees' Responsibilities set out on page 9, 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.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on 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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of The Blackburn Diocesan Board of Education Limited (by guarantee) *(continued)***

### **Matters on which we are required to report by exception**

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

- the charitable company has not kept adequate accounting records 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 trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Will Baker (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*8 Princes Parade*  
*Liverpool*  
*L3 1QH*  
*United Kingdom*

*20 June* 2013

**Statement of Financial Activities**  
*(incorporating Income & Expenditure account)*  
for the year ended 31 December 2012

		Unrestricted				2012	2011
	Note	General Fund £000	Designated Fund £000	Restricted Funds £000	Endowment Funds £000	Total £000	Restated Total £000
<b>Incoming resources</b>							
Incoming resources from generated funds							
Voluntary Income							
Donations		-	3	14	-	17	16
Grants received	5	439	-	-	-	439	458
Activities for generating funds	5	2	-	-	-	2	2
Investment income	5	366	5	2	-	373	424
Incoming resources from charitable activities	5	530	-	-	-	530	525
<b>Total incoming resources</b>		<b>1,337</b>	<b>8</b>	<b>16</b>	<b>-</b>	<b>1,361</b>	<b>1,425</b>
<b>Resources expended</b>							
Cost of generating funds							
Cost of generating voluntary income	6	27	-	-	-	27	29
Fundraising trading	6	2	-	-	-	2	2
Charitable activities							
Cost of charitable activities	6	1,031	17	1	-	1,049	1,086
Governance costs	6	17	-	-	-	17	15
<b>Total resources expended</b>		<b>1,077</b>	<b>17</b>	<b>1</b>	<b>-</b>	<b>1,095</b>	<b>1,132</b>
Net incoming resources before transfers		260	(9)	15	-	266	293
Transfers between funds	15	(1,000)	1,000	-	-	-	-
Net incoming resources before other recognised gains and losses		(740)	991	15	-	266	293
<b>Other recognised gains</b>							
Gains/(losses) on investment assets	10	39	-	28	4	71	(31)
Losses on sale of assets		-	-	-	-	-	(32)
<b>Capital gains for the year</b>		<b>39</b>	<b>-</b>	<b>28</b>	<b>4</b>	<b>71</b>	<b>(63)</b>
<b>Net movement in funds</b>		<b>(701)</b>	<b>991</b>	<b>43</b>	<b>4</b>	<b>337</b>	<b>230</b>
Total funds brought forward at 1 January 2011		4,922	1,324	323	42	6,611	6,381
<b>Total funds carried forward at 31 December 2012</b>		<b>4,221</b>	<b>2,315</b>	<b>366</b>	<b>46</b>	<b>6,948</b>	<b>6,611</b>

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.

The notes on pages 15 to 27 form part of these financial statements.

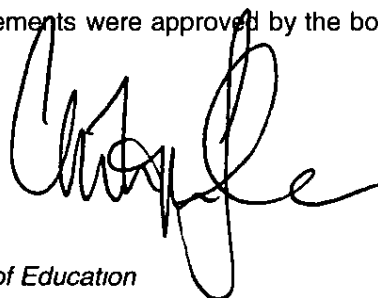
The Blackburn Diocesan Board of Education Limited (by guarantee)  
Trustees' report and financial statements  
31 December 2012

**Balance sheet**  
*at 31 December 2012*

	Note	2012 £000	2012 £000	Restated 2011 £000	Restated 2011 £000
<b>Fixed assets</b>					
Tangible assets	9		6		5
Investments	10		991		920
			<u>997</u>		<u>925</u>
<b>Current assets</b>					
Stocks	11	7		7	
Debtors amounts receivable within one year	12	1,471		1,642	
Deposits and cash at bank and in hand	13	11,204		12,733	
		<u>12,682</u>		<u>14,382</u>	
<b>Creditors</b> amounts falling due within one year	14	(6,434)		(8,559)	
<b>Net current assets</b>			<u>6,248</u>		<u>5,823</u>
<b>Total assets less current liabilities</b>			<u>7,245</u>		<u>6,748</u>
<b>Debtors</b> amounts receivable after more than one year	12		757		932
<b>Creditors</b> amounts falling due after more than one year	14		(1,054)		(1,069)
<b>Net assets</b>			<u>6,948</u>		<u>6,611</u>
<b>Fund balances</b>					
General fund	15		4,221		4,922
Designated fund	15		2,315		1,324
Restricted fund	15		366		323
Endowment fund	15		46		42
			<u>6,948</u>		<u>6,611</u>

The notes on pages 15 to 27 form part of these financial statements

These financial statements were approved by the board of directors and were signed on its behalf on 11 June 2013 by



**Christopher J Carr**  
Chair of The Board of Education

## Cash flow statement

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
<b>Cash flow from operating activities</b>	19	(1,526)	(4,266)
Capital proceeds and financial investment	20	(3)	181
Inflow from management of liquid resources	20	2,792	1,048
<b>Decrease/ (increase) in cash in the year</b>	21	<u>1,263</u>	<u>(3,037)</u>



## 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 (March 2005) Accounting by Charities and applicable accounting standards

The charitable company has considerable financial resources and manages its activities in line with income received. As a consequence the Trustees believe the charitable company is well placed to successfully manage its risks. After making enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Trustees' report and financial statements

#### **Change in accounting policy and prior year adjustment Barchester School Building Scheme**

There has been a change in accounting policy for the funds, expenditure and outstanding balances relating to the Barchester scheme school building work during the year. Trustees and management have carefully considered the accounting policy relating to the Barchester scheme school building work and the underlying nature of the charity's involvement in this process. The substance of this has gradually changed over a number of years. Based upon the guidance in FRS 5 'Reporting the substance of transactions' Application Note G, the trustees believe that, in substance, the charity now acts more like an agent for the schools rather than principal. This change in accounting policy has led to a prior year adjustment as disclosed in notes 5, 6, 12, 14 and 19. There has been no impact on opening reserves.

#### **Fixed assets and depreciation**

Assets with a value in excess of £500 are capitalised. 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 trustees 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.

#### **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.

#### **Debtors**

Debtors are stated at amounts receivable less any provision for uncertain recoverability.

#### **Deferred Payment Arrangements**

Deferred Payment Arrangements are agreements to defer payment of the governors' liabilities on buildings projects under the Barchester Scheme.

#### **Creditors**

Creditors are stated at amounts payable.

## Notes (continued)

### 1 Accounting policies (continued)

#### Income

##### *Grants received and donations*

All grants and donations are recorded as income when receivable. Where grants have conditions relating to future accounting periods they are treated as deferred income and recognised in those accounting periods. Other donations are recorded as income when receivable.

##### *Fees and Chaplaincy income*

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

##### *Service level agreement 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.

##### *Arrangement fee income*

From 2009 arrangement fees are payable on loans arranged for schools by the Board of Education. The arrangement fee is deferred over the life of the loan.

##### *Investment income*

Interest and dividends 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. A grant of service is provided in addition to cash for the provision of finance, computer support and reception duties.

#### Expenditure

##### *Grants payable*

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

##### *Barchester Scheme Building work*

The Board of Education has traditionally been involved in helping voluntary aided church school governing bodies with projects involving major funding streams from the Department for Education (DfE). This entails paying contractors' and professional fee invoices on behalf of the governing body concerned, claiming the appropriate grant (90%) from the DfE, and collecting the governors' (and sometimes the local authority) contributions. The Board might also have agreed deferred payments arrangements to the governors (10%) to such projects. The gross turnover of such activity can amount to considerable sums, where a major new build is concerned.

The payment of such invoices is not accounted for as expenditure of the Board. Normally, the Board has received grant funding or the governors' contribution in advance, but where this is not the case it is shown as the making of short term cash-flow deferred payments for the governing bodies concerned. These are repaid when the appropriate DfE grant and governors' contributions are received. Essentially the Board is acting as the agent of the appropriate governing body in these transactions.

The Board also acts as an agent with DfE arrangements for making 'voluntary aided school annual devolved formula capital grants' available to schools in advance of project spend or approval.

During 2012 the total expenditure was £14,020,000 (2011 £16,852,000). This expenditure has not been recognised in the financial statements of the company in line with FRS 5 'Reporting the substance of transactions, revenue recognition application note G'.

##### *Cost of Activities*

The cost of running each department of the Board is recognised on an accruals basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Governance and support costs**

Governance costs consist of the audit fee and the cost of preparing the accounts

Board of Education administration support costs are recognised on an accruals basis. Support costs are apportioned on a basis consistent with the use of resources.

#### **Taxation**

The Blackburn Diocesan Board of Finance Limited (by guarantee) is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **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 participates in a defined benefits scheme. The assets of the scheme are held separately from the charitable company in independently administered funds. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged against income represents the contributions payable to the scheme by the charitable company in respect of the accounting period.

#### **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.

## Notes (continued)

### 2 Surplus of income over expenditure

	2012 £000	2011 £000
<i>Surplus of income over expenditure is stated</i>		
<i>After charging</i>		
Auditors' remuneration – audit of these financial statements	8	8
Amounts written off tangible fixed assets - owned	2	2
	<u>          </u>	<u>          </u>

### 3 Remuneration of trustees

No trustee has received remuneration from the Board of Education during the year (2011 £nil)

One trustee has received payment for consultancy services of £1,500 (2011 £1,500)

Expenses reimbursed to trustees during the year amounted to £nil (2011 £nil)

### 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 2012	2011
Acting Director Education	1	1
Assistant Directors Schools & Children's Work	2	2
Principal Schools Adviser	1	1
Youth and Children's Chaplains/ Officers	9½	7½
Administration and Secretarial	7½	7
	<u>          </u>	<u>          </u>
	21	18½

The aggregate payroll costs of these employees were as follows

	2012 £000	2011 £000
Wages and salaries	553	476
Social security costs	52	43
Other pension costs	57	48
Payment to pension deficit	-	60
	<u>          </u>	<u>          </u>
	662	627

None of the above employees received emoluments exceeding £60,000 in the year (2011 none)

During 2012 one of the trustees received remuneration of £1,500 in respect of consultancy services (2011 £1,500)

In addition to the above 21 employees (2011 18½) 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 paid by the Church Commissioners

	Number of persons 2012	2011
Principal Schools Adviser	1	1
University/FE Chaplains	1	2
Youth Chaplains/ Officers	-	1
	<u>          </u>	<u>          </u>
	2	4

The total payroll costs during the year met by the charitable company and related to these non-employees amounted to £ 91,360 (2011 £174,960)

## 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 through the Blackburn Diocesan Board of Finance Ltd. During the year to 31 December 2012, the Blackburn Diocesan Board of Education made contributions of £29,426 (2011 £87,090) and this has been the pension cost shown in these accounts. There was £2,328 outstanding at the end of 2012 (2011 £2,272).

It is not possible for an individual employer to determine 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 2010 and the Blackburn Diocesan Board of Finance Ltd, and consequently the Blackburn Diocesan Board of Education, contribution rate was revised to 31% from 1 January 2012.

	Combined Blackburn Board of Education and Board of Finance	Blackburn Board of Education members
Deferred pensioners	5	1
Active members	7	3

##### 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 3 members (as at 31 December 2012) 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 Finance is unable to identify its share of the underlying assets and liabilities – each employer in the scheme pays a common contribution rate. A valuation of the scheme was carried out as at 31 December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions:

- A deficit recovery plan over 12 years by 31 December 2021
- An investment strategy of

For pensions in payment: an allocation to gilts, increasing linearly from nil at 31 Dec 2009, to reach 2/3 after 20 years and the balance of the assets in equities,

For liabilities prior to retirement: a 100% allocation to return-seeking assets

- Investment returns of 4.4% pa on gilts and 5.9% pa on equities,
- RPI inflation of 3.8% pa (and pension increase consistent with this),
- Increase in pensionable stipends 3.8% pa, and

## Notes (continued)

### 4 Staff numbers and costs (continued)

#### Church of England Funded Pension Scheme

- Post-retirement mortality in accordance with 80% of the S1NA tables, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1.5% for males and 1.0% for females

The assets of the scheme are held separately from the charitable company in independently administered funds. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged against income represents the contributions payable to the scheme by the charitable company in respect of the accounting period.

The contribution rate reduced from 45.0% to 38.2% on 1<sup>st</sup> January 2011. A significant change was that the scheme moved to a contracted out basis, with a resultant increase in employer's NICs contributions.

The next valuation of the scheme will be due as at 31<sup>st</sup> December 2012.

### 5 Analysis of Incoming resources

	2012 £000	2011 £000
<b>Grants received</b>		
Diocesan Board of Finance General Funds	394	394
Diocesan Board of Finance Restricted Funds	38	43
External organisations	7	21
	<u>439</u>	<u>458</u>
<b>Activities for generating funds</b>		
DBE Services Fees	<u>2</u>	<u>2</u>
<b>Investment income</b>		
DBE Services gift-aid donation (17% owned)	110	181
Dividends	58	58
Interest	202	184
Rent	3	1
	<u>373</u>	<u>424</u>
<b>Incoming resources from charitable activities</b>		
Fees and Chaplaincy income	160	153
Sale of publications and courses	73	73
Service level agreements and clerking support	295	295
Consultancy work	2	4
	<u>530</u>	<u>525</u>

The effect of the change in accounting policy relating to the Barchester scheme school building work on incoming resources is as follows:

	Unrestricted				2012	2011
	General Fund	Designated Fund	Restricted Funds	Endowment Funds	Total	Total
	£000	£000	£000	£000	£000	£000
Total incoming resources under previous accounting policy	1,337	8	14,036	-	15,381	18,307
Voluntary Income						
Barchester scheme work removed	-	-	(14,020)	-	(14,020)	(16,882)
<b>Total incoming resources as currently stated</b>	<u>1,337</u>	<u>8</u>	<u>16</u>	<u>-</u>	<u>1,361</u>	<u>1,425</u>

## Notes (continued)

### 6 Analysis of Resources Expended

Activity or Programme	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2012 £000	Total 2011 £000
Generating voluntary income	22	-	5	27	29
Fundraising trading	2	-	-	2	2
Cost of charitable activities	848	15	186	1,049	1,086
Governance Costs	17	-	-	17	15
<b>Total Resources Expended</b>	<b>889</b>	<b>15</b>	<b>191</b>	<b>1,095</b>	<b>1,132</b>

The cost of charitable activities has been analysed further as follows, including allocation of support costs

Activity or Programme	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2012 £000	Total 2011 £000
Cost of charitable activities					
<i>School and governor support</i>	279	-	61	340	340
<i>Higher and further education</i>	74	1	16	91	120
<i>Children's work</i>	81	-	18	99	96
<i>Resource centre</i>	34	-	7	41	29
<i>Youth work</i>	326	-	72	398	427
<i>Youth work - designated</i>	-	11	-	11	9
<i>Youth work - restricted</i>	1	-	-	1	2
<i>School buildings support</i>	53	3	12	68	63
<b>Charitable activities subtotal</b>	<b>848</b>	<b>15</b>	<b>186</b>	<b>1,049</b>	<b>1,086</b>

The effect of the change in accounting policy relating to the Barchester scheme school building work on total resources expended is as follows

Activity or Programme	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2012 £000	Total 2011 £000
Total Resources Expended under previous accounting policy	14,909	15	191	15,115	18,014
Barchester scheme work removed	(14,020)	-	-	(14,020)	(16,882)
<b>Total Resources Expended as currently stated</b>	<b>889</b>	<b>15</b>	<b>191</b>	<b>1,095</b>	<b>1,132</b>

### 7 Governance costs

	2012 £000	2011 £000
Audit fee	8	8
Accounts preparation	9	7
<b>Total</b>	<b>17</b>	<b>15</b>

## Notes (continued)

### 8 Realised gains on schools

There are 186 Church of England Schools in the Diocese of Blackburn (2011 186 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 No proceeds were received in 2012 (2011 nil)

### 9 Tangible fixed assets

	Fixtures, fittings and other equipment £000	Total  £000
<b>Cost</b>		
At beginning of year	53	53
Additions	3	3
At end of year	<u>56</u>	<u>56</u>
<b>Depreciation</b>		
At beginning of year	48	48
Charge for year	2	2
At end of year	<u>50</u>	<u>50</u>
<b>Net book value</b>		
At 31 December 2012	<u>6</u>	<u>6</u>
At 31 December 2011	<u>5</u>	<u>5</u>

### 10 Investments

	Unlisted securities Central Board of Finance Church of England	Total UK investments
	Investment Fund	Fixed interest securities fund
	£000	£000
Market valuation		£000
At 31 December 2011	687	233
Increase in market value	68	3
At 31 December 2012	<u>755</u>	<u>236</u>
Historic cost	<u>445</u>	<u>224</u>

Included within Total UK Investments is a 17% holding in DBE Services Limited, a non listed company and a related party The Board of Education holds 12 shares in DBE Services Limited valued at £12 (2011 £12)

### 11 Stocks

	2012 £000	2011 £000
Books and materials	<u>7</u>	<u>7</u>



## Notes (continued)

### 12 Debtors

	2012 £000	2011 £000
<b>Amounts receivable within one year</b>		
Deferred payments on school building projects	1,127	1,123
Deferred Payment Arrangements	135	216
Other debtors	167	185
Loans	1	48
Prepayments	2	2
Accrued income	11	22
Amounts due from Diocesan Board of Finance	28	46
	<hr/>	<hr/>
Debtors amounts receivable within one year	1,471	1,642
	<hr/>	<hr/>
<b>Amounts receivable after more than one year</b>		
Deferred Payment Arrangements	736	910
Loans	21	22
	<hr/>	<hr/>
Debtors amounts receivable after more than one year	757	932
	<hr/>	<hr/>

	Instalments due in one year		Instalments payable due in two and five years		Instalments due in five years or more		Total	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
Deferred Payment Arrangements	135	216	421	492	315	418	871	1,126
Loans	1	48	4	4	17	18	22	70
Total	136	264	425	496	332	436	893	1,196
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The effect of the change in accounting policy due to accrued invoices relating to the Barchester scheme school building work on amounts receivable is as follows

	2012 £000	2011 £000
<b>Amounts receivable within one year</b>		
Deferred payments on school building projects under previous accounting policy	1,576	1,351
Change in amounts recoverable	(449)	(228)
	<hr/>	<hr/>
Deferred payments on school building projects as currently stated	1,127	1,123
	<hr/>	<hr/>
Debtors amounts receivable within one year under previous accounting policy	1,920	1,870
Change in amounts recoverable	(449)	(228)
	<hr/>	<hr/>
Debtors amounts receivable within one year as currently stated	1,471	1,642
	<hr/>	<hr/>

### 13 Deposits and cash at bank and in hand

	2012 £000	2011 £000
Bank (Current Account and Deposits)	4,615	3,352
Deposits with Central Board of Finance Church of England	5,089	5,381
National Westminster Bank plc Bond	1,500	4,000
	<hr/>	<hr/>
	11,204	12,733
	<hr/>	<hr/>

## Notes (continued)

### 14 Creditors

	2012 £000	2011 £000
<b>Amounts falling due within one year</b>		
School loans	1	1
Receipts in advance on behalf of boards of school governors	3,327	4,121
Monies held on behalf of schools in relation to Devolved Formula Capital (DFC)	2,856	4,177
Other creditors	146	143
Accruals	6	9
Deferred income	98	108
<b>Creditors falling due within one year</b>	<b>6,434</b>	<b>8,559</b>
<b>Amounts falling due after more than one year</b>	<b>£000</b>	<b>£000</b>
Education trust funds	992	986
School loans	2	3
Deferred income	60	80
<b>Creditors falling due after more than one year</b>	<b>1,054</b>	<b>1,069</b>
<b>Deferred Income</b>		<b>£000</b>
At beginning of year		188
Recognised in year		(116)
Deferred income 2012		86
<b>At end of year</b>		<b>158</b>

Deferred income is recognised as follows

	Recognised in one year		Recognisable between two and five years		Recognisable after five years		Total	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
Deferred income	98	108	44	53	16	27	158	188

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	
	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000	2012 £000	2011 £000
School loans	1	1	2	3	-	-	3	4

The effect of the change in accounting policy due to accrued invoices relating to the Barchester scheme school building work on amounts falling due within one year is as follows

	2012 £000	2011 £000
<b>Amounts falling due within one year</b>		
Receipts in advance on behalf of boards of school governors under previous accounting policy	3,776	4,349
Change in receipts in advance value	(449)	(228)
<b>Receipts in advance on behalf of boards of school governors as currently stated</b>	<b>3,327</b>	<b>4,121</b>
<b>Creditors falling due within one year under previous accounting policy</b>	<b>6,883</b>	<b>8,787</b>
<b>Change in receipts in advance value</b>	<b>(449)</b>	<b>(228)</b>
<b>Creditors falling due within one year as currently stated</b>	<b>6,434</b>	<b>8,559</b>

## Notes (continued)

### 15 Funds

	Unrestricted General fund £000	Designated fund £000	Restricted Education fund £000	Endowment fund £000	Total £000
At beginning of year	4,922	1,324	323	42	6,611
Surplus/(deficit) of income over expenditure in the year	260	(9)	15	-	266
Capital gains in the year	39		28	4	71
Transfers between funds	(1,000)	1,000	-	-	-
At end of year	<u>4,221</u>	<u>2,315</u>	<u>366</u>	<u>46</u>	<u>6,948</u>

The General Fund consists of those amounts available for the general purposes of the charitable company

The Trustees have designated £600,000 for the support of Youth and Chaplaincy work over a next 5 year period and £400,000 to support the sponsoring of academies. Other designated funds include the Elmslie fund with a value of £571,750, the New Opportunity Fund for schools support at £499,718, Priest Hutton School House fund at £77,678 and Proceeds from Kenwyn Ave fund at £165,870 for support of Youth Chaplaincy work in the Blackpool area

Education restricted funds include the Residential Endowment Income Fund £24,462, the Education Trust Funds £89,910 and the Common Fund, into which schools make voluntary donations, total fund £249,561 (2011 £236,816)

The Residential Endowment Fund is used to support Youth Work activities, comprising Endowment capital of £46,417

### 16 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

### 17 Analysis of net assets between funds

	Tangible fixed assets £000	Investments £000	Net Current assets £000	Debtors Receivable after more than one year £000	Creditors falling due after more than one year £000	Total £000
Unrestricted Funds	6	622	5,889	21	(2)	6,536
Restricted Fund (restricted)	-	323	359	736	(1,052)	366
Endowment fund (restricted)	-	46	-	-	-	46
	<u>6</u>	<u>991</u>	<u>6,248</u>	<u>757</u>	<u>(1,054)</u>	<u>6,948</u>

## Notes (continued)

### 18 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 Total £000	2011 Total £000
Operating leases which expire		
In the second to fifth year inclusive	-	3
In the one year inclusive	3	5
	<u>3</u>	<u>8</u>

### 19 Reconciliation of changes in resources to net cash inflow from operating activities

	2012 £000	2011 £000
Net incoming resources before other recognised gains and losses	266	293
Depreciation	2	2
(Increase) in stock	-	(2)
Decrease in debtors current assets	171	1,452
Decrease in debtors long term assets	175	257
Decrease in creditors current liabilities	(2,125)	(6,251)
Decrease in creditors long term liabilities	(15)	(17)
Net cash (inflow)	<u>(1,526)</u>	<u>(4,266)</u>

Reconciliation of changes in resources to net cash inflow from operating activities under previous accounting policy

	2012 £000	2011 £000
Net incoming resources before other recognised gains and losses	266	293
Depreciation	2	2
(Increase) in stock	-	(2)
(Increase)/decrease in debtors current assets	(50)	2,141
Decrease in debtors long term assets	175	257
Decrease in creditors current liabilities	(1,904)	(6,940)
Decrease in creditors long term liabilities	(15)	(17)
Net cash (inflow)	<u>(1,526)</u>	<u>(4,266)</u>

### 20 Analysis of cash flows

	2012 £000	2011 £000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(3)	(5)
Proceeds of sale of fixed assets	-	186
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(3)</u>	<u>181</u>
<b>Management of liquid resources</b>		
Cash transferred from short term deposits	<u>2,792</u>	<u>1,048</u>

## Notes (continued)

### 21 Analysis of the balances as shown in the balance sheet

	At 1 Jan 2012 £000	Cash Flow 2012 £000	At 31 Dec 2012 £000
Cash in hand and at bank	3,352	1,263	4,615
Short term deposits	9,381	(2,792)	6,589
	<u>12,733</u>	<u>(1,529)</u>	<u>11,204</u>

### 22 Related party transactions

The company is related to DBE Services Ltd by virtue of owning 17% of the share capital

There was no balance outstanding at the year end with DBE Services Limited