



Oxford Diocesan Board of Education

Directors' Report and Financial Statements

For the year ended 31 December 2018

Company limited by guarantee (No. 07071809 England and Wales)

Registered charity (No. 1133586)

Registered & Principal Office:

Church House Oxford

Langford Locks

Kidlington

Oxford OX5 1GF

Table of Contents

	Page
Directors' Annual Report	2
Objectives and Activities	2
Achievements and Performance	3
Future Plans	5
Financial Review	6
Structure, Governance and Management	7
Principal Risks and Uncertainties	10
Reference and Administrative Details	12
Independent Auditor's Report	14
Statement of Financial Activities	17
Income and Expenditure Account	18
Balance Sheet	19
Statement of Cash Flows	20
Notes to the Financial Statements	21

CE	Church of England
CBF	Central Board of Finance of the Church of England
CCLA	CCLA Investment Management Limited
CSUST	Church Schools Uniform Statutory Trust
DfE	Department for Education
DFC	Devolved Formula Capital
DT(O)L	Diocesan Trustees (Oxford) Limited
LA	Local Authority
LCVAP	Locally Co-ordinated Voluntary Aided Programme
MAT	Multi Academy Trust
ODBE	Oxford Diocesan Board of Education
ODBF	Oxford Diocesan Board of Finance
ODBST	Oxford Diocesan Bucks Schools Trust
ODES	Oxford Diocesan Education Services Limited
ODST	Oxford Diocesan Schools Trust
Ofsted	Office for Standards in Education
SACRE	Standing Advisory Council on Religious Education
SIAMS	Statutory Inspection of Anglican and Methodist Schools
SLA	Service Level Agreement
SLT	Senior Leadership Team
SOFA	Statement of Financial Activities

DIRECTORS' ANNUAL REPORT

The directors, who are also trustees for the purposes of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2018.

OBJECTIVES AND ACTIVITIES

Background

The Charity exists to fulfil the statutory duties of the Diocese of Oxford for the education of children, as updated by the Diocesan Boards of Education Measure 1991 and it currently advises and assists 283 schools and academies, educating 58,000 children and young people. There have been schools in the diocese run by the Church for many hundreds of years, whose trusts were established to provide education, usually for the poor of the parish, with teaching in accordance with the principles of the Church of England. From 1833 onwards the government began to provide funding to support this work and, in 1870, Parliament allowed for the establishment of board and later county schools to provide free education. The 1944 Education Act brought into legislation the dual system of church and state working together in education which the work of this Charity enables and supports. Further changes to legislation in the 2010 Academies Act and the 2011 Education Act bring fresh challenges and accountabilities. The Charity now also works with its academies, as well as the voluntary controlled and voluntary aided schools, to provide advice and in the maintenance and development of a distinctively Christian ethos in schools which remain inclusive and are intended to serve their local community.

Objectives

The Charity continues to achieve its objectives by offering pastoral and professional support to its schools and pupils.

The functions of the Charity are set out in the Diocesan Boards of Education Measure 1991 (as amended), which is the Charity's governing document. The Charity, therefore, is responsible for promoting and assisting:

- Education in the diocese consistent with the faith and practice of the Church of England;
- Religious education and worship in schools.

Activities

The Charity advises governors of church schools, trustees of church educational endowments and any other body or person concerned on any matter affecting church schools in the diocese and additionally takes opportunities to serve all schools in church-led Multi Academy Trusts and specifically:

- Gives advice in relation to any proposed changes to the status, viability and future of all church schools;
- Approves all new building, alterations and refurbishment to Aided School buildings;
- Gives advice to the trustees of Church of England education trusts before any changes are made to their trust property or governing documents (trust deed, Charity Commission scheme, etc);
- Appoints and supports Foundation governors for all church schools;

OBJECTIVES AND ACTIVITIES (Cont'd.)

- Improves the effectiveness of diocesan schools by providing services to support school improvement, professional development of teachers, training for staff and governors, professional advice and pastoral care;
- Advises and supports governing bodies on the appointment of Headteachers and senior staff;
- Receives and considers the reports of all formal inspections (Ofsted and SIAMS) at all church schools, which are required to be carried out under the Education Act 2005; and
- Acts as managing trustee of two trusts.

Public benefit

The directors have complied with section 4 of the 2011 Charities Act having due regard to guidance published by the Charity Commission. The directors are aware of the Charity Commission's requirement that the aims, objectives and activities of the charity should provide a clear public benefit. Through the achievement of these objectives set out above, the public benefits from the provision of inclusive church schools for over 58,000 pupils and the advisory services of ODBE to the staff and governors of these schools.

Grant making policy

The charity makes grant payments as managing trustee in accordance with the terms of each trust.

ACHIEVEMENTS AND PERFORMANCE**New School Opportunities**

The free schools programme has secured some successes over the last year against a challenging political landscape and an increasingly competitive environment. No longer able to secure free schools through the national wave bid system, (because the majority of our nine local authorities do not fit the new criteria), the Board has focused on presumptive bids and partnering with MATs. Of the 4 presumptive bids made we have secured two; one in Wokingham with the KEYS Academy Trust (due to open in 2019) and one in Witney with the River Learning Trust (due to open in 2020). We continue to pursue any presumptive bid (driven by pupil place demand) where a CE designation school would benefit the local community. Strengthening our MATs remains a key priority to support this strategy.

School Effectiveness

Supporting our schools through the School Link Adviser work continues to be instrumental in maintaining our above national Ofsted and SIAMS outcomes for schools judged to be good or better. The Ofsted Framework (2015) continues to challenge schools and, over time, the bar has been raised significantly, resulting in fewer schools achieving an outstanding judgement. We continue to prioritise those schools that are vulnerable owing to challenges of leadership or other contextual reasons and, in many cases, this extends beyond the financial means of the schools themselves. The support planned for vulnerable schools, where possible, takes a team approach and this inevitably has implications for the increasing costs of this important work.

ACHIEVEMENTS AND PERFORMANCE (Cont'd.)

Governance Priorities

Governor training and development continues to be an area of success and high regard. Now running cohort 4 of our Excellence in Governance programme, we have supported and trained nearly a third of our schools' governing bodies to be more effective and confident in their service to schools and children. This is currently a time of reflection and re-scoping for the governance team, focussing upon ensuring our development offer is relevant for governors, chairs, members and trustees.

The members of the advisory team have trained to become facilitators of Thinking Governance - a programme that enables governing bodies to agree their strategic vision and provide a concise plan to senior leaders for operational delivery.

Working with Multi-Academy Trusts

There are now currently 18 MATs operating within the diocese, which are suitable for church schools, an increase of two since the beginning of 2018. Two of these are diocesan MATS: ODST has 33 academies within it with plans for future expansion within Oxfordshire and Windsor & Maidenhead. ODBST has now grown to 6 schools with plans for further growth well underway within Buckinghamshire and Milton Keynes. However, it is vital for the ODBE to maintain our current reputation for collaboration and partnership across all 18 MATs to continue to effectively serve our schools. During the year the number of our schools which have converted to academy status increased to 80, which represents 30% of our schools.

FUTURE PLANS

School Effectiveness

Support for schools is geared towards maintaining high levels of support to enable schools to achieve maximum effectiveness. A new SIAMS framework has come into being and this means some schools will require additional support, in many cases in shaping and forming their vision. A new Ofsted framework is due to come into effect in September 2019 and this will require a re-alignment of school support to meet the challenges of a new way of working. Careful management is required in identifying schools of concern and deploying the team effectively and within reasonable cost margins. The development of 'Character Education' as identified by the DfE together with 'Growing Faith' will frame the team's work in support of schools, developing models to respond to the challenges of mental health and well-being.

Working with Multi-Academy Trusts

The Charity is strongly committed to continuing to work with the 18 MATs where they have adopted church school articles which enables them to include Church of England schools. We offer a range of services to these MATs and are exploring further options which could be developed. Most parts of the diocese now have a MAT which is suitable to admit church schools and we are looking to increase the options where that is not the case and discussions are ongoing with a further three MATs. Although the number of academy conversions has slowed from the peak of a couple of years ago, we are still getting schools who are making a positive choice to join a MAT as well as a small number of schools which are required to join a MAT.

Four of the academy trusts which we work with have pooled their SLA capital allocations together and ODBE manages this programme for them.

New School Opportunities

ODBE is working with several school-led MATs to explore opportunities for Church of England free schools in areas where pupil demand can be demonstrated, and there is low likelihood of negative impact on the flourishing of existing schools. Whilst the national landscape for this is now more competitive with more available MATS to sponsor new free schools, the team continues to prioritise this work and build relationships with existing MATs. In addition, early discussions have been held with relevant parties around the need and viability for new alternative provision settings to see if we can provide greater support to the most vulnerable pupils.

New Strategic Vision

The ODBE is in the early stages of producing a three-year vision and strategy to run from September 2019 to August 2022. This requires spending and staffing commitments to be identified alongside strategic priorities and actions taken. The vision and strategy will be agreed in the Summer of 2019 and will take effect from September 2019 onwards

FINANCIAL REVIEW

General Funds

Overall total unrestricted income was £1,627K, with a deficit of £37K (2%) on general funds for the year.

A significant proportion of income came from grants: grant income from CSUST totalled £363K for the year (2017: £345K), and grant income from ODBF totalled £386K (2017: £374K), 22% and 24% of total unrestricted income respectively.

Income from charitable activities included school service agreement income of £291K (18%) (2017: £316K), training and consultancy income of £287K (18%) (2017: £290K), premises related income of £249K (15%) (2017 £181K) and admissions appeals income of £48K (3%) (2017 £53K).

Costs have been attributed to three categories of support for schools, with staff and overhead costs apportioned between these categories.

Restricted Funds – Building Improvement Scheme

The Board acts as agent for school governors in relation to school building works and the purchase of IT equipment for schools. It acts as the agent of school governors in helping to arrange funding through the DfE and local authorities and in paying professional fees and building costs on behalf of school governors. This is a significant activity of the Board but is not reflected in the Statement of Financial Activities as the transactions are those of the school governors and the Board acts simply as an agent or facilitator. During the year, the total value of this work amounted to £4.0 million (2017: £5.4 million). The balance on the fund at 31 December 2018 was £402K (2017: £398K).

Restricted Trust Funds

One grant was made from the Thatcham and Newbury restricted trust funds in 2018 but no grants were made from the Hills Bequest Fund. The balance remaining on the income restricted funds at 31 December 2018 was £143K (2017: £137K).

Reserves Policy

At the end of 2018 the Board's unrestricted funds (or free reserves) totalled £419K (2017: £456K), providing 3.1 months reserves cover for current activities. This is consistent with the Board's policy of holding approximately 3 months' expenditure in reserve.

ODBE is supported by CSUST funds which amount to £6,998K capital and £1,691K reinvested income at 31 December 2018. DT(O)L is the sole trustee of this fund. Both capital and income are funds which can only be used for educational purposes (see CSUST section on pages 8 and 9 for further details).

Investment management

The charity has general, restricted and endowment funds. The endowment funds and restricted funds have the majority of their capital invested in the CBF Investment Fund, with total investments of £336K (2017: £341K).

In the past this has ensured that the capital value was fully maintained over the long term. The directors seek professional investment advice as and when they consider it to be necessary.

The yield on investments during 2018 was 3.3% (2017: 3.4%). During the year the market value of investments decreased by 1.52% (2017: increased by 8.28%).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Diocese of Oxford

Although the Oxford Diocesan Board of Education is a separate registered charity, it is an integral part of the Diocese of Oxford, fulfilling its statutory duties in respect of children's education.

Corporate status

The charity is registered with the Charity Commission (No. 1133586) and it is a company limited by guarantee (No. 07071809 England and Wales). Its governing document is the Diocesan Boards of Education Measure 1991 (as amended). Activities commenced on 1 January 2011, when the activities and assets of Oxford Diocesan Education Services Limited and the previous Oxford Diocesan Board of Education (Charity Number 307913) were transferred to the new ODBE charitable company.

Board and Committee structure

The directors meet three times a year. There is an Executive Committee which meets more frequently, comprising of the Board's Chairman with other key directors and the Board's senior officers. The board of directors has four further committees:

Finance Committee

Schools Effectiveness Committee

Development Committee

Human Resources Panel

Appointment of directors

The Bishop of Oxford is a director by virtue of his office. The Bishop of Oxford is nominally the chairman but has currently delegated that responsibility to the Bishop of Buckingham. The Bishop of Oxford nominates either an area bishop or archdeacon to be a member of the Board. He may also appoint one further director, either clergy or lay.

Ten members are elected to serve as directors by the Diocesan Synod. At least four directors, with a maximum of eight, are co-opted by the Board. Co-opted members have to have experience of church schools in the diocese or have experience of other areas of work with which the Board is concerned.

Directors normally serve for a three year term linked to Synodical elections. New directors receive induction training. All directors receive ongoing training and briefings on current issues.

Some senior staff have job titles incorporating the title "Director" but they are not directors of ODBE for the purpose of company law.

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors 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 company and of the income and expenditure of the company for that period.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)**Directors' responsibilities (Cont'd.)**

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to 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 directors are responsible for keeping adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Related Parties

The directors consider the following to be related parties:

- i) Oxford Diocesan Board of Finance (ODBF) – a company with charitable status, which is the principal vehicle for dealing with the financial business of the Diocese of Oxford.

ODBF and the Church Schools Uniform Statutory Trust (CSUST) together supply a significant amount of the financial resources and ODBF partly supplies the administrative resources under which the company operates.

The company is accountable to the Oxford Diocesan Synod for the appropriate use of these resources.

- ii) Diocesan Trustees (Oxford) Limited (DT(O)L) – a company with charitable status which is responsible for ensuring that trust funds are used in accordance with the terms of the trust deed. DT(O)L acts as sole trustee of CSUST funds.

CSUST income may be used for:

- (a) the provision of advice, guidance and resources in connection with management of, or education provided at, voluntary aided, controlled and foundation schools;
- (b) the inspection of church schools; and
- (c) the cost of employing staff in connection with any of these purposes.

DT(O)L is required to consult the charity on the uses of CSUST funds. These funds arise from the proceeds of sale of land and buildings of closed schools vested in CSUST under Statutory Instruments.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)

Related parties (cont'd).

At 31 December 2018 CSUST funds had a total value of £8,695K (2017: £8,787K) of which £6,998K (2017: £7,088K) were endowment funds and £1,697K (2017: £1,699K) were accumulated reinvested income funds.

In addition, the buildings and land of a number of closed schools are vested in CSUST. The CSUST funds are included in the financial statements of DT(O)L.

The policy for the use of these funds is generally to restrict expenditure to the level of the annual income of CSUST.

Schedule 36 of the 1996 Education Act consolidated the 1993 Education Act in identifying the financial activity of CSUST funds as being for the work of Diocesan Boards of Education and the support of building work in schools. In the Oxford Diocese the support of building work has been directed towards aided schools due to the statutory responsibilities of Governing Bodies.

Loans from CSUST are used to provide working capital for building work where expenditure is incurred but subsequently reimbursed by the DfE or Local Authority.

- iii) Oxford Diocesan Schools Trust – a Multi Academy Trust formed in 2012
- iv) Oxford Diocesan Bucks Schools Trust – a Multi Academy Trust formed in 2017

ODBE confirms the appointment of directors of these MATS so as to ensure that the Trust Board comprises individuals who will uphold the Christian ethos of the schools and have the ability to run a chain of schools. Apart from confirming the appointments, ODBE plays no part in the day to day running of ODST nor ODBST, and ODST's and ODBST's primary accountability as Multi Academy Trusts is to the Secretary of State. Thus, there is no requirement to consolidate these financial statements with ODBE.

Subsidiary Companies

At 31 December 2018 ODBE had one wholly owned subsidiary, Oxford Diocesan Education Services Limited (ODES), which is not trading currently.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors confirm that the major strategic risks to which the Charity is exposed have been identified and reviewed and that systems have been established to manage those risks.

Directors have delegated to the Director of Education the task of carrying out reviews of operational risks and the management and monitoring of risks. To achieve this, a register of the identified risks is maintained, and, alongside it, a management and mitigation strategy formed. Directors review the risk register at least annually as part of corporate risk management.

The risk register scores risk based on likelihood, financial and reputational impact. After mitigating action is considered, the following areas have the highest levels of residual risk.

- 1. Whilst there has been a significant improvement in the revenue budgets for 2017 and 2018 there remains a deficit to eliminate at a time when there are some external pressures on staffing costs. Failure to secure this will result in an erosion of limited reserves which is not sustainable.**

Mitigating strategies:

- Continue to develop new income streams, monitor the viability of current services and maximise income from the SLA and other areas.
- Ensure cost effective delivery of services.
- Consider the need for additional grant funding.

- 2. In an increasingly diverse environment, the ODBE needs to continue to liaise effectively with a wide range of stakeholders including currently 18 MATs (this number is predicted to increase and include further MATs based outside of the Diocese), 9 Local Authorities, the DfE at various levels and with schools and parishes. This could potentially stretch the personnel resource in ODBE in maintaining an effective level of support and dialogue with all these bodies.**

Mitigating strategies:

- Ensuring that the ODBE staffing complement is sufficient to meet these demands, including the delivery of the SLA.
- Carry out a survey of MATs to ascertain their requirements of the ODBE.
- Ensure that the ODBE continues to be an outward facing organisation.

- 3. If the DBE is unable to appoint effective academy directors, Local Governing Body members and foundation governors in Voluntary Aided/Voluntary Controlled schools it will significantly diminish the effectiveness of these church trusts/schools.**

Mitigating strategies:

- Ensure regular monitoring and review of any church appointed vacancies in the schools/academies which we support and liaise with parishes/academy trusts where any vacancies exist.
- Ensure strong governance in schools in challenging circumstances, involving ODBE officers where appropriate.

PRINCIPAL RISKS AND UNCERTAINTIES (Cont'd.)

- Ensure that effective directors/Local Governing Body members and foundations governors are appointed with clear expectations and support/training available.
- Keep under review the processes and documentation for appointments.

4. If small schools (in particular) are not able to respond to the continued budgetary restraint they may risk becoming financially vulnerable and, therefore, more at risk of closure in the long term. This would cause a reputational risk to ODBE, create considerable disturbance in the community and would result in ODBE not being able to meet its core purpose of serving schools in affected communities.

Mitigating strategies:

- Work proactively to identify those schools most at risk and support them to develop strategies.
- Offer new training opportunities to governors on financial matters. Encourage schools to come together in federations, amalgamations and in academy trusts and consider alternative leadership models where appropriate.
- Brief the wider diocese and other relevant organisations on how they could support their local schools.

5. With the current heightened safeguarding awareness, it could lead to the identification of serious safeguarding concerns which could have a negative reputational impact on the ODBE, the wider diocese and the specific schools concerned.

Mitigating strategies:

- Liaise with the appropriate Local Authority and diocesan safeguarding leads to ensure early intervention when concerns are raised.
- Ensure that all policies and procedures of the ODBE effectively consider safeguarding issues.
- Ensure that all trustees and staff are sufficiently well trained to deal with safeguarding issues from the Board's perspective.

REFERENCE AND ADMINISTRATIVE DETAILS

Directors of the Board

The following were the directors and members of the Oxford Diocesan Board of Education at the date of this report. All have served throughout the year except where indicated otherwise:

Member	Basis of appointment
The Right Reverend Dr S J Croft	Ex Officio Bishop of Oxford
The Right Reverend Dr A T L Wilson (Chair)	Nominated by the Bishop of Oxford
The Ven J French	Nominated by the Bishop of Oxford
Mrs K Winrow	Nominated by the Bishop of Oxford
Mr G S Anderson JP	Synod elected for Berkshire Archdeaconry
The Revd M D Bennet	Synod elected for Berkshire Archdeaconry
Ms J Moriarty	Synod elected for Berkshire Archdeaconry
The Revd T J L Harper	Synod elected for Buckingham Archdeaconry
Mrs M E Lomas	Synod elected for Buckingham Archdeaconry
Mrs L M Piper (from 01.01.19)	Synod elected for Buckingham Archdeaconry
Mrs P A Hudson	Synod elected for Dorchester Archdeaconry
Mr T W Llewellyn (from 01.01.19)	Synod elected for Dorchester Archdeaconry
The Revd S E Sharp	Synod elected for Dorchester Archdeaconry
Dr F C P Leach (from 01.01.19)	Synod elected for Oxford Archdeaconry
Mr A Browne (from 09.03.18)	Co-opted
Ms H Crolla	Co-opted
Ms N Flower	Co-opted
The Revd M A Harwood	Co-opted
The Revd D W McFarland	Co-opted
Mr J S Moule (from 01.01.19)	Co-opted
Mr P R Norman	Co-opted

Directors who resigned during the year or whose term of office came to an end by the date of this report were as follows:

Ms S A Jarvis (to 31.12.18)	Co-opted
Mr K P Salter (to 31.12.18)	Co-opted
Mr G Strutt (to 31.12.18)	Synod elected for Buckingham Archdeaconry
Mrs C Worthington (to 31.12.18)	Synod elected for Dorchester Archdeaconry

Senior staff and advisers

Director of Education (from 02.01.19)	Mr Tony Wilson
Director of Education (to 31.08.18)	Mrs Anne Davey (on secondment to ODST)
Acting Director of Education (to 31.12.18)	Mrs Fiona Craig
Deputy Director	Mr Gordon Joyner
Assistant Director	Mrs Kirsteen Roberts

REFERENCE AND ADMINISTRATIVE DETAILS (Cont'd.)

Registered Office	Church House Oxford, Langford Locks, Kidlington, Oxford, OX5 1GF
Bankers	National Westminster Bank plc, 32 Cornmarket Street, Oxford OX1 3EZ
Auditor	Buzzacott LLP, 130 Wood Street, London, EC2V 6DL
Solicitors	Winckworth Sherwood LLP, 16 Beaumont Street, Oxford OX1 2LZ
Investment advisers	CCLA Investment Management Limited Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Insurers	Ecclesiastical Insurance Office plc, Beaufort House, Brunswick Road, Gloucester GL1 1JZ

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, the Companies Act 2006, and Accounting and Reporting by Charities: Statement of Recommended Practice effective from accounting periods commencing on or after 1 January 2015.

STATEMENT OF DISCLOSURE TO AUDITOR

As far as each director is aware, there is no relevant audit information of which the charity's auditor is unaware.

Each director has taken all the steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant information and to establish that the charity's auditor is aware of that information.

Signed on behalf of the directors

The Right Revd Dr A T L Wilson
Chairman

10 May 2019

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

Opinion

We have audited the financial statements of Oxford Diocesan Board of Education (the 'charitable company') for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (Cont'd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

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

INDEPENDENT AUDITOR'S REPORT (Cont'd.)**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Amanda Francis (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

STATEMENT OF FINANCIAL ACTIVITIES For the Year Ended 31 December 2018

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
INCOME AND ENDOWMENTS FROM:						
Donations						
Grants from CSUST	2.1	363	-	-	363	345
Grants from ODBF	2.1	386	-	-	386	374
		<u>749</u>	<u>-</u>	<u>-</u>	<u>749</u>	<u>719</u>
Charitable Activities:						
School premises related income	2.2	249	-	-	249	181
School service agreement		291	-	-	291	316
Training and consultancy services to schools		287	24	-	311	309
Admission Appeals		48	-	-	48	53
		<u>875</u>	<u>24</u>	<u>-</u>	<u>899</u>	<u>859</u>
Investments	2.3	<u>3</u>	<u>11</u>	<u>-</u>	<u>14</u>	<u>13</u>
Total Income		<u>1,627</u>	<u>35</u>	<u>-</u>	<u>1,662</u>	<u>1,591</u>
EXPENDITURE ON: Charitable Activities						
School leadership and governance support	3.1	1,338	28	-	1,366	1,371
School premises related support	3.1	266	(4)	-	262	262
Admission and Appeals service	3.1	60	-	-	60	62
Total Expenditure		<u>1,664</u>	<u>24</u>	<u>-</u>	<u>1,688</u>	<u>1,695</u>
Net (expenditure)/income before (losses)/gains on investments		(37)	11	-	(26)	(104)
(Losses)/gains on investments	9	<u>-</u>	<u>(1)</u>	<u>(4)</u>	<u>(5)</u>	<u>28</u>
Net (expenditure)/ income and net movement in funds		<u>(37)</u>	<u>10</u>	<u>(4)</u>	<u>(31)</u>	<u>(76)</u>
Reconciliation of funds:						
Total funds brought forward		<u>456</u>	<u>535</u>	<u>250</u>	<u>1,241</u>	<u>1,317</u>
Total funds carried forward		<u>419</u>	<u>545</u>	<u>246</u>	<u>1,210</u>	<u>1,241</u>

The Statement of Financial Activities (SOFA) includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The prior year comparative SOFA for 2017 is shown in Note 20 on page 35. The notes on pages 21-35 form part of these financial statements.

INCOME AND EXPENDITURE ACCOUNT

	Total 2018 £'000	Total 2017 £'000
Income	1,662	1,591
Expenditure	<u>(1,688)</u>	<u>(1,695)</u>
Operating deficit for the year	(26)	(104)
Net (losses)/gains on investments	<u>(1)</u>	<u>7</u>
Net expenditure for the year	<u><u>(27)</u></u>	<u><u>(97)</u></u>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

BALANCE SHEET as at 31 December 2018 Company No. 070721809 (England and Wales)

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	8	9	10
Investments	9	336	341
Total Fixed Assets		345	351
CURRENT ASSETS			
Debtors	10	218	306
Cash at bank	11	1,535	1,543
Total Current Assets		1,753	1,849
Creditors: Amounts falling due within one year	12	(788)	(859)
Net Current Assets		965	990
Total Assets Less Current Liabilities		1,310	1,341
Creditors: Amounts falling due after more than one year		(100)	(100)
NET ASSETS		1,210	1,241
THE FUNDS OF THE CHARITY			
Endowment Funds	14	246	250
Restricted Funds	15	545	535
Designated Funds	16	-	112
General Funds		419	344
Total Charity Funds		1,210	1,241

The notes on pages 21 to 35 form part of these financial statements. Included in the above investments are unrealised gains amounting to £242K. See notes 14 to 15 to the financial statements.

These financial statements were approved and authorised for issue by the directors on 10 May 2019 and signed on their behalf by:-

The Right Reverend Dr. A. T. L. Wilson
Chairman

G S Anderson JP
Director

STATEMENT OF CASH FLOWS for the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Net cash used in operating activities		(17)		(402)
Cash flows from investing activities				
Dividends and interest received from investments	14		13	
Purchase of:				
Tangible fixed assets	(5)		(4)	
Net cash provided by investing activities		9		9
Change in cash and cash equivalents in the reporting period		(8)		(393)
Cash and cash equivalents at 1 January		1,543		1,936
Cash and cash equivalents at 31 December		1,535		1,543
Reconciliation of net movements in funds to net cash flow used in operating activities				
Net movement in funds for the year		(31)		(76)
Adjustments for:				
Depreciation charges		6		4
Losses/(gains) on investments		5		(28)
Dividends and interest receivable from investments		(14)		(13)
Decrease in debtors		88		45
Decrease in creditors		(71)		(334)
Net cash used in operating activities		(17)		(402)
Analysis of cash and cash equivalents				
Cash at bank		1,535		1,543

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

The Oxford Diocesan Board of Education (ODBE) is a company limited by guarantee (No. 07071809 England and Wales) and a registered charity (No. 1133586) governed by its Memorandum and Articles of Association, incorporated in England. Its registered office is Church House Oxford, Langford Locks, Kidlington, Oxon OX5 1GF.

Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2018 with comparative information provided for the year to 31 December 2017.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in UK sterling and are rounded to the nearest thousand.

Critical accounting estimates and areas of judgement

Preparation of the financial statements may require the directors and management to make significant judgements and estimates. There are no critical accounting estimates or areas where judgement has been applied in these financial statements.

Going concern

The directors have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The directors have made this assessment with respect to a period of one year from the date of approval of these financial statements. The directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The directors are of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due. This is because the Charity has sufficient monetary assets, including short term cash balances, which could be readily realised to meet liabilities should there be an unexpected curtailment of income.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**1. Principal Accounting Policies (cont'd.)****Income**

Income is recognised in the period in which the Charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Expenditure

Expenditure is included in the statement of financial activities when incurred and excludes recoverable VAT.

Expenditure comprises expenditure on the Charity's primary charitable purposes as described in the directors' report including the payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

Tangible Fixed Assets

Depreciation is calculated to write off the office and computer equipment to its residual value by equal instalments over 4 years, being its estimated useful life.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market mid-price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at fair value, these are recognised initially at transaction value and subsequently measured as described below.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**1. Principal Accounting Policies (cont'd.)****Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Liabilities in respect of building works are recognised when the charity is invoiced.

Funding received in advance of expenditure for building works is recognised as a liability until those funds are used to pay for the building works for which they were given.

Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the directors.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The endowment funds comprise assets which normally must be held as capital (permanent) but, where permitted, may be applied towards meeting certain charitable aims (expendable). The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

Pensions

The pension costs charged in the financial statements represent the contributions payable by ODBE during the year to three pension schemes: the final salary scheme operated by ODBF through the Pensions Trust, the Teachers' Pension Scheme and the Pension Builder Scheme of the Church Workers Pension Fund. Full disclosure of the final salary pension scheme operated by ODBF is included in the accounts of Oxford Diocesan Board of Finance, the participating employer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**2. ANALYSIS OF INCOME****2.1 Income from Donations**

	Total 2018 £'000	Total 2017 £'000
Annual support grant from CSUST	343	336
Other CSUST grants	20	9
Total grants from CSUST	<u>363</u>	<u>345</u>
Annual Diocesan grant	259	254
Diocesan grant for parish engagement	60	60
Diocesan grant for new schools development	65	60
Other Diocesan grants	2	-
Total Diocesan grants from ODBF	<u>386</u>	<u>374</u>
Total grants	<u>749</u>	<u>719</u>

All donations and grants related to unrestricted funds in both the above years.

2.2 Income from Charitable Activities

School premises related income	249	181
School Service Agreements	291	316
Training and consultancy services to schools	287	290
Admissions Appeals	48	53
Total Unrestricted Income from Charitable Activities	<u>875</u>	<u>840</u>
Restricted income from Training and Consultancy Income	24	19
Total Income from Charitable Activities	<u>899</u>	<u>859</u>

2.3 Income from Investments

Interest Receivable – Unrestricted	3	2
Dividends Receivable – Restricted	11	11
	<u>14</u>	<u>13</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

3. ANALYSIS OF EXPENDITURE

3.1 Expenditure on Charitable Activities

	2018 Direct Costs	2018 Support Costs (Note 3.2)	2018 Total Costs	2017 Total Costs
	£'000	£'000	£'000	£'000
Schools Leadership and Governance Support	1,165	173	1,338	1,349
School Premises Related Support	218	48	266	208
Admissions and Appeals Service	52	8	60	62
Total Unrestricted Expenditure	1,435	229	1,664	1,619
School Leadership and Governance Support	28	-	28	22
School Premises Related Support	(4)	-	(4)	54
Total Restricted Expenditure	24	-	24	76
Total Expenditure on Charitable Activities	1,459	229	1,688	1,695

3.2 Support Costs

	School Leadership & Governance Support	School Premises Related Support	Admissions & Appeals Service	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000
Governance (Note 3.3)	17	2	1	20	19
Finance	44	29	1	74	73
Information Technology	30	4	2	36	34
Human Resources	34	5	2	41	40
Other Overhead Costs	48	8	2	58	51
Total	173	48	8	229	217

3.3 Governance costs

	2018 £'000	2017 £'000
Audit Fees	6	5
Statutory Costs and Legal Fees	11	11
Committee Costs	3	3
	20	19

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**4. SCHOOL BUILDING IMPROVEMENTS AND REPAIRS**

The Charity assists voluntary aided schools with school building projects and the provision of IT equipment. It acts as the agent of school governors in helping to arrange funding through the DfE and Local Authorities and in paying professional fees and building costs on behalf of school governors. This is a significant activity of the Charity but is not reflected in the Statement of Financial Activities as the transactions are those of the school governors rather than the Charity which acts as agent or facilitator. A summary of transactions during the year is set out below:

	2018 £'000	2017 £'000
Expenditure on School Building Improvements & IT Equipment	<u>4,049</u>	<u>5,449</u>
Funded by:		
Department for Education (DfE)	3,290	3,513
Local Authorities (LAs)	398	1,605
School Governors and other	<u>361</u>	<u>331</u>
	<u>4,049</u>	<u>5,449</u>

5. DIRECTORS' REMUNERATION

No remuneration has been paid to any director during the year for acting as a director or trustee (2017: none). 8 directors were reimbursed for travel, subsistence and incidental costs amounting to £3K (2017: 11 directors were reimbursed £3K). One director received payment of £2K for school improvement consultancy services in addition to reimbursement of expenses.

6. STAFF COSTS

The average staff numbers (excluding directors) based on headcount and full time equivalents was as follows:

	2018		2017	
	Average Headcount	Full time Equivalent	Average Headcount	Full time Equivalent
Support for Charitable Activities	20.5	18.7	21.0	18.8
Admin Support	<u>3.0</u>	<u>2.7</u>	<u>3.0</u>	<u>2.6</u>
Total	<u>23.5</u>	<u>21.4</u>	<u>24.0</u>	<u>21.4</u>

Staff costs during the year amounted to:

	2018 £'000	2017 £'000
Wages and Salaries	1,080	1,039
Pensions Contributions	165	163
Social Security Costs	<u>120</u>	<u>113</u>
Total	<u>1,365</u>	<u>1,315</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**6. STAFF COSTS (Cont'd.)**

The number of employees whose emoluments for the year (including benefits in kind but excluding employer's National Insurance and pension contributions) exceeded £60,000 were as follows:

	2018	2017
£60,001-£70,000	2	-
£70,001-£80,000	-	1
£80,001-£90,000	1	1

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are deemed to be those having authority and responsibility for planning, directing and controlling the activities of ODBE. In addition to the directors of the company, key management personnel during 2018 comprised:

Director of Education	Mrs Anne Davey (to August 2018 and on secondment to ODST)
Acting Director of Education	Mrs Fiona Craig
Deputy Director	Mr Gordon Joyner
Assistant Director	Mrs Kirsteen Roberts

No remuneration was paid to any company director during the year (2017: £nil) for acting as a director or a member of key management personnel. The aggregate remuneration, including employer's National Insurance contributions and pensions for these 4 employees amounted to £343K (2017: 3 employees £297K).

The Charity has insurance to protect it from any loss arising from the neglect or defaults of its directors and to indemnify the directors against the consequences of any neglect or default on their part. The insurance is provided as part of the Charity's general insurance and as such there is no separate premium payable (2017 - none). The cover provided is up to £100,000 (2017 - £100,000).

7. PENSION COSTS

Pension contributions were made in the year to three pension schemes: £26K for two staff to the final salary scheme operated by ODBF through the Pensions Trust (2017: £31K), £80K for eleven staff to the Teachers' Pension Scheme (2017: £70K) and £59K for fourteen staff to the Church Workers Pension Funds Pension Builder scheme (2017: £62K).

Staff defined benefit scheme

Full disclosure of the final salary pension scheme is operated by and included in the accounts of Oxford Diocesan Board of Finance, the participating employer. No additional deficit contributions were due or paid in 2018 towards the previous deficit (2017: £6K).

Church Workers Pension Fund (CWPF)

ODBE participates in the Pension Builder Scheme section of CWPF for lay staff. The scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**7. Pension Costs (cont'd.)**

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.

Pension Builder Scheme

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. Discretionary increases may also be added, 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 sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable (2018: £59K, 2017: £62K).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**7. Pension Costs (cont'd.)**

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 2016.

The key elements of the valuation are:

- Employer contribution rates are due to rise from 14.68% to 23.68% of pensionable pay (including a 0.08% employer administration charge), effective from 1 September 2019.
- The rise in employer contributions was delayed from 1 April to 1 September 2019.
- There will be funding from the DfE for the financial year 2019/20 to help maintained schools and academies meet the additional costs resulting from the scheme valuation, and a consultation process will take place to determine final funding arrangements. Funding for 2020/21 onwards will be discussed as part of the next Spending Review round.

The next valuation of the TPS will be as at March 2020, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

Supporting documentation regarding the valuation is available on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. Therefore, ODBE has accounted for its contributions to the scheme as if it were a defined contribution scheme.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**8. TANGIBLE FIXED ASSETS**

	Computer Equipment £'000	Office Equipment £'000	Total £'000
Cost at 1 January 2018	23	5	28
Additions	5	-	5
Cost at 31 December 2018	28	5	33
Depreciation at 1 January 2018	14	4	18
Charge for the Year	5	1	6
Depreciation at 31 December 2018	19	5	24
Net book values at 31 December 2018	9	-	9
Net book values at 31 December 2017	9	1	10

9. INVESTMENTS

	Endowment Funds £'000	Restricted Funds £'000	Total £'000
Market Value at 1 January 2018	250	91	341
Unrealised Losses in the Year	(4)	(1)	(5)
Market Value at 31 December 2018	246	90	336
Historical Cost of Investments	20	75	95

All of the invested funds are held within the UK in CBF Investment Fund shares.

10. DEBTORS

	2018 £'000	2017 £'000
Amounts due within one year:		
Debtors for School Buildings Work	60	163
Other Debtors	118	132
Prepayments and Accrued Income	40	11
	218	306

Debtors arising from school building work are mainly due from the DfE and Local Authorities, with a small amount from school governors.

11. CASH AT BANK

	2018 £'000	2017 £'000
General Deposit and Current Accounts	1,535	1,543

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**12. CREDITORS**

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Funding for School Building Works Received in Advance	544	526
Expense Creditors	48	52
Accruals and Deferred Income (Note 13)	131	147
Taxation and Social Security	65	134
	<u>788</u>	<u>859</u>
Amounts falling due after more than one year:		
Loan from CSUST	<u>100</u>	<u>100</u>

The loan from CSUST is interest-free with no fixed repayment date and was advanced to assist with cashflow.

13. DEFERRED INCOME

	2018 £'000	2017 £'000
Balance at 1 January	140	126
Amounts added in current year	121	140
Amounts released to income from prior years	<u>(140)</u>	<u>(126)</u>
Balance at 31 December	<u>121</u>	<u>140</u>

Deferred income relates to income received in advance for the period January to March 2019 for the school Service Level Agreement, DFC administration charges and appeals income.

14. ENDOWMENT FUNDS

	Balance at 1 January 2018 £'000	Investment Losses £'000	Balance at 31 December 2018 £'000
Hills Bequest for Schools	125	(2)	123
ODBE Thatcham & Newbury Educational Charity	<u>125</u>	<u>(2)</u>	<u>123</u>
Total	<u>250</u>	<u>(4)</u>	<u>246</u>

Included in the funds at 31 December 2018 is £226K of unrealised investment gains (2017: £230K). These funds are held in CBF Investment Fund shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**14. ENDOWMENT FUNDS (Cont'd.)****ODBE - Thatcham & Newbury Educational Charity**

In May 1979 the old Thatcham Church of England school was sold and the Charity Commission provided that one third of the sale proceeds should be managed as a separate charity. This fund has perpetual capital, which is invested in CBF Investment Fund shares. The income from this fund is for furthering the religious, educational and other charitable work of the Church of England in Thatcham and Newbury and the neighbourhood thereof.

Hills Bequest for Schools

This trust has perpetual capital which is invested in the CBF Investment Fund. The income is for the upkeep, maintenance and repair of Church Schools in the diocese with preference being given to Shrivenham School.

15. RESTRICTED FUNDS

	Balance at 1 January 2018 £'000	Income £'000	Expenditure £'000	Investment Losses £'000	Balance at 31 December 2018 £'000
Building Improvement Scheme	398	-	4	-	402
Hills Bequest for Schools	36	5	-	-	41
ODBE Thatcham & Newbury Educational Charity	101	6	(4)	(1)	102
Other	-	24	(24)	-	-
Total	535	35	(24)	(1)	545

Included in the funds at 31 December 2018 is £16K of unrealised investment gains (2017: £17K). These funds are held in CBF Investment Fund shares.

Building improvement scheme

The balance on this fund represents contributions from Local Authorities and school governors that have not yet been applied to building projects in schools. Since 1 April 2000 the purpose of this fund has been for both improvements and repairs.

16. DESIGNATED FUNDS

The directors set aside funds £170,000 for continuation of activities in 2017 onwards, after the cessation of the additional CSUST grant. £58K of the fund was used in 2017 to support the general fund deficit, leaving a balance of £112K. From 2018 this has been transferred to general funds, to give a clearer picture of reserves.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**17. RELATED PARTIES**

ODBF is a related charity, which provides an annual grant to ODBE, £259K in 2018 (2017: £254K). In addition, ODBF made a grant of £60K to ODBE to support engagement between schools and parishes (2017: £60K), and a grant of £65K to support the development of new schools (2017: £60K). ODBF provides support services (HR, finance, ICT, premises, communications and administration) to ODBE with a total cost of £161K in 2018 (2017: £158K). The amount due to ODBF was £15K at 31 December 2018 (2017: nil) and the balance due from ODBF was £39K (2017: £2K).

DT(O)L holds the funds of CSUST and consults with the charity on the use of CSUST funds (see Directors' Report). CSUST provides interest-free loans to the charity which amounted to £100K on 31 December 2018 to finance cash flow (2017: £100K). CSUST made grants of £363K in 2018 to support the work of ODBE (2017: £345K).

Oxford Diocesan Schools Trust (ODST) was formed in 2012 as a multi academy trust. Service charges from ODBE to ODST for project management, buildings consultancy, schools advisory, officer and premises support during 2018 totalled £171K (2017: £182K). In addition, the Director of Education was seconded to ODST from Jan to August 2018 and ODST reimbursed ODBF £77K for employment costs. The amount due to ODBE was £49K at 31 December 2018 (2017 £38K).

Oxford Diocesan Bucks Schools Trust (ODBST) was formed in 2017 as a multi academy trust. Service charges from ODBE to ODBST for project management, schools advisory and officer support during 2018 totalled £84K (2017: £88K). The amount due to ODBE was £42K at 31 December 2018 (2017: nil).

ODBE confirms the appointment of directors so as to ensure that the Trust Boards comprises individuals who will uphold the Christian ethos of the schools and have the ability to run a chain of schools. Apart from confirming the appointments, ODBE plays no part in the day to day running of ODST or ODBST, and ODST's and ODBST's primary accountability as multi academy trusts is to the Secretary of State. Thus, there is no requirement to consolidate the financial statements of ODST and ODBST with those of ODBE.

Transactions with subsidiary companies

998 shares of Oxford Diocesan Education Services Limited (ODES) held by ODBF were gifted on incorporation to ODBE with nil value. There were no transactions with the subsidiary company in 2018 (2017: none) and no balance due at the end of the year (2017: £nil).

18. FINANCIAL COMMITMENTS

All future financial commitments for school projects are the responsibility of school governors and are funded by amounts contractually due from the DfE, LAs or school governors directly.

Increases in Teachers Pension contributions are due from September 2019 due to the rate changes referred to in note 7, with an approximate additional annual cost of £38K.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Fixed Assets & Investments £'000	Cash at Bank £'000	Debtors £'000	Liabilities £'000	Total £'000
Endowment Funds					
Hills Bequest for Schools	123	-	-	-	123
ODBE Thatcham & Newbury Charity	123	-	-	-	123
Total Endowment Funds	246	-	-	-	246
Restricted Funds					
Building Improvement Scheme	-	986	60	(644)	402
Hills Bequest for Schools	-	41	-	-	41
ODBE Thatcham & Newbury Charity	90	12	-	-	102
Total Restricted Income Funds	90	1,039	60	(644)	545
General Funds	9	496	158	(244)	419
Total Net Assets at 31 December 2018	345	1,535	218	(888)	1,210

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**20. Prior Year Comparatives****STATEMENT OF FINANCIAL ACTIVITIES For the Year Ended 31 December 2017**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total £'000
INCOME AND ENDOWMENTS FROM:					
Donations					
Grants from CSUST	2.1	345	-	-	345
Grants from ODBF	2.1	374	-	-	374
		<u>719</u>	<u>-</u>	<u>-</u>	<u>719</u>
Charitable Activities:					
School premises related income	2.2	181	-	-	181
School service agreement		316	-	-	316
Training and consultancy services to schools		290	19	-	309
Admission Appeals		53	-	-	53
		<u>840</u>	<u>19</u>	<u>-</u>	<u>859</u>
Investments	2.3	<u>2</u>	<u>11</u>	<u>-</u>	<u>13</u>
Total Income		<u>1,561</u>	<u>30</u>	<u>-</u>	<u>1,591</u>
EXPENDITURE ON:					
Charitable Activities					
School leadership and governance support	3.1	1,349	22	-	1,371
School premises related support	3.1	208	54	-	262
Admission and Appeals service	3.1	62	-	-	62
Total Expenditure		<u>1,619</u>	<u>76</u>	<u>-</u>	<u>1,695</u>
Net expenditure before gains on investments		(58)	(46)	-	(104)
Gains on investments	9	-	7	21	28
Net (expenditure)/income and net movement in funds		(58)	(39)	21	(76)
Reconciliation of funds:					
Total funds brought forward		<u>514</u>	<u>574</u>	<u>229</u>	<u>1,317</u>
Total funds carried forward		<u>456</u>	<u>535</u>	<u>250</u>	<u>1,241</u>

The Statement of Financial Activities (SOFA) includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities. The notes on pages 21-34 support the above figures.

At 31 December 2017, the above funds were represented by the following net assets :-

	Fixed Assets & Investments £'000	Cash at bank £'000	Debtors £'000	Liabilities £'000	Total £'000
Endowment Funds	250	-	-	-	250
Restricted Funds	91	908	163	(627)	535
Unrestricted Funds	10	635	143	(332)	456
Total	<u>351</u>	<u>1,543</u>	<u>306</u>	<u>(959)</u>	<u>1,241</u>