

**Leicester Diocesan Board of
Education**

Annual Report and Financial Statements

**For the year ended
31 August 2016**

Company Number 08432843

Registered Charity Number 1151692

Leicester Diocesan Board of Education
REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2016

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Leicester Diocesan Board of Education

ADMINISTRATIVE DETAILS

For the year ended 31 August 2016

Charity registration number 1151692

Company registration number 08432843

Chairman Ven D Newman

Diocesan Director of Education and Secretary of the Board Carolyn Lewis

Treasurer Mr S Adshead (appointed 17 November 2016)
Dr W J Kirkham (resigned 17 November 2016)

Trustees and members of the Leicester Diocesan Board of Education ("the Board")

No Trustees had any beneficial interest in the charity during the year. The following Trustees, unless otherwise stated served during the year and are still in office at the date of this report:

Ex officio Rt Revd M Snow (Bishop of Leicester appointed 14 May 2016)
Rt Revd J Holbrook (Acting Bishop of Leicester from 1 September 2015 to 13 May 2016)
Rt Revd T J Stevens (Bishop of Leicester resigned 31 December 2015)
Ven Dr T Stratford (Archdeacon of Leicester)
Carolyn Lewis (Diocesan Director of Education & Secretary)
Ven D Newman (Chairman)

Elected by Diocesan Synod

Mrs S Bracey	Mr D Keith
Mr C Broadhurst	Rev Canon P O'Reilly
Rev Dr P G Hooper	Mrs E Wayne-Hawker
Mr D Jones	Mrs D Wright

The following were appointed on 31 May 2016

Mr S Adshead	Mr E J O'Connor
Mrs C Bampton	Mr S E Roddy
Mr J Kerry	Rev P Watson

The following resignations occurred during the period:

Mrs M Driver (resigned 31 December 2015)
Dr R Harries (resigned 31 December 2015)
Rev K Magee (resigned 31 December 2015)
Mrs G Everett (resigned 31 August 2016)
Dr W J Kirkham (resigned 17 November 2016)
Rev L R Curtis (resigned 22 March 2017)

Co-opted by the Board

Mr R Andrews	Mrs A C Harvey
Mrs A Dewes	
Mrs K L Allen (resigned 31 December 2015)	
Mrs W Wakefield (resigned 31 December 2015)	

Bishop's nominees Mrs S Longhill
Mr V Allsop (Resigned 31 December 2015)

Leicester Diocesan Board of Education

ADMINISTRATIVE DETAILS

For the year ended 31 August 2016

Registered office & Charity address	St Martins House 7 Peacock Lane Leicester LE1 5PZ
Telephone	0116 261 5200
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH
Solicitors	Lee Bolton Monier-Williams 1 The Sanctuary London SW1P 3JT
Bankers	Barclays Bank plc Dominus Way Meridian Business Park Leicester LE19 1RP
Chartered surveyors	YMD Boon Limited York House Ferne Road Market Harborough Leicestershire LE16 7PH
Land agents	Sturgis Snow and Astill 98 New Walk Leicester LE1 7EA
Investment managers	CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
Insurance brokers	Towergate Risk Solutions (Towergate Underwriting Group Limited) Towergate House Eclipse Park Maidstone Kent ME14 3EN

The Trustees present their annual report and the financial statements for the year ended 31 August 2016.

Objectives and activities

The Board's objectives are the same as its statutory functions determined by the Diocesan Boards of Education Measure 1991 ("the measure"). They are as follows:

1. To promote or assist in the promotion of education in the Diocese, being education which is consistent with the faith and practice of the Church of England;
2. To promote or assist in the promotion of religious education and religious worship in schools within the Diocese;
3. 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;
4. To promote cooperation between the Board and bodies or persons concerned in any respect with education in the Diocese;
5. The functions assigned to the Board by the measure; and
6. Such other functions not contrary to the measure as are assigned to the Board by the Diocesan Synod, other than functions relating to church schools or church educational endowments.

The Board's principal objective during the year was the promotion of lifelong learning throughout the Diocese, effect being given to the belief that all true education must be based on Christian principles, and the promotion and stimulation of religious education according to the doctrines of the Church of England.

To achieve this the Board appoints staff to support the work of the church schools, children's and youth work in parishes, and the development of the ministry of lay people.

A significant aim of the Board's work is to promote and facilitate building work in Church of England Aided schools within the Diocese. Creating and maintaining high quality learning environments has clear public benefit.

The Board operates a system which enables schools to have their Devolved Formula Capital Grant money lodged with the Board pending work being carried out. No charge is levied for administration purposes and interest received on these funds is re-invested for the purposes previous described.

The Board invests the majority of its funds through CCLA Investment Management who are accountable for investment performance. An element of the Board's funds need to be kept liquid because of its role in 'bridging' building projects in schools between payment of invoices to contractors and the receipt of grant funding.

The principal beneficiaries of the charity's services are the children and young people attending the 97 Church of England schools and academies in the Diocese. Wider than this, the Board also aims to promote and assist in the promotion of education consistent with the faith and practice of the Church of England across the diocese's universities and colleges of further education.

For the year ended 31 August 2016

Achievements and performance

	Total	Primary	National	Secondary	National
Outstanding	14/97 15%	14/93 15%	16%	0/4 0%	22%
Good	69/97 71%	67/93 72%	71%	2/4 50%	56%
Requires Improvement	11/97 11%	10/93 11%	9%	1/4 25%	17%
Inadequate	3/97 3%	2/93 2%	1%	1/4 25%	5%
SIAMS		Outstanding	Good	Satisfactory	Inadequate
Primary		35	53	4	1
Secondary		1	1	1	1

During the financial year, the Board aimed to provide and support work amongst children and young people in church contexts by providing professional, pastoral and theological support. The principle public benefit of this work is the support offered by the Board for the provision of worthwhile organised activities for children and young people.

The Board continued to support this work through;

- Regular meetings for head teachers of voluntary aided and voluntary controlled schools
- The support of denominational inspections and the training of inspectors
- Giving advice and support to governing bodies
- Managing administration appeals on behalf of schools
- Advice on religious education and collective worship
- Its continued work on the development and oversight of building projects
- Supporting governing bodies in the appointment of head teachers
- Providing headteachers with pastoral and professional support
- Organising conferences for head teachers and parochial clergy
- The appointment, support and training of foundation governors. This training has been broadened to include school effectiveness as well as distinctiveness and inclusiveness
- Arranging insurance cover for church schools
- Offering legal advice for trustees, governing bodies and head teachers
- Liaison with officers of national and local bodies
- Its representation on those committees of Leicestershire County and City councils, which deal with education issues

Achievements and performance (continued)

The Charitable Company's trading subsidiary, Diocese of Leicester Education Services Limited has continued to provide services relating to education and religious based courses throughout the year.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and setting the grant making policy for the period.

In light of the changing educational environment, there is an expectation that the Board become increasingly responsible for the quality of provision within their schools.

Structure, governance and management

Trustees

Appointment

Trustees are appointed under the categories shown in the Reference and Administrative information provided in this report.

Induction and training

At the first meeting of a new triennium the Board's role and function is explained. All members receive a copy of all the terms of reference for the sub-committees.

At the first meeting of each sub-committee the terms of reference are discussed and the sub-committee's remit clarified.

During triennium the Board has a variety of on-going opportunities to discuss the strategic plan for the coming three years.

Organisational and decision making structure

The Board is part of the Synodical structure of the Church of England and is responsible to and reports to the Synod of the Diocese of Leicester.

The Board operates through its meeting and those of the various sub-committees. The Board makes all major decisions, including those relating to financial matters.

Sub-committees scrutinise issues and make recommendations to the Board. Sub-committees have certain delegated powers under their Terms of Reference.

The Board is governed by the certificate of incorporation in accordance with the Companies Act 1985 to 2006 and the Charities Act 1992 to 2011.

The Board adopted and continue to operate within the core objectives and remit of the Board and had the following sub-committees in the period to 31 August 2016:

Schools Provision Committee. The principal responsibilities of this sub-committee are formulating and overseeing a coherent strategy for existing and future school provision across the Diocese and to monitor local and national developments that impact upon the strategy. Also monitoring and managing all financial and property matters appertaining to the Board including maintenance and repair of voluntary aided schools in the Diocese, management of the Board's trustee responsibilities and investments and scrutiny of the Board's financial position and risk management policy and procedures.

For the year ended 31 August 2016

Supporting Church School Distinctiveness Committee. This sub-committee is responsible for formulating and overseeing a coherent strategy for existing and future church school provision across the Diocese in respect of their distinctiveness. Also to provide support and training services to schools, governors and teachers, to provide guidance on policy and curriculum issues, respond to resolutions from General Synod in relation to church schools and promote and pursue partnerships with Local Education Authorities. The committee oversees the appointment of Foundation Governors and is responsible for the management of SIAMS (Statutory Inspection of Anglican and Methodist Schools).

Fulfilling the Church's Mission Committee. This sub-committee is responsible for formulating and overseeing a coherent strategy for developing and strengthening the wider church family and to support the Diocese's vision for children and young people standing confidently at the heart of the Church's mission. Also contributing to the support of parishes, identifying and supporting Governors and developing and supporting Further Education chaplaincy.

Related parties

Through the Synodical structure the Board is related to the Leicester Diocesan Board of Finance from whom it receives grant support, details of which are shown at note 4(i) to the financial statements.

Risk management

The Trustees are required, under the Charities SORP 2015, to confirm as part of the Trustees' report that they have reviewed and taken steps to mitigate the major risks to which the Board is exposed.

The responsibilities of the Trustees cover the identification and assessment of risks, taking appropriate steps to mitigate those highlighted as major risks to the Board and an annual review of risk so as to ensure that the measures taken are adequate.

An assessment of the major risks facing the Board was made in 2014 and is reviewed annually.

Financial review

In financial terms during 2016 the Board planned to:

- ensure that expenditure from general reserves did not exceed income before any realised or unrealised gains or losses on investments, for the period
- ensure that expenditure from s554 funds did not exceed those funds' income, before capital receipts and any realised or unrealised gains or losses on investments, for the period.

In the year the Board:

- made a deficit before any realised or unrealised gains or losses on investments on its general fund of £129,373 (2015: surplus £1,307,103).
- made a deficit on its s554 funds before any realised or unrealised gains or losses on investments of £30,538 (2015: surplus £32,660).

Leicester Diocesan Board of Education

TRUSTEES' REPORT

For the year ended 31 August 2016

The Board has reviewed all available information, taking account of the current position and principal risks and have a reasonable expectation that the charity will be able to continue in operation and meet its liabilities as they fall due. In order to facilitate this, the Board has secured a loan of £200,000 from The Leicester Diocesan Board of Finance to be drawn down if required to temporarily aid cash flow.

Overall financial performance

The overall financial performance in 2016 may be summarised as follows:

	2016		2015
	£	£	£
General funds			
Incoming resources	100,021		1,475,605
Less: Resources expended	<u>(229,394)</u>		<u>(168,502)</u>
		(129,373)	1,307,103
Endowment funds			
Incoming resources excluding capital receipts	145,274		301,111
Less: Resources expended including transfers	<u>(175,812)</u>		<u>(268,451)</u>
		(30,538)	32,660
		(159,911)	1,339,763
Movements in capital funds			
Loss on disposal of property and investments	-		(70,000)
Gains and losses on revaluation	(458,969)		63,339
Net movement in funds during the period as shown on the SOFA	<u>(618,880)</u>		<u>1,333,102</u>

Reserves

The reserves of the Board comprise those which may be expended for the normal objectives of the Board and those arising from Educational Foundations within the trusteeship of the Board (the Consolidated Fund), which may only be expended for specific purposes as shown in note 15 on pages 24 and 25.

As at 31 August 2016 the reserves are £3,967,889 (2015: £4,586,769) as shown in the Statement of Financial Position on page 13.

Investment policy

The investments of the Board are represented by:

- properties held under trusts
- investments in the CBF Investment and Property funds managed by CCLA Investment Management Ltd.

The movements in the Board's investments are shown at note 9 to these financial statements.

In the light of the market conditions prevalent during the period the Trustees consider the performance of the Board's investments to be satisfactory.

It is the policy of the Board to adhere to the ethical investment guidelines issued by the Church of England.

Leicester Diocesan Board of Education

TRUSTEES' REPORT

For the year ended 31 August 2016

Grant making policies

During the period the Board made grants to the governors of aided schools in relation to the Department for Children, Schools and Families (DCSF) scheme. Details of the grants made may be found in note 5 on page 19 of these financial statements.

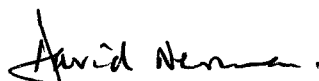
Funds held as custodian trustee

The Board acts as custodian trustee for a number of small religious education funds.

The assets of these funds consist of either cash deposits or shares in the CBF Investment Fund. All such assets are held in accounts separate from those of the Board.

The total value of the assets held as custodian trustee is £97,378.

This report was approved by the Board of Trustees on 11 May 2017 and signed on the board's behalf by:



Ven D Newman, Chairman

For the year ended 31 August 2016

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

The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 charity and of the incoming resources and application of resources, including the income and expenditure of the charity 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 (FRS 102);
- make judgements and accounting 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;
- 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 are sufficient to show and explain the charity's transactions and 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Appointment of auditors

The re-appointment of Grant Thornton UK LLP as auditors to the Board will be proposed at the Annual General Meeting.

Approved by order of the members of the board of trustees on 11 May 2017 and signed
on its behalf by:



Ven D Newman, Chairman

Independent auditor's report to the trustees of Leicester Diocesan Board of Education

We have audited the financial statements of Leicester Diocesan Board of Education for the year ended 31 August 2016 which comprise the statement of financial activities (including income and expenditure account), the statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 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 Trustees' Responsibilities Statement on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. 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 August 2016 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the trustees of Leicester Diocesan Board of Education**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leicester

Date: 11 May 2017

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Leicester Diocesan Board of Education

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)

For the year ended 31 August 2016

	Note	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Incoming resources					
Incoming resources from generated funds					
Grants and donations received	4(i)	85,401	-	85,401	1,605,375
Activities for generating funds	4(ii)	-	31,876	31,876	39,308
Income from operating activities	4(iii)	-	52,872	52,872	17,935
Investment income					
Other interest		94	-	94	38,829
Investment income		13,880	56,584	70,464	69,450
Deposit Interest		646	3,942	4,588	5,819
Total incoming resources		100,021	145,274	245,295	1,776,716
Resources Expended					
Cost of generating funds	5(i)	-	10,099	10,099	21,576
Charitable expenditure	5(ii)	328,355	70,138	398,493	345,997
Cost of activities	5(iii)	-	4,596	4,596	3,736
Governance	5(iv)	(72,000)	64,018	(7,982)	65,644
Total resources expended		256,355	148,851	405,206	436,953
Net (outgoing)/incoming resources		(156,334)	(3,577)	(159,911)	1,339,763
Transfers between funds	14	26,961	(26,961)	-	-
Net (outgoing)/incoming resources before other recognised gains and losses		(129,373)	(30,538)	(159,911)	1,339,763
Realised (losses)/gains on investment assets:					
(Loss)/gain on sale of property		-	-	-	(70,000)
Unrealised gains/(losses) in year on:					
Land and property		(560,000)	-	(560,000)	28,000
Unlisted investments		17,955	83,076	101,031	35,339
Net movement in funds		(671,418)	52,538	(618,880)	1,333,102
Fund balances brought forward at 1 September 2015		1,334,467	3,252,302	4,586,769	3,253,667
Fund balances carried forward at 31 August 2016	15	663,049	3,304,840	3,967,889	4,586,769

All activities of the charity are continuing.

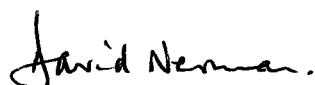
The accompanying accounting policies and notes form an integral part of these financial statements.

Leicester Diocesan Board of Education**STATEMENT OF FINANCIAL POSITION**

For the year ended 31 August 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Property investments	9	1,485,000		2,045,000	
Other investments	9	<u>1,601,087</u>		<u>1,499,812</u>	
			3,086,087		3,544,812
Current assets					
Debtors	10	462,275		330,659	
Deposits		<u>882,688</u>		<u>889,627</u>	
Cash at bank		<u>61,303</u>		<u>312,070</u>	
		1,406,266		1,532,356	
Current liabilities					
Creditors	11	306,167		281,792	
DFC Funds held for schools	12	<u>218,297</u>		<u>208,607</u>	
		524,464		490,399	
Net current assets			881,802		1,041,957
			<u>3,967,889</u>		<u>4,586,769</u>
Accumulated funds					
Unrestricted funds	15		663,049		1,334,467
Endowment funds	15		3,304,840		3,252,302
			<u>3,967,889</u>		<u>4,586,769</u>

The financial statements were approved by the Trustees and authorised for issue on 11 May 2017 and were signed on its behalf by:



Ven D Newman
Chairman



Mr S Adshead
Trustee

The accompanying accounting policies and notes form an integral part of these financial statements.

1 General Information

The Charitable Company is a private company limited by guarantee without share capital, registered in England and Wales. The address of then registered office is St Martins House, 7 Peacock Lane, Leicester, LE1 5PZ.

2 Accounting policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

Following the transition to FRS 102, for the first time all the accounting policies have been aligned with the new accounting standard and there has been no material change to the amounts, classification or presentation within the financial statements as at the date of transition.

The principal accounting policies are as follows:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of investment properties and fixed asset investments.

Academy group accounts policy

On 1 April 2013 two trusts (The Diocese of Leicester Educational Trust and the Diocese of Leicester Academies Trust) and an additional company (Diocese of Leicester Educational Services Limited) were transferred to the Board from the Leicester Diocesan Board of Education Trustees. The two trusts and another company were set up under the government initiative for school academies to ensure the religious character of the school is protected. The Board's policy is for non-consolidation of either of the academy trusts or the Company into the Board accounts as it can demonstrate no parent/subsidiary relationship exists.

The policy is reviewed annually to ensure compliance with the national guidance and any developments in the relationship between the Board and the Trusts.

Cash flow statement

The trustees have taken advantage of the exemption in FRS 102 and SORP 2015 from including a cash flow statement in the financial statements on the grounds that the charity qualifies as a small charity under the standard.

Fund accounting

Fund balances are split between unrestricted and restricted (endowment) funds:

- i the general fund is an unrestricted fund, which may be used at the Trustees' discretion
- ii the restricted (endowment) fund consists of funds where there are imposed restrictions on its use.

Property Investments

Property investments are held at open market value based upon external property valuations.

Investments

Investments are shown at market value at the date of the statement of financial position and any gain or loss taken to the Statement of Financial Activities. Investments held by the Board as custodian trustee are not included in these financial statements.

Realised gains or losses on investments are recognised when investments are sold. Unrealised gains or losses are accounted for on the revaluation of investments.

2 Accounting policies (continued)

Donations and gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided there are no donor-imposed restrictions as to the timing of any related expenditure, in which case recognition is deferred until the pre-condition is met.

Income from operating activities

Incoming resources relate to appeal costs, conference and course income and are accounted for when payment is received.

Grants receivable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Expenditure

All expenditure is included in the financial statements on an accruals basis, and is analysed into the four categories as required by the SORP.

- i cost of generating funds
- ii charitable expenditure
- iii cost of activities
- iv expenditure on support costs including central functions. These costs are subsequently allocated to the other categories of expenditure as described in the following note.

Support costs

These costs have been allocated to the other categories of expenditure described in the above note on the basis of the proportion of staff time spent on each area of expenditure as follows:

- charitable expenditure - 90%
- governance - 10%

Grants payable

Grants to schools are charged to expenditure as they are incurred.

3 Pension costs

Three employees of the Board participate in pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Board and the other participating employers. This is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

These schemes are multi-employer last man standing defined benefit pension schemes for which the Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme.

The remaining three employees participate in the Teachers' Pension Scheme.

For the year ended 31 August 2016

3 Pension costs (continued)

Church Workers Pension Fund – Pension Builder Scheme

The Board participates in the Pension Builder Scheme section of the Church Workers Pension Fund 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.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' normal pension age.

There is no subdivision of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi employer scheme, this means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year contributions are payable.

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next Church Workers Pension Fund valuation date, 31 December 2016.

The Board contributes 10% of basic salary. There is no minimum contribution for employees. The pension costs for the period of £8,883 (2015: £5,040) are equal to the contributions paid by the Board and there were no contributions outstanding at the period end.

Teachers' Pension Scheme

The Diocesan Director of Education, Senior Officer for Governance and Senior Officer for School Effectiveness are members of the Teachers' Pension Scheme (England & Wales). The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations (2010).

For the year ended 31 August 2016

3 Pension costs (continued)

The Teachers' Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases).

From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Board has set out above the information available on the scheme.

The pension costs for the period of £10,600 (2015: £6,186) are equal to the contributions paid by the Board.

Leicester Diocesan Board of Education

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2016

4 Incoming resources**(i) Grants and donations received**

Purpose	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Grant from Leicester DBF	85,401	-	85,401	55,375
Donated assets	-	-	-	1,550,000
	<u>85,401</u>	<u>-</u>	<u>85,401</u>	<u>1,605,375</u>

(ii) Activities for generating funds

Purpose	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Rents received	-	31,876	31,876	39,308
	<u>-</u>	<u>31,876</u>	<u>31,876</u>	<u>39,308</u>

(iii) Income from operating activities

Purpose	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Admission appeal costs	-	1,250	1,250	3,923
Conference Income	-	-	-	1,211
Other income	-	51,622	51,622	12,801
	<u>-</u>	<u>52,872</u>	<u>52,872</u>	<u>17,935</u>

5 Resources expended
(i) Cost of generating funds

Purpose	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Rent costs	-	5,053	5,053	9,991
Baxter Hall costs	-	5,046	5,046	11,585
	-	10,099	10,099	21,576

(ii) Charitable expenditure

Purpose	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Grants				
Advice to and work with schools	258,652	927	259,579	230,996
Support costs	69,703	69,211	138,914	115,001
	328,355	70,138	398,493	345,997

In addition there are grants made to School Governors of aided schools in respect of repairs and improvements. These amounts are fully recoverable from the DCSF, School Governors and other third parties. In 2016, these figures were £495,479 and £495,479 respectively (2015: £896,188 and £896,188 respectively).

(iii) Cost of activities

Purpose	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Former school buildings	-	-	-	2,647
Course costs	-	4,596	4,596	1,089
	-	4,596	4,596	3,736

(iv) Governance

Purpose	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Audit fee	9,300	-	9,300	10,280
Other statutory costs	(96,247)	64,018	(32,229)	24,105
Support costs	14,947	-	14,947	31,259
	(72,000)	64,018	(7,982)	65,644

Leicester Diocesan Board of Education

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6 Analysis of resources expended showing allocation of support costs

	Activities undertaken directly £	Support costs £	Total 2016 £	Total 2015 £
Cost of generating funds	10,099	-	10,099	21,576
Charitable expenditure	259,579	138,914	398,493	345,997
Cost of activities	4,596	-	4,596	3,736
Governance costs	(22,929)	14,947	(7,982)	65,644
	<u>251,345</u>	<u>153,861</u>	<u>405,206</u>	<u>436,953</u>

7 Staff numbers and costs**Administrative and support staff costs**

Included in total resources expended are the following staff costs:

	Total 2016 £	Total 2015 £
Stipends and salaries	226,603	178,805
Social security costs	12,566	18,121
Pension costs	19,483	24,015
	<u>258,652</u>	<u>220,941</u>
Average number employed	Number	Number
Administration and support	<u>6</u>	<u>6</u>

During the year there was one employee whose emoluments amounted to more the £60,000 but less than £70,000 (excluding pension contribution and employers National Insurance) (2015: nil). No other employees earned £60,000 or more in the current or preceding period. Pension payments of £10,600 were made for this employee (2015: £6,186).

Wages and salaries costs include £92,508 of recharges from the Diocese of Leicester Academies Trust (2015: £60,737). This relates to five individuals employed by the Diocese of Leicester Academies Trust providing services to the Board. These employees are not included within the average number of employees' disclosure.

8 Board members' emoluments and expenses

None of the Board members have received any emoluments or expenses from the Board for services performed as trustees.

For the year ended 31 August 2016

9 Fixed asset investments

	Investment properties £	Unlisted investments £	Total 2016 £
Cost or valuation			
At 1 September 2015	2,045,000	1,499,812	3,544,812
Additions at cost	-	244	244
Revaluation adjustment	(560,000)	101,031	101,031
At 31 August 2016	1,485,000	1,601,087	3,646,087
Historical cost (unlisted investments only)	-	738,000	738,000

The difference between historical cost and market value is included within endowment funds.

- i the investment properties were valued at 31 August 2015 by the Board's land agents, Sturgis Snow & Astill, Chartered Surveyors. The basis of valuation was on an open market basis based on existing use.

The Leicester Diocesan Board of Education acts as a custodian of two properties on behalf of The Saint Nicholas House Educational Foundation. These properties have not been recognised in the accounts of Leicester Diocesan Board of Education as it does not have beneficial interest. The valuation of these properties is £700,000.

- ii all the unlisted investments of the Board are in CBF Church of England Common Investment Funds managed by CCLA Investment Management Limited.

	Total 2016 £	Total 2015 £
CBF Investment Fund	1,042,068	940,281
CBF Property Fund	559,019	559,531
Total investments	1,601,087	1,499,812

10 Debtors

	Total 2016 £	Total 2015 £
In respect of Schools' Building Works	189,861	97,335
Other loans	15,000	19,500
Other debtors	196,625	146,873
Amounts due from related parties	55,614	66,951
VAT	5,175	-
	462,275	330,659

Amounts due from related parties of £55,614 (2015: £66,951) relate to amounts due from the Diocesan of Leicester Educational Trust which is not receivable within the year. Amounts due relates to income and expenditure which has passed through the Board as detailed at note 13.

For the year ended 31 August 2016

11 Creditors

	2016 £	2015 £
Schools' Building works and other creditors	286,182	199,957
Amounts due to related parties	2,747	62,556
Accruals	17,238	19,279
	<u>306,167</u>	<u>281,792</u>

12 Schools' DFC funds

With effect from 1 April 2006 the DCSF paid over to schools the funds available for 2006/07 plus any unspent funds from prior years, which could be used for the 90% cost of building works, previously reimbursed by the DCSF.

The Voluntary Aided Schools agreed that the Board should hold these funds and meet any 90% contributions from them. The funds are held in a separate CBF deposit account which is included in the value of deposits on the Statement of Financial Position. The value of the funds at 31 August 2016 was £218,297 (2015: £208,607).

Each school's unspent amount of the total is identifiable.

13 Related party transactions

The Board is related to Leicester Diocesan Board of Finance, Diocese of Leicester Educational Trust, Diocese of Leicester Educational Services Ltd and Diocese of Leicester Academies Trust.

At the end of the period the following amounts, were receivable or (payable) by the Board in respect of related parties:

	2016 £	2015 £
Leicester Diocesan Board of Finance in respect of contribution to costs	(7,635)	6,058
Diocese of Leicester Educational Trust	55,614	66,951
Diocese of Leicester Education Services Ltd	(2,346)	(10,801)
Diocese of Leicester Academies Trust	<u>(16,014)</u>	<u>(51,755)</u>

The Board was charged £218,478 (2015: £64,287) by the Leicester Diocesan Board of Finance in the period for salaries, accounting and related services.

For the year ended 31 August 2016

13 Related party transactions (continued)

Income and expenditure in the period which passed through the Board, but relate to related companies, can be summarised as follows:

	2016		2015	
	Income £	Expenditure £	Income £	Expenditure £
Diocese of Leicester Educational Trust	-	1,163	3,045	30,874
Diocese of Leicester Educational Services Ltd	16,010	34,679	45,326	66,685
Diocese of Leicester Academies Trust	400	41,656	-	126,688

In the year, the Diocese of Leicester Academies Trust incurred expenditure on behalf of the Board totalling £134,825 (2015: £245,137).

Included in the above expenditure analysis are staff & expense recharges to each company totalling £nil, £7,588 and £20,221 respectively (2015: £26,247, £36,569 and £3,601 respectively).

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 this was the Diocesan Director of Education and Secretary of the Board, Carolyn Lewis. During the year, remuneration (excluding Employers National Insurance) and pension amounted to £77,314 was paid (2015: £50,061).

14 Analysis of transfers between funds

	Unrestricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Apportionment of overhead costs	26,961	(26,961)	-	-
	<u>26,961</u>	<u>(26,961)</u>	<u>-</u>	<u>-</u>

Leicester Diocesan Board of Education

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2016

15 Statement of funds

	Balance at 01/09/15 £	Income £	Expenditure £	Transfers £	Other recognised gains and losses £	Balance at 31/08/16 £
Unrestricted funds						
General fund	1,334,467	100,021	(256,355)	26,961	(542,045)	663,049
Total unrestricted funds	1,334,467	100,021	(256,355)	26,961	(542,045)	663,049
Endowment funds						
s554 Income Fund	347,462	137,694	(143,805)	(26,961)	-	314,390
s554 Capital Fund	2,642,185	-	-	-	80,513	2,722,698
Baxter Hall Fund	169,041	6,277	(5,046)	-	-	170,272
Other foundations	93,614	1,303	-	-	2,563	97,480
Total endowment funds	3,252,302	145,274	(148,851)	(26,961)	83,076	3,304,840
Total funds	4,586,769	245,295	(405,206)	-	(458,969)	3,967,889

Endowment funds**s554 Income and Capital funds**

These principally represent funds and income arising therefrom, held under trusts arising from the sale of redundant educational properties. The Board as trustees may, after payment of any expenses incurred in connection with the administration of the trusts, apply the capital and income of the relevant trust assets for any of the following purposes:

- i in or towards the purchase of a site for, or the erection, improvement or enlargement of:
 - a the premises of any relevant school in the area
 - b the premises of a teacher's house for use in connection with any relevant school in the area
- ii for the maintenance of any relevant school in the area or of a teacher's house for use in connection with any relevant school in the area.

The income arising from these trusts may additionally be used, after payment of any expenses incurred in connection with the administration of the trust, for any of the following purposes:

- i in or towards the provision of advice, guidance and resources (including materials) in connection with any matter related to the management of, or education provided at, any relevant school in the area
- ii the provision of services for the carrying out of any inspection of any relevant school in the area required by Part I of the School Inspection Act 1996(a); and
- iii to defray the cost of employing or engaging staff in connection with the application of capital or income of the relevant trust assets.

For the year ended 31 August 2016

15 Statement of funds (continued)

The Baxter Hall fund

This represents rental income received less costs and will be applied as required to the maintenance of the property.

Other foundations

	2016 £	2015 £
Gilmorton, Edward Chandler	2,635	2,403
Leicester, G A Robinson	6,781	5,938
Stoke Golding	388	387
Rev Towers Earl Shilton	28,434	25,992
Hathern Old School House	59,140	58,894
	<u>97,378</u>	<u>93,614</u>

At 31 August 2016, the Board held nominal capital plus interest of £148,560 (2015: £204,117) waiting orders under Section 2 or Section 86 schemes. During the period ending 31 August 2016 accumulated interest of £818 (2015: £1,017) was due to be transferred to Educational Foundations and accumulated interest of £11,814 (2015: £10,995) was due to be transferred to the General account.

During any year the Board can become aware of redundant schools and/or schoolhouses of which it has no record. When this occurs, the Board acts under current legislation to acquire the asset for its work. The Board has no means of identifying such cases in advance.

16 Transition to FRS 102

This is the first year the Charity has presented its results under FRS 102 and SORP 2015. The last financial statements under previous UK GAAP were for the year ended 31 August 2015. The date of transition to FRS 102 was 1 September 2014.