



# **OXFORD DIOCESAN BOARD OF FINANCE**

## **Directors' Report and Financial Statements**

for the year ended 31 December 2013

Company limited by guarantee (No. 142978)

Registered charity (No. 247954)

REGISTERED & PRINCIPAL OFFICE:

DIOCESAN CHURCH HOUSE  
NORTH HINKSEY LANE  
OXFORD OX2 0NB



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Key to abbreviations:			
CBF	Central Board of Finance	ODBE	Oxford Diocesan Board of Education
CEFPS	Church of England Funded Pension Scheme	ODBF	Oxford Diocesan Board of Finance
CEPB	Church of England Pensions Board	ODBOF	ODBOF Developments Limited
CSUST	Church Schools Uniform Statutory Trust	ODES	Oxford Diocesan Education Services Limited
DAC	Diocesan Advisory Committee	PACT	Parents and Children Together
DCHOSS	Diocesan Church House Organisation and Staff Sub-Committee	PCC	Parochial Church Council
DT(O)L	Diocesan Trustees (Oxford) Limited	RPI	Retail Price Index
EIG	Ecclesiastical Insurance Group	SOFA	Statement of Financial Activities
FRS	Financial Reporting Standard	SORP	Statement of Recommended Practice
GMP	Guaranteed Minimum Pension	STRGL	Statement of Recognised Gains & Losses
ICV	Initial Carrying Value		
LPI	Limited Price Index		

## BANKERS, AUDITORS AND ADVISERS

### Bankers

National Westminster Bank plc  
32 Cornmarket Street  
Oxford  
OX1 3EZ

National Westminster Bank plc  
Not for Profit & Education  
2<sup>nd</sup> Floor, Argyll House  
246 Regent Street  
London W1B 3PB

### Auditors

Critchleys LLP  
Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

### Insurers

Ecclesiastical Insurance Office plc  
Beaufort House  
Brunswick Road  
Gloucester  
GL1 1JZ

### Solicitors and Diocesan Registrars

Winckworth Sherwood LLP  
16 Beaumont Street  
Oxford  
OX1 2LZ

### Valuers and glebe agents

Sidleys  
Chartered Surveyors  
6 King Edward Street  
Oxford OX1 4JL

King Sturge  
7 Stratford Place  
London  
W1N 9AE

Carter Jonas  
Property Consultants  
Anchor House  
269 Banbury Road  
Oxford  
OX2 7LL

### Hillier & Sons Ltd

Chartered Surveyors  
Grange Farm  
Bovingdon  
Herts  
HP3 0LB (to 31.12.13)

### Glebe investment managers

Newton Investment Management Limited  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA

The directors, who are also trustees, present their report together with the audited Financial Statements for the year ended 31 December 2013.

ODBF was formed to manage the financial affairs and hold the assets of the Diocese of Oxford.

## DIRECTORS OF THE BOARD

Members of the Bishop's Council and Standing Committee of the Board of Finance are the directors of the Board. All have served throughout the year except for those who were appointed or resigned during the year as indicated below. The following were the directors and trustees to the end of the year and at the date of this report:

The Right Reverend J L Pritchard	Ex officio, Bishop of Oxford, President
The Revd J H Tattersall (from 01.01.2014)	Ex officio, Chairman
Mr M R Hardman	Ex officio, Vice Chairman
Mrs J A Babb	Lay member, Archdeaconry of Buckingham
Mr R Birch	Nominated by the Bishop of Oxford
Lord I W Blair of Boughton	Nominated by the Bishop of Oxford
The Revd Canon A K E Blyth	Clerical member, Archdeaconry of Buckingham
	Clerical member, Archdeaconry of Oxford, Ex officio, Vice President of Synod
The Revd Canon S E Booy	Clerical member, Archdeaconry of Oxford
The Revd Canon Dr A W H Bunch	Lay member, Archdeaconry of Buckingham
Mr R E Chapman	Clerical member, Archdeaconry of Berkshire
The Revd T C Davis	Lay member, Archdeaconry of Buckingham
Mrs J Dziegiel	Ex officio, Bishop of Dorchester
The Right Revd C W Fletcher	Ex officio, Archdeacon of Buckingham
The Ven K M Gorham	Ex officio, Archdeacon of Oxford
The Ven M C Gorick (from 04.05.2013)	Ex officio, Archdeacon of Berkshire
The Ven O J Graham (from 11.10.2013)	Clerical member, Archdeaconry of Oxford
The Revd C M K Hargraves	Clerical member, Archdeaconry of Buckingham
The Revd Canon R E Harper	Clerical member, Archdeaconry of Berkshire
The Revd Canon D P Hodgson	Lay member, Archdeaconry of Oxford
Mrs W A M Lee	Ex officio, Dean of Christ Church Cathedral
The Very Revd C Lewis	Clerical member, Archdeaconry of Berkshire
The Revd A P Marsden	Lay member, Archdeaconry of Berkshire
Mr R M Mays-Smith	Lay member, Archdeaconry of Oxford
Mrs P L Michael	Lay member, Archdeaconry of Berkshire
Prof J F Missenden	Nominated by the Bishop of Oxford
The Revd Canon Prof M Percy	Ex officio, Bishop of Reading
The Right Revd A Proud	Lay member, Archdeaconry of Oxford
Mr S A Richards	Ex officio, Archdeacon of Dorchester
The Ven H S Ringrose	Ex officio, Vice President of Synod, Lay member, Archdeaconry of Berkshire
Mrs J M Scott	Lay member, Archdeaconry of Berkshire
Mr J P Smith (from 08.01.2013)	Lay member, Archdeaconry of Buckingham
Dr A Thomas-Betts	Lay member, Archdeaconry of Oxford
Mr M H Waring	Ex officio, Bishop of Buckingham
The Right Revd Dr A T L Wilson	Clerical member, Archdeaconry of Buckingham
The Revd D W F Witchell	Clerical member, Archdeaconry of Oxford
The Revd T C Wright	

Directors who resigned during the year or whose term of office came to an end during the year:

Mr S B Newey (to 31.12.2013)	Ex officio, Chairman
The Ven N A Russell (to 31.05.2013)	Ex officio, Archdeacon of Berkshire

The Diocesan Secretary, Rosemary Pearce, is responsible for the day-to-day management of ODBF.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### The Diocese of Oxford

The Diocese of Oxford, which generally covers the former county boundaries of Oxfordshire, Berkshire and Buckinghamshire, is one of the 42 dioceses of the Church of England.

Through an area scheme the Diocesan Bishop, the Bishop of Oxford, has delegated certain powers to the Bishops of Reading, Buckingham and Dorchester in relation to the archdeaconries of Berkshire, Buckinghamshire and Oxfordshire respectively with the exception of the Oxford and Cowley deaneries. Each archdeaconry is subdivided into deaneries, there being a total of 29 deaneries across the Diocese, which are further subdivided into some 620 parishes.

The Diocese is governed by Standing Orders approved on 27 February 1988 and subsequent amendments. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese and which has a small majority of lay members. 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 five persons 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, determines major policy matters and approves an annual budget. Its role is also to act as a forum for discussion of Christian opinion, to advise the Bishop of Oxford on matters on which he may consult, to deal with items referred by the General Synod of the Church of England, to make appointments to committees and to make provision for the financing of the Diocese. Many of Synod's responsibilities have been delegated to the Bishop's Council and Standing Committee.

### Company status

Oxford Diocesan Board of Finance (ODBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 10 February 1916 as a company (No. 142978) limited by guarantee and its governing documents are the Memorandum and Articles of Association. ODBF is a registered charity (No. 247954).

Every member of Diocesan Synod is a member of ODBF and has a personal liability limited to £1 under their guarantee as members in the event of its being wound up. The members of the Standing Committee of Diocesan Synod and Bishop's Council are ODBF's Board of Directors.

### Decision-making structure

Diocesan Synod has delegated the following functions to the Board of Directors:

Planning the business of the Diocesan 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;

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;

## STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Decision-making structure (continued)

Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod; and

Carrying out any other functions delegated by Diocesan Synod.

The Board of Directors has delegated responsibility for the day-to-day management of ODBF to the Diocesan Secretary who is supported by a number of heads of departments and their staff.

Committee structure

There are a number of Diocesan Synod committees that, though not sub-committees of the Board, can influence the operations of the Board.

The statutory committees are:

*Buildings Management and Strategy Committee*, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by ODBF. In 2013 there were three sub-committees dealing with the implementation of policy in the three Archdeaconries of Oxford, Berkshire and Buckinghamshire respectively.

*Glebe Sub Committee*, which is responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese.

*Diocesan Mission and Pastoral Committee*, which is responsible for the task of approving pastoral reorganisation taking account of available clergy numbers and making use of new patterns of ministry. This committee replaced the former Diocesan Pastoral Committee in 2009.

*Diocesan Advisory Committee*, which advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

*Oxford Diocesan Board of Patronage*, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

In addition to the statutory committees, there are also the following committees:

*Partnership in World Mission*, which promotes world mission, particularly through partnership with mission agencies and the church worldwide.

*Board of Mission*, which, under the direction of the Diocesan Synod, determines an integrated policy for mission throughout the Diocese and is responsible for the implementation of that policy. The Board manages the activities of clergy training from pre-ordination to continuing ministerial education throughout the clergy's career, stewardship, evangelism, mission activities and social responsibility.

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## STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

### Bishop's Council

The members of the Bishop's Council are the Board of Directors. During 2013 Bishop's Council consisted of eleven ex officio members, including the Diocesan and three Area Bishops and the three Archdeacons, nine clergy elected by the house of clergy from among their number (on an Archdeaconry basis, three per Archdeaconry) and twelve lay persons elected by the members of the house of laity representing deaneries (on a deanery basis, four per Archdeaconry) and a maximum of ten members nominated by the Diocesan Bishop.

The Bishop's Council and ODBF have the following sub-committees:

*Planning and Budget Sub-Committee*, which is responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by Bishop's Council prior to submission to Diocesan Synod and monitors expenditure and income. A further sub-committee meets to review and advise on investments with a focus on generating income while maintaining capital.

*Audit Committee*, which is responsible for assisting the directors in the discharge of their responsibilities for accounting policies, financial reporting and internal control, including liaison with the auditors.

*Diocesan Church House Organisation and Staff Sub-Committee* (DCHOSS) is responsible for personnel issues concerning staff.

### Appointment of directors

Directors were either appointed ex officio on the basis of their position or are nominated as clerical or lay members from each of the three archdeaconries or by the Bishop of Oxford. The ex officio members are the Bishops, Archdeacons, the Dean of Christ Church Cathedral, the President and Vice Presidents of the Diocesan Synod and the Chairman and Vice Chairman of the Board of Finance.

Directors are given induction training when first appointed and receive ongoing training, as appropriate.

Some senior staff supporting the Diocesan Secretary have job titles incorporating the title 'Director' but they are not directors of ODBF.

### 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 net incoming or outgoing resources of the company for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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## STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

### Directors' responsibilities (continued)

- 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

#### General Synod, Church Commissioners and Archbishops' Council

ODBF has to comply with Measures passed by the General Synod of the Church of England and makes certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners and are not reflected in the financial statements.

#### Parochial Church Councils (PCCs) and Deaneries

ODBF is required by Measure to be custodian trustee in relation to PCC property, but ODBF has no control over PCCs, which are independent charities.

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

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

### Subsidiary Companies

At 31 December 2013 ODBF had one wholly owned subsidiary, not currently trading:

ODBOF Developments Limited (ODBOF)

ODBOF exists as a vehicle for non-charitable property development activities.

### Connected Charities

The directors consider the following to be connected charities:

Oxford Diocesan Board of Education (ODBE) – a charitable company with responsibility for some 280 Church schools across the Diocese, providing pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

Diocesan Trustees (Oxford) Limited (DT(O)L) - which is a charitable company resourced by the Company and is responsible for ensuring that parish and educational properties and trust funds are used in accordance with the terms of trust. ODBF is the Diocesan Authority for parochial and other trusts but ODBF has delegated that responsibility to DT(O)L.



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## STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

### Related parties (continued)

Oxford Diocesan Council for the Deaf - which works with deaf and hard-of-hearing people to meet their spiritual, social and general needs and to give them a voice and full participation in church and society.

Other connected charities are:

Parents and Children Together (PACT)

The objectives of each organisation are congruent with ODBF's objectives.

### Pension Schemes

**Defined Benefit Scheme:** ODBF is the sponsoring employer of the Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme. This is a pension fund for the benefit of ODBF's employees but was closed to new members from 1 September 2006. ODBF bears the cost of administration and secretarial services. Further details are contained in note 5.2 to the financial statements.

**Defined Contribution Scheme:** Membership of a hybrid defined contribution scheme operated through the Church Workers Pension Fund has been made available to staff joining ODBF since 1 September 2006. Further details are contained in note 5.2 to the financial statements.

**Defined Benefit Scheme:** ODBF participates in the Church of England Funded Pension Scheme for the clergy.

### Risk management

The directors confirm that the major risks, to which ODBF is exposed, as identified by the management and directors, have been reviewed and that systems have been established to manage those risks. Directors delegated to the Audit Committee the task of ensuring that risks are reviewed and reported to the Board. Department heads have defined the risks in their areas, reporting on the measures in place to manage and monitor such risks, implementing procedures designed to minimise any potential impact on ODBF should any of the risks materialise and compiled these into a risk register. Audit Committee members review the results annually, report to Bishop's Council their findings and also make recommendations as to areas for further work in subsequent years. Directors review the risk register as part of the corporate risk management plan.

### Public benefit

The directors are aware of the Charity Commission's guidance on public benefit and, in particular, the supplementary guidance for charities whose aims include advancing religion and have regard to that guidance in their administration of the charity.

The directors believe that, by promoting the work of the Church of England in the Diocese of Oxford, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- + Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- + Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

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## STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

### Statutory functions

ODBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

ODBF is the Diocesan Authority for parochial and other trusts. The role of Diocesan Authority has been delegated to DT(O)L, a separate charitable company resourced by ODBF.

ODBF also incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The directors are custodian trustees in relation to PCC property.

## OBJECTIVES AND ACTIVITIES

### Objectives

The Board of Finance aims to promote, carry on and assist the work and purposes of the Church of England for the advancement of the Christian faith and Christian service to the wider community in the Diocese of Oxford, and elsewhere.

Its primary charitable purpose is the advancement of the Christian faith, but it is also engaged in the advancement of education, citizenship, community development, the promotion of religious and racial harmony, equality and diversity and indirectly in the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.

The aims and objectives are largely achieved by providing:

- + Ministry in the parishes – by the appointment of stipendiary and non-stipendiary clergy and other licensed lay ministers, the payment of stipends, the provision of houses for the clergy as necessary; by involvement in the selection and training of ordinands and lay ministers including the provision of financial support to those training for the ministry; by providing continuing ministerial training for clergy and lay ministers;
- + Assistance to parishes – through the provision of parish development advisors in each archdeaconry; through support for work with children and young adults; through help with Christian giving and parish fundraising; through support for parishes in the administration of trusts; through assistance to churchwardens and treasurers and assistance with matters dealt with by the Diocesan Advisory Committee in relation to church buildings;
- + Resources, information and financial assistance on social concerns such as pastoral care, parents and children, world development, the spiritual care of older people, racial justice and other social responsibility issues;
- + Specific ministries such as those to rural communities and the work and economic life ministry; and
- + Support for church schools through training and support services and the provision of assistance and advice to head teachers and school governors.

The Diocese has set out its purpose as being to join with God in creating a caring, sustainable and growing Christian presence in every part of the Diocese of Oxford, enabling every Christian and every Christian community to live and share the love of God, seen in the life of Jesus Christ.

## OBJECTIVES AND ACTIVITIES (CONTINUED)

### Activities in 2013

In 2013 the Living Faith framework was further developed with a focus on Making Vibrant Christian Communities and the consolidation of earlier themes. A major piece of research funded by the Laing Trust was undertaken to test parish engagement with the Living Faith framework and the effectiveness of the different means by which the Diocese has resourced the work. The findings were very encouraging and can be read in detail at [http:// www.oxford.anglican.org/livingfaith](http://www.oxford.anglican.org/livingfaith)

A formal Consultation took place around the creation of a fourth Archdeaconry and the movement of a number of deaneries between archdeaconries.

It was the first year of operation of a new Mission Development Fund by which £100,000 for each of three years is to be made available to parishes and deaneries. This has been made possible by the use of grants from the Church Commissioners, approved by the Archbishops' Council.

A new parish share scheme for introduction in 2014 was adopted with an overwhelming vote of approval from the Diocesan Synod. It was supported by the provision of an explanatory leaflet made available to every member on the electoral roll, and by a short animated film available on the Diocesan website <http://www.oxford.anglican.org/support-services/finance/parish-share/>, and as a DVD. In a financially difficult year the Bishops invited clergy and parish lay leaders to Listening evenings when matters of financial concern could be discussed in the context of the developing strategic vision.

The Diocese was honoured to join in the celebrations when HM Queen Elizabeth II came to Christ Church Cathedral on Maundy Thursday and 87 men and 87 women were given gifts of Maundy money.

We also noted with sadness and gratitude the retirement of the Venerable Norman Russell as Archdeacon of Berkshire and of Mr Brian Newey as the Chairman of the Board of Finance, both after years of exceptional service.

## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

During 2013 it was planned to:

Support the diocesan strategic framework "Living Faith "focussing on the areas of "Creating Vibrant Christian Communities".

In addition to the research and activities described above the Board of Mission organised a further Leading Your Church into Growth residential conference attended by over 100 people. It provided specialist training days on Food Banks and Credit Unions. Workshops across the Diocese for those interested in setting up parish Friends Schemes were attended by 260 people.

Apply an average increase in parish share across the Diocese of 2%.

A 2% average increase in parish share was applied across the Diocese of Oxford in 2013. By the end of the year a 1.9% increase in cash received was achieved, £18,072,231 compared with £17,745,000 the previous year. This was a significant improvement, although the share received as a percentage of that requested, 94.9%, remained low.

Manage ODBF assets, generate income and control costs with the aim of achieving a sustainably balanced budget.

In addition to routine management practice a working group was set up under the chairmanship of the Bishop of Dorchester to identify areas where additional income might be generated and savings made. Its findings were reported to the Bishop's Council and integrated into earlier work to produce the document *Central Services Review and Reducing the Deficit* available at <http://www.oxford.anglican.org/wp-content/uploads/2013/02/CSCR-and-Reducing-the-Deficit-Oct-2013-RAP-2.pdf>.

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

During the year the financial situation improved due to a higher than expected number of stipendiary clergy vacancies and associated costs, a subsequent increase in the rental income gained from empty parsonages, the change in accounting period for fees, an increase in glebe income due to receiving a full year's income from investments lodged in 2012, and both short and long term cost savings. Due to the unusually low percentage share payments in 2012 it was not possible to pay the full stipend and salary increases budgeted in 2013 but the improvement in the year allowed payment of them in February and March 2014.

Receive and review the Deanery Mission Action Plans and their implications for ministry provision  
The Diocesan Mission and Pastoral Committee received and considered Mission Action Plans from all 29 deaneries. On its recommendation the Bishop's Council agreed to support the levels of ministry indicated – recognising that the new share scheme will require deaneries to meet the ministry costs of those working in their parishes. These plans will inevitably evolve with changing circumstances and deaneries that significantly fail to meet their share payments may be required to rework their plans to make them financially sustainable. The success of the Mission Action Planning process has been such that training days for resourcing parish based Mission Action planning have been set up and attended by over 240 people.

Undertake the formal consultation on the Boundaries of the Dorchester Archdeaconry and recruit an Archdeacon of Dorchester.

The consultation was undertaken in line with national guidelines. The Church Commissioners Pastoral Committee considered the small number of representations made and decided in favour of the Diocese. It was agreed that the new Archdeaconry of Dorchester should come into effect on 1<sup>st</sup> March 2014 and a successful recruitment process for an Archdeacon of Dorchester was undertaken.

Provide funding, housing and Continuing Ministerial Development for the clergy of the Diocese  
Stipends were provided for 380 clergy including 57 curates in training (at the end of 2013). Housing was also provided and maintained for 422 clergy including curates and House for Duty priests. A number of houses were let out commercially and others rented in to meet specific short term needs. House rental contributed £476k to diocesan income in 2013. Support and training was provided for 244 self supporting ministers. £774k was contributed to the national pool for the funding of ordinands; the net cost after reimbursements was £761k. This was in addition to £329k for other ordinand related costs within the diocese.

Undertake planning for Diocesan conferences for the Clergy, Licensed Lay Ministers and a day gathering for ministers and parishioners in 2014.

Planning for these key events, unified around the theme of "Imagining Faith" took place during 2013.

Maintain assistance to parishes by resourcing specialists to give advice and training on work with children and young adults, safeguarding, stewardship and Christian giving, social justice, parish development and the maintenance and development of church buildings. In addition to resource Diocesan and Archdeaconry Pastoral Committees, the Diocesan Advisory Committee and to provide oversight of parochial financial trusts through Diocesan Trustees (Oxford) Limited.

The ODBF continued to fund specialists in the areas above. Work on the Youth and Child Friendly Awards was consolidated. DAC staff processed 550 cases in 2013 and made 178 site visits. They also led training events for churchwardens and clergy. DT(O)L and ODBF held the investment of capital for 724 parochial financial trusts and DT(O)L considered 39 property matters and 9 trust matters.

To implement and fully resource the diocesan website and to investigate other ways of developing our communications work, particularly with respect to financial matters.

Work to redesign the diocesan website was successfully taken forward including new sections on the episcopal areas. Work through social media has increased including Facebook and Twitter which is used to alert people to fresh information. As noted above a short animation was prepared on the new share scheme which was available to parishes and church members via a web link and DVD and an explanatory leaflet provided for every member of the electoral roll. In addition the team produced "Giving A Simple Guide" and "Living Faith – some Simple Ideas"

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## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

To assist the charitable work of the Oxford Diocesan Board of Education as it provides education services to church schools and through joint working with the Department of Mission seeks to find ways of supporting parishioners in their calling to be "Good News to Young People".

The ODBF provided funding towards the work of the Board of Education which is in a period of rapid growth and change. Staff of the Boards of Mission and Education jointly developed and hosted 12 Good News for Young People events across the diocese, 6 day events for clergy, LLMs and headteachers and 6 evening events for PCC members and school governors. Together they discussed ways in which they could jointly support and engage with young people and their families.

### Operational performance

ODBF received 94.9% (2012: 94.8%) of Parish Share, before rebates, due for the year and has met all of its financial obligations including the support of the ministry, provision of well-maintained houses for the clergy and national church responsibilities.

The rate of increase in Parish Share for 2013 was set at an average of 2% overall (2012 2%). The average increase for 2014 has been set at 1%.

### Investment performance

#### Overall performance

The total value of investments at 31 December 2013 was £97.3m (2012: £89.4m). Income from investments totalled £3.6m (2012: £3.3m).

#### Glebe Investments

The majority of ODBF's investments are in glebe funds – the income from which under the Endowment and Glebe Measure is required to be paid towards the cost of paying stipends.

Agricultural, commercial, amenity and residential land and buildings were valued at £28.1m at 31 December 2013 (2012: £27.4m). The increase in value from 2012 was due to an increase in the value per acre. Rents receivable amounted to £0.4m (2011: £0.4m).

Investment holdings were valued at £65.0m at 31 December 2013 (2012: £58.2m). The unrealised net gain in the value of investments during the year amounted to £6.3m (2012: net gain £3.0m), (see note 7 page 39). Dividends and interest receivable amounted to £2.9m (2012: £2.7m).

Investments are managed by Newton Investment Management. The three largest funds within the portfolio are Charities Property Fund £9.27m (2012: £7.84m); Charifund £9.26m (2012: £7.72m); Newton Global Higher Income Fund £2.54m (2012: £3.95m).

#### Other Investments

Other investments are held on behalf of a number of endowment and restricted funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investment in equity and fixed interest funds were valued at £3.2m at 31 December 2013 (2012: £2.9m). Dividends and interest receivable amounted to £0.1m (2012: £0.1m).

#### Equity Loans

Equity loans are sometimes made to retired clergy and clergy spouses or to bereaved or separated clergy spouses on compassionate grounds to enable them to purchase property on a shared equity basis. The loans are linked to the value of the properties and increased in value by £59,000 to £943,000 (2012: increased by £2,000) during the year.

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

### External factors affecting performance

The Diocese aims to hold down increases in the Parish Share, which is contributed by the PCCs and deaneries towards the ministry and other costs of the Diocese. A large part of the costs of the Diocese are staff related costs, including stipends for clergy and staff salaries, and building maintenance costs, the last of which tends to increase at a higher rate than prices generally as measured by the RPI and CPI.

The Oxford Diocese is relatively strong, financially, compared with many other dioceses and is expected to take a proportionately larger share of National Church costs than other less well-resourced dioceses.

## FINANCIAL REVIEW

### Overall result

The Statement of Financial Activities (SOFA) for the year shows net incoming resources of £1.1m (2012: net resources expended of £0.3m) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets and an actuarial gain on the staff defined benefit pension scheme.

During the year, total funds increased by £25m (2012: increased by £2.3m) from £334.7m to £359.7m. This was mainly due to unrealised revaluation gains on properties and glebe investments due to rising markets.

### Review of Statement of Financial Activities

Incoming resources in the Statement of Financial Activities totalled £24.6m (2012: £23.4m). Parish Share income (net after rebates) accounted for 72.1% (2012: 74.3%) of total incoming resources.

Resources expended totalled £23.4m (2012: £23.8m). Expenditure on ministry and mission accounted for 95.0% (2012: 94.1%) of total resources expended. This includes the pay and housing costs of the clergy and archdeacons.

Total incoming resources increased by £1.2m between 2012 and 2013. Investment income increased by £0.3m, mainly due to the investment of the proceeds of a glebe land sale for a full year. Income from parish share increased by £0.3m (1.9%). Income from charitable activities increased by £0.4m, with an additional £0.1m parochial fees, £0.1m additional grant funding and increases in rental and other income. Other incoming resources increased by £0.1m mainly due to the recoupment of prior years' impairment.

Resources expended decreased by £0.4m compared with the previous year. Expenditure on Ministry and Mission decreased by £0.3m between 2012 and 2013, mostly as an exceptional grant of £250,000 had been made in 2012 towards the building of a new church in the Diocese. Investment management costs decreased by £0.1M due to lower expenditure on potential development.

The defined benefit staff pension scheme (closed to new members in 2006) is reflected in the financial statements in accordance with FRS 17 and had a deficit of assets over liabilities at 31 December 2013 of £631,000 (2012: £923,000) (See note 5.2). During the year additional contributions of £186,000 (2012: £181,000) were paid into the scheme.

### Review of general funds financial position

General funds have increased by £1.0m to £6.6m (2012: decreased by £0.8m to £5.6m) and this was mainly due to the surplus of income over expenditure as above..

### Review of cash flow for year

There was an increase in cash and cash equivalents during the year of £0.2m. (2012: increase £1.8m).

## FINANCIAL REVIEW (CONTINUED)

### Going concern

After making enquiries the directors are satisfied that ODBF 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

Investment policy is delegated by the Board to the investment sub-committee, which make investment decisions after taking advice from professional investment advisers.

ODBF's investment policies are based on two general key principles:

Ethical investment - this includes ensuring that investments are held in companies that have high standards of corporate governance and behaviour and that act with openness, accountability, transparency and integrity in a responsible way towards all stakeholders and have good environmental policies; and

Long-term consideration - the directors consider the long-term effect of their decisions very carefully. This results in a more cautious approach to investment decisions than might be found in a commercial environment.

The Glebe investment policy is aimed primarily at generating a sustainable income to pay stipends without diminishing the capital invested.

The General Fund investment policy is to generate income, maintain capital value and also be available to meet operational needs.

### Glebe Investments

Glebe investments are held in equities, fixed interest securities and cash, agricultural land, commercial and residential land and buildings. The portfolio is reviewed by the Investment Committee at least three times a year to ensure that income is maximised and with a view to income growth over years whilst maintaining an appropriate asset allocation balancing risk and returns. The policy is to sell agricultural holdings with planning consent, as favourable opportunities arise, and to reinvest for a better rate of return.

### Short Term Investments

These funds are available for use in the short term as required for working capital. Deposit Funds are held as deposits with the Central Board of Finance.

### Reserves policy

ODBF has very substantial ongoing responsibilities including the remuneration of some 380 stipendiary clergy, the upkeep of approximately 450 houses and the employment of some 60 full or part time staff. It is considered that, to meet substantial outgoings, the target general reserves at 1 January each year should be equivalent to three months gross expenditure from general funds in the coming year. At 31 December 2013, ODBF's free reserves were equivalent to 3.9 months (2012 3.3 months) of gross expenditure from general funds in the forthcoming year.

### Grant-making policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (See note 2.8). Grants are paid to other connected charities and to other projects that are in furtherance of ODBF's charitable objectives. (See note 2.9).

## FINANCIAL REVIEW (CONTINUED)

### Political donations

ODBF made no political contributions during the year under review (2012: £nil).

## PLANS FOR FUTURE PERIODS

- To organise conferences for clergy, licensed lay ministers, and a gathering for the whole church around the theme of *Imagining Faith* to help *shape confident collaborative leadership*. They will also provide a means to explore future options for ministry and will contribute to a review of *Living Faith* which will allow the next steps of that framework to be determined.
- To focus the work of departments to support the implementation of deanery Mission Action Plans and to facilitate the development of Mission Action Plans by parishes.
- To develop new approaches to training for the development of lay discipleship.
- To provide support for and resourcing of Collective Worship in schools.
- To introduce a new diocesan training programme in safeguarding for clergy, licensed lay ministers, children and youth ministers across the diocese.
- To look afresh at how support in the area of disability should be provided in the diocese.
- To equip deaneries to provide appropriate training for churchwardens, treasurers and other officers.
- To facilitate the operation and staffing of the new Archdeaconry of Dorchester and to undertake any necessary changes to the existing structures and processes.
- To provide funding, housing and Continuing Ministerial Development for the clergy of the Diocese.
- To implement the new parish share scheme and by exerting continuing control of the budget allow the application of a 1% average increase in parish share across the Diocese.
- To manage ODBF assets, generate income and control costs with the aim of achieving a sustainably balanced budget.
- To integrate the diocesan database systems with those of the national church to allow more effective reporting at all levels.

## FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

Diocesan Trustees (Oxford) Limited (see Connected Charities) acts as custodian trustee for most PCC property in the Diocese. However, ODBF's directors are custodian trustees of some PCC property in the Diocese. Each PCC is a separate charitable corporate entity but without the power to own property. The assets and the documents relating to those assets are held separately from those of ODBF.



## STATEMENT OF DISCLOSURE TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which ODBF's auditors are unaware. The directors have taken all the steps they ought to have taken in order to make themselves aware of any relevant information and to establish that ODBF's auditors are aware of that information.

### Appointment of auditors

A resolution to reappoint Critchleys LLP as auditors to the Company and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

This Directors' report, incorporating the Strategic Report, were approved by the Directors on 16 May 2014

By Order of the Board

Revd J H Tattersall  
Chairman  
16 May 2014

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

We have audited the financial statements of Oxford Diocesan Board of Finance for the year ended 31 December 2013, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Statement of Historical Cost Surpluses and Deficits, the Balance Sheet, the Statement of Cash Flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 its members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Robert Kirtland  
Senior Statutory Auditor  
For and on behalf of Critchleys LLP  
Statutory Auditor

Date:

Critchleys LLP  
Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Unrestricted		Restricted 2013 £'000	Endowment 2013 £'000	Total 2013 £'000
		General 2013 £'000	Designated 2013 £'000			
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Parish Share and other voluntary income:						
Ministry & mission	2.1	17,737	41	157	-	17,935
Investment income	2.2	39	2	3,528	-	3,569
		<u>17,776</u>	<u>43</u>	<u>3,685</u>	<u>-</u>	<u>21,504</u>
Incoming resources from charitable activities:						
Ministry and mission	2.3	1,058	-	1,532	-	2,590
Other incoming resources	2.4	-	182	275	20	477
<b>TOTAL INCOMING RESOURCES</b>		<u><b>18,834</b></u>	<u><b>225</b></u>	<u><b>5,492</b></u>	<u><b>20</b></u>	<u><b>24,571</b></u>
<b>RESOURCES EXPENDED</b>						
Cost of generating funds:						
Investment management costs	2.5	-	-	578	-	578
Charitable activities						
Ministry and mission	2.7	17,430	37	4,795	2	22,264
Church schools	2.10	235	-	61	-	296
		<u>17,665</u>	<u>37</u>	<u>4,856</u>	<u>2</u>	<u>22,560</u>
Governance costs	2.11	159	-	25	-	184
Other resources expended	2.12	6	1	93	-	100
<b>TOTAL RESOURCES EXPENDED</b>		<u><b>17,830</b></u>	<u><b>38</b></u>	<u><b>5,552</b></u>	<u><b>2</b></u>	<u><b>23,422</b></u>
<b>Net incoming / (expended) resources before transfers</b>		<u><b>1,004</b></u>	<u><b>187</b></u>	<u><b>(60)</b></u>	<u><b>18</b></u>	<u><b>1,149</b></u>
Gross transfers between funds	12.8	(66)	73	(7)	-	-
<b>Net incoming / (expended) resources before other recognised gains and losses</b>	<b>3</b>	<u><b>938</b></u>	<u><b>260</b></u>	<u><b>(67)</b></u>	<u><b>18</b></u>	<u><b>1,149</b></u>
Other recognised gains/(losses):						
Net unrealised (losses) on the revaluation of fixed assets and loans for the charity's own use						
		-	2,988	11,866	-	14,854
Net gains/(losses) on investments	2.13	59	4	8,738	241	9,042
Actuarial gain on defined benefit pension scheme	5.2	41	-	-	-	41
<b>NET MOVEMENT IN FUNDS</b>		<u><b>1,038</b></u>	<u><b>3,252</b></u>	<u><b>20,537</b></u>	<u><b>259</b></u>	<u><b>25,086</b></u>
Total funds brought forward		5,576	53,359	273,053	2,675	334,663
Total funds carried forward		<u>6,614</u>	<u>56,611</u>	<u>293,590</u>	<u>2,934</u>	<u>359,749</u>

All incoming resources and resources expended relate to continuing operations.

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Unrestricted		Restricted 2012 £'000	Endowment 2012 £'000	Total 2012 £'000
		General 2012 £'000	Designated 2012 £'000			
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Parish Share and other voluntary income:						
Ministry & mission	2.1	17,399	18	204	-	17,621
Investment income	2.2	31	2	3,226	-	3,259
		<u>17,430</u>	<u>20</u>	<u>3,430</u>	<u>-</u>	<u>20,880</u>
Incoming resources from charitable activities:						
Ministry and mission	2.3	918	-	1,308	-	2,226
Other incoming resources	2.4	-	89	219	6	314
<b>TOTAL INCOMING RESOURCES</b>		<u><b>18,348</b></u>	<u><b>109</b></u>	<u><b>4,957</b></u>	<u><b>6</b></u>	<u><b>23,420</b></u>
<b>RESOURCES EXPENDED</b>						
Cost of generating funds:						
Investment management costs	2.5	-	-	720	-	720
Charitable activities						
Ministry and mission	2.7	17,923	20	4,412	-	22,355
Church schools	2.10	230	-	8	-	238
		<u>18,153</u>	<u>20</u>	<u>4,420</u>	<u>-</u>	<u>22,593</u>
Governance costs	2.11	203	-	24	-	227
Other resources expended	2.12	1	139	76	-	216
<b>TOTAL RESOURCES EXPENDED</b>		<u><b>18,357</b></u>	<u><b>159</b></u>	<u><b>5,240</b></u>	<u><b>-</b></u>	<u><b>23,756</b></u>
<b>Net incoming / (expended) resources before transfers</b>		<b>(9)</b>	<b>(50)</b>	<b>(283)</b>	<b>6</b>	<b>(336)</b>
Gross transfers between funds	12.8	227	1,364	(1,581)	(10)	-
<b>Net incoming / (expended) resources before other recognised gains and losses</b>	<b>3</b>	<b>218</b>	<b>1,314</b>	<b>(1,864)</b>	<b>(4)</b>	<b>(336)</b>
Other recognised gains/(losses):						
Net unrealised (losses) on the revaluation of fixed assets and loans for the charity's own use						
		-	(466)	661	-	195
Net gains/(losses) on investments	2.13	2	4	3,179	207	3,392
Actuarial (loss) on defined benefit pension scheme	5.2	(1,020)	-	-	-	(1,020)
<b>NET MOVEMENT IN FUNDS</b>		<u><b>(800)</b></u>	<u><b>852</b></u>	<u><b>1,976</b></u>	<u><b>203</b></u>	<u><b>2,231</b></u>
Total funds brought forward		6,376	52,507	271,077	2,472	332,432
Total funds carried forward		<u>5,576</u>	<u>53,359</u>	<u>273,053</u>	<u>2,675</u>	<u>334,663</u>

This page should be read in conjunction with page 18.

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Page	2013 £'000	2012 £'000
Total incoming resources per SOFA	18 -19	24,571	23,420
Total resources expended per SOFA	18 -19	(23,422)	(23,756)
Net incoming resources/(resources expended) for the year per SOFA		<u>1,149</u>	<u>(336)</u>
Realised gain/(loss) on disposal of investment assets (note 2.13)		642	(129)
Net surplus/(deficit) for the year		<u>1,791</u>	<u>(465)</u>

All income and expenditure relates to continuing operations.

The directors consider that the format of the Income and Expenditure Account used in these financial statements is more appropriate to the organisation than the formats laid down in the Companies Act 2006.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	Page	2013 £'000	2012 £'000
Net surplus/(deficit) for the year	19	1,791	(465)
Unrealised net gains/ (losses) on the revaluation of fixed assets and loans held for the charity's own use	17 - 18	14,854	195
Unrealised net gain on the revaluation of fixed asset investments (note 2.13)		8,400	3,521
Actuarial gain/(loss) on defined benefit pension scheme (note 5.2)		41	(1,020)
Total recognised gains for the year since the last annual report		<u>25,086</u>	<u>2,231</u>

## STATEMENT OF HISTORICAL COST SURPLUSES & DEFICITS FOR THE YEAR ENDED 31 DECEMBER 2013

(As required by Financial Reporting Standard 3)

	Page	2013 £'000	2012 £'000
Net surplus/(deficit) for the year	19	1,791	(465)
Realisation of revaluation (gains) of previous years (note 12.5)		(2,299)	(18,351)
Historical cost (deficit) for the year		<u>(508)</u>	<u>(18,816)</u>

**BALANCE SHEET AS AT 31 DECEMBER 2013**

Company number: 142978

	Note	Unrestricted		Restricted 2013 £'000	Endowment 2013 £'000	Total 2013 £'000
		General 2013 £'000	Designated 2013 £'000			
<b>Fixed assets:</b>						
Tangible assets	6	78	59,219	196,691	-	255,988
Investments	7	944	39	93,434	2,861	97,278
<b>Total fixed assets</b>		<b>1,022</b>	<b>59,258</b>	<b>290,125</b>	<b>2,861</b>	<b>353,266</b>
<b>Current assets:</b>						
Debtors due in over 1 year	8	646	-	25	33	704
Debtors and loans	8	768	4	1,786	2	2,560
Investments	9	4,901	99	2,594	38	7,632
Cash at bank & in hand	10	1,043	60	651	-	1,754
<b>Total current assets</b>		<b>7,358</b>	<b>163</b>	<b>5,056</b>	<b>73</b>	<b>12,650</b>
Creditors: Amounts falling due within 1 year	11	(816)	-	(1,591)	-	(2,407)
<b>Net current assets</b>		<b>6,542</b>	<b>163</b>	<b>3,465</b>	<b>73</b>	<b>10,243</b>
<b>Total assets less current liabilities</b>		<b>7,564</b>	<b>59,421</b>	<b>293,590</b>	<b>2,934</b>	<b>363,509</b>
Creditors: Amounts falling due after more than 1 year	11	(319)	(2,810)	-	-	(3,129)
<b>Net assets excluding pension deficit</b>		<b>7,245</b>	<b>56,611</b>	<b>293,590</b>	<b>2,934</b>	<b>360,380</b>
Defined benefit pension scheme asset/(deficit)	5.2	(631)	-	-	-	(631)
<b>NET ASSETS AFTER PENSION DEFICIT</b>		<b>6,614</b>	<b>56,611</b>	<b>293,590</b>	<b>2,934</b>	<b>359,749</b>
<b>The funds of the charity:</b>						
Endowment funds	12.1	-	-	-	2,934	2,934
Restricted funds	12.2	-	-	293,590	-	293,590
<b>Total restricted funds</b>		<b>-</b>	<b>-</b>	<b>293,590</b>	<b>2,934</b>	<b>296,524</b>
General funds	12.3	7,245	-	-	-	7,245
Designated funds	12.4	-	56,611	-	-	56,611
Pension reserve	12.3	(631)	-	-	-	(631)
<b>Total unrestricted funds</b>		<b>6,614</b>	<b>56,611</b>	<b>-</b>	<b>-</b>	<b>63,225</b>
<b>TOTAL CHARITY FUNDS</b>		<b>6,614</b>	<b>56,611</b>	<b>293,590</b>	<b>2,934</b>	<b>359,749</b>

Included in the above funds are Revaluation Reserves amounting to £173.4m (note 12.5). The notes on pages 25 to 50 form part of these financial statements. The accounts were approved and authorised by the Board of Directors on 16 May 2014 and signed on behalf of the Board by

The Right Reverend J L Pritchard  
 Bishop of Oxford

Revd J H Tattersall  
 Chairman



**BALANCE SHEET AS AT 31 DECEMBER 2012**

Company number: 142978

	Note	Unrestricted		Restricted 2012 £'000	Endowment 2012 £'000	Total 2012 £'000
		General 2012 £'000	Designated 2012 £'000			
<b>Fixed assets:</b>						
Tangible assets	6	65	55,887	185,464	-	241,416
Investments	7	885	40	85,920	2,600	89,445
<b>Total fixed assets</b>		<b>950</b>	<b>55,927</b>	<b>271,384</b>	<b>2,600</b>	<b>330,861</b>
<b>Current assets:</b>						
Debtors due in over 1 year	8	808	-	24	35	867
Debtors and loans	8	594	-	310	2	906
Investments	9	3,972	90	2,897	38	6,997
Cash at bank & in hand	10	1,365	-	858	-	2,223
<b>Total current assets</b>		<b>6,739</b>	<b>90</b>	<b>4,089</b>	<b>75</b>	<b>10,993</b>
Creditors: Amounts falling due within 1 year	11	(927)	(4)	(2,420)	-	(3,351)
<b>Net current assets</b>		<b>5,812</b>	<b>86</b>	<b>1,669</b>	<b>75</b>	<b>7,642</b>
<b>Total assets less current liabilities</b>		<b>6,762</b>	<b>56,013</b>	<b>273,053</b>	<b>2,675</b>	<b>338,503</b>
Creditors: Amounts falling due after more than 1 year	11	(263)	(2,654)	-	-	(2,917)
<b>Net assets excluding pension deficit</b>		<b>6,499</b>	<b>53,359</b>	<b>273,053</b>	<b>2,675</b>	<b>335,586</b>
Defined benefit pension scheme asset/(deficit)	5.2	(923)				(923)
<b>NET ASSETS AFTER PENSION DEFICIT</b>		<b>5,576</b>	<b>53,359</b>	<b>273,053</b>	<b>2,675</b>	<b>334,663</b>
<b>The funds of the charity:</b>						
Endowment funds	12.1	-	-	-	2,675	2,675
Restricted funds	12.2	-	-	273,053	-	273,053
<b>Total restricted funds</b>		<b>-</b>	<b>-</b>	<b>273,053</b>	<b>2,675</b>	<b>275,728</b>
General funds	12.3	6,499	-	-	-	6,499
Designated funds	12.4	-	53,359	-	-	53,359
Pension reserve	12.3	(923)	-	-	-	(923)
<b>Total unrestricted funds</b>		<b>5,576</b>	<b>53,359</b>	<b>--</b>	<b>-</b>	<b>58,935</b>
<b>TOTAL CHARITY FUNDS</b>		<b>5,576</b>	<b>53,359</b>	<b>273,053</b>	<b>2,675</b>	<b>334,663</b>

Included in the above are Revaluation Reserves amounting to £152.4.m (note 12.5).

This page should be read in conjunction with page 22.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £'000	2012 £'000
Net cash (outflow) from operating activities	13	<u>(3,972)</u>	<u>(3,241)</u>
Returns on investment and servicing of finance			
Interest received	2.2	61	75
Interest paid	2.12	(4)	(1)
Dividends received	2.2	<u>2,913</u>	<u>2,665</u>
		<u>2,970</u>	<u>2,739</u>
Capital transactions and financial investment			
Sales proceeds:			
Glebe property and investments		15,896	25,619
Other tangible assets		2,180	2,707
Other investments		19	7
Other loans:			
Advanced		(81)	(260)
Repaid		74	111
Purchases:			
Tangible fixed assets	6	(1,487)	(3,038)
Glebe property and investments	7.2	(14,681)	(24,039)
Other investments	7.3	<u>(24)</u>	<u>(9)</u>
		<u>1,896</u>	<u>1,098</u>
Net cash (outflow)/inflow before financing		<u>894</u>	<u>596</u>
Financing			
Loans advanced		-	1,547
Loans repaid		<u>(728)</u>	<u>(362)</u>
Net cash outflow from financing		<u>(728)</u>	<u>1,185</u>
Increase in cash and cash equivalents	14	<u>166</u>	<u>1,781</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting policies

#### Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards, the Companies Act 2006, and "Accounting and Reporting by Charities" Statement of Recommended Practice (revised 2005). They are prepared under the historical cost convention except for properties and related equity sharing loans that are at valuation and investments, which are included at market value.

Consolidated financial statements have not been produced as, in the opinion of the directors, the scale of the operations of the subsidiaries, Oxford Diocesan Educational Services Ltd and ODBOF Developments Ltd are such that consolidation would not have any material effect for the purpose of giving a true and fair view of ODBF's financial affairs. The accounts show the results and position of ODBF alone and not of the group.

#### Funds accounting

ODBF holds the following types of funds:

##### Permanent endowment funds

These are all considered to be permanent endowment funds, which are restricted funds, which must be held permanently, and the capital maintained.

##### Restricted capital and income funds

Capital and income funds that are subject to specific conditions imposed by the donor, which are legally binding on ODBF.

##### Designated funds

Designated funds are funds that are legally unrestricted but which the Board has earmarked for a particular purpose.

##### General funds

Funds available for any purpose within ODBF's objects.

It is the Company's policy to make transfers between funds only where assets funded by different types of fund need to be used for an alternative purpose such as when a benefice house is no longer needed due to a merger of parishes or where an additional team vicarage is needed in a large parish.

#### Tangible fixed assets

##### Properties

All properties, including glebe and parsonage houses, are stated at valuation, except for redundant churches that are held at a nil valuation reflecting uncertainty as to their future ownership and use. Valuations are undertaken annually as at 31 December each year by reference to values for detached houses in various areas covered by the Nationwide Building Society monthly house price index data. All properties are subject to an annual impairment review by the Director of Buildings; properties are written down to net realisable value where that is lower than carrying value.

The overall net gain or loss for the year on revaluation is shown in the Statement of Financial Activities.

Included under unrestricted funds are properties that have been acquired using general funds and are represented by the designated Board Properties Fund.

## 1 Accounting policies (continued)

### Tangible fixed assets (continued)

Additions are at cost but subject to an annual valuation adjustment at the end of the financial year.

Extensions to buildings are capitalised.

No depreciation is provided on buildings as any charge would not be material due to the very long expected useful economic life and because their expected residual value is not materially less than their carrying value. ODBF has a policy of regular repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to suffer obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Sales and purchases of properties are recognised on the date of exchange of contract.

The majority of transfers occur following pastoral reorganisation. A benefice house may be transferred to diocesan glebe or general funds for disposal or to be held as a corporate property, as determined by the particular pastoral scheme. In the majority of such cases, houses are required as functional fixed assets for housing team vicars (in a team ministry) or other members licensed to a benefice and as such are held as corporate property under unrestricted designated funds.

Leasehold properties are all held on long leases.

Parsonage houses and glebe assets were incorporated into the financial statements for the first time as at January 1997 at an initial carrying value (ICV). All residential properties at that date, including team vicarages held as glebe, were valued by the Director of Buildings, an architect, by reference to Council Tax bandings, and to find the appropriate level within the band, to insurance rebuild value after adding 50% to the latter for land value.

Parsonage houses, also known as benefice houses, are legally vested in the incumbent. However, an incumbent is not free to dispose of the house for his/her own benefit, cannot make alterations or improvements to the property and is not responsible for maintaining the house. In spite of the complex tenure of parsonage houses, ODBF is responsible for the maintenance and insurance of the houses in the same way as for other houses and they are assets of ODBF within the FRS 5 definition as they are 'rights or other access to economic benefits controlled by an entity' and are therefore recognised as fixed assets in the balance sheet.

### Investments

Investments include agricultural holdings and commercial, residential and amenity properties, financial investments and cash deposits. The property investments are valued as at 31 December each year by the Director of Buildings based on valuations and advice from professional agents. Where formal planning consent has been given for the development of a site, the valuation takes the development potential of the site into account.

Financial investments are held at market value; purchases and sales include transaction fees charged by the investment managers. The overall net gain or loss for the year on revaluation is shown in the Statement of Financial Activities. Investments in subsidiaries are shown at historical cost.

No depreciation is applied to investment properties.

Glebe investments are restricted funds and held with the intention of safeguarding capital values and producing a sustainable income to help fund stipend payments.

## 1 Accounting policies (continued)

### Motor cars, computers and other office equipment

Computer and other office equipment and motor vehicles are included at cost less depreciation.

Depreciation is charged so as to write off the cost by equal instalments over their estimated useful lives.

	Rate per annum
Motor cars	25% of cost
Computers	33 $\frac{1}{3}$ % of cost
Other office equipment	20% or 25% of cost

Office furniture and small items of equipment costing less than £500 are written off as a revenue cost in the year of purchase.

### Incoming resources

Incoming resources, including legacies, grants and rents, are accounted for on an accruals basis where both the amount and receipt are reasonably certain .

Income Tax deducted from interest received is recoverable and the interest is shown gross.

Incoming resources are analysed between general, designated, restricted or endowment in the SOFA dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

Grants received for a specific purpose that have not been used for that purpose during the year are carried forward for use in the following year.

### Grants and loans payable

Grants and loans are made to further the aims and objectives of the Church within the Diocese and are generally accounted for when paid, except for archdeacons' and new project group grants, which are accounted for when approved.

### Resources expended

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the fees of professional investment managers and the direct costs of agents dealing with property investments.

All grants and payments to the National Church and other grants are in furtherance of ODBF's objectives and are accounted for when paid.

Ministry and mission costs are mostly the stipends paid to the clergy, their housing costs and other costs of supporting the ministry such as training.

Governance costs are those costs that relate to compliance with regulations and good practice that enable ODBF to operate and to be publicly accountable. This includes strategic planning, external audit, legal advice for directors, the cost of board meetings, Diocesan Synod and Bishop's Council, the cost of preparing statutory accounts and staff time and related costs involved in the governance of ODBF.

Wherever possible, costs are charged directly to the activity concerned.

Central costs, such as office space, ICT costs, finance, secretarial and administrative costs are apportioned to internal departments on the basis of the estimated usage of central resources.

Support costs are administrative costs incurred to support the activities of ODBF, which include central costs apportioned to administration, faculty fees and other office costs. Support costs are apportioned to the cost of the various activities on the basis of direct costs.

The allocation of support costs in 2013, based on actual direct costs was:

Ministry and mission	98.1% (2012: 95.9%)
Investment management	1.1% (2012: 1.4%)
Church schools	0.0% (2012: 1.7%)
Governance	0.8% (2012: 1.0%)

## Taxation

ODBF does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

ODBF is partially exempt from VAT and is only able to recover some VAT paid to suppliers. Irrecoverable VAT is apportioned over the expense heads on which it is incurred.

## Pensions

ODBF operates an occupational pension scheme through the Pensions Trust, which is a defined benefit scheme based on final salary and which closed to new entrants during 2006. In 2007 ODBF began to operate a defined contribution scheme through the Church Workers Pension Fund scheme for new staff. It also operates a stakeholder scheme and contributes to personal pension schemes. A separate pension scheme for stipendiary clergy is administered by the Church of England Pensions Board (CEPB) and is a defined benefit scheme but ODBF is unable to identify its share of the underlying assets and liabilities of the scheme. Details of the staff and clergy schemes are set out in note 5.

The financial statements take account of the annual valuation of the defined benefit scheme undertaken by the pension fund's actuaries. The scheme surplus is the excess of the value of the assets of the scheme compared with the present value of scheme liabilities and is shown as an asset in the balance sheet represented by the Pensions Reserve. The change in the value of the pension asset over the year has been analysed into the following components:

- current service cost
- expected return on pension scheme assets
- interest on pension scheme liabilities
- actuarial gains and losses

The current service cost, expected return on pension scheme assets and interest on pension scheme liabilities are within resources expended section of the SOFA. Actuarial gains and losses arising from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the gains and losses section of the SOFA and also in the Statement of Total Recognised Gains and Losses. More details are included in note 5.2.

ODBF's contributions to the defined contribution scheme, the stakeholder scheme, personal pensions and the CEPB scheme are charged to the resources expended section of the SOFA.

## 2 Analysis of Statement of Financial Activities

### 2.1 Parish Share and other voluntary income – ministry and mission

	2013 £'000	2012 £'000
Parish Share income (gross)	18,077	17,745
Parish Share rebates for meeting targets	(351)	(356)
Parish Share (net)	<u>17,726</u>	<u>17,389</u>
Contributions to parochial stipends	73	70
Bishop's Outreach Fund	59	59
Income from other administered funds	62	87
Other income and donations	15	16
	<u>17,935</u>	<u>17,621</u>

### 2.2 Investment income

	Glebe		Other		Total	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Dividends	2,834	2,586	80	79	2,914	2,665
Interest received	16	34	45	41	61	75
Solar panels feed in tariff	86	87	-	-	86	87
Rents receivable	508	432	-	-	508	432
	<u>3,444</u>	<u>3,139</u>	<u>125</u>	<u>120</u>	<u>3,569</u>	<u>3,259</u>

### 2.3 Income from charitable activities

	2013 £'000	2012 £'000
Fees - weddings, funerals and chaplaincy income	1,133	1,017
Rent receivable	476	415
Grants for the provision of services	708	605
Other fees and income	273	189
	<u>2,590</u>	<u>2,226</u>

### 2.4 Other incoming resources

	2013 £'000	2012 £'000
Property transactions – release of covenants etc	65	18
Realised gain on disposal of assets held for charity's own use	40	197
Realised gain on repayment of an equity linked loans	-	73
Recoupment of previous impairment	372	21
Transfer of trust funds from PCC managed fund	-	5
	<u>477</u>	<u>314</u>

### 2.5 Investment management costs

	2013 £'000	2012 £'000
Glebe and other direct investment management costs	442	489
Potential development costs	136	229
Support costs	-	2
	<u>578</u>	<u>720</u>

## 2 Analysis of Statement of Financial Activities (continued)

### 2.6 Voluntary income generation costs

No costs are shown for voluntary income generation as the costs are immaterial in relation to the income generated.

### 2.7 Ministry and mission

	Note	2013 £'000	2012 £'000
Ministry in parishes:			
Stipends including NIC and pension contributions		12,482	12,364
Housing costs		3,948	4,161
Removal, resettlement and other grants		310	300
Other parochial ministry costs		599	554
		<u>17,339</u>	<u>17,379</u>
Support and training		1,523	1,531
Other mission costs		852	762
Contributions to the national church	2.8	1,744	1,709
Grants to other organisations	2.9	324	514
Support for parochial ministry		234	233
Support costs		248	227
		<u>22,264</u>	<u>22,355</u>

Bishops' stipends and other costs are paid for directly by the Church Commissioners.

### 2.8 Grants and payments to National Church

	2013 £'000	2012 £'000
National Church responsibilities:		
Archbishops' Council apportionment	985	974
Central fund for training	761	733
Support costs	(2)	2
	<u>1,744</u>	<u>1,709</u>

The Archbishops' Council apportionment includes the running costs of the national church. The central fund for training largely funds the training of ordinands.

### 2.9 Grants to other organisations

	2013 No.	2012 No.	2013 £'000	2012 £'000
Parents and Children Together (PACT)	1	1	95	95
Ecumenical grants	5	7	111	70
Grants for parish building projects	29	19	82	314
Bishop's discretionary grants	4	4	21	21
Oxford Diocesan Council for the Deaf	1	1	7	7
Other small grants and costs	1	1	8	7
	<u>41</u>	<u>33</u>	<u>324</u>	<u>514</u>



## 2 Analysis of Statement of Financial Activities (continued)

### 2.10 Church schools

	2013 £'000	2012 £'000
Grant to Oxford Diocesan Board of Education	295	230
Support costs	1	8
	<u>296</u>	<u>238</u>

### 2.11 Governance costs

	2013 £'000	2012 £'000
Diocesan Registrar and legal and professional fees	114	117
General and Diocesan Synods and other costs	33	60
Audit fees	14	17
Apportioned staff costs	23	31
Support costs	-	2
	<u>184</u>	<u>227</u>

### 2.12 Other resources expended

	2013 £'000	2012 £'000
Realised loss on disposal of assets held for the charity's own use	36	150
Impairment write down of housing assets	60	65
Interest payable	4	1
	<u>100</u>	<u>216</u>

The impairment write down has arisen where the value of some houses fell below their historical cost.

### 2.13 Gains and losses on investments

	General £'000	Designated £'000	Restricted £'000	Endow- ment £'000	2013 £'000	2012 £'000
Net realised gains/(losses)	-	-	642	-	642	(129)
Net unrealised gains/(losses)	59	4	8,096	241	8,400	3,521
	<u>59</u>	<u>4</u>	<u>8,738</u>	<u>241</u>	<u>9,042</u>	<u>3,392</u>

### 3 Net general incoming/(expended) resources before transfers for the year

	2013 £'000	2012 £'000
These are after charging all expenditure including:		
Depreciation	42	47
Auditors remuneration:		
ODBF for year	14	17
DT(O)L for year	6	6

### 4 Directors and related parties

#### 4.1 Directors' remuneration and expenses

No remuneration has been paid to any director during the year (2012: £nil) for acting as a director or trustee. However, 15 (2012: 18) directors, who held ecclesiastical office during the year, were paid aggregate stipends of £329,000 (2012: £314,000) and expenses of £23,000 (2012: £23,000). Pension contributions on those stipends amounted to £106,000 (2012: £97,000). Other directors were reimbursed for travel, subsistence and incidental costs amounting to £3,000 (2012: £4,000) for services provided to ODBF in all the capacities in which they serve.

Some directors are provided with housing as a result of their ecclesiastical office. One of the archdeacons was provided with a car.

#### 4.2 Related parties

##### 4.2.1 Transactions with subsidiary companies

There were no transactions with the subsidiary company in 2013 and no balance due at the end of the year.

##### 4.2.2 Connected charities

The directors consider that connected charities are:

Oxford Diocesan Board of Education	(ODBE)
Parents and Children Together	(PACT)
Oxford Diocesan Council for the Deaf	(ODCD)
Diocesan Trustees (Oxford) Limited	(DT(O)L)

Grants are made and services provided to PACT and ODCD to support their work as below. Their objects are congruent with those of ODBF.

	PACT		ODCD	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Recharged by ODBF:				
Pay costs	-	-	22	21
Inter-company debtor balances at 31 December 2013	-	-	5	9
Grants made by ODBF	95	95	7	7

#### 4.2.2 Connected charities (continued)

ODBF bears the entire operating costs of DT(O)L, consisting principally of accounting, secretarial and administrative services. These amounted to £87,000 (2012: £79,000). The inter-company balance with DT(O)L was £nil. (2012:£nil).

ODBF made grants of £294,600 to ODBE in 2013 (2012: £230,000), see note 2.10. ODBF recharges ODBE for accounting, company secretarial, human resources, ICT and administrative services on a monthly basis. The debtor due from ODBE at 31 December 2013 was £109K (2012: £28K).

#### Transactions with connected persons

No transactions were entered into with any connected persons in the year.

### 5 Staff

#### 5.1 Employees

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

	2013		2012	
	Full – time	Part – time	Full – time	Part – time
Support for charitable activities	35	13	31	14
Support and finance	10	5	10	4
Total	<u>45</u>	<u>18</u>	<u>41</u>	<u>18</u>

Part-time numbers are shown as full time equivalents.

Staff costs during the year amounted to:

	2013			2012		
	Salaried £'000	Stipend £'000	Total £'000	Salaried £'000	Stipend £'000	Total £'000
Wages, salaries and stipends	1,879	116	1,995	1,751	157	1,908
Pension contributions	341	56	397	495	44	539
Social security costs	193	18	211	172	23	195
Total	<u>2,413</u>	<u>190</u>	<u>2,603</u>	<u>2,418</u>	<u>224</u>	<u>2,642</u>

The number of employees whose emoluments for the year exceeded £60,000 were as follows:

	2013	2012
£60,000 - £70,000	3	2

Retirement benefits accrue to the above staff members under ODBF's defined benefits scheme.

Parochial stipendiary clergy are not employees of ODBF and therefore their stipends, pensions and social security costs are not included in this note.

#### 5.2 Pensions

##### Salaried staff defined benefit scheme

Eligible salaried employees of ODBF were offered the opportunity to join the Oxford Diocesan Board of Finance Staff Retirement Scheme until September 2006 and at which point the scheme closed to new entrants. The Scheme is a defined benefit (final salary) scheme administered by the Pensions Trust who are also the trustees. The scheme is funded by contributions by ODBF, employees are not required to contribute towards the cost of their benefits.

5 Staff (continued)

5.2 Pensions (continued)

The Scheme is the subject of advice by professional actuaries and annual premiums are paid and charged, after offsetting any reduction in liability or charging any increase in liability, to the resources expended section of the SOFA each year. Contribution rates vary according to actuarial reviews undertaken every three years. The contribution rate paid in 2013 was 29% of basic salaries each month (2012: 33.6%), which amounted to £246,000 (2012: £306,000). ODBE paid contributions of £64,000 for staff in the scheme (previously employed by ODBF). In addition to the monthly contributions, additional contributions were made towards clearing the pension fund deficit amounting to £186,000 (2012: £181,000).

A qualified actuary has prepared the pension scheme figures quoted in this note as required under Financial Reporting Standard 17 (FRS17). The basis of FRS17 calculations is largely prescribed, although assumptions about future salary increases, inflation and investment returns rest with the directors, acting on actuarial advice. The actuary then compares the value of the benefits earned to the valuation date (the liabilities) with the value of the assets held by the Scheme. Any excess of liabilities over assets represents a deficit in funding; any excess of assets over liabilities represents a surplus in funding.

FRS17 does not allow credit to be taken in advance for the higher returns which equity investments are expected to generate in the future but the Scheme's actuary does take this into account for determining the Scheme's contribution requirement as part of the triennial actuarial valuation.

The FRS17 deficit at the start of 2013, £923,000, decreased by £292,000 during the year to a deficit of £631,000 at 31 December 2013. The liabilities are valued on the basis of corporate bond yields at the date of calculation which this year was 4.6% (2012 4.6%), with the assets being taken at market value. The balance sheet is therefore heavily dependent on market conditions at the date of calculation and swings from one year to the next have potential to be very significant. In addition, changes to corporate bond yields from one year to the next can give rise to volatility in the SOFA figures.

The FRS17 valuation determines the pension figures that must be included in the ODBF accounts. The actuary's triennial valuation, the "on-going" valuation for the Scheme, is based on different financial assumptions than those used for FRS17. The triennial valuation as at 30 September 2011 showed a deficit of £1,726,000. To eliminate this funding shortfall, directors have agreed to pay additional contributions of £186,272 per annum from 2013 to 31 July 2021, increasing by 3% per annum. This will be in addition to an employer's contribution of 29% of basic salaries and annual payments of £52,000 to meet scheme expenses.

The main financial assumptions under FRS17 are (per annum):

	2013	2012	2011	2010	2009
	%	%	%	%	%
Discount rate	4.60	4.60	4.90	5.60	5.90
Salary increases	3.30	2.40	2.40	3.00	3.80
Inflation (RPI)	3.30	3.00	2.80	3.40	3.30
LPI pension increases	3.30	3.00	2.70	3.25	3.10
Fixed pension increases	3.00	3.00	3.00	3.00	3.00
Revaluations of deferred benefits (excluding GMP)	3.30	3.00	2.80	3.40	3.30

The discount rate is based on yields available on AA rated corporate bonds. The RPI assumption was based on market conditions at the date of the valuation and the same rate less 0.1% has been used for benefits that increase in line with LPI. Salary increases are assumed to run at 0.6% below RPI.

OXFORD DIOCESAN BOARD OF FINANCE

Directors' Report and Financial Statements  
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5 Staff (continued)

5.2 Pensions (continued)

Salaried staff defined benefit scheme (continued)

The Scheme assets do not include investments issued by the sponsoring employer nor any property occupied by the sponsoring employers. Their 'fair value' at 31 December 2013 was £8,232,000 (2012: £6,989,000) as below:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Equities	4,256	3,875	3,493	3,221	894
Deposit	144	49	55	-	514
Fixed Interest Bonds	1,279	1,499	1,219	1,172	-
Index-linked gilts	1,502	959	912	879	-
Property	1,051	607	570	586	-
EIG Deposit administration fund		-	-	-	3,859
	<u>8,232</u>	<u>6,989</u>	<u>6,249</u>	<u>5,858</u>	<u>5,267</u>

The expected rates of return on assets were as follows:

	2012	2011	2010	2009
	%	%	%	%
Long term rate of return expected	5.60	5.70	6.70	6.00

The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date.

The actual return on the Scheme's assets was £853,000 (2012: actual return £521,000).

The Scheme's financial position as at 31 December (FRS17 basis) recognised in the Balance Sheet was:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Value of assets	8,232	6,989	6,249	5,858	5,267
Value of accrued liabilities	(8,863)	(7,912)	(6,351)	(5,515)	(5,248)
Surplus/(deficit)	<u>(631)</u>	<u>(923)</u>	<u>(102)</u>	<u>343</u>	<u>19</u>

The reconciliation of assets was:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Fair value of assets, 1 January	6,989	6,249	5,858	5,267	4,925
Expected return on assets	402	362	405	331	288
Employer contributions	529	533	636	552	615
Benefits paid, insurance premiums and expenses	(139)	(314)	(250)	(65)	(699)
Actuarial gain/(loss) on assets	451	159	(400)	(227)	138
Fair value of assets, 31 December	<u>8,232</u>	<u>6,989</u>	<u>6,249</u>	<u>5,858</u>	<u>5,267</u>

OXFORD DIOCESAN BOARD OF FINANCE

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5 Staff (continued)

5.2 Pensions (continued)

The reconciliation of liabilities was:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Scheme liabilities, 1 January	7,912	6,351	5,515	5,248	4,244
Current service cost	312	383	390	345	304
Interest cost	368	313	312	318	273
Benefits paid, insurance premiums and expenses	(139)	(314)	(250)	(65)	(699)
Actuarial (gain)/loss	410	1,179	384	(331)	1,126
Scheme liabilities, 31 December	<u>8,863</u>	<u>7,912</u>	<u>6,351</u>	<u>5,515</u>	<u>5,248</u>

Analysis of the amounts recognised in the SOFA:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Current service cost (cost)	(312)	(383)	(390)	(345)	(304)
Interest (cost)	(368)	(313)	(312)	(318)	(273)
Expected return on assets	402	362	405	331	288
Total	<u>(278)</u>	<u>(334)</u>	<u>(297)</u>	<u>(332)</u>	<u>(289)</u>

Analysis of amounts to be recognised in Statement of Total Recognised Gains and Losses and gains and losses section of SOFA: (p21)

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Actuarial gains/(losses) on scheme liabilities	<u>41</u>	<u>(1,020)</u>	<u>(784)</u>	<u>104</u>	<u>(988)</u>

A history of experience gains and losses over the previous 5 years:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Actual return less expected return on scheme assets	451	159	(400)	(227)	138
Percentage of assets	<u>5%</u>	<u>2%</u>	<u>6%</u>	<u>4%</u>	<u>3%</u>
Experience gains/(losses) arising on scheme liabilities	76	85	75	34	(91)
Percentage of liabilities	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>&lt;1%</u>	<u>2%</u>

Clergy defined benefit scheme

Clergy receive retirement benefits administered by the Church of England Pensions Board. Until 31 December 1997 all pensions, under an unfunded defined benefits scheme, were paid by the Church Commissioners from their current income. The Church Commissioners are responsible for funding pensions arising from service up to that date. ODBF is responsible for clergy pensions arising from service since 1 January 1998 and this is governed by the Pensions Measure 1998. A new Church of England Funded Pensions Scheme (CEFPS) was created, the assets of which are held independently, to provide benefits in respect of pensionable service from 1 January 1998.

ODBF participates in the CEFPS Scheme and has 381 (2012:394) members of the Scheme out of a total membership of approximately 8,500 active members.

## 5 Staff (continued)

### 5.2 Pensions (continued)

#### Clergy defined benefit scheme (continued)

The CEFPS Scheme is a defined benefit scheme but ODBF is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
  - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as CEFPS, paragraph 9(b) of FRS 17 requires ODBF to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the ODBF's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contribution rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

#### Defined benefit schemes potential risks

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the schemes. The debt is due in the event of the employer ceasing to participate in either scheme or the scheme being wound up and the requirement to purchase an annuity. The Directors consider that the likelihood of occurrence of either of these events to be remote.

#### Salaried staff defined contribution scheme

The defined benefit scheme was closed to new entrants in 2006 and a hybrid defined contribution scheme through the Church Workers Pension Fund is now offered to new staff. ODBF contributes 12% and staff are required to contribute a minimum contribution of 5%. The contributions payable are charged directly in the resources expended section of the SOFA, totalling £90K in 2013 (2012: £102K). The scheme had 29 members at 31 December 2013 (2012: 23).

#### Stakeholder and personal pensions

ODBF contributes to a number of personal pension schemes for staff who choose not to join the staff defined contribution scheme. The contributions paid are charged directly in the resources expended section of the SOFA.

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6 Tangible fixed assets

	Unrestricted funds			Restricted funds		Total funds £'000
	Freehold property £'000	Leasehold property £'000	Office equipment & vehicles £'000	Benefice property £'000	Glebe team vicarages £'000	
<u>At cost or valuation:</u>						
At 1 January 2013	55,342	545	414	158,981	26,484	241,766
Additions in year	6	-	62	906	513	1,487
Disposals in year	-	-	(6)	(1,514)	(675)	(2,195)
Impairment recouped/ (written down)	182	-	-	130	-	312
Transfers in year	-	-	-	501	(501)	-
Revaluations in year	3,109	34	-	10,499	1,367	15,009
At 31 December 2013	<u>58,639</u>	<u>579</u>	<u>470</u>	<u>169,503</u>	<u>27,188</u>	<u>256,379</u>
<u>Depreciation:</u>						
At 1 January 2013	-	-	350	-	-	350
Charge for year	-	-	42	-	-	42
Disposals in year	-	-	(1)	-	-	(1)
At 31 December 2013	<u>-</u>	<u>-</u>	<u>391</u>	<u>-</u>	<u>-</u>	<u>391</u>
<u>Net Book Value:</u>						
At 31 December 2013	<u>58,640</u>	<u>579</u>	<u>78</u>	<u>169,503</u>	<u>27,188</u>	<u>255,988</u>
At 31 December 2012	<u>55,342</u>	<u>545</u>	<u>64</u>	<u>158,981</u>	<u>26,484</u>	<u>241,416</u>
<u>Cost or ICV:</u>						
At 31 December 2013	<u>28,553</u>	<u>-</u>	<u>470</u>	<u>70,370</u>	<u>11,967</u>	<u>111,360</u>
At 31 December 2012	<u>28,364</u>	<u>-</u>	<u>416</u>	<u>70,081</u>	<u>12,233</u>	<u>111,094</u>

Freehold properties include Diocesan Church House, the main office of the Diocese, at a total value of £1,656,000 (2012: £1,558,000). This was valued in March 2012 by Carter Jonas. Apart from that all properties were houses for occupation by the clergy and others involved in ministry.

7 Investments

7.1 Summary of investments

		Unrestricted		Restricted £'000	Endowment £'000	Total £'000
		General £'000	Designated £'000			
Glebe investments	7.2	-	-	93,116	-	93,116
General investments	7.3	-	39	318	2,861	3,218
Equity mortgage loans	7.4	943	-	-	-	943
Shares in subsidiaries	7.5	1	-	-	-	1
At 31 December 2013		<u>944</u>	<u>39</u>	<u>93,434</u>	<u>2,861</u>	<u>97,278</u>
At 31 December 2012		<u>885</u>	<u>40</u>	<u>85,920</u>	<u>2,600</u>	<u>89,445</u>



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7 Investments (continued)

7.2 Glebe investments

	Agricultural land £'000	Residential property £'000	Commercial property £'000	Amenity & other property £'000	Listed investments £'000	Total £'000
Cost or valuation:						
At 1 January 2013	19,911	3,236	1,641	2,629	58,198	85,615
Additions in year	26	34	19		14,602	14,681
Disposals in year	(57)	(500)	-	(589)	(14,107)	(15,253)
Unrealised gains/ (losses) in year	1,799	(81)	57	5	6,293	8,073
Net book value:						
At 31 December 2013	<u>21,679</u>	<u>2,689</u>	<u>1,717</u>	<u>2,045</u>	<u>64,986</u>	<u>93,116</u>
At 31 December 2012	<u>19,911</u>	<u>3,236</u>	<u>1,641</u>	<u>2,629</u>	<u>58,198</u>	<u>85,615</u>
Cost or ICV:						
At 31 December 2013	<u>4,850</u>	<u>1,839</u>	<u>2,453</u>	<u>1,074</u>	<u>55,051</u>	<u>66,267</u>
At 31 December 2012	<u>4,669</u>	<u>2,375</u>	<u>2,434</u>	<u>970</u>	<u>54,158</u>	<u>64,606</u>

7.3 General investments

	Unrestricted		Restricted £'000	Endowment £'000	Total £'000
	General £'000	Designated £'000			
Cost or valuation:					
At 1 January 2013	-	40	305	2,600	2,945
Additions in year	-	-	2	22	24
Disposals in year	-	(5)	(12)	(3)	(20)
Unrealised gains/(losses) in year	-	4	23	242	269
Net book value:					
At 31 December 2013	<u>-</u>	<u>39</u>	<u>318</u>	<u>2,861</u>	<u>3,218</u>
At 31 December 2012	<u>-</u>	<u>40</u>	<u>305</u>	<u>2,600</u>	<u>2,945</u>
Cost or ICV:					
At 31 December 2013	<u>-</u>	<u>18</u>	<u>244</u>	<u>943</u>	<u>1,205</u>
At 31 December 2012	<u>-</u>	<u>21</u>	<u>253</u>	<u>923</u>	<u>1,197</u>

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7 Investments (continued)

7.4 Investment in equity mortgages

	Unrestricted		Restricted £'000	Endowment £'000	Total £'000
	General £'000	Designated £'000			
Cost or valuation:					
At 1 January 2013	884	-	-	-	884
Advances/increased equity in year	1	-	-	-	1
Repayments in year	(1)	-	-	-	(1)
Revaluations in year	59				59
Net book value:					
At 31 December 2013	943	-	-	-	943
At 31 December 2012	884	-	-	-	884
Cost:					
At 31 December 2013	560	-	-	-	560
At 31 December 2012	560	-	-	-	560

Equity mortgages are loans made to retired clergy to enable them to purchase an equity share in a property.

7.5 Investment in subsidiaries

	2012 £'000	2011 £'000
Shares	1	2

The amounts owed to or by the subsidiary company is shown in note 4.2.1.

The following company is a wholly owned subsidiary of ODBF:

Name of Business	Country of Registration	Classes of Shares
ODBOF Developments Ltd.	England	Ordinary

Nature of business of subsidiaries and directors during the year:

ODBOF was set up to hold and sell land for development. It is not currently trading.

Directors: Mr S B Newey, Mr M R Hardman

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8 Debtors and loans receivable

	2013					2012
	Unrestricted		Restricted		Total Funds	Total funds
	General	Designated	Restricted	Endowment		
£'000	£'000	£'000	£'000	£'000	£'000	
Amounts falling due within 1 year:						
Prepayments	229	4	174	-	407	262
Accrued income	16	-	76	-	92	106
VAT	7	-	-	-	7	-
Other debtors	345	-	1,536	-	1,881	483
Loans	57	-	-	2	59	46
Connected charities (note 4.2.2)	114	-	-	-	114	9
<b>Total</b>	<b>768</b>	<b>4</b>	<b>1,786</b>	<b>2</b>	<b>2,560</b>	<b>906</b>
Amounts falling due after 1 year:						
Loans	646	-	25	33	704	867
<b>Total</b>	<b>1,414</b>	<b>4</b>	<b>1,811</b>	<b>35</b>	<b>3,264</b>	<b>1,773</b>

Loans included above:

	2013					2012
	Unrestricted		Restricted		Total Funds	Total Funds
	General	Designated	Restricted	Endowment		
£'000	£'000	£'000	£'000	£'000	£'000	
Repair and development of church buildings	356	-	-	-	356	293
Other Loans	325	-	25	35	385	607
Car Loans	22	-	-	-	22	13
<b>Total</b>	<b>703</b>	<b>-</b>	<b>25</b>	<b>35</b>	<b>763</b>	<b>913</b>

Some church building loans are 'back to back' loans. The Board borrows funds from the CBF and then on-lends to the parish. The CBF does not lend directly to parishes although they are fully aware of the ultimate use. Other loans are funded directly by ODBF.

9 Short-term investments

	2013				2012	
	Unrestricted		Restr- icted	Endow- ment	Total funds	Total Funds
	General	Desig- nated				
£'000	£'000	£'000	£'000	£'000	£'000	
CBF Deposit Fund	4,901	99	2,594	38	7,632	6,997

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10 Cash at bank and in hand

	2013				2012	
	Unrestricted		Restrict- ed	Endow- ment	Total Funds	Total Funds
	General	Desig- nated				
	£'000	£'000	£'000	£'000	£'000	£'000
Bank balances	1,024	60	651	-	1,735	2,203
Cash floats	19	-	-	-	19	20
	<u>1,043</u>	<u>60</u>	<u>651</u>	<u>-</u>	<u>1,754</u>	<u>2,223</u>

11 Creditors

	2013				2012	
	Unrestricted		Restr- icted	Endow- ment	Total Funds	Total Funds
	General	Desig- nated				
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within 1 year						
CBF loans	38	-	-	-	38	37
Bank loan	-	-	1,341	-	1,341	2,070
Creditors and accruals	761	-	221	-	982	1,104
Taxation and social security	-	-	-	-	-	50
Deferred income	17	-	29	-	46	90
	<u>816</u>	<u>-</u>	<u>1,591</u>	<u>-</u>	<u>2,407</u>	<u>3,351</u>

Amounts falling due after more than 1 year:

	2013				2012	
	1 – 2 years	2 – 5 years	Over 5 years	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Repayable in						
CBF and other loans	38	98	184	320	263	263
Equity mortgage loans	-	-	2,809	2,809	2,654	2,654
	<u>38</u>	<u>98</u>	<u>2,993</u>	<u>3,129</u>	<u>2,917</u>	<u>2,917</u>

The bank loan is secured on 2 Diocesan properties.

Equity mortgage loans from the Church Commissioners and parishes are designated liabilities. Equity mortgages are secured on individual freehold properties and are repayable on disposal.

12 Funds analysis

12.1 Permanent endowment funds

	Balance as at 1 January 2013 £'000	Incoming resources £'000	Resources Expended £'000	Transfers £'000	Realised & unrealised net gains /(losses) £'000	Balance as at 31 December 2013 £'000
Stipends bequests fund	1,203	20	-	-	100	1,323
Ordination candidates funds	682	-	-	-	58	740
Other	790	-	(2)	-	83	871
	<u>2,675</u>	<u>20</u>	<u>(2)</u>	<u>-</u>	<u>241</u>	<u>2,934</u>

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12 Funds analysis (continued)

12.1 Permanent endowment funds (continued)

The Stipend bequests fund is made up of various legacies and bequests. All income can be used to pay stipends.

The Ordination Candidates funds are made up of several benefactions used to help fund ordination candidates.

Other endowment funds represent the total of all other endowment funds, which were each below £250,000 at 31 December 2013.

12.2 Restricted funds

	Balance as at 1 January 2013 £'000	Incoming resources £'000	Resources Expended £'000	Transfers £'000	Realised & unrealised net gains /losses £'000	Balance as at 31 December 2013 £'000
Glebe team vicarages	27,533	20	-	(501)	1,367	28,419
Glebe investments	86,428	-	(327)	-	8,715	94,816
Diocesan Stipends Fund	113,961	20	(327)	(501)	10,082	123,235
Diocesan Pastoral Account	53	49	(22)	-	-	80
Parsonage House Fund	157,330	206	(93)	501	10,499	168,443
Glebe and Other Clergy Pay Fund	-	4,615	(4,666)	51	-	-
Sillitoe Bequest	556	12	-	-	20	588
Other restricted funds	1,153	590	(444)	(58)	3	1,244
	<u>273,053</u>	<u>5,492</u>	<u>(5,552)</u>	<u>(7)</u>	<u>20,604</u>	<u>293,590</u>

Diocesan Stipends Fund

The Diocesan Stipends Fund Capital Account is governed by the Diocesan Stipends Measure 1953 as amended. Income is derived primarily from returns on, and gains from sale of, investments, the sale of glebe land, grants of easement, variations of restricted covenants, transfer of parsonage monies and occasional gifts and bequests.

The capital of the fund is primarily available to produce income for the payment of stipends, but at the discretion of the Church Commissioners, on the request of the Bishop made with the concurrence of ODBF, the capital may be applied for any or all of the following purposes:

- + the acquisition of new glebe property;
- + the development, improvement, or the safeguarding of amenities in respect of glebe land;
- + any expense of a capital nature levied on glebe land and payable by ODBF;
- + any principal or interest in respect of any loan made in respect of glebe, particularly any loans made by the Church Commissioners in respect of glebe land;
- + the provision or improvement of parsonage houses;
- + any investment under the general powers of investment under the Trustee Act 2000; and
- + certain investment schemes operated by the Church Commissioners or constituted under the Church Funds Investment Measure 1958.

## 12 Funds analysis (continued)

### 12.2 Restricted funds (continued)

The directors consider the fund to be a restricted capital fund as there is no evidence that the original donors intended the fund to be held with the powers to convert the capital funds to income.

#### Diocesan Pastoral Account

The use of the Diocesan Pastoral Account is governed by the Pastoral Measure 1983 as amended by subsequent legislation. It receives monies, in conjunction with the Church Commissioners' Pastoral and Redundant Churches department from the sale of redundant churches and parsonages as a result of pastoral reorganisation, as well as other monies that the Bishop and ODBF, with the Church Commissioners' permission, specify should be paid into the account.

The permitted uses of such funds, determined by the Pastoral Measure 1983 Section 78, are for the payment of:

- the costs incurred for the Measure or any scheme, excluding salaries of diocesan employees; and
- the costs of disposing of or maintaining houses and churches vested in ODBF or Church Commissioners by the Measure.

If ODBF is satisfied that monies are not likely to be needed for the above, it may grant or loan money for:

- the provision, restoration, improvement or repair of churches and parsonage houses including redundant buildings, or to other purposes of the Diocese or any benefice or parish in the Diocese;
- the benefit of another diocese; and
- transfer monies to the Diocesan Stipends Fund Capital or Income Funds.

#### Parsonage House Fund

This is a capital fund, which represents the stock of parsonage houses, which are held as benefice property for occupation by incumbents. A parsonage house is required for each benefice and the funding of improvements and new and replacement parsonages houses are the responsibility of ODBF. When sold, once certain conditions are fulfilled, the net proceeds are credited to the Diocesan Pastoral Account.

#### Glebe and Other Clergy Pay Fund

Income from glebe assets can only be used to fund parochial clergy stipends. This income comprises rents, dividends and interest on the Diocesan Stipends Fund capital account. Other credits to the Diocesan Stipend Fund income account are also restricted to funding clergy stipends in so far as they arise from Church Commissioners' grants and allocations, income from curacy funds and restricted donations. Also included are the funds received and expended by way of transitional relief from the Church Commissioners towards pension contributions.

#### Other restricted funds

This represents the total of all other restricted funds, which were each below £250,000 at 31 December 2012.

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12 Funds analysis (continued)

12.3 General funds

	Balance as at 1 January 2013 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Unrealised net gains £'000	Balance as at 31 December 2013 £'000
General funds	<u>5,576</u>	<u>18,834</u>	<u>(17,830)</u>	<u>(66)</u>	<u>100</u>	<u>6,614</u>

The general funds movements are shown including the pension reserve £(631,000), (2012:£(923 000)). See note 5.2.

12.4 Designated funds

	Balance as at 1 January 2013 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Unrealised net gains/ (losses) £'000	Balance as at 31 December 2013 £'000
Board Properties Fund	53,232	182	(1)	13	2,988	56,414
Other Designated Funds	<u>127</u>	<u>43</u>	<u>(37)</u>	<u>60</u>	<u>4</u>	<u>197</u>
	<u>53,359</u>	<u>225</u>	<u>(38)</u>	<u>73</u>	<u>2,992</u>	<u>56,611</u>

Board Properties Fund

The Board Properties Fund is represented by properties that have been acquired from unrestricted reserves less loans drawn to finance those properties.

Other Designated Funds

The other designated funds consist of a number of small funds including a service in sickness fund, Bishops' discretionary funds and various other small funds.

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12.5 Revaluation reserves

	Unrestricted		Restricted		Total Funds £'000
	General Funds £'000	Design- ated funds £'000	Restric- ted Funds £'000	Endow -ment Funds £'000	
Balance at 1 January 2013:					
Tangible fixed assets	-	27,524	103,150	-	130,674
Glebe property and investments	-	-	20,569	-	20,569
Other investments	-	19	52	1,678	1,749
Debtors – loans	324	-	-	-	324
Creditors – loans	-	(909)	-	-	(909)
	<u>324</u>	<u>26,634</u>	<u>123,771</u>	<u>1,678</u>	<u>152,407</u>
Realisation of revaluation gains of previous years:					
Tangible fixed assets	-	-	(663)	-	(663)
Glebe property and investments	-	-	(1,632)	-	(1,632)
Other investments	-	(2)	-	(2)	(4)
Debtors – loans	-	-	-	-	-
Creditors – loans	-	-	-	-	-
	<u>-</u>	<u>(2)</u>	<u>(2,295)</u>	<u>(2)</u>	<u>(2,299)</u>
Gains/(Losses) on the revaluation of assets for the charity's own use, investments and equity loans:					
Tangible fixed assets	-	3,142	11,866	-	15,008
Glebe property and investments	-	-	8,073	-	8,073
Other investments	-	4	22	242	268
Debtors – loans	59	-	-	-	59
Creditors – loans	-	(155)	-	-	(155)
	<u>59</u>	<u>2,991</u>	<u>19,961</u>	<u>242</u>	<u>23,253</u>
Balance at 31 December 2013					
Tangible fixed assets	-	30,666	114,353	-	145,019
Glebe property and investments	-	-	27,010	-	27,010
Other investments	-	21	74	1,918	2,013
Debtors – loans	383	-	-	-	383
Creditors – loans	-	(1,064)	-	-	(1,064)
	<u>383</u>	<u>29,623</u>	<u>141,437</u>	<u>1,918</u>	<u>173,361</u>

12.6 Impairment Provision

	Note	2013 £'000
Impairment provision at 1 January 2013		(888)
Previous impairment recouped in the year	2.4	372
Impairments in the year	2.12	(60)
Impairment provision at 31 December 2013		<u>(576)</u>



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12 Funds analysis (continued)

12.7 Analysis of net assets between funds

	Tangible Fixed assets £'000	Investments £'000	Current assets £'000	Liabilities £'000	Total £'000
<b>Endowment funds</b>					
Stipend fund bequests	-	1,285	38	-	1,323
Ordination candidates funds	-	740	-	-	740
Other	-	836	35	-	871
	<u>-</u>	<u>2,861</u>	<u>73</u>	<u>-</u>	<u>2,934</u>
<b>Restricted funds</b>					
Glebe funds:					
Team Vicarages	27,188	-	1,231	-	28,419
Investments	-	93,116	1,752	(52)	94,816
Diocesan Stipends Fund	27,188	93,116	2,983	(52)	123,235
Diocesan Pastoral Account	-	-	80	-	80
Parsonage Houses Fund	169,503	-	281	(1,341)	168,443
Glebe and Other Clergy Pay Funds	-	-	166	(166)	-
Sillitoe Bequest	-	233	355	-	588
Other	-	85	1,191	(32)	1,244
	<u>196,691</u>	<u>93,434</u>	<u>5,056</u>	<u>(1,591)</u>	<u>293,590</u>
<b>Designated funds</b>					
Administered funds	-	39	158	-	197
Board Properties Fund	59,219	-	5	(2,810)	56,414
	<u>59,219</u>	<u>39</u>	<u>163</u>	<u>(2,810)</u>	<u>56,611</u>
<b>General funds</b>					
General funds	78	944	7,358	(1,135)	7,245
Pension reserve	-	-	-	(631)	(631)
	<u>78</u>	<u>944</u>	<u>7,358</u>	<u>(1,766)</u>	<u>6,614</u>
<b>Total funds</b>	<u>255,988</u>	<u>97,278</u>	<u>12,650</u>	<u>(6,167)</u>	<u>359,749</u>

12.8 Analysis of transfers between funds

Type of Transfer		General £'000	Designated £'000	Restricted £'000	Endowment £'000
Sale of Board owned properties in the year	a	-	-	-	-
Purchase and improvements to properties	b	-	-	-	-
Equity mortgages repaid	c	-	-	-	-
Property transfers following pastoral measures	d	-	-	-	-
Other transfers of less than £250,000 each		(66)	73	(7)	--
		<u>(66)</u>	<u>73</u>	<u>(7)</u>	<u>--</u>

12 Funds analysis (continued)

12.8 Analysis of transfers between funds (continued)

- a) Board owned properties are financed by the Board Properties Fund. When a Board owned property is sold, the Board Properties Fund, a designated fund, is reduced by means of a transfer to general funds.  
b) The purchase of Board owned properties requires an equivalent transfer from general funds to the Board Properties Fund, which Finances Board properties.  
c) Equity mortgages that finance Board owned properties are general fund assets. When they are repaid, general funds are decreased and the designated Board Properties Fund then finances the properties.  
d) Benefice properties may become board properties as a result of pastoral reorganisations under the provision of the Glebe and Pastoral Measure.

13 Net cash inflow/(outflow) from operating activities

	2013		2012	
	£'000	£'000	£'000	£'000
Net incoming resources/(resources expended) before other recognised gains and losses per SOFA		1,149		(336)
Decrease in debtors (excluding loans)	(1,429)		1	
Increase in creditors (excluding loans)	(216)		78	
Non-cash movement in pension fund asset	(251)		(199)	
Realised gain on property held for charity's own use	(20)		(197)	
Realised loss on property held for charity's own use	35		150	
Realised (gain)/loss on loan repayment	-		(73)	
Depreciation	42		47	
Impairment of assets held for charity's own use	60		66	
Previous impairment recouped	(372)		(21)	
Other property transactions			(18)	
Interest paid	4		1	
Dividends received	(2,913)		(2,665)	
Interest received	(61)		(75)	
		<u>(5,121)</u>		<u>(2,905)</u>
Net cash inflow/(outflow) from operating activities		<u>(3,972)</u>		<u>(3,241)</u>

14 Cash flow - cash and cash equivalents

	Note	2013	2012
		£'000	£'000
Balances at start of year:			
Deposits	9	6,997	6,055
Cash	10	<u>2,223</u>	<u>1,384</u>
		<u>9,220</u>	<u>7,439</u>
Balances at end of year:			
Deposits	9	7,632	6,997
Cash	10	<u>1,754</u>	<u>2,223</u>
		<u>9,386</u>	<u>9,220</u>
Net cash inflow/(outflow)		<u>166</u>	<u>1,781</u>

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15 Analysis of changes in net funds

	At 1/1/2013 £'000	Cashflow £'000	Other non- cash changes £'000	At 31/12/13 £'000
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	2,223	(469)	-	1,754
CBF deposits	6,997	635	-	7,632
	<u>9,220</u>	<u>166</u>	<u>-</u>	<u>9,386</u>
<b>Debt receivable</b>				
Equity loans repayable after more than one year	884	-	59	943
Loans repayable within one year	46	13	-	59
Loans repayable after more than one year	867	51	-	918
	<u>1,797</u>	<u>64</u>	<u>59</u>	<u>1,920</u>
<b>Debt payable</b>				
Debt due within one year:				
CBF loans and other loans	(37)	(1)	-	(38)
Bank loan	(2,070)	729	-	(1,341)
Debt due after more than one year:				
CBF loans and other loans	(263)	(57)	-	(320)
Equity mortgage loans	(2,654)	-	(155)	(2,809)
	<u>(5,024)</u>	<u>671</u>	<u>(155)</u>	<u>(4,508)</u>
<b>Net funds</b>	<u>5,993</u>	<u>901</u>	<u>(96)</u>	<u>6,798</u>
Reconciliation of net cash flow to movement in net funds				2013 £'000
Increase in cash and cash equivalents during the year				166
Cash flow from increase/decrease in debt and financing				735
Non-cash changes in debt and financing				(96)
				<u>805</u>
Net funds at 1 January 2013				5,993
Net funds at 31 December 2013				<u>6,798</u>

The non-cash adjustments were in respect of adjustments to loan values that are linked to movement in house prices.

16 Financial commitments

	2013 £'000	2012 £'000
Capital commitments contracted for:		
Benefice property	722	16
Glebe property	3	26
	<u>725</u>	<u>42</u>

16 Financial commitments (continued)

Future Commitments

ODBF has no future commitments in respect of approved capital grants not yet paid (2012:£nil).

There are no obligations under leases.

17 Post balance sheet events

None