

WAKEFIELD DIOCESAN BOARD OF EDUCATION

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2007

Company Registered Number: 551800

Charity Registered Number: 507879

WAKEFIELD DIOCESAN BOARD OF EDUCATION

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Reference and administrative details of the Wakefield Diocesan Board of Education

In accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing follow:

President (ex officio)	The Rt Revd S G Platten
Archdeacons (ex officio)	The Ven R J Freeman (Archdeacon of Halifax) The Ven J D F Greener (Archdeacon of Pontefract) (Chair)
Elected	
Mrs M Judkins	Revd Canon I Wildey (resigned 01.10.07)
Mrs H Pollard	Mrs C Cockcroft
Mr I Knowles	Mr G Budd
Mrs M Smith	Revd N Clews
Revd Canon L Dew	Mrs E Megson
Mr I Whittell (appointed 01.10.07)	
Co opted	
Mr R Holmes	Mr J A Hull
Mr J Jagger	
Bishops Nominee	
Mr J McLeod	
Secretary	Revd Canon I Wildey
Registered Office	Church House 1 South Parade Wakefield WF1 1LP
Telephone	01924 371802
Facsimile	01924 364834
Company registration number	551800 (England & Wales)
Charity registration number	507879
Auditors	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds LS1 4BN

Bankers

Yorkshire Bank PLC
6 – 10 Northgate
Wakefield WF1 1TA

Solicitors and Registrars

Dixon Coles & Gill
Bank House
Burton Street
Wakefield WF1 2DA

Investment Managers:

Listed Investments

CCLA Investment Management Ltd 80
Cheapside
London
EC2V 6DZ

WAKEFIELD DIOCESAN BOARD OF EDUCATION

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The trustees, who are also directors for the purposes of company law, present their combined trustees' report and directors' report, together with the audited financial statements, for the year ended 31 December 2007.

This report refers to the Diocese of Wakefield except for Section 2 and is set out as follows:

1. Reference and administrative details of the Wakefield Diocesan Board of Education (WDBE)
2. Summary information about the structure of the Church of England
3. Structure, governance and management
4. Objectives and activities
5. Achievements and performance
6. Financial review
7. Plans for future periods
8. Appointment of auditors
9. Approval of the Trustees Annual Report

1. **Reference and administrative details of the Wakefield Diocesan Board of Education**

These are set out on page 1 and 2

2. **Summary information about the structure of the Church of England**

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 43 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

The Cathedral

The cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, Wakefield Cathedral, Northgate, Wakefield, WF1 1HG.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Wakefield Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the diocesan synod which is elected with representation across the diocese with broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

Deanery Synod

Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.
- elect members of the deanery to the Diocesan Board of Education.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy;
- To advise the President on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- To carry out such functions as the Synod may delegate to it.

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006 under which those above £100,000 gross income for the year will be required to register within a timescale to be identified by the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

Church Schools

There are 3 distinct kinds of Church of England school in partnership with local education authorities (LEAs):

- **voluntary aided:** the school is owned by the church, a majority of the governors are appointed by the Church, the teachers are appointed and employed by the governing body, the cost of repairs and capital projects is raised by the governing body with 90% grant from the DCSEF, religious education and worship are distinctively Anglican, the governing body is the admissions authority;
- **voluntary controlled:** the school is owned by the Church, the Church appoints governors, but there is no Church majority on the governing body, the teachers are employed by the Local Education Authority, the LEA funds repairs and capital projects, religious education follows the local agreed syllabus, the worship is Anglican;
- **foundation:** the foundation owns the school, the governing body employs the staff and is the admissions authority, the Church appoints a minority of governors, religious education follows an agreed syllabus and the worship is Anglican.

3. Structure, governance and management

The Diocese of Wakefield was created in 1888 and took broadly its present form in 1926. It covers an area of 557 square miles.

The diocese is arranged as two archdeaconries, Halifax covering the western part with 6 deaneries and Pontefract the eastern part also with 6 deaneries. In total there are some 200 parishes.

Diocesan governance

The Diocesan Synod is statutory governing body, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to six persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee, Bishop's Council.

Company status

The company, Wakefield Diocesan Board of Education (WDBE), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 8 July 1955 as a company limited by membership guarantees (No. 551800) and its governing documents are the Memorandum and Articles of Association. WDBE was registered with the Charity Commission (No. 507879) on 30 August 1978.

The directors of the WDBE under company law have a personal liability limited to £1 under their guarantee as company trustees in the event of its being wound up.

Decision-making structure

Diocesan Synod has delegated the following functions to the Bishops Council:

- Planning the business of Synod including the preparation of agendas and papers
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice
- Transacting the business of the Diocesan Synod when not in session
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod
- To carry out such functions as the Diocesan Synod may delegate to it.

Diocesan Synod has delegated the following functions to the WDBE:

- Management of the funds and property of the Diocese
- Preparation of annual estimates of expenditure
- Advising on action needed to raise the income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it

The Diocesan Synod and the Board of Trustees have delegated responsibility for the day-to-day management of the company to the Director of Education who is supported by a number of heads of departments and their staff.

Bishop's Council

Bishop's Council consists of 9 ex officio members, including the Diocesan and Suffragan Bishops and the two Archdeacons, 6 clergy elected by the house of clergy from among their number (on an Archdeaconry basis, 3 per Archdeaconry) and 9 lay persons elected by the members of the house of laity.

Wakefield Diocesan Board of Education

The current membership of the Wakefield Diocesan Board of Education is set out on Page 1. In addition to the current membership there are vacancies in elected members (5), Bishop's nominee (1) and co-opted members (5).

The membership consists of 3 ex officio members, including the Diocesan Bishop and the two Archdeacons. Two members elected by Diocesan Synod, one to be a clerk in holy orders and the other to be a lay person. Twelve elected representatives (one from each deanery). Two persons nominated by the Diocesan Bishop and in addition eight co-opted members. The WDBE has the following sub-committees, each of which has written terms of reference:

Risk Management Sub-Committee

This committee responsible for assisting the trustees in the discharge of their responsibilities risk management, internal control and financial reporting.

Schools Management Committee structure

The Schools' Management Committee operates in an executive manner according to the policies of the Diocesan Board of Education. The members are appointed to represent the diversity of the 102 schools we serve both aided and controlled, within the Local Authority areas covered by the Diocese of Wakefield.

The composition of the committee is:

Not less than 7 voting members; not more than 11 voting members. The Chair is nominated by the Diocesan Bishop after consultations with the Chairman of the Board of Education. The Archdeacons are ex-officio.

WDBE appoints 4 people, lay or ordained, who have current or recent experience of the provision of statutory education in a Church of England school in the Diocese of Wakefield, not more than one of whom is from each local authority served by the Diocese. In addition up to 4 people may be co-opted by the Management Committee.

All appointed members shall serve for a term of three years, the co-opted members serve for a term determined by the Committee, but no longer than the end of the term of office of the appointed members.

The Secretary of the Committee shall be an officer of the Board of Education.

Appointment of trustees

Trustees are provided with induction training when first appointed and receive ongoing training, as appropriate. Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company for the purposes of company law.

Trustees' responsibilities

Company law requires the trustees (in their capacity as directors) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

In preparing those financial statements the trustees are required to:

- Select the most suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards and the SORP, 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 company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the corporate and trust assets of the company and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure to the auditors

At the date of making this report each of the Charity's trustees as set out on page 1 confirm the following:

- So far as each trustee is aware there is no relevant information needed by the Charity's auditors in connection with preparing their report of which the Charity's auditors are unaware; and
- Each trustee has taken all the steps they ought to have taken as a trustee in order to make themselves aware of any relevant information needed by the Charity's auditors in connection with preparing their report and to establish that the Charity's auditors are aware of that information.

Related parties

General Synod, Church Commissioners and Archbishops' Council

WDBE has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

WDBE works with the Department for Education and Skills (DFES) and other national agencies to support Church schools and to collaborate in the development and improvement of standards and provision in schools generally.

Parochial Church Councils (PCCs)

The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within WDBE and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Connected charities

The trustees consider the following to be connected charities:

Wakefield Diocesan Board of Finance (WDBF) - aims to promote facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Wakefield and elsewhere. The WDBE receives an annual grant from the WDBF to assist in its objectives.

The WDBF is the employer of the WDBE staff, all salary costs are recharged to the WDBE by the WDBF.

Pension Scheme

WDBF is the sponsoring employer of the Wakefield Diocesan Board of Finance Staff Retirement Benefit Scheme. This is a pension fund for the benefit of employees of WDBF, pension costs are recharged to the WDBE by the WDBF. Costs of administration and secretarial services are borne by WDBF.

Further details are contained in note 1 to the financial statements.

Risk management

The trustees confirm that the major risks, to which WDBE is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Risk Management Sub-Committee the task of ensuring that risks are reviewed and managed as part of the risk management strategy. Sub-Committees have defined the risks in their areas, reported on the measures in place to manage and monitor these risks and implemented procedures and controls designed to minimise any potential impact on WDBE should any of the risks materialise. A risk register has been compiled.

4. Objectives and activities

Aims and objectives

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)

To promote or assist in the promotion of Church Schools in the Diocese and to advise the governors of such schools, and trustees of educational endowments and any other body or persons concerned on any matter affecting Church Schools in the Diocese.

To promote co-operation between the Board and bodies concerned in any respect with education in the Diocese.

The functions assigned to the Board by the Diocesan Boards of Education Measure 1991.

Such other functions not contrary to this Measure as are assigned to the Board by the Diocesan Synod, other than functions relating to Church Schools or Church Educational Endowments.

Diocesan Board of Education Measure

The DBE may be seen as existing in order to:

Promote Christian values in education;

Assist parishes to see schools as part of their mission to the community;

Promote learning in the life of the church and community;

Support those who are engaged in education in the Diocese of Wakefield;

Provide professional support for Church Schools;

Serve the children and young people in Church Schools who are entrusted to our care;

Provide support for religious education and collective worship in church and non-church schools;

Encourage and support Christian teachers.

5. Achievements and performance

Plans and achievements in 2007

The Diocesan Board of Education has continued to operate throughout 2007 in accordance with the vision highlighted in the Dearing Report:

Church Schools stand at the heart of the Church of England's mission to the nation.

The Board and its Officers have provided appropriate support for the 102 Aided and Controlled Church Schools within the Diocese of Wakefield in order that they may effectively and faithfully serve children and parents of all faiths and of none, providing a quality education and adding values to the communities in which they live and work. Encouragement has been given to ensure that pupils, through their experience within the life of our schools, continue to develop an understanding of the meaning and significance of faith and the effect of Christian values to transform lives and communities.

During 2007 there have been significant new appointments to the Education Team:

Director of Education, Assistant Director of Education, Curriculum Development Officer who work together with the Buildings Officer, the Schools' Links Officer and the Education Administrative Support Assistant. The members and officers of the Board of Education are working on a Development Plan which will take forward the vision and mission of the Board to provide Christian Education during the next 5 years within the context of a world of changing legislation. There is a commitment to continue to work in partnership with a variety of agencies including HE & FE institutions, Local Authorities, the DCFS, the National Society, the Catholic Education Service and leaders of faith communities.

During 2007 advice and support has been offered by the Education Team to all schools for:

- appointments & induction of Head Teachers and Deputy Head Teachers;
- the development and review of Religious Education, Collective Worship and the spiritual development of pupils;
- self evaluation and inspections – Ofsted and SIAS(Statutory Inspection of Anglican Schools) – supported by specific training on Christian ethos, RE and Collective Worship;
- Admission arrangements – supported by specific training on the new School Admission and Appeals Codes;
- building development & associated finance, personnel and legal matters;
- needs of governors and clergy with a specific focus on exploring how to develop “a unity of purpose within the Church community in order that Church schools might be fully integrated into the life of parishes”.

The Board of Education is committed to the expansion and enhancement of Christian secondary education provision wherever feasible. Consequently, during 2007 the Diocese of Wakefield as potential lead sponsor, together with the University of Huddersfield, the Calderdale FE College and the Calderdale MBC as potential co-sponsors engaged in preliminary discussions about the possible establishing of an Academy in North Halifax.

It is envisaged that an Academy would deliver the highest quality education within a clear Christian ethos, serving the local community in all its diversity and safeguarding places for pupils whose families want a distinctive Christian education. The Academy would replace Holy Trinity (VA) Senior School. The effective Christian ethos of Holy Trinity School, reflected specifically in its spiritual life and pastoral care, would provide a model for developing the life of the new Academy within the local community. It is anticipated that in the Spring 2008 the Expression of Interest, signed by the potential sponsors, will be approved by the Secretary of State and a period of feasibility will commence. The impact upon the Diocesan team's capacity to lead on this project will be closely monitored.

Looking ahead2009 the Year of the Child: 2011 the 200th Anniversary of the National Society.

Operational performance

WDBE has met all of its financial obligations to continue resourcing diocesan needs as these arise, including the support of the Church Schools within the Diocese.

Investment performance

Overall performance

Investments are held in stocks, investment funds, property funds and general funds. The total value of investments (excluding short-term cash deposits) at 31 December 2007 was £2.153m (2006: £2.015m) and the total return on investment was 1.2% (2006: 12.7%). The overall return of 1.2% was significantly below the 2006 increase of 12.7% due to a weakening in the commercial real estate prices which adversely affected the performances of the CBF Property Fund and the CBF Investment Funds.

The Board's investments are with the CCLA Investment Management Ltd in Investment Funds and Property Funds. The investments show an unrealised loss of £92,194. The income from investments performed better than expected and was £2,879 more than the budget. The Investment Fund performed in line with its benchmark (+6.1% WM Co CFS Universe). The Property Fund fell by -2.9% which significantly less the benchmark (-7% HSBC/AREF/IPD Balanced Property Unit Trust Index).

External factors affecting performance

The WDBE is influenced by the Children Act with its associated Children's Trusts and Children and Young People Plans. Other parties that influence the Board are the DCSF and the National Society.

6. Financial review

Overall financial position

Total income (unrestricted and restricted) before revaluation adjustments totalled £528,164 (2006: £502,076) and total expenditure (unrestricted and restricted) amounted to £264,232 (2006: £243,115).

The Statement of Financial Activities (SOFA) for the year shows net incoming resources of £263,932 (2006: £258,961) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets.

After revaluation adjustments, the net movement in funds amounted to £155,361 (2006: £459,650).

During the year, total fund balances increased from £3.211m to £3.367m. There was an overall net cash outflow of £433,033 (2006: inflow £465,905).

Review of the statement of financial activities

The Board's income exceeded expenditure by £263,932 during 2007. The surplus includes £237,764 proceeds from the sale of the redundant school at Cumberworth. Excluding the Cumberworth proceeds the Board incurred a surplus of £26,168 which was £48,000 better than budget. Overall income was in excess of budget due to the improved investment returns particularly on the deposit and bank accounts. Additional income (£22,770) was received from the administration of the Schools DFC grant income. The increased income was offset by the increased expenditure on most budgets and the payment of a grant towards Barnsley St Michaels School building costs (£21,146).

Principal Funding Sources

The disposal of Cumberworth contributed 45% of the income. Excluding the property disposal the main sources of recurrent income are from the WDBF grant (24%) and investment income (65%).

Review of the financial position

The balance sheet has strengthened during the year due to the income exceeding expenditure and in particular from the disposal proceeds (£263,932). However the impact of revaluation loss (£108,571) reduced the gain to £155,361.

Financial sustainability

WDBE has sound financial management and with the continued support of the WDBF and the disposal of property has enabled the Board to produce a further increase in the total reserves. The Board is conscious that the company suffered net outgoing resources excluding the disposal of property and revaluations. It is expected that the re-investment of the disposal proceeds coupled with the improved investment performance will increase future income. The Board continues to review the deficit and will seek to reduce the deficit through potential other income sources during 2007.

Going concern

After making enquiries the Trustees are satisfied that WDBE has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policies

WDBE's investment policies are based on two key policies:

The Board has a policy to invest in accordance with the ethical investment policy of the Church of England Ethical Investment Advisory Group - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Unrestricted fund investments

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance.

Reserves policy

WDBE has considerable responsibilities including the remuneration of the WDBE staff and the provision of loans to Church Schools to assist in the Governors' funding of school building projects.

The Board requires both endowment and unrestricted reserves. The endowment funds are Schedule 17 Trusts and represent the proceeds from the disposal of redundant schools. The trustees may, after payment of any expenses incurred in connection with the administration of the trust, apply the capital and income of the relevant trust assets for any of the purposes as set out in the first part of "The Uniform Statutory Trust". After that, the income of the relevant trust assets may be used for the giving of educational advice, and activities associated with the inspection of schools.

Unrestricted reserves are available to be used at the discretion of the Board but within the objects of the company. The unrestricted reserves include property currently valued at £178,000 to provide school housing. The free reserves are £526,000; the remainder of the reserves is restricted under Schedule 17 of the Education Act. The Directors maintain free reserves sufficient to fund the provision of loans to the schools Governors to meet their ten percent contribution to building projects costs undertaken at the Diocesan Church Schools.

7. Plans for future periods

The trustees will continue to set annual budgets as appropriate; in line with the reserves policy (subject to building up free reserves to target level). The ongoing objective is to resource diocesan needs, as determined by Synod and informed by Church School requirements and legislation.

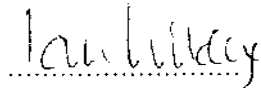
8. Appointment of auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton.

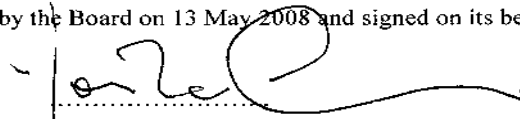
Robson Rhodes resigned as auditors on 5 July 2007, creating a casual vacancy which the trustees have filled by appointing Grant Thornton. A resolution to appoint Grant Thornton as auditors of the company will be proposed at the forthcoming AGM.

9. Approval of the Trustees Report

The report of the trustees was approved by the Board on 13 May 2008 and signed on its behalf by:



I E Wildey (Revd Canon)
Director of Education



J D Greener (The Venerable)
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WAKEFIELD DIOCESAN BOARD OF EDUCATION

We have audited the financial statements of Wakefield Diocesan Board of Education for the year ended 31 December 2007 which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and notes 2 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Wakefield Diocesan Board of Education for the purposes of company law) 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) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

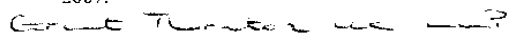
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 December 2007.


Grant Thornton UK LLP

Chartered Accountants and Registered Auditor

Leeds, England

13 May 2008

WAKEFIELD DIOCESAN BOARD OF EDUCATION

STATEMENT OF FINANCIAL ACTIVITIES & INCOME AND EXPENDITURE ACCOUNT
(COMBINED) FOR THE YEAR ENDED 31 DECEMBER 2007

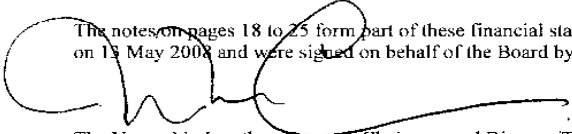
	Note	Unrestricted funds General £	Endowment funds £	Total funds 2007 £	Total funds 2006 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Grants and donations	2	71,425	-	71,425	62,425
Investment income	3	132,996	54,513	187,509	131,789
Incoming resources from charitable activities					
Education and training courses	4	26,400	-	26,400	11,498
Other incoming resources	5	5,066	237,764	242,830	296,364
Total incoming resources		235,887	292,277	528,164	502,076
Resources expended					
Charitable activities					
Resourcing education	6	192,679	66,513	259,192	238,865
Governance costs	7	5,040	-	5,040	4,250
Total resources expended	8	197,719	66,513	264,232	243,115
Net incoming resources before other recognised gains and losses	9	38,168	225,764	263,932	258,961
Other recognised (losses)/gains (Losses)/gains on investment assets		(8,158)	(100,413)	(108,571)	200,689
Net movement in funds		30,010	125,351	155,361	459,650
Reconciliation of funds					
Total funds at 1 January	10	1,377,303	1,834,186	3,211,489	2,751,839
Total funds at 31 December		1,407,313	1,959,537	3,366,850	3,211,489

WAKEFIELD DIOCESAN BOARD OF EDUCATION

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	13	562,000	574,000
Investments	14	2,152,936	2,014,701
		<u>2,714,936</u>	<u>2,588,701</u>
Current assets			
Debtors	15	406,944	379,415
Investments	16	427,010	413,449
Cash at bank and in hand		127,475	560,507
		<u>961,429</u>	<u>1,353,371</u>
Creditors : amounts falling due within one year	17	(309,515)	(730,583)
Net current assets		<u>651,914</u>	<u>622,788</u>
Total assets less current liabilities		<u>3,366,850</u>	<u>3,211,489</u>
Net assets		<u>3,366,850</u>	<u>3,211,489</u>
The funds of the charity:			
Endowment funds	18	1,959,537	1,834,186
Unrestricted income funds:			
General funds	18	1,407,313	1,377,303
Total funds		<u>3,366,850</u>	<u>3,211,489</u>

The notes on pages 18 to 25 form part of these financial statements. The accounts were approved by the Board of Directors on 15 May 2008 and were signed on behalf of the Board by



The Venerable Jonathan Greener, Chairman and Director/Trustee

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
Net incoming resources before transfers		263,932	258,961
Depreciation	9	12,000	12,000
Interest and dividends receivable		(187,509)	(131,789)
Increase in debtors		(27,529)	(26,983)
(Decrease)/increase in creditors		(421,068)	562,065
Net cash (outflow)/inflow from operating activities		(360,174)	674,254
Returns on investment and servicing of finance			
Dividends received		87,001	74,528
Interest received		73,318	38,817
Rent received		27,190	18,444
		187,509	131,789
Capital expenditure and financial investment			
Purchase of investments		(246,807)	(303,018)
		(246,807)	(303,018)
Net cash (outflow)/ inflow before financing		(419,472)	503,025
Management of liquid resources			
Increase in CBF deposits held as investments		(13,561)	(37,120)
(Decrease)/increase in cash	20	(433,033)	465,905

NOTES TO THE ACCOUNTS

1. **Principal accounting policies**

The financial statements comply with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005, as interpreted by the Diocesan Annual Report and Financial Statements Guide. A summary of the material accounting policies and estimation techniques adopted follows.

Basis of preparation

The Board prepares its annual financial statements on the basis of historical cost and the carrying of investment assets (including investment properties) at market value. The financial statements are drawn up in accordance with the requirements of the Companies Act 1985 except where the special nature of the company's operations has required adaptation of the required formats as required or allowed by Section 226(5) of the Act.

Fund Balances are split between general and endowment funds.

- **General funds** are the company's corporate funds. Undesignated general funds are freely available for any purpose within the company's objects, at the discretion of the Board.
- **Endowment funds** are those held on trust to be retained for the benefit of the charity as a capital fund. These represent funds the use of which is subject to specific conditions imposed by statute. An Endowment Fund is money given to the Board with the specific condition that only the income gained from the investment can be spent or an asset donated to be retained for the continuing use by the Board

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to them as income or capital respectively, ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

Grants received which are subject to pre-conditions for entitlement or use specified by the donor which have not been met at the year end are included in creditors to be carried forward to the following year.

Resources expended

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category.

Where costs cannot be directly attributed to particular headings they have been allocated or apportioned to activities on a basis consistent with use of the resources. Central support costs are apportioned on the basis of being directly attributable to resourcing education, the apportionment in 2007 is 100% to resourcing education.

WAKEFIELD DIOCESAN BOARD OF EDUCATION

NOTES TO THE ACCOUNTS

1. **Principal accounting policies - continued**

Employee Pensions

The Board participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

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 DBS. A valuation of the Fund was carried out as at 31st December 2004 and the Employer's contribution rate was revised from 20.38% to 30.75% with effect from 1st January 2006.

Investments

Investments are stated at Market Value and they are valued as at 31 December each year.

Properties for the charity's own use

All these properties are included at the purchase price.

Depreciation on freehold and leasehold properties for the charity's own use

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Freehold buildings are depreciated at 2% per annum. No depreciation is provided on freehold land.

School Houses are maintained in a continual state of sound repair. Accordingly the directors consider that the lives of these properties are so long and the residual values, based on prices prevailing at the time of acquisition, so high that any depreciation would be immaterial.

School Houses are treated as Fixed Assets on the basis that the Board controls substantively all economic benefits and liabilities of these assets.

Management of liquid resources

Movements in short-term deposits not repayable on demand are reported under the heading of liquid resources.

WAKEFIELD DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS

	Unrestricted General £	Endowment funds £	Total funds 2007 £	Total funds 2006 £
2. Other voluntary income				
Wakefield Diocesan Board of Finance	49,300	-	49,300	47,800
Other grants and donations	22,125	-	22,125	14,625
	<u>71,425</u>	<u>-</u>	<u>71,425</u>	<u>62,425</u>
3. Investment income				
Dividends receivable	32,488	54,513	87,001	74,528
Interest receivable	73,318	-	73,318	38,817
Rents receivable	27,190	-	27,190	18,444
	<u>132,996</u>	<u>54,513</u>	<u>187,509</u>	<u>131,789</u>
4. Incoming resources from charitable activities				
Education and training courses	3,630	-	3,630	11,498
Administration of schools DFC income	22,770	-	22,770	-
	<u>26,400</u>	<u>-</u>	<u>26,400</u>	<u>11,498</u>
5. Other incoming resources				
Gains on disposal of fixed assets	-	237,764	237,764	294,908
Other income	5,066	-	5,066	1,456
	<u>5,066</u>	<u>237,764</u>	<u>242,830</u>	<u>296,364</u>
6. Expenditure on resourcing education				
Augmentation and national insurance	5,035	5,946	10,981	-
Housing costs	-	6,125	6,125	-
Salaries and national insurance	75,563	32,518	108,081	113,644
Pension contributions	25,209	7,250	32,459	30,971
Grants	4,927	2,674	7,601	7,867
	<u>110,734</u>	<u>54,513</u>	<u>165,247</u>	<u>152,482</u>
Support for education	81,945	12,000	93,945	86,383
	<u>192,679</u>	<u>66,513</u>	<u>259,192</u>	<u>238,865</u>
7. Governance costs				
Audit fees	5,000	-	5,000	4,000
Strategic management expenses	40	-	40	250
	<u>5,040</u>	<u>-</u>	<u>5,040</u>	<u>4,250</u>

8. Analysis of resources expended including allocation of support costs

	Activities undertaken directly £	Support Costs £	Total £
Charitable activities	165,247	93,945	259,192
Governance costs	5,040	-	5,040
	<u>170,287</u>	<u>93,945</u>	<u>264,232</u>

WAKEFIELD DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS

9. Net incoming resources for the year

These are after charging:

	2007	2006
	£	£
Depreciation	12,000	12,000
Auditors' remuneration	<u>5,000</u>	<u>4,000</u>

Auditors' remuneration is the fees payable to the company's auditor for the audit of the financial statements.

10. Summary of fund movements

	Balances at				Balances at
	1 January	Incoming	Outgoing	Gains and	31 December
	2007	resources	resources	losses	2007
	£	£	£	£	£
Unrestricted funds					
General	1,377,303	235,887	(197,719)	(8,158)	1,407,313
	<u>1,377,303</u>	<u>235,887</u>	<u>(197,719)</u>	<u>(8,158)</u>	<u>1,407,313</u>
Expendable endowment					
Expendable funds	1,834,186	292,277	(66,513)	(100,413)	1,959,537
	<u>1,834,186</u>	<u>292,277</u>	<u>(66,513)</u>	<u>(100,413)</u>	<u>1,959,537</u>
Total funds	<u>3,211,489</u>	<u>528,164</u>	<u>(264,232)</u>	<u>(108,571)</u>	<u>3,366,850</u>

11. Directors' remuneration and expenses

No remuneration has been paid to any Director in their capacity as directors (2006: £NIL).

12. Employee details

All staff are employees of the Wakefield Diocesan Board of Finance. In addition to the staff employees the Director of Education and the Curriculum Development Officer are clergy and are office holders who are not employees.

The average number of employees, based on full-time equivalents

Office holders who are not employees

	2007	2006	2007	2006
Education	4	5	1.5	-

Staff Costs were as follows

Office holders who are not employees

	2007	2006		2007	2006
	£	£		£	£
Gross salaries	101,118	106,177	Augmentation	10,327	-
Social Security costs	6,964	7,467	Housing Costs	6,125	-
Pension contributions	<u>29,374</u>	<u>30,971</u>	Social Security costs	654	-
Charged to these accounts	<u>137,456</u>	<u>144,615</u>	Pension contributions	<u>3,085</u>	-
			Charged to these accounts	<u>20,191</u>	-

The number of employees whose emoluments exceeded £60,000 were nil (2006 nil)

WAKEFIELD DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS

13. Tangible assets

	Freehold property £
At cost or valuation	
At 1 January 2007	<u>778,000</u>
At 31 December 2007	<u>778,000</u>
Accumulated depreciation	
At 1 January 2007	204,000
Charge for the year	<u>12,000</u>
At 31 December 2007	<u>216,000</u>
Net book value at 31 December 2007	562,000
Net book value at 31 December 2006	574,000

14. Investments

	Total 2007 £
Within the United Kingdom	
At 1 January 2007	2,014,701
Additions	246,806
Revaluation	<u>(108,571)</u>
At 31 December 2007	<u>2,152,936</u>
Cost at 31 December 2007	<u>1,903,760</u>
Cost at 31 December 2006	<u>1,656,953</u>

Listed investments

	Valuation 2007 £	Cost 2007 £
Central Board of Finance of the Church of England		
Investment fund	289,635	257,775
Property fund	1,783,647	1,577,625
Consolidated & Treasury stocks	<u>79,654</u>	<u>68,360</u>
	<u>2,152,936</u>	<u>1,903,760</u>

WAKEFIELD DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS

	2007	2006
	£	£
15. Debtors		
Due within one year		
School building loans	133,213	257,628
Other debtors	29,754	8,365
	<u>162,967</u>	<u>265,993</u>
Due after one year		
School building loans	243,977	113,422
	<u>406,944</u>	<u>379,415</u>
Total		
16. Short-term investments		
CBF deposit fund	<u>427,010</u>	<u>413,449</u>
17. Creditors	2007	2006
	£	£
Amounts falling due within one year		
Creditors and accruals	42,648	41,902
Receipts in advance	266,867	688,681
	<u>309,515</u>	<u>730,583</u>

Receipts in advance represent contributions from schools, DCSF and Local Education Authorities to provide funds for capital works. To the extent that the cost of the capital works exceeds the schools contribution the company provides a school building loan.

18. Summary of assets per fund

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	assets		assets
	£	£	£	£	£
Endowment funds					
Expendable endowment					
Central Board of Finance Investments	-	1,575,537	-	-	1,575,537
Pontefract School	384,000	-	-	-	384,000
	<u>384,000</u>	<u>1,575,537</u>	<u>-</u>	<u>-</u>	<u>1,959,537</u>
Unrestricted funds					
General	-	577,399	961,429	(309,515)	1,229,313
School Houses	178,000	-	-	-	178,000
	<u>178,000</u>	<u>577,399</u>	<u>961,429</u>	<u>(309,515)</u>	<u>1,407,313</u>
TOTAL	<u>562,000</u>	<u>2,152,936</u>	<u>961,429</u>	<u>(309,515)</u>	<u>3,366,850</u>

WAKEFIELD DIOCESAN BOARD OF EDUCATION

NOTES TO THE ACCOUNTS

Endowment funds

These represent funds the use of which is subject to specific conditions imposed by statute.

An Endowment Fund is money given to the Board with the specific condition that only the income gained from the investment can be spent or an asset donated to be retained for the continuing use by the Board.

The use of the Fund is restricted under Section 17 of the Education Act 1993. Schedule 17 Trust represents the proceeds from the disposal of redundant schools. The trustees may, after payment of any expenses incurred in with the administration of the trust, apply the capital and income of the relevant trust assets for any of the purposes as set out in the first part of "The Uniform Statutory Trust". After that, the income of the relevant trust assets may be used for the giving of educational advice and activities associated with the inspection of schools.

General fund

This fund is available for any purpose within the objects of the Board.

19. Corporate revaluation reserve

	2007 £000	2006 £000
At 1 January	92,037	40,883
(Loss)/gain on revaluation of investments	<u>(8,158)</u>	<u>51,154</u>
At 31 December	<u>83,879</u>	<u>92,037</u>

WAKEFIELD DIOCESAN BOARD OF EDUCATION
NOTES TO THE ACCOUNTS

20.

Summary of fund movements

	Balances at 1 January 2007 £	Cash Flow £	Balances at 31 December 2007 £
Cash at bank	560,507	(433,033)	127,474
Debt			
Current asset investments	413,449	13,561	427,010
Net Debt	973,956	(419,472)	554,484

Reconciliation of net cash flow to movement in net debt

	2007 £
Decrease in cash during the year	(433,033)
Increase in Current Asset Investments	13,561
	(419,472)
Net debt at 1 January 2007	973,956
Net debt at 31 December 2007	554,484

21. **Related Party Disclosures**

The Wakefield Diocesan Board of Finance is a company with a separate board membership. There are two directors (the Diocesan Bishop and the Archdeacon of Halifax) common to both boards. The officers of the Board of Education including the Secretary to the Board of Education are employed by the Wakefield Diocesan Board of Finance. During the year the company received a grant of £49,300 (2006: £47,800) by way of funding from the Wakefield Diocesan Board of Finance. An amount of £19,912 (2006: £16,499) is due to the Wakefield Diocesan Board of Finance.