

**Charity Registration No. 525790**

**Company Registration No. 85176 (England and Wales)**

**CHESTER DIOCESAN BOARD OF EDUCATION**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# CHESTER DIOCESAN BOARD OF EDUCATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Members of the Board of Education

The Bishop's nominees: -

Ven Dr M R Gilbertson  
Revd J Piper

Members elected by Diocesan Synod: -

Revd L Bannon  
Professor P Bowden  
Mrs M Cruxton  
Dr D Cumberland  
Dr C Gordon  
Mrs S C Hudson  
Canon E Renshaw MBE

### Trustees

Ven Dr M R Gilbertson  
Revd L Bannon  
Professor P Bowden  
Mrs M Cruxton  
Dr D Cumberland  
Mrs S Hudson  
Revd S Morris (co-opted)  
Canon E Renshaw MBE  
Dr D Walter (co-opted)  
Revd J Piper  
Dr C Gordon

### Secretary

Mr C Penn

### Charity number

525790

### Company number

85176

### Registered office

Church House  
5500 Daresbury Park  
Daresbury  
Warrington  
Cheshire  
WA4 4GE

### Auditor

Mitchell Charlesworth LLP  
24 Nicholas Street  
Chester  
CH1 2AU

### Bankers

National Westminster Bank plc  
33 Eastgate Street  
Chester  
CH1 1LG

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# CHESTER DIOCESAN BOARD OF EDUCATION

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# **CHESTER DIOCESAN BOARD OF EDUCATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The trustees are pleased to present their annual report and financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association of 1943 amended on 24 April 2017, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

#### **Coronavirus (COVID-19)**

In common with other companies and charities across England, the Diocesan Board of Education's work has been impacted by the advent of the coronavirus pandemic and its continued effect. Despite a change in working practices as Church House was closed, the Board of Education and its officers continued to work and support its schools throughout this period. Staff returned to the office and into schools during the year but maintained a watchful eye on the situation and ensured that any events and school visits were undertaken in such a way as to minimise risk.

Oversight by the Board continued through remote meetings during the periods of lockdown with increased oversight of possible risks to the company through additional meetings focused purely on this aspect. The Finance and General Purposes Committee considered the possible impact on DBE income for the following year and have maintained a close scrutiny on reports from CCLA to inform their decision making.

The two main income streams for the Board, CCLA investments and the Family of Schools subscription were not adversely affected by the pandemic as schools continued to receive support and so subscribed to the Family of Schools and CCLA investments, after an initial dip, continued to bring positive returns. The lasting impact of this on investment is still to be realised and the Board continues to monitor it closely.

#### **Brexit**

The DBE receives income and meets its commitments in sterling, and as such is not excessively exposed to first order risks such as currency fluctuation arising from the United Kingdom's departure from the European Union. It may be more exposed to second order effects such as consequent changes in the level of economic activity in the United Kingdom. The DBE's work is in support of institutions that are publicly funded and, as education remains a central priority for government, it is envisioned that schools will continue to be funded to at least current levels, thus suggesting that they would be able to continue to subscribe to the Family of Schools and also take up DBE training. In addition, the DBE receives investment income from a variety of funds held with CCLA Investment Management Ltd, which are not reliant on domestic business or European links which may be directly impacted by Brexit.

# CHESTER DIOCESAN BOARD OF EDUCATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Objectives and activities

The charity acts as the Education Authority for the Church of England in the Diocese of Chester, in accordance with The Diocesan Boards of Education Measures 1991 and 2021. The objects of the charity are:

#### 1991

- to promote education consistent with the faith and practice of the Church of England in the Diocese;
- to promote religious education and religious worship in schools in the Diocese;
- to promote church schools in the Diocese;
- to advise the governors of Church schools in the Diocese;
- to advise the trustees of church educational endowments in the Diocese

#### 2021

- to promote or assist in the promotion of education in the diocese that 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;
- to promote co-operation between itself and other persons concerned with education in the Diocese.

One of the principal activities is the administration of grant claims in respect of building and maintenance work carried out on school properties together with all other related matters which promote the efficiency of or otherwise benefit the schools in the Diocese. This administration has become a more central feature as the grant funding is now paid directly to the DBE for distribution rather than co-ordinated by the Local Authority as in previous years.

In addition, the charity has continued to provide assistance to Chester Diocesan Academies Trust (CDAT). It has recently made the decision to actively encourage schools considering academy status to join CDAT.

The company also acts as custodian trustee for a number of specific trusts (referred to as Specific Purpose Funds in the attached accounts).

The strategies employed to achieve the charity's objectives are to:

- Administer and advise on building work, particularly in aided schools in the Diocese;
- Advise and support governing boards in aspects of their role such as appointments, admissions and ethos;
- Support and promote quality religious education and worship in church schools in the Diocese;
- Arrange for and support staff and governors through denominational inspection procedures;
- Provide training opportunities for staff and governors;
- Provide pastoral and other support to schools experiencing difficulties;
- Provide pastoral support for church school leaders
- Facilitate school collaboration and support;
- Advise and support schools converting to academy status;
- Work with other Diocesan Boards of Education in the DBE Services group to provide high quality services to schools;
- Work with Local Authorities, academy trustees, the DfE and Regional Schools Commissioners to support education in church schools across the diocese;
- Represent the Diocese on committees and groups involved in school work;
- Advise and support the trustees of church educational endowment held wholly or partly for or in connection with any church school.

In order to track the success of these objectives, the DBE observes a number of performance indicators:

- The uptake of subscriptions to the Family of Schools membership.
- Increased engagement and sign-up by schools to DBE facilitated or endorsed CPD training.
- Developed and strengthened engagement by school leadership in regional/local cluster groups and networks.
- Successful Ofsted and SIAMS inspections.
- Improved mental wellbeing of school leadership (notably headteachers).

## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

#### **Achievements, Performance and Public Benefit**

In addition to Ofsted inspections, Anglican church schools undergo a denominational inspection under the auspices of the Statutory Inspection of Anglican and Methodist Schools (SIAMS) (Section 48 of the Education Act 2005).

The charity continued to support schools before and after denominational inspections and these provide great benefit in further developing the Christian foundation of the schools as well as offering a means of pastoral support to senior leaders. Schools due for inspection were invited for specific training in order to prepare them for the inspection. From 17th March 2020 SIAMS inspections, along with Ofsted inspections, were suspended and this continued through 2021 resuming only in the autumn term of 2021. No SIAMS inspections of Chester DBE schools took place in 2021. A small number of Ofsted inspections took place with some schools still awaiting the final published reports at the end of 2021.

As of the end of 2021, 101 schools were judged to be good or better under the Ofsted framework. 72 Schools were judged good or better under the SIAMS schedule.

The charity is being increasingly called upon to assist schools as they consider academy status. A growing number of schools are now considering the move to academy status. The charity works closely with CDAT and other trusts in the Diocese and supports schools as they look at the most appropriate action to take in this regard. The DBE has recently made a decision to actively encourage schools that are considering academy status to consider joining CDAT.

The charity has supported governors in several senior appointments in church schools. They have also supported several schools that have experienced difficulties during the year. Successful training courses, some in conjunction with DBE Services Ltd, have been run to support the development of staff from early careers teachers to current and possible church school leaders.

The 'Chester Diocesan Family of Schools' membership and support package continues to be well subscribed.

An increased programme of courses for senior leaders, teachers and governors have continued to be successful and maintain the profile of the charity. At the start of the year with Church House closed, training took place remotely. Many of these sessions were well attended. Schools were also supported through cluster meetings and regular individual contact by Officers. Chairs of Governors were offered online meetings which were well supported. A small number of face to face training events returned in the autumn term, as did officer visits to schools. The larger numbers of governors attending online training in 2020 resulted in a planned programme of face to face and online training for governors.

The annual senior leader conference took place in the autumn term and was well attended. The theme for the conference was another strand of the Church of England's vision for education, educating for dignity and respect. Two external key note speakers and input from Diocesan schools were very well received by those that attended.

The annual Year 6 leavers' services could not take place in person as planned. With contributions from a number of schools, a 'virtual' year six leavers service was filmed and premiered so that schools could sit and share it at the same time but within their own schools. Following the launch, it was made available for schools who could not watch at the time.

## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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Aided schools in the Diocese have continued to demonstrate their trust in the charity by having their Devolved Formula Capital (DFC) monies held centrally, enabling the Board to allow some schools to expend money which they will not receive until the following year.

Many schools benefited from building work and the support of staff and consultants from DBE Services Ltd.

Projects with work over £100,000 included:

**Completion of projects begun in 2020:**

- Chester Blue Coat - New Modular Nursery
- Hartford CE High School - Phase 3 Re-Roofing Changing Rooms
- Marton & District CE - New Boilers
- Oxton St Saviour's CE Primary - Kitchen Refurbishment & H&S Improvements
- Oxton St Saviour's CE Primary - Reroofing - Phase 4
- Prestbury CE Primary - Condition Replacement of the boilers and associated plant
- Sandbach Heath St John's - Extension Phase 2
- Stockport St George's - Demolition of Air Raid Shelter & Improvements to KS1 Outdoor Play Area
- Wincle - Septic Tank

**New projects in 2021:**

- Bebington St Andrew's CE Primary - Internal Alterations Phase 1
- Crowton Christ Church - Flat Roof Replacement Phase 1
- Hartford CE High School - Creation of Gym Mezzanine
- Marton & District CE Primary - Re-roofing Phase 1
- Mottram CE Primary - Re-Roofing Works
- Norton St Bertoline's CE Primary - Refurbishment of Toilet Areas
- Runcorn All Saints CE Primary - Flat Roof Replacement Works - Phase 4
- Thurstaston Dawpool CE Primary - Renewal of Pitched Roof Coverings
- Sale, St Mary's - Playground Resurfacing

Capital Funding for these projects is received by the charity for distribution to voluntary aided schools. An application process is in place in order for schools to apply for the funding through their building consultants, supporting schools in clearly identifying priorities. Using a specialist to support the process, officers identify a list of projects to be funded in priority order based on its criteria which is then scrutinised and approved by a subcommittee of the Board.

As Chester Diocesan Board of Education is an Incorporated Company which operates financially independently from Chester Diocesan Board of Finance, the DBE does not receive any income from local parish churches via the parish share scheme. The DBE is, therefore, responsible for sourcing its own income and, due to the financial strains on schools, relies heavily on income generated by investments, dividends and rental income from previous school sites. These income sources fund the majority of the DBE's day to day activities to further our aims and charitable objectives, with income from Family of Schools membership and attendance of training courses and conferences supplementing this income.

As a charity, Chester Diocesan Board of Education does not seek to make a profit year on year and aims to balance income and expenditure to ensure long-term finance viability. The balancing of income & expenditure with the pursuit of growing support for our Church of England Schools within the Diocese, as detailed above, forms the basis of the criteria and measure of success within any given accounting or reporting period.

# CHESTER DIOCESAN BOARD OF EDUCATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### Reserves Policy

The charity is almost entirely dependent on the income from its investments to support its work. Consequently, investments are maintained, and the trustees would only consider expending capital in exceptional cases. Despite the volatility in national and world markets due to the pandemic and Brexit, the reserves have remained fairly stable.

The Restricted Funds arise out of the sale of school properties which in past years came under various Educational Endowment Orders and were amalgamated into a uniform statutory trust in 1995 following the provisions of the Education Act 1993. The use of these funds is restricted to the following:

- a) funding the purchase, or erection of, improvement or enlargement of, relevant school premises in the area;
- b) funding maintenance costs of any relevant school in the area;
- c) funding the costs of the administration of the trust and the costs of providing advice, guidance and resources in connection with any matter related to the management of, or education provided at any relevant school in the area.

The Unrestricted General Funds held are historic funds and may be used for the general purposes of the Board in achieving its charitable objectives.

Free unrestricted reserves at the end of 2021 were £1,769,565 (2020 £1,622,701). Total restricted reserves were £10,768,186 (2020 £9,445,789). A detailed breakdown of restricted reserves, along with notes of the restrictions on these funds can be found in note 17 of these accounts.

The Board holds free reserves - restricted and unrestricted - of £12,537,751 at the end of 2021. Of this, £11,530,868 is held in investments in order to provide some capital appreciation and a flow of investment income. Of the investments, £1,565,043 are unrestricted, equivalent to over two years of expenditure. While the Board has no intention of liquidating these investments, it could do so with little difficulty. As such the Board considers it has adequate reserves to enable it to respond to changing church education needs and fluctuations in the economic environment.

It should be noted that these levels of reserves are partly historic and partly received through Act of Parliament; they are not hoarded donations.

The Finance and General Purposes Committee of the Board will continue to review levels of reserves and make their findings known to the Board of Directors.

### Financial Review, Reserves and Going Concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

The Statement of Financial Activities shows net income of £2,964 and investment gains of £1,466,297 together with a gain on revaluation of fixed assets of £469,090 resulting in net movement in funds of £1,938,351.

The financial statements have been prepared on the going concern basis, as the trustees consider that the Board has sufficient reserves to continue operations.



## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Investment Policy and Outcome**

To determine where the charity should invest its financial assets, the DBE follows the national Church of England's Statement of Ethical Investment Policy, which states that taking account of environmental, social and governance (ESG) issues is an intrinsic part of being a good long-term investor, for both ethical and financial reasons.

To achieve this, the charity holds cash together with holdings in the Central Board of Finance (CBF) Church of England Investment Fund, the CBF Church of England Global Equity Income Fund, the CBF Church of England Property Fund, and the CBF deposit fund. The intention is to provide income together with capital appreciation to afford long term protection against inflation. Although the income from investments dropped earlier in the year due to COVID-19, the markets invested in recovered quickly and so investment income for 2021 was comparable to the previous year. The CBF guarantee that investments are made in accordance with the ethical standards of the Church of England. The trustees will continue to regularly consider the performance of the shares to ensure that the return in terms of capital growth and income is appropriate to the long-term needs of the charity.

The Finance and General Purposes Committee will continue to keep investment policy and the investments themselves under review and keep the board of directors informed.

#### **Risk management**

The trustees have a risk management strategy which comprises:

- a regular review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

Trustee indemnity insurance is in place.

The Board considers the main risks to be in the following areas

- Changes in school funding reducing the viability of schools, particularly those with very small pupil numbers.
- The unknown impact on income due to Covid and Brexit
- Loss of key DBE personnel through leaving/retirement
- Adverse media coverage because of actions/situations in diocesan schools

Mitigation for these risks have been identified and the loss of key personnel is likely to be a lower risk in the following year as the current executive team has been increased in number and are relatively recent appointments.

The Board, with local authorities, continues to support schools in facilitating discussion around school organisation and possible structures to manage school funds.

A key element in the management of financial risk is the work of the Finance and General Purposes Committee with the risk committee, which keeps the risk management strategy under review.

## CHESTER DIOCESAN BOARD OF EDUCATION

### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **Plans for future periods**

The Board has been working on developing a vision and strategic plan for the way in which it will serve and support Diocesan church schools in the coming years. This is expected to be shared more widely with schools in 2022. The overarching vision statement is;

**Being deeply Christian and for the common good, our schools will be communities which are: Loving in relationships; Ambitious in aspirations; Bold in actions.**

The strategy has three main threads (listed above) that run through all aspects of it and are delivered across six key principles; relationships, outcomes, impact, resourcing, structures and trust.

A focus for the Board's work already planned for the year is headteacher and senior leader wellbeing. Already a stressful and sometimes lonely job, the role of a headteacher has never been so difficult. The publication of a handbook designed to support headteachers in managing their own wellbeing, but also governors in fulfilling their duty in managing the wellbeing of their senior leaders, was published and distributed to schools. Training for governors is now also in place. This is alongside the regular contact by officers with headteachers, cluster meetings and the headteacher wellbeing programme is planned to provide a wide range of support for leaders. Chairs of governors are pivotal in the role of a school and especially regarding the wellbeing of staff. The DBE is committed to supporting Chairs of governors as they, in turn, support senior leaders. An increased level of support has been given by regular Chair surgeries and the facilitation of Chair support groups. Requested by a number of Chairs these are small groups of three or four Chairs that oversee schools in similar circumstances. They are designed to provide a confidential group that gives both practical but also pastoral support. These will be developed and regularly offered and updated as new Chairs are elected. The DBE has also facilitated Chair mentors for some new or struggling Chairs.

There has been an increase in schools asking for advice and support with regards to possible academisation and, in particular, looking at the possibility of joining Chester Diocesan Academies Trust (CDAT). Officers have worked with the CEO of CDAT to speak to leaders and governors about CDAT and its offer. The DBE has re-iterated its support for CDAT and is encouraging schools to consider joining the Trust.

A working party that was initially set up to consider the academy strategy for the diocese completed its work and supported the DBE in suggesting to schools that its preferred option for schools considering academy status was CDAT, although it would consider each case individually to ensure any move was appropriate for both the school and CDAT.

The development of school improvement work will continue through the Diocesan school effectiveness officer. Schools in the diocese will be able to access school improvement partners and training on aspects related to general school improvement through DBE services to which schools are signposted. The distinctive nature of church schools will be developed and supported through the increased training offer on these aspects offered through the Family of Schools.

There was a national change in the organisation and planning of the denominational inspection framework SIAMS for 2021. The administration and coordination of inspections is undertaken by a national team rather than through individual dioceses as was the case previously. This means that the DBE has a role in supporting schools in this area of work rather than undertaking its administration. Further support through a 'Keeping on Track' team will continue with some headteachers encouraged to train as SIAMS inspectors.

The Board will continue to work with officers and departments of the Board of Finance on the Growing Faith Adventure. A number of activities are planned for the year in order to support this project.

A major piece of work for the year was a review of the financial procedures and practices of the Charity. This was undertaken by Mitchell Charlesworth following a tender process. The report made a number of suggestions including, new software, a move to accrual accounting and the development of a more automated way of working. The implementation of this will be an important piece of work for 2022.

## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Chester Diocesan Board of Education is a registered charity no 525790, and a company limited by guarantee no 85176.

#### **Governing Document**

The Chester Diocesan Board of Education is a company limited by guarantee registered in England and Wales and governed by its Memorandum and Articles of Association of 1943 amended on 24 April 2017.

It is registered as a charity with the Charity Commission. The Board comprises:

- a) the Bishop or the Bishop's nominee;
- b) one person nominated by the Bishop;
- c) seven members appointed by the Synod who are worshipping members of the Church of England but need not themselves be members of the Synod ("the appointed members"), of whom:
  - (i) at least three members shall be appointed from each of the two archdeaconries of the diocese, being persons who work, worship or reside in the archdeaconry from which they are appointed, and (ii) at least one member shall be a Clerk in Holy Orders beneficed or licensed in the Diocese.
- d) two members co-opted by the Board who shall be persons with experience of church schools in the Diocese.

A new Diocesan Board of Education Measure was published during the year. As Chester DBE was already a company limited by guarantee this has not resulted in any major change to the Board. An updated scheme was agreed by Diocesan Synod and has received approval by the Archbishops Council. The scheme will be implemented on 1st January 2023.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Ven Dr M R Gilbertson

Revd L Bannon

Professor P Bowden

Mrs M Cruxton

Dr D Cumberland

Mrs S Hudson

Revd S Morris (co-opted)

Canon E Renshaw MBE

Dr D Walter (co-opted)

Revd J Piper

Dr C Gordon



## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Appointment of trustees**

As set out in the current Articles of Association the Chair of the trustees is the Bishop of Chester except that, if they do not desire to be Chair, the members after consultation with the Bishop, shall appoint some other person (whether or not a member) to be Chair. The Ven Dr M R Gilbertson (Archdeacon of Chester) was appointed as Chair. As described in the Articles of Association, the members of the DBE are also the Trustees of the DBE.

All board members, trustees and committee members are voluntary roles; the DBE does not use volunteers beyond these roles.

#### **Trustee induction and training**

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. Trustees also meet key employees and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

#### **Trustees' statement on public benefit**

Chester Diocesan Board of Education is a public benefit entity. The trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

#### **Remuneration of Key Management Personnel**

As DBE employees are joint employees with Chester Diocesan Board of Finance, the salaries of key management personnel, as per all DBE employees, is set according to the Chester Diocesan Board of Education pay scale as determined by the HR Committee and the Finance and Scrutiny Committee of the DBF. Any pay increases determined outside of the DBF committees are proposed by the DBE Board and taken to the DBF committees for approval.

# CHESTER DIOCESAN BOARD OF EDUCATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Charity Governance Code**

The Board welcomed the introduction of the Charity Governance Code in 2017 and continues to review best practice as it aims to improve. The Board has made several steps forward in improving its governance and effectiveness as follows: -

**Organisational Purpose** – The Board continues to ensure its work is in line with its charitable objectives and also its vision of being deeply Christian and for the common good; and that its schools will be communities which are loving in relationships, ambitious in aspiration and bold in action. This vision continues to be developed and will be used as a basis for the work of the Board and its officers.

**Leadership** – The two committees continue to give a strong oversight of the work of the DBE, through detailed scrutiny and recommendations to the Board. An academy working party was established to consider the DBE's strategy towards academy development and other working parties are planned.

**Integrity** - The Bishop of Chester nominates the chair of the DBE to ensure the Board operates within the values of the Diocese of Chester and the Church of England. The rest of Board is appointed by the Diocesan Synod to ensure that that the Board can be independent in its decision making. The Board is also required to report back to the Diocesan Synod to share its progress in furthering its purposes.

**Decision Making, Risk and Control** – The risk register is regularly updated to ensure the Board is aware of and managing its current risks. A risk committee, consisting of Chairs of the Committees and Executive Officers ensures that the process identifies risks and possible mitigations through each committee, draws these together and highlights any particular areas to the full Board. The Education Effectiveness and Finance and General Purposes committees continue to support the Board of directors in taking control of and responsibility for the decision-making process of the charity.

**Board Effectiveness** - The Board of directors brings a wide and diverse range of skills to the Board. This is further supported by additional co-options to the two committees.

**Diversity** - The Board of directors is appointed by the Diocesan Synod and as far as possible, members are nominated to include a wide range of knowledge, skills and perspectives. However, the DBE intends to take a more proactive approach to encourage applications for appointment from a more inclusive group, in particular with regards to age, gender and ethnicity. The DBE is committed to widening its diversity as it moves forward.

**Openness and Accountability** - The charity is accountable to and makes regular reports to Diocesan Synod and various other Diocesan committees to ensure that the Board is transparent in how it operates.

### **Organisation**

The Board of trustees administers the charity. The Board meets regularly together with the Secretary who manages the day to day operations of the charity. The Board manages its business through two committees, Education Effectiveness and Finance and General Purposes. These are attended by members of the executive team. To facilitate effective operations, the Secretary has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and school related activities.

## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Related parties**

The charity has a close relationship with Chester Diocesan Board of Finance (a company limited by guarantee registered in England (no. 7826) and a registered charity (no. 248968) which funds the work with children and young people and provides office accommodation.

The charity has a close relationship with Chester Diocesan Academies Trust (CDAT) (a company limited by guarantee registered in England (no. 8451787) and an exempt charity) which is established as a multi-academy trust in the Diocese.

The charity jointly owns DBE Services Ltd (a company limited by shares registered in England and Wales (no. 5531123) with Blackburn Diocesan Board of Education, Carlisle Diocesan Board of Finance, Liverpool Diocesan Board of Finance, Manchester Diocesan Board of Education and York Diocesan Board of Finance. This company undertakes support work across the six dioceses and gift-aids any profit back to the six Boards.

#### **Supplier payment policy**

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 29 day's purchases, based on the average daily amount invoiced by suppliers during the year.

#### **Funds held as custodian trustee**

The charity acts as custodian trustee in respect of funds held on behalf of local trustees and such specific purpose funds are held in segregated accounts, separately accounted for, and do not appear in the financial statements. They are shown in note 20 to the accounts.

The company also acts as custodian trustee in respect of funds arising out of the sale of school properties where the funds are held pending the issue of an Order or other determination.

The Devolved Formula Capital for aided schools is held by the charity as part of these funds.

## CHESTER DIOCESAN BOARD OF EDUCATION

### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### Statement of trustees' responsibilities

The trustees, who are also the directors of Chester Diocesan Board of Education for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditor

Mitchell Charlesworth LLP were appointed as auditor to the company and a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



Ven Dr M R Gilbertson

Chair

Date: 25 May 2022

# CHESTER DIOCESAN BOARD OF EDUCATION

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF CHESTER DIOCESAN BOARD OF EDUCATION

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#### Opinion

We have audited the financial statements of Chester Diocesan Board of Education (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of its incoming resources and application of resources, 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **CHESTER DIOCESAN BOARD OF EDUCATION**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF CHESTER DIOCESAN BOARD OF EDUCATION**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF CHESTER DIOCESAN BOARD OF EDUCATION**

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##### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the charitable company's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of management and trustees of their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the charity's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

(i) The presentation of the charity's Statement of Financial Activities, (ii) the charity's accounting policy for revenue recognition (iii) the overstatement of salary and other costs and the movements for the year. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the Statement of Recommended Practice - 'Accounting and Reporting by Charities'.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the academy's ability to operate or to avoid a material penalty. This includes regulations concerning Data Protection.

##### **Audit response to risks identified**

As a result of performing the above, we identified income recognition, override of controls and adherence to laws and regulations as the key audit matters related to the potential risk of fraud.

## **CHESTER DIOCESAN BOARD OF EDUCATION**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF CHESTER DIOCESAN BOARD OF EDUCATION**

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Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of management and trustees concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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 auditors' 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.

**Robert Hall (Senior Statutory Auditor)**  
**for and on behalf of Mitchell Charlesworth LLP**

**Chartered Accountants**  
**Statutory Auditor**

24 Nicholas Street  
Chester  
CH1 2AU



# CHESTER DIOCESAN BOARD OF EDUCATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted funds	Endowment funds designated	Restricted funds	Total	Unrestricted funds as restated	Endowment funds designated as restated	Restricted funds as restated	Total
		2021	2021	2021	2021	2020	2020	2020	2020
		£	£	£	£	as restated	as restated	as restated	as restated
						£	£	£	£
<b>Income from:</b>									
Donations and legacies	3	48,215	-	1,773,583	1,821,798	37,930	-	1,980,927	2,018,857
Charitable activities	4	82,264	-	-	82,264	97,107	-	-	97,107
Income from investments	5	122,713	-	266,931	389,644	106,401	-	260,655	367,056
<b>Total income</b>		<b>253,192</b>	<b>-</b>	<b>2,040,514</b>	<b>2,293,706</b>	<b>241,438</b>	<b>-</b>	<b>2,241,582</b>	<b>2,483,020</b>
<b>Expenditure on:</b>									
Charitable activities	6	303,069	-	1,987,673	2,290,742	176,740	-	1,492,062	1,668,802
Net gains/(losses) on investments	11	196,741	469,090	1,269,556	1,935,387	67,122	18,076	455,087	540,285
<b>Net movement in funds</b>		<b>146,864</b>	<b>469,090</b>	<b>1,322,397</b>	<b>1,938,351</b>	<b>131,820</b>	<b>18,076</b>	<b>1,204,607</b>	<b>1,354,503</b>
Fund balances at 1 January 2021		1,622,701	1,027,776	9,445,789	12,096,266	1,490,880	1,009,700	8,241,182	10,741,762
<b>Fund balances at 31 December 2021</b>		<b>1,769,565</b>	<b>1,496,866</b>	<b>10,768,186</b>	<b>14,034,617</b>	<b>1,622,700</b>	<b>1,027,776</b>	<b>9,445,789</b>	<b>12,096,265</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

# **CHESTER DIOCESAN BOARD OF EDUCATION**

## **STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# CHESTER DIOCESAN BOARD OF EDUCATION

## BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021	2020
	Notes	£	as restated £
<b>Fixed assets</b>			
Investment properties	12	1,496,866	1,027,776
Investments	13	11,530,868	10,064,571
		<u>13,027,734</u>	<u>11,092,347</u>
<b>Current assets</b>			
Debtors	14	339,253	469,683
Cash at bank and in hand		1,653,710	1,560,956
		<u>1,992,963</u>	<u>2,030,639</u>
<b>Creditors: amounts falling due within one year</b>	15	(986,080)	(1,026,721)
Net current assets		<u>1,006,883</u>	<u>1,003,918</u>
<b>Total assets less current liabilities</b>		<u>14,034,617</u>	<u>12,096,265</u>
<b>Income funds</b>			
Restricted funds	17	10,768,186	9,445,789
Endowment funds - designated		1,496,866	1,027,776
Unrestricted funds		1,769,565	1,622,700
		<u>14,034,617</u>	<u>12,096,265</u>

The financial statements were approved by the Trustees on 25 May 2022

M. R. C. Gilbertson

Ven Dr M R Gilbertson  
Chair

Company Registration No. 85176

# CHESTER DIOCESAN BOARD OF EDUCATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	21		(316,624)		23,540
<b>Investing activities</b>					
Repayment of investment loans and receivables		19,734		(72,216)	
Investment income received		389,644		367,056	
<b>Net cash generated from investing activities</b>			409,378		294,840
<b>Net cash used in financing activities</b>					
<b>Net increase in cash and cash equivalents</b>			92,754		318,380
Cash and cash equivalents at beginning of year			1,560,956		1,242,576
<b>Cash and cash equivalents at end of year</b>			<u>1,653,710</u>		<u>1,560,956</u>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### Charity information

Chester Diocesan Board of Education is a private company limited by guarantee incorporated in England and Wales. The registered office is Church House, 5500 Daresbury Park, Daresbury, Warrington, Cheshire, WA4 4GE.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

##### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Gift aided distribution from DBE Services Ltd - the charity has an investment in DBE Services Ltd which provides services to church schools including inspections, teaching and curriculum support, administrative services, building work, equipment and construction support. The charity receives gift aided distributions on the profits. The distribution is recognised on receipt.

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

The charity operates a support package under the name "Chester Diocesan Family of Schools" referred to elsewhere in the annual report and accounts, and receives subscription income as a result which is recognised on an accruals basis in the accounts.

Conference income is derived from training events delivered to staff at Church of England Schools and is recognised on an accruals basis.

The charity receives dividends and interest on a range of investments, all holdings in Church of England funds operated by CCLA Investment Management Ltd which are recognised on receipt.

The charity also receives rental income from four former schools which is recognised on an accruals basis.

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Charitable activity costs also include the cost of administering grant claims in respect of building and maintenance work carried out on school properties, the cost of administering grants payable and providing support to the other charitable activities of the company.

#### Grants

Grants payable included within charitable activities represent discretionary grants to Governors or Schools for financial assistance towards the cost of specific, approved school projects. Grants payable are included in the Statement of Financial Activities on the accruals basis, to the extent that conditions for payment have been met.

#### Allocation of support costs

As explained in the annual report, the charity supports the Church of England schools in the Diocese in a wide range of ways including assisting with building projects, supporting and training governors, and promoting religious education more widely. The allocation between activities fluctuates as necessary.

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the Statement of Financial Activities.

Proceeds from the sale of former school properties are normally held by the charity as custodian trustee (in specific purpose funds) until a relevant Educational Endowment Order or determination is issued.

The financial statements up to 31st December 1996 did not include any value for former school properties held in the name of the charity which had not yet been sold, but these properties are classified as investment properties, and have been included in subsequent accounts.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.



# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### **1.10 Amounts due from school governors in respect of projects**

The charity receives funding on behalf of schools from the Department of Education for funding building works and other projects. The charity also makes payments to contractors on behalf of the schools. In the majority of cases the governors make a 10% contribution to the cost of the project; this often leaves an amount payable to the charity by the governors of the school. By concession, the charity allows school governors the time to pay their contribution, dependent on size and duration of the project and other factors. On occasions the governors of the school fund the whole cost of the project, leaving the full amount repayable to the charity.

#### **1.11 Funds held as custodian trustee**

The charity acts as custodian trustee in respect of funds held on behalf of local trustees and funds arising out of the sale of school properties where funds are held pending the issue of an Order or determination.

Funds held as custodian trustee do not belong to the charity and so are not a component of the charities assets, income or expenditure in the reporting period.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	as restated 2020	as restated 2020	as restated 2020
	£	£	£	£	£	£
Donations and gifts	48,215	-	48,215	37,930	-	37,930
VASCA income	-	1,773,583	1,773,583	-	1,980,927	1,980,927
	<u>48,215</u>	<u>1,773,583</u>	<u>1,821,798</u>	<u>37,930</u>	<u>1,980,927</u>	<u>2,018,857</u>
<b>Donations and gifts</b>						
Gift aided distribution from DBE Services Ltd	48,215	-	48,215	37,930	-	37,930
	<u>48,215</u>	<u>-</u>	<u>48,215</u>	<u>37,930</u>	<u>-</u>	<u>37,930</u>

### 4 Charitable activities

	2021	2020
	£	£
Conference income	34,699	16,656
Chester Diocesan family of schools	45,845	78,737
Other income	1,720	1,714
	<u>82,264</u>	<u>97,107</u>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Income from investments

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Dividends and interest	40,126	266,931	307,057	39,924	260,655	300,579
Rental income	82,587	-	82,587	66,477	-	66,477
	<u>122,713</u>	<u>266,931</u>	<u>389,644</u>	<u>106,401</u>	<u>260,655</u>	<u>367,056</u>

### 6 Charitable activities

	Charitable activities 2021 £	Charitable activities as restated 2020 £
Property costs	42,392	6,225
Salaries and recharges	312,254	307,115
Legal and professional fees	-	4,217
Educational support costs	30,395	27,873
Other expenses	12,864	11,474
Grants (see note 7)	2,730	590
VASCA capital expenditure	1,720,742	1,231,407
	<u>2,121,377</u>	<u>1,588,901</u>
Grant funding of activities (see note 7)	75,000	-
Share of support costs (see note 8)	81,165	63,901
Share of governance costs (see note 8)	13,200	16,000
	<u>2,290,742</u>	<u>1,668,802</u>
<b>Analysis by fund</b>		
Unrestricted funds	303,069	176,740
Restricted funds	1,987,673	1,492,062
	<u>2,290,742</u>	<u>1,668,802</u>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Grants payable

In 2021 a grant of £75,000 was made to CDAT (Chester Diocesan Academies Trust). CDAT works with the charity and provides the Church of England Schools in the Dioceses with the opportunity to join a multi academy trust that supports their specifically Christian ethos. Ten schools were part of CDAT at 31st December 2021.

In addition to this further grants were made to the governors of other schools in the year of £2,730 (2020 - £590).

### 8 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Salaries and recharges	34,695	-	34,695	34,124	-	34,124
Legal and professional fees	10,415	-	10,415	469	-	469
Accountancy fees	20,144	-	20,144	9,280	-	9,280
Bank charges	468	-	468	236	-	236
Other costs	15,443	-	15,443	19,792	-	19,792
Audit fees	-	13,200	13,200	-	16,000	16,000
	<u>81,165</u>	<u>13,200</u>	<u>94,365</u>	<u>63,901</u>	<u>16,000</u>	<u>79,901</u>
Analysed between						
Charitable activities	<u>81,165</u>	<u>13,200</u>	<u>94,365</u>	<u>63,901</u>	<u>16,000</u>	<u>79,901</u>

Governance costs includes payments to the auditors of £13,200 (2020 - £16,000) for audit fees. The Chester Diocesan Board of Education is not VAT registered, audit fees are shown including VAT.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. (2020 - £nil).

### 10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Total	-	-

## CHESTER DIOCESAN BOARD OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 10 Employees

(Continued)

There were 7.2 (2020 - 7.2) full time equivalent employees under joint contracts of employment with Chester Diocesan Board of Finance. Their employment costs are borne by Chester Diocesan Board of Finance and recharged to Chester Diocesan Board of Education.

The trustees have handed much of the day to day management of the charity to a number of key management personnel including the Director of Education. The total cost of employee benefits (including employer's national insurance and employers pension contributions) relating to key management personnel amounted to £157,760 (2020 - £155,177). Of this amount £nil balance was borne by Chester Diocesan Board of Education. The remaining balance was borne by Chester Diocesan Board of Finance and recharged. Of these, the highest paid was Mr Christopher Penn who received £69,666 (2020 - £68,844) excluding employers national insurance, together with pension contributions of £10,450 (2020 - £10,327).

# **CHESTER DIOCESAN BOARD OF EDUCATION**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **11 Net gains/(losses) on investments**

	Unrestricted funds	Endowment funds designated	Restricted funds	Total	Unrestricted funds	Endowment funds designated	Restricted funds	Total
	2021	2021	2021	2021	2020	2020	2020	2020
	£	£	£	£	£	£	£	£
Revaluation of investments	196,741	-	1,269,556	1,466,297	67,122	-	455,087	522,209
Revaluation of investment properties	-	469,090	-	469,090	-	18,076	-	18,076
	<u>196,741</u>	<u>469,090</u>	<u>1,269,556</u>	<u>1,935,387</u>	<u>67,122</u>	<u>18,076</u>	<u>455,087</u>	<u>540,285</u>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 12 Investment property

	2021 £
<b>Fair value</b>	
At 1 January 2021	1,027,776
Net gains or losses through fair value adjustments	469,090
At 31 December 2021	<u>1,496,866</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 24 May 2022 by Fisher German LLP, an independent, professionally qualified surveyor. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties as at the year end date of 31 December 2021.

The properties were provided to the charity at no cost by order of the Secretary of State for Education. The values of the properties at the time of receipt are not known.

	2021 £	2020 £
Freehold	1,496,866	1,027,776
Long leasehold	-	-
Short leasehold	-	-
	<u>1,496,866</u>	<u>1,027,776</u>

#### 13 Fixed asset investments

	CCLA Investments £	DBE Services Ltd £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	10,064,559	12	10,064,571
Valuation changes	1,466,297	-	1,466,297
At 31 December 2021	<u>11,530,856</u>	<u>12</u>	<u>11,530,868</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>11,530,856</u>	<u>12</u>	<u>11,530,868</u>
At 31 December 2020	<u>10,064,559</u>	<u>12</u>	<u>10,064,571</u>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Fixed asset investments

(Continued)

	2021 £	2020 £
Investments at fair value comprise:		
CBF Investment Fund	9,490,677	8,297,581
CBF Global Equity Income Fund	1,270,464	1,093,327
CBF Property Fund	718,311	628,658
COIF Charities Investment Fund	51,404	44,993
	<u>11,530,856</u>	<u>10,064,559</u>

### 14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	15,589	5,274
Other debtors	252,981	287,324
Prepayments and accrued income	1,360	17,035
	<u>269,930</u>	<u>309,633</u>

	2021 £	2020 £
Amounts falling due after more than one year:		
Other debtors	69,323	160,050
	<u>339,253</u>	<u>469,683</u>

### 15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Deferred income	16	32,254	23,595
Trade creditors		44,622	40,662
Other DoE and school creditors		105,651	76,248
Other creditors		698,102	869,836
Accruals		105,451	16,380
		<u>986,080</u>	<u>1,026,721</u>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Deferred income

	2021 £	2020 £
Other deferred income	32,254	23,595



# **CHESTER DIOCESAN BOARD OF EDUCATION**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **17 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds				Balance at 31 December 2021
	Balance at 1 January 2020	Incoming resources	Resources expended	Revaluations, gains and losses	Balance at 1 January 2021	Incoming resources	Resources expended	Revaluations, gains and losses	
	as restated £	as restated £	as restated £	£	as restated £	£	£	£	£
SCA funds - allocated	-	1,539,391	(1,231,407)	-	337,984	1,727,847	(1,720,742)	-	345,089
SCA funds - unallocated	-	411,536	-	-	411,536	45,736	-	-	457,272
Investments	8,241,182	260,655	(260,655)	455,087	8,696,269	266,931	(266,931)	1,269,556	9,965,825
	<u>8,241,182</u>	<u>2,211,582</u>	<u>(1,492,062)</u>	<u>455,087</u>	<u>9,445,789</u>	<u>2,040,514</u>	<u>(1,987,673)</u>	<u>1,269,556</u>	<u>10,768,186</u>

#### **SCA funds**

The charity assists voluntary aided schools with school building projects and the provision of IT equipment. The VASCA (Voluntary-Aided Schools Condition Allocation) system was introduced in April 2020 and superseded the LCVAP (Locally Coordinated Voluntary-Aided Programme). Until April 2020, the charity acted as the agent of school governors in helping to arrange funding through the DfE and Local Authorities and in paying professional fees and building costs on behalf of school governors. The LCVAP income and expenditure was not reflected in the Statement of Financial Activities as the charity had no control over the funds and the transactions were those of the school governors rather than the charity, which acted as agent. The change in funding from April 2020 gives the charity ultimate control over the application of the VASCA grants to specific schools. Therefore, the VASCA grant funding received is recognised in the SOFA along with the related expenditure.

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

(Continued)

#### 17 Restricted funds

##### Investment funds

Funds arising out of the sale of school properties were received in the past years under various Educational Endowment Orders and were amalgamated into a uniform statutory trust in 1995 following the provisions of the Education Act 1993. These funds are shown separately as trust funds in the financial statements and their use is restricted to the following:-

- funding for the purchase, or erection of, improvement or enlargement of, relevant school premises in the area,
- funding maintenance costs of any relevant school in the area,
- funding the costs of the administration of the trust and the costs of providing advice, guidance, and resources in connection with any matter related to the management of, or education provided at any relevant school in the area.

#### 18 Analysis of net assets between funds

Fund balances at 31 December 2021 are represented

by:

Investment properties

Investments

Current assets/(liabilities)

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
Investment properties	-	1,496,866	-	1,496,866	-	1,027,776	-	1,027,776
Investments	1,571,453	-	9,959,415	11,530,868	1,368,302	-	8,696,269	10,064,571
Current assets/(liabilities)	198,112	-	808,771	1,006,883	254,397	-	749,521	1,003,918
	<u>1,769,565</u>	<u>1,496,866</u>	<u>10,768,186</u>	<u>14,034,617</u>	<u>1,622,699</u>	<u>1,027,776</u>	<u>9,445,790</u>	<u>12,096,265</u>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Capital commitments

Capital commitments relating to VASCA projects at the yearend was £345,093 (2020 - £337,984).

### 20 Related party transactions

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester.

Contribution re joint employment contracts and other recharges payable to The Chester Diocesan Board of Finance, an organisation in which there are a number of trustees on both boards totalled £346,949 (2020 - £339,564).

The charity owns 16.67% of the ordinary share capital of DBE Services Ltd, an entity which commenced trading on 1st January 2006. The company undertakes support work across six northern dioceses. A distribution of £48,215 (2020 - £37,930) was received from DBE Services Ltd during the year.

The charity does not regard the schools in the Diocese to be classified as related parties.

#### Chester Diocesan Academies Trust

Some of the trustees of Chester Diocesan Board of Education are also trustees of Chester Diocesan Academies Trust. The trustees do not consider that there is overall control that would require this charity to be consolidated within these financial statements. During the year Chester Diocesan Academies Trust received a grant of £75,000 (2020 - £nil) from Chester Diocesan Board of Education.

#### Funds Held as Custodian Trustee

The charity acts as custodian trustee in respect of funds held on behalf of local trustees and such specific purpose funds are shown separately from the financial statements, and total £121,103 (2020 - £196,721). The charity also acts as custodian trustee in respect of funds arising out of the sale of school properties where the funds are held pending the issue of an Order or other determination. The funds are held in separate accounts to ensure that sufficient custody and segregation from the charity's own assets.

#### Woodchurch High School

The amount charged for the Family of Schools Subscription to Woodchurch High School, of which Revd L Bannon was employed, was £950 which was still outstanding at the year end.

### 21 Cash generated from operations

	2021 £	2020 £
Surplus for the year	1,938,352	1,354,503
Adjustments for:		
Investment income recognised in statement of financial activities	(389,644)	(367,056)
Fair value gains and losses on investment properties	(469,090)	(18,076)
Fair value gains and losses on investments	(1,466,297)	(522,209)
Movements in working capital:		
Decrease in debtors	110,696	43,823
(Decrease) in creditors	(49,300)	(432,298)
Increase/(decrease) in deferred income	8,659	(35,147)
<b>Cash (absorbed by)/generated from operations</b>	<b>(316,624)</b>	<b>23,540</b>

# CHESTER DIOCESAN BOARD OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Analysis of changes in net funds

The charity had no debt during the year.

### 23 Prior period adjustment

In 2020 Chester Diocesan Board of Education signed a new funding agreement with the Department of Education regarding the VASCA income. This changes the treatment of the income in the financial statements per note 17, and the prior year adjustment reflects the change to this treatment which was not applied in the prior year financial statements. Treatment of certain reserve items has also been adjusted. The effects of these adjustments on the prior year figures is shown below.

#### Changes to the balance sheet

At 31 December 2020

#### Current assets

Debtors due within one year	469,684	(1)	469,683
<b>Creditors due within one year</b>			
Other creditors	(1,752,647)	749,521	(1,003,126)

<b>Net assets</b>	<b>11,346,745</b>	<b>749,520</b>	<b>12,096,265</b>
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#### Capital funds

#### Income funds

Restricted funds	7,237,897	2,207,892	9,445,789
designated	-	1,027,776	1,027,776
Unrestricted funds	4,108,848	(2,486,148)	1,622,700

<b>Total equity</b>	<b>11,346,745</b>	<b>749,520</b>	<b>12,096,265</b>
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#### Changes to the profit and loss account

Period ended 31 December 2020

	As previously reported	Adjustment	As restated
	£	£	£
Donations and legacies	37,930	1,980,927	2,018,857
Charitable activities	455,912	1,212,890	1,668,802
Net gains on investments	558,802	(18,517)	540,285
Net movement in funds	604,983	749,520	1,354,503