



THE BLACKBURN  
DIOCESAN BOARD  
OF EDUCATION

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

**Trustees' annual report and financial statements**

**Registered company number 557954**

**Registered charity number 1020101**

**31 December 2015**

TUESDAY



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COMPANIES HOUSE

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## Trustees' annual 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 trustees, who are also directors for the purposes of company law, present their trustees' report, together with the audited financial statements, for the year ended 31 December 2015.

This report constitutes the Strategic Report and the Directors' Report required under the Companies Act 2006

Charity Registration number 1020101

Company registration number 557954

Company Secretary Canon G D Pollard

Directors/ Trustees Venerable M Everitt

Mr T Cox	
Rev MA Gisbourne	(Resigned 31 December 2015)
Venerable JA Hawley	(Resigned 31 July 2015)
Mr JMP Hewitt	
Rev G A Pollitt	(Resigned 31 December 2015)
Mrs RE Radford	
Rev Canon Dr P Shepherd	
Miss J Snape	
Rev CJ Wren	(Resigned 31 December 2015)
Mr R Jones	

Appointed after year end but prior to signing the year end accounts:

Venerable M Ireland	(Appointed 14 February 2016)
Canon A Holliday	(Appointed 1 January 2016)
Mr G Burrow	(Appointed 1 January 2016)
Mrs C Johnson	(Appointed 1 January 2016)
Mrs N Cox	(Appointed 1 January 2016)
Rev T Horobin	(Appointed 1 January 2016)
Rev P R M Venables	(Appointed 1 January 2016)

Chief Executive Officer Mr S Whittaker

Appointments are made under the Diocesan Board of Education Measure 1991

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

Solicitors	Napthens Greenbank Court, Challenge Way Greenbank Business Park Blackburn, BB1 5QB
Bankers	National Westminster Bank 35 King William Street Blackburn BB1 7DJ
Chartered Surveyors	Eckersley Chartered Surveyors Starkie Court 13 Starkie Street Preston, PR1 3LU
Insurers	Ecclesiastical Insurance Group Beaufort House Brunswick Road Gloucester, GL1 1JZ
Investment Advisors	CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street London EC4V 4ET
Registered Auditor	KPMG LLP Navigation Way Ashton-on-Ribble, Preston, PR2 2YF
Registered Address (to 2 December 2015)	Church House Cathedral Close Blackburn BB1 5AA
Registered Address (from 3 December 2015)	Diocesan Office Clayton House Walker Office Park Blackburn BB1 2QE

## **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 2015. 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 (SORP 2015).

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102)) and the Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) issued on 16 July 2014 rather than the preceding Charities SORP (SORP 2005) which was effective from 1 April 2005 and has since been withdrawn. 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 licensed 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 as a need is identified.

### **Organisation**

The Board of Education, as defined in statute, has overall control of the activities of the Company. 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.

The Board is responsible for setting the pay for the key member of staff and any annual increments are agreed by the Chair of the Board.

### **Related Parties**

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 Charitable Company. Grants received from the BDBF in 2015: £329,517 from general funds and £40,540 grant of service for finance.

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

Cidari Multi Academy Trust is the trust that has been established to act as sponsor for underperforming church schools in the Diocese and to welcome and support converter schools wishing to join the CIDARI family of academies.

DBE Services Ltd of which the company owns 17% of the share capital.

### **Pensions**

The Church of England Pensions Board; to whom the Board of Education pays retirement benefit contributions of £58,579 for stipendiary clergy and employees this is paid through BDBF to the pension board.

## **2. Objectives and activities**

### **Objects of the Charity**

- To promote or assist in the promotion of education in the Diocese of Blackburn ("the diocese") being education which is consistent with the faith and practice of the Church of England.
- To promote or assist in the promotion of religious education and religious worship in schools in the diocese.
- To promote or assist in the promotion of church schools in the diocese and to advise the governors of such schools, and trustees of church educational endowments and any other body or person concerned on any matter affecting church schools in the diocese; to promote co-operation between its Board of Management ("the board") and bodies or persons concerned in any respect with education in the diocese.
- To discharge within the diocese the functions assigned to Diocesan Boards of Education by section 3 to 8 and 11 of the Diocesan Boards of Education Measure 1991 or by any amending legislation
- To discharge within the diocese such other functions relating to the furtherance of church education as may be assigned to the Board by the diocesan synod, other than functions relating to church schools or church educational endowments
- To do all such things as are incidental or conducive to the attainment of the aforesaid objects, including acceptance of the trusteeship of any trusts and the investment of any moneys not immediately required for its purpose in or upon such investments securities as the Board may think fit.

### **Main Activities**

- The support of Church of England schools in all areas of their activities. In particular:
  - ❖ Development and delivery of religious education and collective worship
  - ❖ Protection of the Church of England's interests in academy conversions in Blackburn Diocese
  - ❖ Maintenance of church school buildings belonging to trustees of Church of England Schools
  - ❖ 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

### **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 demonstrated in the support of high quality education intuitions contributing to improved future economic outcomes for all. We support church schools in meeting the needs of children and their families through a Christian ethos that promotes and enhances human wellbeing. In addition, church schools are actively engaged in community activities, often linked to the church parish, that are designed to unify the local community and build social cohesion. Our support for schools also ensures the provision of buildings which can be used by parishes and outside bodies for the benefit of all. The trustees have referred to charity commission guidance and consider the entity is compliant.

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

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 and provides chaplains in Church of England high schools to meet the spiritual and pastoral needs of all students.

We offer funding and professional support to the three universities within the Diocese by providing chaplains. 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 applications 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**

#### **Curriculum and Worship Primary**

Religious Education (RE) and Worship conferences have continued to be successful and well attended. It is clear from Religious Education work scrutinies and audits that the syllabus is being well used and the standard of Religious Education in our schools is high. The Blackburn Diocesan Board of Education Syllabus Questful RE has now been launched across the Manchester Diocese. Lisa Horobin (Senior Schools Advisor) spoke at both the Newcastle Durham and Leicester Dioceses' Head teachers Conferences.

Blackburn Diocesan schools are consistently sustaining an outstanding SIAMS judgement or improving from Good to Outstanding. A large proportion of our schools have recently reviewed their Mission Statement resulting in distinctively Christian sentences being displayed boldly around our schools.

Pupil conferences were filled to capacity and have led to schools giving greater responsibility to pupils in the areas of worship and ethos. The SLA visits made to every school by members of the DBE Associate Advisers Team have strengthened and re-established relationships across our school family.

Collective Worship resources produced for the 100<sup>th</sup> anniversary of WW1 were well received and the DBE prayer Spaces equipment is being put to good use by many of our schools.

#### **Curriculum and Worship Secondary**

During this year a further two schools have been inspected under the new SIAMS inspection criteria and both have shown improved outcomes, meaning that all High Schools and Academies are graded good or outstanding.

The Illuminating Pathways KS3 Program of Study is now delivered in 9 schools within the Diocese. In collaboration with the Durham and Newcastle Diocese further support materials have been created and made available via the DBE Schools Pinterest Board and Religious Education Resources Centre.

The 10 year anniversary of the Christian Leadership Course was celebrated in April at special conference with Nicola Sylvester (National Society) at Wrightington Country Club in partnership with other NW Dioceses. This course continues to be a success and is once again oversubscribed, with 7 delegates for this and next year. In 2016-2017 we will see the celebration service for those completing the course take place in Blackburn Cathedral. Bishop Cyril and Fred Kershaw have facilitated the spiritual development program and the diocese plan to link this with the Christian Leadership program in the future to develop this area of work.

In partnership with the Liverpool Diocese the meetings for Heads of Religious Education continue to thrive and enhance Religious Education provision. In addition, the Year 7 pupil conference at Liverpool Cathedral has continued to be held and been well supported.

The Christian Service Awards continue to be a really good way to engage and challenge young people with 17 young leaders recognised this year.

The work to support recruitment has increased significantly over this year with 4 recruitment processes at senior level: 3 Head teacher appointments and 1 Assistant Head teacher post.  
1020101 / Registered company number 557954

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

### **School Buildings**

In 2015 we continued to support schools with capital and revenue work. Through our Total Property Management service level agreements the revenue on capital work has decreased significantly and this trend is expected to continue going forward.

We continue to support schools in their infrastructure and capital works which is a major part of the Board's work. Reduced funding for capital projects from government means that the overall capital work has continued to decrease, this has impacted on the Board's income. We believe that this pattern is set to continue for the medium term forecast going forward. The Board continues to work closely with the National Society and its trading company DBE Services Ltd to position itself to be a school provider to address the continual introduction in new legislation by the Government.

The majority of schools within the Diocese 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 for Education on an annual basis.

The Board in partnership with Local Authorities have been able to expand a number of primary schools during 2015 through Basic Need funding to meet the demands for pupil places. Discussions are ongoing to provide further additional places during 2016/17 to meet additional demand for this is now an ongoing task as population growth, migration and significant housing development impacts the Diocese.

### **Standards- Ofsted results and SIAMS**

Under the new Ofsted Framework, many schools in the Diocese have continued to show improvement with the 87% of schools achieving good or outstanding judgements according to Ofsted. SIAMS inspections have also shown that schools continue to improve with 93% achieving good or outstanding judgements.

The Board of Education is actively engaged in the Blackburn, Blackpool, Cumbria and Lancashire area working alongside system leaders in the area to help broker school improvement support packages. This often involves strong partnership with the local authorities.

### **Youth Work**

The Youth department are looking forward to taking a group of 20 young people out to the Diocese of the Free State in August. This group has been meeting to prepare over the last 12 months and a successful month-long Chaplain Exchange took place in the summer term.

The Youth Team said a fond farewell to Jaqueline Houghton and Sarah McAlister and welcomed Tabitha Smith. We are looking forward to Fiona Conway joining the team in September. The team continue to share the Gospel in exciting and relevant ways in schools, colleges and churches. The 10 year anniversary of Schools based Youth Work & Chaplaincy was celebrated on Education Sunday and with a BBQ at Bishop's House in the summer.

Sanctuary took place once again early on in 2015 and was followed by over 50 young people attending the Diocesan Youth Camp in the summer. A Young Leaders' Day was held in July and this work is being built upon during 2016. At the beginning of the summer holidays Bishop Philip joined the group that went to Walsingham Youth Pilgrimage.

The Young Vocations Strategy Group was formed in the spring and Young Vocations Mentors were identified and gathered in the autumn.

Several parishes have taken part in locally delivered youth work training which has led to the establishment of new youth groups in three different parishes around the Diocese so far. Almost 100 children's & youth leaders gathered for the ecumenical Hotpot training day in October. The Church Colleges Certificate in Christian Youth Work is running as usual with 10 students this academic year.



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

**Children's Work**

In 2015 we appointed Sarah Earnshaw to be our part time under 5's adviser giving us more scope in the children and families team to meet the needs of training and resourcing parish volunteers. The development of under 5's work supporting parent and toddler groups and crèche work will also compliment the work of the national Baptism project currently being rolled out in the Diocese. Our Mega survey of parishes showed we have over 80 Messy Churches, 150 Sunday schools, 150 All Age Services and 60 holiday clubs as well as our work supporting church school links. This year our events included a Messy Garden party at Bishop Philip's home and our children's work conference 'Why Families Count'. The year long Bishop's Certificate in Children's ministry and various training events are held to meet the needs of parishes and we now link these with the aims of Vision 2026.

**Chaplains**

We continue to support the work of youth minister/chaplains in our high schools, and are currently supporting nine of our ten high schools. It is our intention to support the schools with their current workers, and review with the DBF how they might be funded in the future.

**4. Financial review**

During the year to 31 December 2015 the charitable company bought a building jointly with the Diocesan Board of Finance Ltd. The costs at 31 December 2015 with modifications are £549,963. The residual balance of £40,000 has been retained for the final retention and identified repairs.

The charitable company has currently £555,000 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 charitable company employs staff to support schools in their maintenance and building projects. During the year £54,630 was spent on directly undertaking 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 £493,864 (2014: £418,034) was spent on directly undertaking activities in this area.

Youth and children's work occurs both in schools and parishes. Youth and children's work directly undertaken activities cost £457,310 (2014: £475,391).

The charitable company also supports university chaplains and this support amounted to £131,120 of activities directly undertaken.

**Investment policy**

The charity utilises the CBF fund with CCLA for investments.

This ensures ethical investment, as investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

Unrestricted and restricted funds are invested to balance income, liquidity and the reimbursement of capital. Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for preservation of capital value.

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

### **Reserves policy**

The total funds of the charitable company as at 31 December 2015 are £5,880,000, of which £399,000 are restricted and £55,000 are endowment funds.

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, £1,500,000, four to six months budgeted running costs for 2016, £742,000 (six months) and have set aside £40,000 to cover future accommodation costs. The total approved level of reserves is £2,282,000.

The total value of free reserves (general reserves less assets used in the charity and designated fund) is £2,675,000. The level of free reserves is £393,000 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 do not consider this sum significant and will review with future budget plans.

The level of designated funds at the year-end is £2,153,000 (2014: £1,995,000). Material designated funds include the New Opportunity Fund at £551,179 for school buildings support and the Elmslie Fund at £528,458 for educational purposes in the Blackpool area.

### **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. The Board is also in receipt of funds allocated from the BDBF restricted Funds. Total funding is £329,517 (2014: £254,160).

Service level agreements to provide support services to schools £317,000 (2014: £309,264).

Total interest and dividends income is £110,506 (2014: £121,168) representing 7% of total income (2014: 10%).

The DBDF grants represented around 22% of the total incoming resources of the charity for the year, equally 21% of the income came from service level agreements and interest and dividend income was 7%.

### **Financial Support of Key Objectives**

#### **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 their 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 the trustees have continued to develop their 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.

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

An annual meeting will take place each year to review the risks of the Blackburn Diocesan Board of Education.

During the year consultants and advisers have been engaged to assist in the management of on-going work where there has been identified need.

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 BDE;
- 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 appropriate measures are in place to mitigate the potential financial impact of these risks and has the assurance of the variable annual grant received from the DBF.

The economic climate continues to impact on school budgets being cut in real terms in 2015. 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 of buy services from the Board in 2015.

### **Transitional adjustments to Financial Statements**

During the year to 31 December 2015 as noted within the accounting policies on page 18, the Board of Education has adopted for the first time as required the Statement of Recommended Practice for Charities (SORP 2015) which takes into account a number of changes contained within Financial Reporting Statement (FRS) 102. This has resulted in changes to accounting policies in the following area:

- Accounting for pension scheme deficits on multi-employer defined benefit pension schemes

The impact of these changes has resulted in the £47,000 paid out on the Church workers pension scheme being moved from pension contributions within charitable activities and offset by an actuarial loss. There is no deficit on the Church workers pension scheme.

Although there are employees within the Board of Education whom are members of the Church of England Funded Pensions Scheme for stipendiary clergy this deficit is shown in the Diocesan Board Finance Ltd accounts as that entity has agreed to a deficit recovery plan with the Church of England Funded Pensions Scheme in respect of both entities.

### **5. Plans for future periods**

Objectives set for the next three years for the Board of Education:

- To ensure well-resourced and effective worshipping communities that meet the needs of children and young people
- To ensure high quality learning about faith through effective progressive curricula
- To ensure children and young people are nurtured in distinctively Christian environments
- To ensure church schools remain firmly embedded within the Church of England and have systems that allow the best outcomes for their pupils
- To ensure church schools maintain the highest standards in education with a physical environment that enhances the learning experience of each child
- To ensure high calibre of Christian leadership at all levels
- To ensure discipleship opportunities and nurture for adults who work with children and young people

### **6. Custodian Trustee**

The charitable company 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.

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

**7. Disclosure of information to auditor**

So far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's Auditor is unaware, and
- we have taken all steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's Auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

**The Venerable Michael Everitt**

*Chair of The Board of Education*

Blackburn Diocesan Board of Education Limited  
Clayton House  
Walker Office Park  
BLACKBURN  
BB1 2QE



14<sup>th</sup> July 2016

2016

## **Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements**

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

Company law requires the trustees (as Directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 surplus or deficit of the charitable company 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**

Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF  
United Kingdom

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

We have audited the financial statements of The Blackburn Diocesan Board of Education Limited (by guarantee) for the year ended 31 December 2015 set out on pages 14 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, 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 2015 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, which constitutes the Strategic Report and the Directors' 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Liam Finnigan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*Edward VII Quay, Ashton on Ribble*  
*Preston*  
*PR2 2YF*  
*United Kingdom*

19<sup>th</sup> July 2016

## Statement of Financial Activities

For the year ended 31 December 2015

		Unrestricted				2015	2014
	Note	General Fund £000	Designated Fund £000	Restricted Funds £000	Endowment Funds £000	Total £000	Restated Total £000
<b>Income and endowments from:</b>							
Donations and legacies	5	341	-	12	-	353	436
Charitable activities	5	945	-	-	-	945	616
Other trading activities	5	3	-	-	-	3	2
Investments	5	173	6	3	-	182	210
<b>Total</b>		<b>1,462</b>	<b>6</b>	<b>15</b>	<b>-</b>	<b>1,483</b>	<b>1,264</b>
<b>Expenditure on:</b>							
Raising funds	6	17	-	-	-	17	17
Charitable activities	7	1,377	3	104	-	1,484	1,715
<b>Total</b>		<b>1,394</b>	<b>3</b>	<b>104</b>	<b>-</b>	<b>1,501</b>	<b>1,732</b>
<b>Net income/(expenditure) before investment gains</b>		<b>68</b>	<b>3</b>	<b>(89)</b>	<b>-</b>	<b>(18)</b>	<b>(468)</b>
Net (losses)/gains on investments	11	(2)	-	5	-	3	62
<b>Net income/(expenditure)</b>		<b>66</b>	<b>3</b>	<b>(84)</b>	<b>-</b>	<b>(15)</b>	<b>(406)</b>
<b>Transfer between funds</b>	16	<b>(53)</b>	<b>155</b>	<b>(102)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Actuarial gains/(losses) on defined benefit pension schemes</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47)</b>
<b>Net movement in funds</b>		<b>13</b>	<b>158</b>	<b>(186)</b>	<b>-</b>	<b>(15)</b>	<b>(453)</b>
<b>Total funds brought forward</b>	16	<b>3,260</b>	<b>1,995</b>	<b>585</b>	<b>55</b>	<b>5,895</b>	<b>6,348</b>
<b>Total funds carried forward</b>	16	<b>3,273</b>	<b>2,153</b>	<b>399</b>	<b>55</b>	<b>5,880</b>	<b>5,895</b>

All activities derive from continuing activities.

The notes on pages 18 to 32 form part of these financial statements.



## Income and Expenditure Account

for the year ended 31 December 2015

	2015 £000	2014 £000
Total incoming resources	1,483	1,264
Resources expended	(1,501)	(1,732)
Operating deficit for the year	(18)	(468)
Net gains on investments	3	62
Actuarial loss defined benefit scheme	-	(47)
<b>Net income for the year</b>	<b>(15)</b>	<b>(453)</b>
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	-	-
Net assets transferred from endowments	-	-
Actuarial (losses) on defined Benefit pension schemes	-	-
<b>Total comprehensive income</b>	<b>(15)</b>	<b>(453)</b>

## Balance sheet

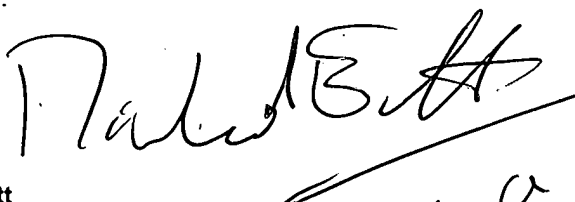
at 31 December 2015

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	10	598	14
Investments	11	1,125	1,122
		<u>1,723</u>	<u>1,136</u>
<b>Current assets</b>			
Stocks	12	7	10
Debtors	13	697	845
Cash on deposit	14	4,732	5,024
Cash at bank and in hand	14	3,935	5,429
		<u>9,371</u>	<u>11,308</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(5,032)</u>	<u>(6,401)</u>
<b>Net current assets</b>		<u>4,339</u>	<u>4,907</u>
<b>Total assets less current liabilities</b>		<u>6,062</u>	<u>6,043</u>
<b>Debtors: amounts falling due after more than one year</b>	13	484	526
<b>Creditors: amounts falling due after more than one year</b>	15	(666)	(674)
<b>Net assets</b>		<u>5,880</u>	<u>5,895</u>
<b>Fund balances</b>			
<b>Endowment funds:</b>	16	55	55
(including investment revaluation reserve of £27,178 (2014:£26,435))			
<b>Restricted income funds</b>	16	399	585
(including investment revaluation reserve of £33,176 (2014:£140,543))			
<b>Unrestricted income funds:</b>			
General funds (including revaluation reserve of £396,727 (2014:£287,255))	16	3,273	3,260
<b>Designated funds</b> (including revaluation reserve of £nil (2014:£nil))	16	2,153	1,995
		<u>5,880</u>	<u>5,895</u>

The notes on pages 18 to 32 form part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf on 2016 by:

The Venerable Michael Everitt  
Chair of The Board of Education



14th July 2016

## Cash flow statement

for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Cash (outflow)/ inflow from operating activities	20	(1,192)	454
Cash flows from investing activities	21	(594)	(2)
Cash flows from financing activities	21	292	17
(Decrease)/Increase in cash in the year		<u>(1,494)</u>	<u>469</u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***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 for Charities (SORP 2015, the Companies Act 2006 and applicable accounting standards (FRS102).

The charitable company 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 Trustee's report and financial statements. The Trustees believe that the charitable company is a public benefit entity.

Following the transition to FRS102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and where these have resulted in a material change to the amounts, classification or presentation within the financial statements as at the date of transition then a transitional adjustment has been made (see note 24). The principal accounting policies and estimation techniques are as follows.

#### ***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	2% per annum
Re-modelling	3.33% per annum
Computers	25% per annum
Fixtures and fittings	5 - 10% per annum
Office equipment	25% per annum

The charitable company will perform annual impairment testing of assets on which depreciation is not provided in accordance with FRS 102.17 to determine whether residual disposal values of these assets in aggregate continue to exceed carrying value.

#### ***Fixed asset investments***

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

#### ***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.

#### 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 2015 the total expenditure was £7,766,970 (2014: £10,129,502). This expenditure has not been recognised in the financial statements of the company in line with FRS 102.23.4

##### **Cost of Activities**

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

##### **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.

## Notes (continued)

### 1 Accounting policies (continued)

#### **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.

Some of the charitable company's staff are members of the Church Workers Pension Fund. The costs charged as resources expended represent the charitable company's contributions payable in respect of the accounting period, in accordance with FRS102

Four employees are members of the Church of England Funded Pension Scheme. Contributions for this are paid via the Blackburn Diocesan Board of Finance and that entity has accounted for a liability in respect of an agreed deficit recovery plan which also covers the employees of the Board of Education. Within the Board of Education's financial statements the amount charged against income represents the annual recharge from the Board of Finance for costs in respect of Board of Education employees but no liability is held on the balance sheet.

#### **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.

## Notes (continued)

### 2 Deficit of income over expenditure

	2015 £000	2014 £000
<i>Deficit of income over expenditure is stated</i>		
<i>After charging</i>		
Auditor's remuneration – audit of these financial statements	11	11
Amounts written off tangible fixed assets - owned	10	7
	<u>21</u>	<u>18</u>

### 3 Remuneration of trustees

No trustee has received remuneration from the Board of Education during the year (2014: £nil).

Expenses reimbursed to trustees during the year amounted to £nil (2014: £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	
	2015	2014
Director of Education	1	1
Deputy and Assistant Directors	2	2
Principal Schools Adviser	2	2
Schools Improvement Officers	1	2
Youth and Children's Chaplains/ Officers	12	12
Staff secondment to Cidari	1	-
Administration and Secretarial	9	10
Cidari	1	3
	<u>29</u>	<u>32</u>

The aggregate payroll costs of these employees were as follows:

	2015 £000	2014 £000
Wages and salaries	834	849
Social security costs	77	79
Other pension costs	60	167
	<u>971</u>	<u>1,095</u>

During the year one employee received a salary in excess of £60,000, in the band £60,000 to £70,000. Pension contributions in respect of this employee were £8,160 (2014: £nil).

#### Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the charitable company. During 2015 they were:

Chief Executive officer                      Stephen Whittaker

Remuneration, pensions and expenses for this employee amounted to £59,499 for nine months of the year. For the first three months an acting consultant was in place.

In addition to the above 29 employees (2014: 32) 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	
	2015	2014
Principal Schools Adviser	-	-
University/FE Chaplains	1	1
	<u>1</u>	<u>1</u>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The total payroll costs during the year met by the charitable company and related to these non-employees amounted to £43,377 (2014: £42,340).

#### 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.

The Blackburn Diocesan Board of Education participates in the Defined Benefits Scheme section of CWPf for lay staff jointly with BDBF. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

##### Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 30.5% of pensionable salary and expenses of £2,300 per year.

The Blackburn Diocesan Board of Education and the Blackburn Diocesan Board of Finance are jointly in the Defined Benefits scheme and the Directors will agree a split of the liabilities.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:



Notes (continued)

**4 Staff numbers and costs (continued)**

**Joint Movement**

	2015 £000	2014 £000
Balance sheet liability 1 January	-	-
Deficit contribution paid	-	(47)
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability*	-	47
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-
	<hr/>	<hr/>

The movement of £47,000 relates solely to the Blackburn Diocesan Board of Education.

\*Comprises change in agreed deficit recovery plan and change in discount rates between year – ends.

As there is no Balance Sheet Liability at the 31 December 2015 year end or the 31 December 2014 year end, there are no key assumptions to disclose.

**5 Analysis of Incoming resources**

	2015 £000	2014 £000
<b>Donations and legacies</b>		
Donations	11	175
Diocesan Board of Finance General Funds	321	239
Diocesan Board of Finance Restricted Funds	8	15
External organisations	13	7
	<hr/>	<hr/>
	353	436
	<hr/>	<hr/>
<b>Other trading activities</b>		
DBE Services Fees	3	2
	<hr/>	<hr/>
<b>Investment income</b>		
DBE Services gift-aid donation (17% owned)	71	88
Dividends	59	56
Interest	52	65
Rent	-	1
	<hr/>	<hr/>
	182	210
	<hr/>	<hr/>
<b>Incoming resources from charitable activities</b>		
Fees and Chaplaincy income	204	213
Sale of publications and courses	84	78
Service level agreements and clerking support	317	309
Consultancy work	5	16
Supporting Church of England academies	335	-
	<hr/>	<hr/>
	945	616
	<hr/>	<hr/>

## Notes (continued)

### 6 Fund Raising Costs

	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2015 £000	Total 2014 £000
Generating voluntary income	12	-	3	15	15
Fundraising trading	2	-	-	2	2
<b>Total Fund Raising Costs</b>	<b>14</b>	<b>-</b>	<b>3</b>	<b>17</b>	<b>17</b>

### 7 Charitable Activities

Activity or Programme	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2015 £000	Total 2014 £000
Cost of charitable activities:					
<i>School and governor support</i>	494	-	95	589	505
<i>Higher and further education</i>	131	-	25	156	152
<i>Children's work</i>	83	3	16	102	110
<i>Resource centre</i>	50	-	10	60	35
<i>Youth work</i>	374	-	72	446	469
<i>Youth work - designated</i>	-	3	-	3	5
<i>Youth work - restricted</i>	-	90	-	90	71
<i>School buildings support</i>	83	-	16	99	188
<i>Cidari</i>	34	-	-	34	180
<i>Debt provision Bretherton</i>	14	-	-	14	-
<i>Debt provisions</i>	(109)	-	-	(109)	-
<b>Charitable activities subtotal</b>	<b>1,154</b>	<b>96</b>	<b>234</b>	<b>1,484</b>	<b>1,715</b>

### 8 Net outgoing resources for the year

	2015 £000	2014 £000
These are stated after charging:		
Auditors remuneration	11	11
Accounts preparation	3	34
<b>Total</b>	<b>14</b>	<b>45</b>

### 9 Realised gains on schools

There are 190 Church of England Schools in the Diocese of Blackburn (2014: 188 schools). The Church of England Primary School at Out Rawcliffe was closed in July 2013 and the Board is currently in the process of establishing the exact terms regarding closure and use of the sale proceeds of the original Trust Deed. If this is not available the Board will follow due process in establishing how the proceeds from the sale of the school should be used or distributed. Should any other diocesan schools be closed and the premises be sold, then the Diocesan Board of Education would normally have a claim on some or all of the proceeds. No proceeds were received in 2015 (2014: nil).

## Notes (continued)

### 10 Tangible fixed assets

	Buildings	Fixtures, fittings and other equipment	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of year	-	74	74
Additions	550	44	594
At end of year	550	118	668
<b>Depreciation</b>			
At beginning of year	-	60	60
Charge for year	2	8	10
At end of year	2	68	70
<b>Net book value</b>			
At 31 December 2015	548	50	598
At 31 December 2014	-	14	14

### 11 Investments

	Unlisted securities Central Board of Finance Church of England	Total UK investments
	Investment Fund	Fixed interest securities fund
	£000	£000
Market valuation		
At 31 December 2014	884	238
Increase/(decrease) in market value	12	(9)
At 31 December 2015	896	229
Historic cost	445	224

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 (2014: £12).

### 12 Stocks

	2015 £000	2014 £000
Books and materials	7	10

## Notes (continued)

### 13 Debtors

	2015 £000	2014 £000
<b>Amounts receivable within one year</b>		
Deferred payments on school building projects	58	312
Deferred Payment Arrangements	89	111
Other debtors	462	283
Loans	1	1
Prepayments	34	10
Accrued income	47	68
Amounts due from Diocesan Board of Finance	-	60
Amounts due from DBE Services Limited	2	-
Amounts due from New Opportunity Fund	4	-
	<hr/>	<hr/>
Debtors: amounts receivable within one year	697	845
	<hr/>	<hr/>
<b>Amounts receivable after more than one year</b>		
Deferred Payment Arrangements	466	507
Loans	18	19
	<hr/>	<hr/>
Debtors: amounts receivable after more than one year	484	526
	<hr/>	<hr/>

	Instalments due in one year		Instalments payable due in two and five years		Instalments due in five years or more		Total	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Deferred Payment Arrangements	89	111	305	415	161	92	555	618
Loans	1	1	4	4	14	15	19	20
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	90	112	309	419	175	107	574	638
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

	2015 £000	2014 £000
Bank (Current Account and Deposits)	3,935	5,429
Deposits with Central Board of Finance Church of England	4,732	5,024
	<hr/>	<hr/>
	8,667	10,453
	<hr/>	<hr/>

## Notes (continued)

### 15 Creditors

	2015 £000	2014 £000
<b>Amounts falling due within one year</b>		
School loans	1	1
Receipts in advance on behalf of boards of school governors	3,148	4,279
Monies held on behalf of schools in relation to Devolved Formula Capital (DFC)	1,529	1,579
Other creditors	227	429
Accruals	25	23
Deferred income	102	90
<b>Creditors falling due within one year</b>	<b>5,032</b>	<b>6,401</b>
<b>Amounts falling due after more than one year</b>		
Education trust funds	639	636
Deferred income	27	38
<b>Creditors falling due after more than one year</b>	<b>666</b>	<b>674</b>
<b>Deferred Income:</b>		
At beginning of year	128	
Recognised in year	(90)	
Deferred income 2015	91	
<b>At end of year</b>	<b>129</b>	

Deferred income is recognised as follows:

	Recognised in one year		Recognisable between two and five years		Recognisable after five year		Total	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Deferred income	102	90	27	38	-	-	129	128

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	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
School loans	1	1	-	-	-	-	1	1

## Notes (continued)

### 16 Funds

	Unrestricted General fund £000	Designated fund £000	Restricted fund £000	Endowment fund £000	Total £000
At beginning of year	3,260	1,995	585	55	5,895
Surplus/(deficit) of income over expenditure in the year	68	3	(89)	-	(18)
Capital gains in the year	(2)	-	5	-	3
Transfers between funds	(53)	155	(102)	-	-
At end of year	<u>3,273</u>	<u>2,153</u>	<u>399</u>	<u>55</u>	<u>5,880</u>

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

	At 1 January 2015 £000	Incoming resources £000	Expenditure, gains, losses and transfers £000	At 31 December 2015 £000
<b>Designated funds</b>				
Youth and Chaplaincy	219	-	131	350
Sponsoring academies	397	3	-	400
Elmslie Fund	508	3	18	529
New Opportunity Fund	548	-	3	551
Priest Hutton School House Fund	77	-	-	77
Kenwyn Ave Fund	166	-	-	166
Church Workers Pension Deficit	40	-	-	40
Clayton House	40	-	-	40
	<u>1,995</u>	<u>6</u>	<u>152</u>	<u>2,153</u>
<b>Restricted funds</b>				
Residential Income Fund	29	4	(1)	32
Education Trust Funds	190	-	(97)	93
Common Fund	364	11	(103)	272
Other restricted funds	2	-	-	2
	<u>585</u>	<u>15</u>	<u>(201)</u>	<u>399</u>
<b>Endowment funds</b>				
Residential Endowment Fund	55	-	-	55

The specific purposes for which the designated and restricted funds are to be applied is as follows:

The Youth and Chaplaincy fund - for the support of chaplaincy work.

The Academies fund - to support the sponsoring of academies.

The Elmslie fund is used for the work of the youth chaplain at Blackpool St George CE School.

The New Opportunity Fund - for schools buildings support.

Proceeds from Kenwyn Ave fund - for support of Youth Chaplaincy work in the Blackpool area.

The Residential Endowment and Income Fund are used to support Youth Work activities.

The Common Fund was set up by schools make voluntary donations to support capital work in schools.

### 17 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.

## Notes (continued)

### 18 Analysis of net assets between funds

	Tangible fixed assets	Investments	Net Current assets	Debtors Receivable after more than one year £000	Creditors falling due after more than one year £000	Total
	£000	£000	£000			£000
Unrestricted Funds	598	1,003	3,807	18	-	5,426
Restricted Fund (restricted)	-	67	532	466	(666)	399
Endowment fund (restricted)	-	55	-	-	-	55
	<u>598</u>	<u>1,125</u>	<u>4,339</u>	<u>484</u>	<u>(666)</u>	<u>5,880</u>

### 19 Commitments

There were no commitments under non-cancellable operating leases in the year (2014: none).

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

	2015 £000	2014 £000
Net expenditure before other recognised gains and losses	(18)	(468)
Actuarial loss	-	(47)
Depreciation	10	7
Decrease in stock	3	-
Decrease/(Increase) in debtors current assets	148	(219)
Decrease in debtors long term assets	42	112
(Decrease)/increase in creditors current liabilities	(1,369)	1,077
(Decrease) in creditors long term liabilities	(8)	(8)
Net cash (outflow)/inflow	<u>(1,192)</u>	<u>454</u>

### 21 Analysis of cash flows

	2015 £000	2014 £000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(594)	(2)
Net cash outflow from capital expenditure and financial investment	<u>(594)</u>	<u>(2)</u>
<b>Management of liquid resources</b>		
Cash transferred from short term deposits	<u>292</u>	<u>17</u>

## Notes (continued)

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

	At 1 Jan 2015 £000	Cash Flow 2015 £000	At 31 Dec 2015 £000
Cash in hand and at bank	5,429	(1,494)	3,935
Short term deposits	5,024	(292)	4,732
	10,453	(1,786)	8,667

### 23 Related party transactions

The company is related to Blackburn Diocesan Board of Finance Ltd who provides significant funding by way of a grant. At the year end the balance due to this company was £75,632 (2014: £58,999 was due from them). Grants received in the year from this company amounted to £329,517 (2014: £254,160) and recharges in the year were £35,197.

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

There was £2,400 (2014: £nil) due from DBE Services Ltd at the year end.

The company is related to Cidari Multi-Academy Trust which was set up by both the DBE and DBF to look after Church of England schools converting to academies within the diocese. As at 31 December 2015 £319,503 (2014: £nil) was due from this company.



## 24 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS102.

The accounting policies set out in note 1 have been applied in preparing the financial statement for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

### Reconciliation of income for 31 December 2014

	Adopted UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 Total £000
<b>Income and endowments from:</b>			
Donations and legacies	436	-	436
Charitable activities	616	-	616
Other trading activities	2	-	2
Investments	210	-	210
	<hr/>	<hr/>	<hr/>
Total	1,264	-	1,264
<b>Expenditure on:</b>			
Raising funds	(17)	-	(17)
Charitable activities	(1,762)	47	(1,715)
	<hr/>	<hr/>	<hr/>
Total	(1,779)	47	(1,732)
	<hr/>	<hr/>	<hr/>
<b>Net income/(expenditure) before Investment gains</b>	(515)	-	(468)
Net gains/(losses) on investments	62	-	62
	<hr/>	<hr/>	<hr/>
<b>Net income/(expenditure)</b>	(453)	-	(406)
Transfer between funds	-	-	-
Actuarial gains/(losses) on defined benefit pension scheme	-	(47)	(47)
	<hr/>	<hr/>	<hr/>
<b>Net movement in funds</b>	(453)	-	(453)
<b>Total funds brought forward</b>	6,348	-	6,348
	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>	5,895	-	5,895
	<hr/>	<hr/>	<hr/>

The SOFA at 31 December 2014 has been restated to reflect the £47,000 pension deficit contribution paid. This was a one off payment relating to one member of staff. The £47,000 has moved out of charitable activities to its own line on the SOFA after net income/(expenditure) and gains in the year. There has been no impact on the balance sheet as a result of the transition.

**Notes** (continued)

**25 Prior year comparative SOFA restated**

		Unrestricted				2014
	Note	General Fund £000	Designated Fund £000	Restricted Funds £000	Endowment Funds £000	Total £000
<b>Income and endowments from:</b>						
Donations and legacies		258	72	106	-	436
Charitable activities		616	-	-	-	616
Other trading activities		2	-	-	-	2
Investments		205	3	2	-	210
<b>Total</b>		<b>1,081</b>	<b>75</b>	<b>108</b>	<b>-</b>	<b>1,264</b>
<b>Expenditure on:</b>						
Raising funds		17	-	-	-	17
Charitable activities		1,639	5	71	-	1,715
Other		-	-	-	-	-
<b>Total</b>		<b>1,656</b>	<b>5</b>	<b>71</b>	<b>-</b>	<b>1,732</b>
<b>Net income/(expenditure) before Investment gains</b>		<b>(575)</b>	<b>70</b>	<b>37</b>	<b>-</b>	<b>(468)</b>
Net gains/(losses) on investments		40	-	19	3	62
<b>Net income/(expenditure)</b>		<b>(535)</b>	<b>70</b>	<b>56</b>	<b>3</b>	<b>(406)</b>
Transfer between funds		286	(286)	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes		(47)	-	-	-	(47)
<b>Net movement in funds</b>		<b>(296)</b>	<b>(216)</b>	<b>56</b>	<b>3</b>	<b>(453)</b>
<b>Total funds brought forward</b>		<b>3,556</b>	<b>2,211</b>	<b>529</b>	<b>52</b>	<b>6,348</b>
<b>Total funds carried forward</b>		<b>3,260</b>	<b>1,995</b>	<b>585</b>	<b>55</b>	<b>5,895</b>