

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 2016

THURSDAY



LD3 *L6ALH19H* 13/07/2017 #61
COMPANIES HOUSE

Contents

Trustees' annual report	1
Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements	10
Statement of Financial Activities	13
Income and Expenditure Account	14
Balance sheet	15
Cash flow statement	16
Notes	17

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 Commission. 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 2016.

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	(Resigned 15 November 2016)
	Mr S Whittaker	(Appointed 15 November 2016)

Directors/Trustees	Venerable M Everitt	
	Mr T Cox	
	Mr JMP Hewitt	
	Mrs RE Radford	
	Rev Canon Dr P Shepherd	(Resigned 31 August 2016)
	Miss J Snape	
	Mr R Jones	
	Canon A Holliday	(Appointed 1 January 2016)
	Mr G Burrows	(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)
	Venerable M Ireland	(Appointed 14 February 2016)

Chief Executive Officer	Mr S Whittaker
-------------------------	----------------

Appointed after year end but prior to signing of accounts	Mr D Arnold	(Appointed 24 April 2017)
---	-------------	---------------------------

Appointments are made under the Diocesan Board of Education Measure 1991

Trustees' report *(continued)*

Solicitors	Napthens Darwen House Walker Office Park Blackburn, BB1 2QE
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	haysmacintyre 26 Red Lion Square London, WC1R 4AG
Registered Address	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 2016. The Trustees and the Trustees' Report constitute the Directors and Directors' Report for Companies Act purposes.

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, 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.

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 or two licensed are elected by Diocesan Synod, six lay members are elected by the 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 members 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 Blackburn Diocesan Board of Finance provides a substantial grant towards the work of the Charitable Company. Grants received from the Blackburn Diocesan Board of Finance in 2016 of £376,648 (2015: £329,517) from general funds and £41,402 (2015: £40,540) grant of service for finance.

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 £52,252 (2015: £58,579) for stipendiary clergy and employees this is paid through Blackburn Diocesan Board of Finance to the pension board.

1020101 / Registered company number 557954

Trustees' report *(continued)*

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 on public benefit 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 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.

Trustees' report (*continued*)

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 expenditure.

3. Achievements and performance

Main Achievements of the Year

Curriculum and Worship Primary

Blackburn diocesan schools are consistently sustaining an outstanding SIAMS judgement or improving from Good to Outstanding. The team of inspectors has grown and they are very committed to ensuring excellence and consistency in their practice. The Diocesan SIAMS Manager is now a qualified inspector and her additional knowledge and experience has impacted on the quality of training and advice.

The SLA visits made to every school by members of the DBE Associate Advisers Team are now in their second year and being very well received by schools. Links with schools have been strengthened further. Systems are now in place to meet the requested support.

Conferences and training courses are in the main well attended and feedback is constructive and positive. The Head teacher breakfast meetings have been reviewed and given a new look 'coffee and cake'. The induction programme for new leaders is also being well attended and schools continue to be firm in their desire to appoint practicing Christians to leadership positions. As in previous years the pupil conferences were filled to capacity and have continued to contribute to schools giving greater responsibility to pupils in the areas of worship and ethos.

The launch of the new resource Understanding Christianity has led to the Primary RE Syllabus being revised. A process of consultation and trialling of new units is underway working in conjunction with Liverpool Diocese who use the Blackburn Syllabus.

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 being revised alongside the incorporation of the Christian Concepts and Understanding Christianity materials. This work is being led by the Diocese in collaboration with the Durham and Newcastle Diocese. The support materials have been added too and further supported through the use of a You Tube channel and Facebook groups.

The Christian Leadership Course in 2016-2017 is highlighted as strength of COPD for the diocese and its impact has been recorded in SIAM's inspections. This year we will see the celebration service for those completing the course take place in Blackburn Cathedral with Bishop Geoff Lancaster. Canon Andrew Sage and Archdeacon Michael Everett have facilitated the spiritual development program and this is now the Christian Leadership programs.

In partnership with the Liverpool Diocese the Year 7 pupil conference at Liverpool Cathedral has continued to thrive.

School Buildings

In 2016 we continued to support schools with capital and revenue work. Virtually all of our Voluntary Aided schools subscribe to our Buildings Service Level Agreement, and in 2016 several schools have signed-up for the first time this year. In addition, several schools have moved to buying their reactive and maintenance work from DBE Services Ltd as that company continues to grow and enhance its offer and service to schools.

We continue to support schools in their infrastructure and capital works which is a major part of the Board's work. In 2016 we supported 58 major capital works through £3,854,690 of LCVAP funding. However, 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, but are making political representation as appropriate and in consultation and partnership with the Church of England Education Office.

Trustees' report *(continued)*

The majority of schools within the Diocese use the services of the Board to manage their Devolved Formula Capital, and more have taken up that opportunity in 2016. 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. As part of the Service Level Agreement schools have access to cost-effective and robust Insurance brokered with Ecclesiastical. This continues to secure income for the Board.

The Board in partnership with Local Authorities has been in active discussion with regards to the expansion of a number of primary schools through Basic Need funding. Two expansion projects are currently taking place. Regular meetings are held with Pupil Placement teams and two further schools have recently been approved for expansion over the next 18 months to meet the demands for pupil places. Discussions are ongoing to provide further additional places during 2017/18 to meet additional demand for this is now an ongoing task as population growth, migration and significant housing development impacts the Diocese.

Youth Work

The Diocesan Youth Adviser left post in September and the Board of Education operated with a vacancy in this role for the rest of the year. This post was advertised twice and an appointment made for 2017. The Youth department took a group of 20 young people out to the Diocese of the Free State in August. This experience helped to shape and develop the faith of these young people and gave them the opportunity to serve others through some direct work for communities that they visited.

The Youth Team were pleased to add Fiona Conway and Joe Houghton to the team of youth worker/chaplains. The team continue to share the Gospel in exciting and relevant ways in schools, colleges and churches and to offer pastoral and spiritual support to young people in their care.

Diocesan Youth Camp took place in the summer with over 40 young people attending and a separate young leader programme working concurrently to further develop the leadership skills of a further 14 young people. In addition, a Young Leaders' programme has taken place facilitated by youth worker chaplains and Bishops seeking to develop the role of young people in church life.

Almost 35 children's & youth leaders gathered for the ecumenical Hotpot training day in October.

Children's Work 5-13

Our work this year has been guided by Vision2026 headings and we have also created our own Vision2026 for children. We hold regular termly Network meetings in 5 areas of the Diocese for those working with children. There have been events to help parishes make Disciples such as; Puppet Ministry training days, Christmas is Coming, Colours of the cross-a Holy Week parish resource and Messy church forums. The revised Child Friendly Assessment in line with Vision 2026 was launched and 30 parishes have been reviewed so far. We have helped parishes to consider how they help families and children to Be Witnesses through a Why Families! conference, a learn to listen project including media project for vision 2026, in developing and supporting outreach sessions including Messy church and after school link clubs at 6 parishes with training days for 4 parishes and weekend support for 2 parish away events. We have encouraged parishes to Grow Leaders by delivering a yearlong Bishops Certificate in Children's Ministry with 6 students and as part of Bishop Geoff's 'creating 50 new congregations' group looked at events such as Messy Church and services for new families who meet monthly to teach, worship and pray together.

Children's Work 0-5 Years

Workshops have been delivered on working with Under 5's at 'Why Families Count' Children's Ministry Conference and on working with Under 5's at Hotpot ecumenical training event. In addition, an Under 5's worship event was held at Cheeky Monkeys Soft Play Centre, Chorley, seeking to explore new expressions of worship for families with young children. Six parishes have been supported with the development of their church toddler groups and additional 1:1 support has been provided to other parishes as needs arose. We have engaged in a national research project on Church Toddler Groups and developed resources on the website for under 5 work and developed activities for Weekly@ resource document. We have also developed ideas for praying with under 5's shared every day for 30 days on social media (Twitter and Facebook) in June for the National Toddler Group Month of Prayer. These ideas were then turned into a downloadable resource booklet for parishes and families to use. We have continued to work on a Baptism Project Group for Vision 2026 with Bishop Geoff, and produced a Baptism Resource booklet as part of this.

Trustees' report (*continued*)

Youth worker/Chaplains

We continue to support the work of youth minister/chaplains in our high schools prior to changes due to project funding ceasing at the end of March 2018. Some Chaplains have left post for new employment and this has led to a reduction in the total number of Chaplains the Board supports as schools have either discontinued the role or made their own appointment.

4. Financial review

During the year to 31 December 2015 the charitable company bought a building jointly with the Blackburn Diocesan Board of Finance Ltd. The costs to the charitable company at 31 December 2016 with modifications are £576,934. The residual balance of £37,360 has been retained in designated fund for the final retention and identified repairs (2015: £555,000).

The charitable company has currently £466,000 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 £71,652 (2015: £54,643) 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 £411,148 of school and governor support (2015: £493,864) 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 £506,282 (2015: £457,310).

The charitable company also supports university chaplains and this support amounted to £134,745 (2015: £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.

Reserves policy

The total funds of the charitable company as at 31 December 2016 are £5,723,000, of which £394,000 are restricted and £61,000 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, £1,105,000, four to six months budgeted running costs for 2017, £773,000 (six months) and have set aside £37,000 to cover future accommodation costs. The total approved level of reserves is £1,915,000.

The total value of free reserves (general reserves less assets used in the charity and designated fund and any pension adjustment) is £2,689,000. The level of free reserves is £774,000 above the approved level. There has been a reduction of government grants available for capital work affecting the amount required for the Barchester scheme which has released £395,000. The trustees will consider this sum and will review with future budget plans.

The level of designated funds at the year-end is £2,078,000 (2015: £2,153,000). Material designated funds include the New Opportunity Fund at £547,357 for school buildings support and the Elmslie Fund at £512,372 for educational purposes in the Blackpool area.

Trustees' report *(continued)*

Principal Funding Sources

There is an annual grant agreed in advance by the Blackburn 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 £376,648 (2015: £329,517).

Service level agreements to provide support services to schools £277,162 (2015: £317,000).

Total interest and dividends income is £102,107 (2015: £110,506) representing 8% of total income (2015: 7%).

The Blackburn Diocesan Board of Finance grants represented around 30% of the total income of the charity for the year, equally 22% of the income came from service level agreements and interest and dividend income was 8%.

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 developed their risk management process to assess and document business risks and implement risk management strategies. This involved 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 has drawn 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 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 BDBE;
- Reduction in income to a level not sufficient to cover running costs;
- Repayable financial support to schools not being repaid;
- An increase in statutory duties that cannot be recharged to schools.

The trustees are satisfied that appropriate measures are in place to mitigate the potential financial impact of these risks by having sufficient reserves in place to cover a period of delay, restructuring staff if necessary and has the assurance of the variable annual grant received from the Blackburn Diocesan Board of Finance.

The economic climate continues to impact on school budgets being cut in real terms in 2016. 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 2017.

Trustees' report (*continued*)

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

There are further plans to develop the work of the Board of Education in 2017. These plans include the creation of criteria to allow schools to access specific designated funds for specific purposes, including school improvement support, capital building support, youth work linked to Vision 2026 projects and the use of specific funds to provide against debts by Multi-Academy Trusts.

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.

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

On 7 November 2016 KPMG have resigned as auditors and haysmacintyre have been appointed. A resolution to re-appoint haysmacintyre as auditors of the company and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting.



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

29 June 2017

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;
- observe methods and principles in the Charities SORP;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE BLACKBURN DIOCESAN BOARD OF EDUCATION

We have audited the financial statements of The Blackburn Diocesan Board of Education for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

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.

We have been appointed auditor under the Companies Act 2006. 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.

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 2016 and its net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:


- The information given in the Annual Report (which incorporates the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Annual Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the directors' report).

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 and sufficient 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
- the trustees were not entitled take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



*Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor*

*26 Red Lion Square
London
WC1R 4AG*

29 June 2017

Statement of Financial Activities

For the year ended 31 December 2016

		Unrestricted					
	Note	General Fund £000	Designated Fund £000	Restricted Funds £000	Endowment Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:							
Donations and legacies	4	380	-	10	-	390	353
Charitable activities	4	705	-	-	-	705	945
Other trading activities	4	2	-	-	-	2	3
Investments	4	181	2	2	-	185	182
Total		1,268	2	12	-	1,282	1,483
Expenditure on:							
Raising funds	5	24	-	-	-	24	17
Charitable activities	6	1,400	6	11	-	1,417	1,484
Total		1,424	6	11	-	1,441	1,501
Net income/(expenditure) before Investment gains		(156)	(4)	1	-	(159)	(18)
Net gains on investments	10	95	-	6	6	107	3
Net income/(expenditure)	7	(61)	(4)	7	6	(52)	(15)
Transfer between funds	15	83	(71)	(12)	-	-	-
Actuarial (losses) on defined benefit pension schemes		(105)	-	-	-	(105)	-
Net movement in funds		(83)	(75)	(5)	6	(157)	(15)
Total funds brought forward	15	3,273	2,153	399	55	5,880	5,895
Total funds carried forward	15	3,190	2,078	394	61	5,723	5,880

All activities derive from continuing activities.

The notes on pages 17 to 31 form part of these financial statements.

Details of comparative figures by fund are disclosed in note 21.

Income and Expenditure Account

for the year ended 31 December 2016

	2016 £000	2015 £000
Total income	1,282	1,483
Total expenditure	(1,441)	(1,501)
Operating deficit for the year	(159)	(18)
Net gains on investments	101	3
Actuarial loss defined benefit scheme	(105)	-
Net expenditure for the year	(163)	(15)

Balance sheet

at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	9	606	598
Investments	10	1,232	1,125
		<u>1,838</u>	<u>1,723</u>
Current assets			
Stocks	11	4	7
Debtors (amounts receivable after more than One year £395,000 (2015: £484,000))	12	1,110	1,181
Cash on deposit	13	5,602	4,732
Cash at bank and in hand	13	2,754	3,935
		<u>9,470</u>	<u>9,855</u>
Creditors: amounts falling due within one year	14	<u>(4,826)</u>	<u>(5,032)</u>
Net current assets		<u>4,644</u>	<u>4,823</u>
Total assets less current liabilities		<u>6,482</u>	<u>6,546</u>
Creditors: amounts falling due after more than one year	14	<u>(759)</u>	<u>(666)</u>
Net assets		<u>5,723</u>	<u>5,880</u>
Fund balances			
Endowment funds:	15	61	55
(including investment revaluation reserve of £32,983 (2015:£27,178))			
Restricted income funds	15	394	399
(including investment revaluation reserve of £39,386 (2015:£33,176))			
Unrestricted income funds:			
General funds (including revaluation reserve of £491,276 (2015:£396,727))	15	3,190	3,273
Designated funds (including revaluation reserve of £nil (2015:£nil))	15	2,078	2,153
		<u>5,723</u>	<u>5,880</u>

The notes on pages 17 to 31 form part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf on 29 June 2017 by:



The Venerable Michael Everitt
Chair of the Board of Education

Cash flow statement

for the year ended 31 December 2016

	2016 £000	2015 £000
Cash (outflow)/ inflow from operating activities		
Net expenditure	(157)	(15)
Net gains on investments	(107)	(3)
Depreciation	27	10
Dividends and interest income	(185)	(182)
Decrease in stock	3	3
(Increase)/Decrease in debtors current assets	(18)	148
Decrease in debtors long term assets	89	42
Decrease in creditors current liabilities	(206)	(1,369)
Increase/(Decrease) in creditors long term liabilities	93	(8)
Net cash (outflow)/inflow	<u>(461)</u>	<u>(1,374)</u>
Cash from investing activities		
Dividends and interest income	185	182
Purchase of tangible fixed assets	(35)	(594)
	<u>150</u>	<u>412</u>
(Decrease)/Increase in cash in the year	<u>(311)</u>	<u>(1,786)</u>
Cash and cash equivalents at the beginning of the year	8,667	10,453
Cash and cash equivalents at the end of the year	<u>8,356</u>	<u>8,667</u>
Analysis of cash and cash equivalents	2016 £000	2015 £000
Cash on deposit	5,602	4,732
Cash at bank and in hand	2,754	3,935
	<u>8,356</u>	<u>8,667</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.

The principal accounting policies and estimation techniques are as follows.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and the assumptions used in determining the value of the pension scheme deficit and are discussed below.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

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 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.

Notes (continued)

Creditors

Creditors are stated at amounts payable.

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 Blackburn Diocesan Board of Finance

The annual grant is agreed in advance by the Blackburn 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 2016 the total expenditure was £6,888,516 (2015: £7,766,970). 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 Education 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 expenditure 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. In 2015 and part of 2016 contributions for this are paid via the Blackburn Diocesan Board of Finance. At 31 December 2016 the Board of Education is responsible for its own liabilities on this scheme and as such the 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 Remuneration of trustees

No trustee has received remuneration from the Board of Education during the year (2015: £nil).

Expenses reimbursed to trustees during the year amounted to £nil (2015: £nil).

3 Staff numbers and costs

The average number of people employed during the year was 27.5 (2015: 31.0).

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	
	2016	2015
Director of Education	1	1
Deputy and Assistant Directors	2	2
Principal Schools Adviser	2	2
Schools Improvement Officers	-	1
Youth and Children's Chaplains/ Officers	12	12
Staff secondment to Cidari	1	1
Administration and Secretarial	8	9
Cidari	-	1
	<hr/> 26	<hr/> 29

The aggregate payroll costs of these employees were as follows:

	2016		2015	
	£000		£000	
Wages and salaries	810		834	
Social security costs	78		77	
Other pension costs	49		60	
	<hr/> 937		<hr/> 971	

During the year two employees received a salary in excess of £60,000, one in the band £60,000 to £70,000 and one in the band £70,000 to £80,000 (2015: one). Pension contributions in respect of these employees was £13,877 (2015: £8,160).

Included in wages and salaries are redundancy and settlement payments of £nil (2015: £18,517).

The average number of people employed during the year was 27.5 (2015: 31.0).

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 2016 they were:

Chief Executive officer Stephen Whittaker

Remuneration, pensions and expenses for this employee amounted to £76,611 (2015: £59,499).

In addition to the above 26 employees (2015: 29) 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	
	2016	2015
University/FE Chaplains	1	1
	<hr/> 1	<hr/> 1

Notes (continued)

3 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 £44,774 (2015: £43,377).

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 Blackburn Diocesan Board of Education 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. 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.

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 contributions are payable towards benefits and expenses accrued in that year (2016: £24,605, 2015: £22,386).

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.

Notes (continued)

3 Staff numbers and costs (continued)

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:

	2016 £000	2015 £000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2016 £000	December 2015 £000	December 2014 £000
Discount rate	0.00%	0.00%	0.00%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities. The next valuation of the scheme is being carried out as at December 2016.

Church of England Funded Pension Scheme (CEFPS)

Blackburn Diocesan Board of Education participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This 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.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that 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).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

Notes (continued)**3 Staff numbers and costs (continued)**

- An investment strategy of:
- for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
- a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	January 2015 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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 in the table below.

	2016 £000	2015 £000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	(4)	-
Remaining change to the balance sheet liability* (recognised in SoFA)	105	-
Balance sheet liability at 31 December	<u>101</u>	<u>-</u>

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2016 £000	December 2015 £000	December 2014 £000
Discount rate	1.5%	2.5%	2.3%
Price inflation	3.1%	2.4%	2.7%
Increase to total pensionable payroll	1.6%	0.9%	1.2%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Notes (continued)

4 Analysis of Income

	2016 £000	2015 £000
Donations and legacies		
Donations	11	11
Diocesan Board of Finance General Funds	371	321
Diocesan Board of Finance Restricted Funds	5	8
External organisations	3	13
	<u>390</u>	<u>353</u>
Income from charitable activities		
Fees and Chaplaincy income	217	204
Sale of publications and courses	96	84
Service level agreements and clerking support	277	317
Consultancy work	3	5
Supporting Church of England academies	91	335
Rent	21	-
	<u>705</u>	<u>945</u>
Other trading activities		
DBE Services Fees	2	3
Investment income		
DBE Services gift-aid donation (17% owned)	83	71
Dividends	60	59
Interest	42	52
	<u>185</u>	<u>182</u>

5 Fund Raising Costs

	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2016 £000	Total 2015 £000
Generating voluntary income	18	-	4	22	15
Fundraising trading	2	-	-	2	2
Total Fund Raising Costs	<u>20</u>	<u>-</u>	<u>4</u>	<u>24</u>	<u>17</u>

Notes (continued)**6 Charitable Activities**

Activity or Programme	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total 2016 £000	Total 2015 £000
Cost of charitable activities:					
<i>School and governor support</i>	411	-	85	496	589
<i>Higher and further education</i>	135	2	27	164	156
<i>Children's work</i>	100	-	21	121	102
<i>Resource centre</i>	3	-	1	4	60
<i>Youth work</i>	406	-	84	490	446
<i>Youth work - designated</i>	-	4	-	4	3
<i>Youth work - restricted</i>	-	4	-	4	90
<i>School buildings support</i>	105	7	22	134	99
<i>Cidari</i>	-	-	-	-	34
<i>Debt provision Bretherton</i>	-	-	-	-	14
<i>Debt provisions</i>	-	-	-	-	(109)
Charitable activities subtotal	<u>1,160</u>	<u>17</u>	<u>240</u>	<u>1,417</u>	<u>1,484</u>

7 Net expenditure for the year

	2016 £000	2015 £000
These are stated after charging:		
Auditors remuneration 2015	13	11
Auditors remuneration 2016	8	-
Accounts preparation	11	3
Total	<u>32</u>	<u>14</u>

8 Realised gains on schools

There are 190 Church of England Schools in the Diocese of Blackburn (2015: 190 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. During the year £298,960 was received regarding this school and is currently being held as a liability on the balance sheet. 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.

Notes (continued)

9 Tangible fixed assets

	Buildings £000	Fixtures, fittings and other equipment £000	Total £000
Cost			
At beginning of year	550	118	668
Additions	27	8	35
Disposals	-	(47)	(47)
At end of year	577	79	656
Depreciation			
At beginning of year	2	68	70
Charge for year	15	12	27
Disposals	-	(47)	(47)
At end of year	17	33	50
Net book value			
At 31 December 2016	560	46	606
At 31 December 2015	548	50	598

10 Investments

	Unlisted securities Central Board of Finance Church of England		
	Investment Fund £000	Fixed interest securities fund £000	Total UK investments £000
Market valuation			
At 31 December 2015	896	229	1,125
Increase in market value	95	12	107
At 31 December 2016	991	241	1,232
Historic cost	445	224	669

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 (2015: £12).

11 Stocks

	2016 £000	2015 £000
Books and materials	4	7

Notes (continued)**12 Debtors**

	2016 £000	2015 £000
<i>Amounts receivable within one year</i>		
Deferred payments on school building projects	89	58
Deferred Payment Arrangements	89	89
Other debtors	417	462
Loans	1	1
Prepayments	3	34
Accrued income	59	47
Amounts due from Diocesan Board of Finance	56	-
Amounts due from DBE Services Limited	1	2
Amounts due from New Opportunity Fund	-	4
	<hr/>	<hr/>
Debtors: amounts receivable within one year	715	697
	<hr/>	<hr/>
<i>Amounts receivable after more than one year</i>		
Deferred Payment Arrangements	378	466
Loans	17	18
	<hr/>	<hr/>
Debtors: amounts receivable after more than one year	395	484
	<hr/>	<hr/>

	Instalments due in one year		Instalments payable due in two and five years		Instalments due in five years or more		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Deferred Payment Arrangements	89	89	226	305	152	161	467	555
Loans	1	1	4	4	13	14	18	19
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	90	90	230	309	165	175	485	574
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

13 Deposits and cash at bank and in hand

	2016 £000	2015 £000
Bank (Current Account and Deposits)	2,754	3,935
Deposits with Central Board of Finance Church of England	5,602	4,732
	<hr/>	<hr/>
	8,356	8,667
	<hr/>	<hr/>

Notes (continued)

14 Creditors

	2016 £000	2015 £000
Amounts falling due within one year		
School loans	-	1
Receipts in advance on behalf of boards of school governors	2,938	3,148
Monies held on behalf of schools in relation to Devolved Formula Capital (DFC)	1,335	1,529
Other creditors	447	227
Accruals	16	25
Deferred income	90	102
Creditors falling due within one year	4,826	5,032
Amounts falling due after more than one year		
Education trust funds	642	639
Deferred income	16	27
Defined benefit pension liability	101	-
Creditors falling due after more than one year	759	666
Deferred Income:		
At beginning of year	129	
Recognised in year	(102)	
Deferred income 2016	79	
At end of year	106	

Deferred income is recognised as follows:

	Recognised in one year		Recognisable between two and five years		Recognisable after five years		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Deferred income	90	102	16	27	-	-	106	129

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	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
School loans	-	1	-	-	-	-	-	1

Notes (continued)**15 Funds**

	Unrestricted General fund £000	Designated fund £000	Restricted fund £000	Endowment fund £000	Total £000
At beginning of year	3,273	2,153	399	55	5,880
Surplus/(deficit) of income over expenditure in the year	(156)	(4)	1	-	(159)
Investment gains in the year	95	-	6	6	107
Transfers between funds	83	(71)	(12)	-	-
Actuarial loss on pension scheme	(105)	-	-	-	(105)
At end of year	<u>3,190</u>	<u>2,078</u>	<u>394</u>	<u>61</u>	<u>5,723</u>

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

	At 1 January 2016 £000	Income £000	Expenditure £000	Net investment gains, losses and transfers £000	At 31 December 2016 £000
Designated funds					
Youth and Chaplaincy	350	-	-	(73)	277
Sponsoring academies	400	-	-	-	400
Elmslie Fund	529	2	-	(19)	512
New Opportunity Fund	551	-	(4)	-	547
Priest Hutton School House Fund	77	-	-	1	78
Kenwyn Ave Fund	166	-	-	-	166
Church Workers Pension Deficit	40	-	-	20	60
Clayton House	40	-	(2)	-	38
	<u>2,153</u>	<u>2</u>	<u>(6)</u>	<u>(71)</u>	<u>2,078</u>
Restricted funds					
Residential Income Fund	32	2	(4)	-	30
Education Trust Funds	93	-	-	(3)	90
Common Fund	272	10	(7)	-	275
Other restricted funds	2	-	-	(3)	(1)
	<u>399</u>	<u>12</u>	<u>(11)</u>	<u>(6)</u>	<u>394</u>
Endowment funds					
Residential Endowment Fund	55	-	-	6	61

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.

Priest Hutton School House – for youth and children's work in churches and schools across the diocese.

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.

Notes (continued)

15 Funds (continued)

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

Church workers pension deficit – designated for use against deficits on the defined benefit pension scheme for some employed staff.

Clayton House – balance of funds designated for the accommodation of the head office to be used for final costs and retention following the purchase of the building.

Educational Trust Fund – the revaluation reserve on funds held in creditors awaiting final decision on ownership of the investment.

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	Creditors falling due after more than one year £000	Total £000
Unrestricted Funds	606	1,097	3,666	(101)	5,268
Restricted Fund (restricted)	-	74	978	(658)	394
Endowment fund (restricted)	-	61	-	-	61
	<u>606</u>	<u>1,232</u>	<u>4,644</u>	<u>(759)</u>	<u>5,723</u>

18 Commitments

There were no commitments under non-cancellable operating leases in the year (2015: none).

19 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 from this company was £56,496 (2015: £75,632 was due to them). Grants received in the year from this company amounted to £376,648 (2015: £329,517) and recharges in the year were £19,043 (2015: £35,197).

The company is related to DBE Services Ltd by virtue of owning 17% of the share capital. There was £3,805 (2015: £2,400) due from DBE Services Ltd at the year end and recharges in the year were £8,057 (2015: £nil).

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 2016 £322,180 (2015: £319,503) was due from this company and recharges in the year were £13,008 (2015: £nil).

20 Financial instruments

	2016 £000	2015 £000
Financial assets measured at fair value	<u>1,232</u>	<u>1,125</u>
Financial assets measured at amortised cost	<u>9,466</u>	<u>9,848</u>
Financial liabilities measured at amortised cost	<u>5,585</u>	<u>5,698</u>
Financial liabilities measured at fair value	<u>-</u>	<u>-</u>

Notes (continued)**21 Prior year comparative SOFA**

	Unrestricted				2015
	General Fund £000	Designated Fund £000	Restricted Funds £000	Endowment Funds £000	Total £000
Income and endowments from:					
Donations and legacies	341	-	12	-	353
Charitable activities	945	-	-	-	945
Other trading activities	3	-	-	-	3
Investments	173	6	3	-	182
Total	1,462	6	15	-	1,483
Expenditure on:					
Raising funds	17	-	-	-	17
Charitable activities	1,377	3	104	-	1,484
Total	1,394	3	104	-	1,501
Net income/(expenditure) before Investment gains	68	3	(89)	-	(18)
Net gains/(losses) on investments	(2)	-	5	-	3
Net income/(expenditure)	66	3	(84)	-	(15)
Transfer between funds	(53)	155	(102)	-	-
Net movement in funds	13	158	(186)	-	(15)
Total funds brought forward	3,260	1,995	585	55	5,895
Total funds carried forward	3,273	2,153	399	55	5,880