



# **OXFORD DIOCESAN BOARD OF FINANCE**

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

for the year ended 31 December 2014

Company limited by guarantee (No. 142978)

Registered charity (No. 247954)

REGISTERED & PRINCIPAL OFFICE:

DIOCESAN CHURCH HOUSE  
NORTH HINKSEY LANE  
OXFORD OX2 0NB



## INDEX

	Page
Bankers, auditors and advisers	1
Directors' Report 2014	2 – 15
Independent auditors' report	16 – 17
Statement of Financial Activities	18 – 19
Income and Expenditure Account	20
Statement of Total Recognised Gains and Losses	21
Statement of Historical Cost Surpluses and Deficits	21
Balance Sheet	22 – 23
Statement of Cash Flows	24
Notes to the accounts:	
Accounting policies	25 – 28
Analysis of Statement of Financial Activities	29 – 31
Net incoming/expended resources before transfers	32
Directors and related parties	32 – 33
Staff	33 – 37
Tangible fixed assets	38
Investments	38 – 40
Debtors and loans receivable	41
Short-term investments	41
Cash at bank and in hand	42
Creditors	42
Funds analysis	42 – 48
Net cashflow from operating activities	48
Cash flow – cash and cash equivalents	48
Analysis of changes in net funds	49
Financial commitments	49 - 50
Post balance sheet events	50

### 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
DT(O)L	Diocesan Trustees (Oxford) Limited	PCC	Parochial Church Council
EIG	Ecclesiastical Insurance Group	RPI	Retail Price Index
FRS	Financial Reporting Standard	SOFA	Statement of Financial Activities
GMP	Guaranteed Minimum Pension	SORP	Statement of Recommended Practice
ICV	Initial Carrying Value	STRGL	Statement of Recognised Gains & Losses
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

### 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 2014.

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 Revd C W Fletcher	Ex officio, Acting Bishop of Oxford, President (from 1.11.14)
	Ex officio, Bishop of Dorchester
The Revd J H Tattersall	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
The Revd Canon S E Booy	Clerical member, Archdeaconry of Oxford, Ex officio, Vice President of Synod
	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, Archdeacon of Dorchester
The Ven J K French (from 19.06.2014)	Ex officio, Archdeacon of Buckingham
The Ven K M Gorham	Ex officio, Archdeacon of Oxford
The Ven M C Gorick	Ex officio, Archdeacon of Berkshire
The Ven O J Graham	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	Clerical member, Archdeaconry of Berkshire
The Revd Canon A P Marsden	Lay member, Archdeaconry of Oxford
Mrs P L Michael	Lay member, Archdeaconry of Berkshire
Prof J F Missenden	Nominated by the Bishop of Oxford (to 3.10.14)
The Revd Canon Prof M Percy	Ex officio, Dean of Christ Church Cathedral (from 4.10.14)
	Ex officio, Bishop of Reading
The Right Revd A Proud	Lay member, Archdeaconry of Oxford
Mr S A Richards	Ex officio, Vice President of Synod, Lay member, Archdeaconry of Berkshire
Mrs J M Scott	Lay member, Archdeaconry of Berkshire
	Lay member, Archdeaconry of Buckingham
Mr J P Smith	Lay member, Archdeaconry of Oxford
Dr A Thomas-Betts	Ex officio, Bishop of Buckingham
Mr M H Waring	Clerical member, Archdeaconry of Buckingham
The Right Revd Dr A T L Wilson	Clerical member, Archdeaconry of Oxford
The Revd D W F Witchell	
The Revd T C Wright	

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

The Right Reverend J L Pritchard (to 31.10.14)	Ex officio, Bishop of Oxford, President
The Revd C M K Hargraves (to 11.1.14)	Clerical member, Archdeaconry of Oxford
The Very Revd C Lewis (to 3.10.14)	Ex officio, Dean of Christ Church Cathedral
Mr R M Mays-Smith (deceased 25.04.14)	Lay member, Archdeaconry 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, Dorchester and Oxford respectively. 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 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 2014 there were four sub-committees dealing with the implementation of policy in the four Archdeaconries of Oxford, Berkshire, Dorchester and Buckinghamshire respectively.

*Glebe 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 ministry, stewardship, evangelism, mission activities and social responsibility.

---

## STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

### Bishop's Council

The members of the Bishop's Council are the Board of Directors. During 2014 Bishop's Council consisted of twelve ex officio members, including the Diocesan and three Area Bishops and the four 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.

*Human Resources Panel*, which 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;

---

## 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 2014 ODBF had no subsidiary companies.

ODBOF Developments Limited (ODBOF), which existed as a vehicle for non-charitable property development activities, was dissolved on 23 September 2014.

### 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.



---

## 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 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.

---

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

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.

## OBJECTIVES AND ACTIVITIES

### Objectives

The Objects of the ODBF are to benefit the public by promoting and assisting the mission and other work of the Church of England in and beyond the boundaries of the diocese of Oxford by raising, collecting and expending funds in connection with:

- (1) Training, funding and other support for ministry (both clerical and lay) within the diocese of Oxford and in the wider Church of England, Anglican Communion, and other Christian churches with which the Church of England has ecumenical relationships or otherwise recognises as partners in its mission
- (2) Provision for pensions for retired ministers (both clerical and lay) and support for their dependants
- (3) Management of investments and historic assets and in accordance with the Endowments and Glebe Measure 1976 and otherwise
- (4) Support for the work of the Diocesan Board of Education and other trusts and related bodies involved with the work of schools in the diocese of Oxford
- (5) Support for other charitable trusts established in connection with the work of parishes and other related bodies throughout the diocese of Oxford

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 2014

2014 was a year of welcomes and farewells. The *Living Faith* framework was further developed, looking particularly at the area of Confident Collaborative leadership. The theme was developed at three conferences and gatherings. In the spring a very successful conference for the clergy was held at Swanwick – the first in many years. This was followed by an inspiring conference for Licensed Lay Ministers and finally a “Grand Day Out” for all the Church family in September, held at venues across the city but based on Christ Church meadows. It became the Diocesan farewell for Bishop John as he moved into retirement after seven years as our Bishop. During that time he had worked to support the engagement with holistic mission, as illustrated in *Living Faith*, both in the life and work of parishes and deaneries and also in the structures and focus of the diocesan services. Bishop John initiated the diocesan Mission Fund using grants from the Church Commissioners to encourage a great variety of mission activity across the diocese. In 2014, its second year, the projects are making a real difference in the life of the Church.

In May the Dorchester Archdeaconry legally came into being and in June the Venerable Judy French became its first Archdeacon. We now have a full complement of Archdeacons, playing a vital part in the life of the diocese and fully engaging with the work of the ODBF.

John Tattersall took up his role as Chairman of the ODBF at the beginning of the year working with Alison Jestico who became Director of Finance in May, succeeding Nigel Wearne who retired from that role in February. We sadly miss Martin Mays Smith who died in April. He had served the diocese for many years as Chairman of the ODBF, Bishop's Council and Glebe Committee member and latterly as Chairman of the Audit and Investment committees where he continued to put his extensive gifts to the service of the Diocese and specifically to the ODBF.

2014 was a financially difficult year for many parishes. Our bishops felt it important to set out their vision for the diocese and to discuss the place of giving within Christian discipleship. They did so as part of autumn financial consultations. It was felt to be so valuable that it will be repeated in future years.

## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

During 2014 it was planned 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.  
*As noted above a successful round of conferences took place with 340 clergy participating in the Swanwick event, 120 Licensed Lay Ministers joining together with major contributions from Prof David Ford and Bishop John. The Grand Day Out drew 2,500 people of all ages to take part in a varied programme of speakers and workshops. At each of them views were gathered about future options for ministry and about the future of Living Faith. These views were presented to the Bishop's Council and Diocesan Synod. It has been agreed to allow time to embed Living Faith more deeply into our parish and diocesan life.*
- 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.  
*Work with deaneries to support them in the implementation of their mission action plans has taken place with departments giving priority to this work. Experience has shown that the initial plan of working in a restricted numbers of deaneries with multidisciplinary teams has not been what was required.*

## ACHIEVEMENTS AND PERFORMANCE (continued)

*Departments are now seeking to set out the areas in which they can give support and respond to requests. The Director of Mission and Parish Development Advisors have worked in a significant number of parishes helping them to develop Mission Action Plans and a leaflet has been produced to help them in this work.*

- To develop new approaches to training for the development of lay discipleship.  
*To underpin this work three learning conversations on discipleship took place during the year. This learning will support the development of a programmatic response in the future.*
- To provide support for and resourcing of Collective Worship in schools.  
*A worship symposium was held for the staff of the mission and education departments in April. A similar event for clergy and head teachers is planned for 2015.*
- To introduce a new diocesan training programme in safeguarding for clergy, licensed lay ministers, children and youth ministers across the diocese.  
*A safeguarding training programme has been developed and is being rolled out across the diocese, beginning with the clergy.*
- To look afresh at how support in the area of disability should be provided in the diocese.

*A review group was set up to consider what had been achieved so far, and to think about what was needed in the future. They recommended that a short term consultancy should be put in place to develop resources that can then be used by parishes to facilitate the inclusion of people with a range of disabilities. In addition work will be undertaken to enable minimum standards to be achieved across the diocese. The tasks and outcomes necessary from officers and groupings within the diocese that can enable change will also be identified together with any training needs. This approach was agreed by the Board of Mission and will be implemented in 2015*

- To equip deaneries to provide appropriate training for churchwardens, treasurers and other officers.  
*Planning of churchwardens training took place and training was provided for treasurers and P.C.C Secretaries*
- To facilitate the operation and staffing of the new Archdeaconry of Dorchester and to undertake any necessary changes to the existing structures and processes.  
*An archdeacon for the new Archdeaconry of Dorchester was recruited, as set out above, and resourced for the role. Work has been undertaken to amend the constitutions of relevant Boards and Councils to reflect the changes. These will come into effect in the new synodical triennium.*
- To provide funding, housing and Continuing Ministerial Development for the clergy of the Diocese.  
*Stipends were provided for 388 clergy including 51 curates in training (at the end of 2014). Housing was also provided and maintained for 410 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 £456k to diocesan income in 2014. Support and training was provided for 166 self supporting ministers. £821k was contributed to the national pool for the funding of ordinands. This was in addition to £305k for other ordinand related costs within 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.  
*The new parish share scheme was successfully introduced. Close budgetary control, and the surplus generated in 2013 allowed the application of an average share increase of 0.56% Parishes responded by contributing 1.8% more in cash terms than the previous year.(1.1% when net of rebates).*

---

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

*In addition to deanery rebates discounts were given to parishes for paying in a single lump sum at the start of the period or by setting up a direct debit arrangement. The level of takeup for these arrangements was very encouraging and significantly better than anticipated in the first year of the scheme. The level of share received as a percentage of that requested improved too rising from 94.9% to 96.1%*

- To manage ODBF assets, generate income and control costs with the aim of achieving a sustainably balanced budget.  
*A significant surplus was achieved during the year due primarily to a higher number of clergy vacancies than anticipated, an underspend on the buildings repair budget – largely due to there being no expenditure on significant bad weather damage, and a higher level of income generated from glebe investments than budgeted.*
- To integrate the diocesan database systems with those of the national church to allow more effective reporting at all levels.  
*Parish finance and membership statistics were collected for the first time using the national church data interface which has been integrated with the diocesan database system for effective use of that information. The national church is developing further aspects of their system which will be integrated with the diocesan database systems in due course.*

In addition the ODBF maintained the assistance provided 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. It also resourced Diocesan and Archdeaconry Pastoral Committees, the Diocesan Advisory Committee and provided oversight of parochial financial trusts through Diocesan Trustees (Oxford) Limited. DT(O)L and ODBF held the capital for 719 parochial financial trusts and DT(O)L considered 53 property matters, 3 Financial and 10 School Trustee items.

Different aspects of the work of the ODBF, as set out above, was resourced by the Communications team who designed and arranged the production of the conference material, a Mission Action Planning and a Community Engagement leaflet. They facilitated the development of the Thames Pilgrim Way, which Bishop John launched and walked as part of his farewell activities, and also produced the material for the "Sharing the Journey" diocesan celebrations which marked the 20<sup>th</sup> Year anniversary of women's ministry as priests.

The ODBF continued to assist the charitable work of the Oxford Diocesan Board of Education as it provides education services to church schools and seeks to work with clergy and lay people to enhance the support they can offer to local schools. The ODBF provided funding towards the work of the Board of Education which is in a period of rapid growth and change.

### Operational performance

ODBF received 96.1% (2013: 94.9%) 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 2014 was set at an average of 0.56% overall (2013 2%). The average increase for 2015 has been set at 1.2%.

### Investment performance

### Overall performance

The total value of investments at 31 December 2014 was £103.6m (2013: £97.3m). Income from investments totalled £3.7m (2013: £3.6m).

## ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

### 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 used towards the cost of paying stipends.

Agricultural, commercial, amenity and residential land and buildings were valued at £30.0m at 31 December 2014 (2013: £28.1m). The increase in value from 2013 was due to an increase in the value per acre. Rents receivable amounted to £0.5m (2013: £0.5m).

Investment holdings were valued at £68.9m at 31 December 2014 (2013: £65.0m). The unrealised net gain in the value of investments during the year amounted to £2.8m (2013: net gain £6.3m), (see note 7 page 39). Dividends and interest receivable amounted to £2.9m (2013: £2.9m).

Investments are managed by Newton Investment Management. The three largest funds within the portfolio are Charities Property Fund £10.31m (2013: £9.27m); Charifund £9.25m (2013: £9.26m); Newton Global Higher Income Fund £2.66m (2013: £2.54m).

### 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 £3.7m at 31 December 2014 (2013: £3.2m). Dividends and interest receivable amounted to £0.1m (2013: £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 £29K to £972K in 2014 (2013: increased by £59,000) during the year.

### 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 £2.4m (2013: net incoming resources of £1.1m) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets and an actuarial loss on the staff defined benefit pension scheme.

During the year, total funds increased by £26.6m (2013: increased by £25m) from £359.7m to £386.4m. This was mainly due to unrealised revaluation gains on properties and glebe investments due to rising markets.

## FINANCIAL REVIEW (CONTINUED)

### Review of Statement of Financial Activities

Incoming resources in the Statement of Financial Activities totalled £25.8m (2013: £24.6m). Parish Share income (net after rebates) accounted for 69.5% (2013: 72.1%) of total incoming resources.

Resources expended totalled £23.4m (2013: £23.4m). Expenditure on ministry and mission accounted for 94.2% (2012: 95.0%) of total resources expended. This includes the pay and housing costs of the clergy and archdeacons.

Total incoming resources increased by £1.3m between 2013 and 2014. Income from parish share increased by £0.2m (1.3%) Investment income increased by £0.15m, mainly due favourable investment market conditions. Other incoming resources increased by £0.6m due to realised gains on property sales.

Resources expended remained consistent with 2013 in total at £23.4m. Expenditure on Ministry and Mission decreased by £0.2m between 2013 and 2014, due to a reduction in housing repair costs. Other resources expended increased by £0.2m due to realised losses on property sales.

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 2014 of £799,000 (2013: £631,000) (See note 5.2). During the year additional contributions of £192,000 (2013: £186,000) were paid into the scheme.

### Review of general funds financial position

General funds have increased by £1.1m to £7.7m (2013: £1.0m to £6.6m) 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 £0.04m. (2013: increase £0.2m).

### 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.

## FINANCIAL REVIEW (CONTINUED)

### 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 2014, ODBF's free reserves were equivalent to 4.8 months (2013 3.9 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).

### Political donations

ODBF made no political contributions during the year under review (2013: £nil).

## PLANS FOR FUTURE PERIODS

- With Christ Church cathedral to resource and organise the welcome and installation of the next Bishop of Oxford.
- To continue to embed the principles of Living Faith in the life of the Diocese.
- To resource and facilitate the move of the central diocesan staff team to larger offices to accommodate increased staff and activity
- To develop a vocations strategy for the diocese which will encourage a greater number of people to explore a range of lay and ordained ministries
- To organise the triennial elections to the Diocesan Synod and its Boards and Councils and to support the elections to the General Synod using the diocesan website to allow engagement with the General Synod candidates
- To develop a diocesan rural strategy in line with the work of the national church
- To implement the planned consultancy on disability matters to achieve at least minimum standards across the diocese
- To offer a "Mission Shaped Ministry" course to encourage and enable lay people to develop Fresh Expressions of Church



## PLANS FOR FUTURE PERIODS (continued)

- To focus staff resource on needs identified by deaneries as they develop their Mission Action Plans
- To provide additional training and resources for those involved in parish and deanery finance
- To provide funding, housing and Continuing Ministerial Development for the clergy of the Diocese.
- To develop and implement a new remuneration structure for ODBF and ODBE staff.
- To implement the new parish share scheme and by exerting continuing control of the budget allow the application of a 1.2 % 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 identify ways of improving the quality and completeness of statistical returns to enable better planning and use of resources.

## 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 is custodian trustee of some PCC property in the Diocese. 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 20 May 2015

By Order of the Board

Revd J H Tattersall  
Chairman  
20 May 2015

## 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 2014, 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 2014 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 2014

	Note	Unrestricted		Restricted 2014 £'000	Endowment 2014 £'000	Total 2014 £'000
		General 2014 £'000	Designated 2014 £'000			
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Parish Share and other voluntary income:						
Ministry & mission	2.1	17,957	84	504	-	18,545
Investment income	2.2	43	2	3,677	-	3,722
		<u>18,000</u>	<u>86</u>	<u>4,181</u>	<u>-</u>	<u>22,267</u>
Incoming resources from charitable activities:						
Ministry and mission	2.3	902	-	1,562	-	2,464
Other incoming resources	2.4	-	735	307	56	1,098
<b>TOTAL INCOMING RESOURCES</b>		<u><b>18,902</b></u>	<u><b>821</b></u>	<u><b>6,050</b></u>	<u><b>56</b></u>	<u><b>25,829</b></u>
<b>RESOURCES EXPENDED</b>						
Cost of generating funds:						
Investment management costs	2.5	-	-	595	-	595
Charitable activities						
Ministry and mission	2.7	16,945	79	5,022	15	22,061
Church schools	2.10	239	-	69	-	308
		<u>17,184</u>	<u>79</u>	<u>5,091</u>	<u>15</u>	<u>22,369</u>
Governance costs	2.11	146	-	25	-	171
Other resources expended	2.12	4	283	-	-	287
<b>TOTAL RESOURCES EXPENDED</b>		<u><b>17,334</b></u>	<u><b>362</b></u>	<u><b>5,711</b></u>	<u><b>15</b></u>	<u><b>23,422</b></u>
<b>Net incoming resources before transfers</b>		<b>1,568</b>	<b>459</b>	<b>339</b>	<b>41</b>	<b>2,407</b>
Gross transfers between funds	12.8	(161)	1,143	(982)	-	-
<b>Net incoming resources before other recognised gains and losses</b>	<b>3</b>	<b>1,407</b>	<b>1,602</b>	<b>(643)</b>	<b>41</b>	<b>2,407</b>
Other recognised gains/(losses):						
Net unrealised gains on the revaluation of fixed assets and loans for the charity's own use						
Net gains on investments	2.13	96	2	4,205	164	4,467
Actuarial loss on defined benefit pension scheme	5.2	(452)	-	-	-	(452)
<b>NET MOVEMENT IN FUNDS</b>		<u><b>1,051</b></u>	<u><b>6,483</b></u>	<u><b>18,893</b></u>	<u><b>205</b></u>	<u><b>26,632</b></u>
Total funds brought forward		6,614	56,611	293,590	2,934	359,749
Total funds carried forward		<u>7,665</u>	<u>63,094</u>	<u>312,483</u>	<u>3,139</u>	<u>386,381</u>

All incoming resources and resources expended relate to continuing operations.

## 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>		<b><u>18,834</u></b>	<b><u>225</u></b>	<b><u>5,492</u></b>	<b><u>20</u></b>	<b><u>24,571</u></b>
<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>		<b><u>17,830</u></b>	<b><u>38</u></b>	<b><u>5,552</u></b>	<b><u>2</u></b>	<b><u>23,422</u></b>
<b>Net incoming / (expended) resources before transfers</b>		<b><u>1,004</u></b>	<b><u>187</u></b>	<b><u>(60)</u></b>	<b><u>18</u></b>	<b><u>1,149</u></b>
Gross transfers between funds	12.8	(66)	73	(7)	-	-
<b>Net incoming / (expended) resources before other recognised gains and losses</b>	<b>3</b>	<b><u>938</u></b>	<b><u>260</u></b>	<b><u>(67)</u></b>	<b><u>18</u></b>	<b><u>1,149</u></b>
Other recognised gains:						
Net unrealised gains on the revaluation of fixed assets and loans for the charity's own use		-	2,988	11,866	-	14,854
Net gains 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>		<b><u>1,038</u></b>	<b><u>3,252</u></b>	<b><u>20,537</u></b>	<b><u>259</u></b>	<b><u>25,086</u></b>
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>

This page should be read in conjunction with page 18.

---

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Page	2014 £'000	2013 £'000
Total incoming resources per SOFA	18 -19	25,829	24,571
Total resources expended per SOFA	18 -19	(23,422)	(23,422)
Net incoming resources for the year per SOFA		<u>2,407</u>	<u>1,149</u>
Realised (loss)/gain on disposal of investment assets (note 2.13)		(981)	642
Net surplus for the year		<u>1,426</u>	<u>1,791</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 2014

	Page	2014 £'000	2013 £'000
Net surplus for the year	20	1,426	1,791
Unrealised net gains on the revaluation of fixed assets and loans held for the charity's own use	18-19	20,210	14,854
Unrealised net gain on the revaluation of fixed asset investments (note 2.13)		5,448	8,400
Actuarial (loss)/gain on defined benefit pension scheme (note 5.2)		(452)	41
Total recognised gains for the year since the last annual report		<u>26,632</u>	<u>25,086</u>

## STATEMENT OF HISTORICAL COST SURPLUSES & DEFICITS FOR THE YEAR ENDED 31 DECEMBER 2014

(As required by Financial Reporting Standard 3)

	Page	2014 £'000	2013 £'000
Net surplus for the year	20	1,426	1,791
Realisation of revaluation (gains) of previous years (note 12.5)		(4,593)	(2,299)
Historical cost (deficit) for the year		<u>(3,167)</u>	<u>(508)</u>

**BALANCE SHEET AS AT 31 DECEMBER 2014**

Company number: 142978

	Note	Unrestricted		Restricted 2014 £'000	Endowment 2014 £'000	Total 2014 £'000
		General 2014 £'000	Designated 2014 £'000			
<b>Fixed assets:</b>						
Tangible assets	6	92	64,013	212,242	-	276,347
Investments	7	972	38	99,474	3,068	103,552
<b>Total fixed assets</b>		<b>1,064</b>	<b>64,051</b>	<b>311,716</b>	<b>3,068</b>	<b>379,899</b>
<b>Current assets:</b>						
Debtors due in over 1 year	8	541	-	25	33	599
Debtors and loans	8	516	10	494	-	1,020
Investments	9	4,918	1,349	517	38	6,822
Cash at bank & in hand	10	2,579	-	32	-	2,611
<b>Total current assets</b>		<b>8,554</b>	<b>1,359</b>	<b>1,068</b>	<b>71</b>	<b>11,052</b>
Creditors: Amounts falling due within 1 year	11	(909)	-	(301)	-	(1,210)
<b>Net current assets</b>		<b>7,645</b>	<b>1,359</b>	<b>767</b>	<b>71</b>	<b>9,842</b>
<b>Total assets less current liabilities</b>		<b>8,709</b>	<b>65,410</b>	<b>312,483</b>	<b>3,139</b>	<b>389,741</b>
Creditors: Amounts falling due after more than 1 year	11	(245)	(2,316)	-	-	(2,561)
<b>Net assets excluding pension deficit</b>		<b>8,464</b>	<b>63,094</b>	<b>312,483</b>	<b>3,139</b>	<b>387,180</b>
Defined benefit pension scheme deficit	5.2	(799)	-	-	-	(799)
<b>NET ASSETS AFTER PENSION DEFICIT</b>		<b>7,665</b>	<b>63,094</b>	<b>312,483</b>	<b>3,139</b>	<b>386,381</b>
<b>The funds of the charity:</b>						
Endowment funds	12.1	-	-	-	3,139	3,139
Restricted funds	12.2	-	-	312,483	-	312,483
<b>Total restricted funds</b>		<b>-</b>	<b>-</b>	<b>312,483</b>	<b>3,139</b>	<b>315,622</b>
General funds	12.3	8,464	-	-	-	8,464
Designated funds	12.4	-	63,094	-	-	63,094
Pension deficit	5.2	(799)	-	-	-	(799)
<b>Total unrestricted funds</b>		<b>7,665</b>	<b>63,094</b>	<b>-</b>	<b>-</b>	<b>70,759</b>
<b>TOTAL CHARITY FUNDS</b>		<b>7,665</b>	<b>63,094</b>	<b>312,483</b>	<b>3,139</b>	<b>386,381</b>

Included in the above funds are Revaluation Reserves amounting to £194.5m (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 20 May 2015 and signed on behalf of the Board by

The Right Reverend C W Fletcher  
 Acting Bishop of Oxford

Revd J H Tattersall  
 Chairman



## 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 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 deficit	5.2	(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 are Revaluation Reserves amounting to £173.4m (note 12.5).

This page should be read in conjunction with page 22.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
Net cash (outflow) from operating activities	13	<u>43</u>	<u>(3,972)</u>
Returns on investment and servicing of finance			
Interest received	2.2	66	61
Interest paid	2.12	(4)	(4)
Dividends received	2.2	<u>3,014</u>	<u>2,913</u>
		<u>3,076</u>	<u>2,970</u>
Capital transactions and financial investment			
Sales proceeds:			
Glebe property and investments		12,310	15,896
Other tangible assets		5,125	2,180
Other investments		54	19
Other loans:			
Advanced		(17)	(81)
Repaid		(507)	74
Purchases:			
Tangible fixed assets	6	(4,457)	(1,487)
Glebe property and investments	7.2	(13,881)	(14,681)
Other investments		<u>(359)</u>	<u>(24)</u>
		<u>(1,732)</u>	<u>1,896</u>
Net cash (outflow)/inflow before financing		<u>1,387</u>	<u>894</u>
Financing			
Loans advanced		-	-
Loans repaid		<u>(1,341)</u>	<u>(728)</u>
Net cash outflow from financing		<u>(1,341)</u>	<u>(728)</u>
Increase in cash and cash equivalents	14	<u>46</u>	<u>166</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.

#### 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.

## Resources expended (continued)

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 2014, based on actual direct costs was:

Ministry and mission	97.9% (2013: 98.1%)
Investment management	1.3% (2013: 1.1%)
Governance	0.8% (2013: 0.8%)

## 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 deficit is the excess of the value of the liabilities of the scheme compared with the present value of scheme assets and is shown as a liability in the balance sheet represented by the Pensions Deficit. The change in the value of the pension liability 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

	2014 £'000	2013 £'000
Parish Share income (gross)	18,433	18,077
Parish Share rebates	(484)	(351)
Parish Share (net)	<u>17,949</u>	<u>17,726</u>
Donations for vicarage refurbishment	309	-
Contributions to parochial stipends	103	73
Bishop's Outreach Fund	59	59
Income from other administered funds	57	62
Other income and donations	68	15
	<u>18,545</u>	<u>17,935</u>

### 2.2 Investment income

	Glebe		Other		Total	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Dividends	2,932	2,834	82	80	3,014	2,914
Interest received	15	16	51	45	66	61
Solar panels feed in tariff	94	86	-	-	94	86
Rents receivable	548	508	-	-	548	508
	<u>3,589</u>	<u>3,444</u>	<u>133</u>	<u>125</u>	<u>3,722</u>	<u>3,569</u>

### 2.3 Income from charitable activities

	2014 £'000	2013 £'000
Fees - weddings, funerals and chaplaincy income	1,124	1,133
Rent receivable	456	476
Grants for the provision of services	663	708
Other fees and income	221	273
	<u>2,464</u>	<u>2,590</u>

The above breakdown includes restricted income from fees and grants.

### 2.4 Other incoming resources

	2014 £'000	2013 £'000
Property transactions – release of covenants etc	21	65
Realised gain on disposal of assets held for charity's own use	778	40
Recoupment of previous impairment	242	372
Transfer of trust funds	57	-
	<u>1,098</u>	<u>477</u>

Realised gains noted above are from both designated and restricted properties.

### 2.5 Investment management costs

	2014 £'000	2013 £'000
Glebe and other direct investment management costs	495	442
Potential development costs	100	136
	<u>595</u>	<u>578</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	2014 £'000	2013 £'000
Ministry in parishes:			
Stipends including NIC and pension contributions		12,498	12,482
Housing costs		3,646	3,948
Removal, resettlement and other grants		312	310
Other parochial ministry costs		606	599
		<u>17,062</u>	<u>17,339</u>
Support and training		1,621	1,757
Other mission costs		999	852
Contributions to the national church	2.8	1,790	1,744
Grants to other organisations	2.9	330	324
Support costs		259	248
		<u>22,061</u>	<u>22,264</u>

Bishops' stipends and other costs are paid for directly by the Church Commissioners. The above costs include payments made from the restricted glebe and other clergy pay fund, see note 12.2 for details.

### 2.8 Grants and payments to National Church

	2014 £'000	2013 £'000
National Church responsibilities:		
Archbishops' Council apportionment	979	985
Central fund for training	821	761
Support costs	(10)	(2)
	<u>1,790</u>	<u>1,744</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

	2014 No.	2013 No.	2014 £'000	2013 £'000
Parents and Children Together (PACT)	1	1	95	95
Ecumenical grants	6	5	110	111
Grants for parish building projects	30	29	82	82
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	15	8
	<u>43</u>	<u>41</u>	<u>330</u>	<u>324</u>



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

### 2.10 Church schools

	2014 £'000	2013 £'000
Grant to Oxford Diocesan Board of Education	308	295
Support costs	-	1
	<u>308</u>	<u>296</u>

### 2.11 Governance costs

	2014 £'000	2013 £'000
Diocesan Registrar and legal and professional fees	92	114
General and Diocesan Synods and other costs	37	33
Audit fees	19	14
Apportioned staff costs	23	23
	<u>171</u>	<u>184</u>

### 2.12 Other resources expended

	2014 £'000	2013 £'000
Realised loss on disposal of assets held for the charity's own use	283	36
Impairment write down of housing assets	-	60
Interest payable	4	4
	<u>287</u>	<u>100</u>

The impairment write down in 2013 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	2014 £'000	2013 £'000
Net realised gains/(losses)	37	-	(1,018)	-	(981)	642
Net unrealised gains/(losses)	59	2	5,223	164	5,448	8,400
	<u>96</u>	<u>2</u>	<u>4,205</u>	<u>164</u>	<u>4,467</u>	<u>9,042</u>

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

	2014 £'000	2013 £'000
These are after charging all expenditure including:		
Depreciation	52	42
Auditors remuneration:		
ODBF for year	19	14
DT(O)L for year	7	6

### 4 Directors and related parties

#### 4.1 Directors' remuneration and expenses

No remuneration has been paid to any director during the year (2013: £nil) for acting as a director or trustee. However, 13 (2013: 15) directors, who held ecclesiastical office during the year, were paid aggregate stipends of £337,000 (2013: £329,000) and expenses of £26,000 (2013: £23,000). Pension contributions on those stipends amounted to £114,000 (2013: £106,000). Other directors were reimbursed for travel, subsistence and incidental costs amounting to £3,000 (2013: £3,000) 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 the company was dissolved during 2014.

##### 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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Recharged by ODBF:				
Pay costs	-	-	22	22
Inter-company debtor balances at 31 December 2014	-	-	6	5
Grants made by ODBF	95	95	7	7

## OXFORD DIOCESAN BOARD OF FINANCE

Directors' Report and Financial Statements  
for the year ended 31 December 2014

### 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 £91,000 (2013: £87,000). At 31 December 2014 there was a balance of £7,802 due from DT(O)L to ODBF (2013: £7,249) for land registry costs, included in other debtors in note 8.

ODBF made grants of £299,292 to ODBE in 2014 (2013: £294,600), and transferred £9,000 of grant funding received, see note 2.10. ODBF recharges ODBE for accounting, company secretarial, human resources, ICT and administrative services on a monthly basis. The balance due from ODBE at 31 December 2014 was £55K (2013: £109K), included in other debtors in note 8.

### 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:

	2014		2013	
	Full – time	Part – time	Full – time	Part – time
Charitable activities	35	14	35	13
Support and finance	9	5	10	5
Total	44	19	45	18

Part-time numbers are shown as full time equivalents.

Staff costs during the year amounted to:

	2014			2013		
	Salaried £'000	Stipend £'000	Total £'000	Salaried £'000	Stipend £'000	Total £'000
Wages, salaries and stipends	1,925	86	2,011	1,879	116	1,995
Pension contributions	335	60	395	341	56	397
Social security costs	202	13	215	193	18	211
Total	2,462	159	2,621	2,413	190	2,603

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

	2014	2013
£60,000 - £70,000	2	3

Retirement benefits accrue to the above staff members under ODBF's pension schemes.

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.

5 Staff (continued)

5.2 Pensions (continued)

The scheme is funded by contributions by ODBF, employees are not required to contribute towards the cost of their benefits. 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 2014 was 29% of basic salaries each month (2013: 29%), which amounted to £225,000 (2013: £246,000). ODBE paid contributions of £66,000 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 £192,000 (2013: £186,000).

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 2014, £631,000, increased by £168,000 during the year to a deficit of £799,000 at 31 December 2014. The liabilities are valued on the basis of corporate bond yields at the date of calculation which this year was 3.65% (2013 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):

	2014	2013	2012	2011	2010
	%	%	%	%	%
Discount rate	3.65	4.60	4.60	4.90	5.60
Salary increases	2.50	3.30	2.40	2.40	3.00
Inflation (RPI)	3.10	3.30	3.00	2.80	3.40
LPI pension increases	3.00	3.30	3.00	2.70	3.25
Fixed pension increases	3.00	3.00	3.00	3.00	3.00
Revaluations of deferred benefits (excluding GMP)	3.10	3.30	3.00	2.80	3.40

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.

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 2014 was £9,573,000 (2013: £8,232,000) as below:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Equities	4,733	4,256	3,875	3,493	3,221
Deposit	72	144	49	55	-
Fixed Interest Bonds	673	1,279	1,499	1,219	1,172
Index-linked gilts	2,897	1,502	959	912	879
Property	1,198	1,051	607	570	586
	<u>9,573</u>	<u>8,232</u>	<u>6,989</u>	<u>6,249</u>	<u>5,858</u>

The expected rates of return on assets were as follows:

	2014	2013	2012	2011	2010
	%	%	%	%	%
Long term rate of return expected	6.1	5.60	5.70	6.70	6.70

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 £1,136,000 (2013: actual return £853,000).

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

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Value of assets	9,573	8,232	6,989	6,249	5,858
Value of accrued liabilities	(10,372)	(8,863)	(7,912)	(6,351)	(5,515)
Surplus/(deficit)	<u>(799)</u>	<u>(631)</u>	<u>(923)</u>	<u>(102)</u>	<u>343</u>

The reconciliation of assets was:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Fair value of assets, 1 January	8,232	6,989	6,249	5,858	5,267
Expected return on assets	510	402	362	405	331
Employer contributions	501	529	533	636	552
Benefits paid, insurance premiums and expenses	(296)	(139)	(314)	(250)	(65)
Actuarial gain/(loss) on assets	626	451	159	(400)	(227)
Fair value of assets, 31 December	<u>9,573</u>	<u>8,232</u>	<u>6,989</u>	<u>6,249</u>	<u>5,858</u>

OXFORD DIOCESAN BOARD OF FINANCE

Directors' Report and Financial Statements  
for the year ended 31 December 2014

5 Staff (continued)

5.2 Pensions (continued)

The reconciliation of liabilities was:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Scheme liabilities, 1 January	8,863	7,912	6,351	5,515	5,248
Current service cost	319	312	383	390	345
Interest cost	408	368	313	312	318
Benefits paid, insurance premiums and expenses	(296)	(139)	(314)	(250)	(65)
Actuarial (gain)/loss	1,078	410	1,179	384	(331)
Scheme liabilities, 31 December	<u>10,372</u>	<u>8,863</u>	<u>7,912</u>	<u>6,351</u>	<u>5,515</u>

Analysis of the amounts recognised in the SOFA:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Current service cost (cost)	(319)	(312)	(383)	(390)	(345)
Interest (cost)	(408)	(368)	(313)	(312)	(318)
Expected return on assets	510	402	362	405	331
Total	<u>(217)</u>	<u>(278)</u>	<u>(334)</u>	<u>(297)</u>	<u>(332)</u>

Analysis of amounts to be recognised in Statement of Total Recognised Gains and Losses and gains and losses section of SOFA: (p18,19,21)

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Actuarial gains/(losses) on scheme liabilities	<u>(452)</u>	<u>41</u>	<u>(1,020)</u>	<u>(784)</u>	<u>104</u>

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

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Actual return less expected return on scheme assets	626	451	159	(400)	(227)
Percentage of assets	<u>6%</u>	<u>5%</u>	<u>2%</u>	<u>6%</u>	<u>4%</u>
Experience gains/(losses) arising on scheme liabilities	16	76	85	75	34
Percentage of liabilities	<u>&lt;1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>&lt;1%</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 383 (2013:381) members of the Scheme out of a total membership of approximately 8,400 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 1/10 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 £106K in 2014 (2013: £90K). The scheme had 30 members at 31 December 2014 (2013: 29).

#### 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.

OXFORD DIOCESAN BOARD OF FINANCE

Directors' Report and Financial Statements  
for the year ended 31 December 2014

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 2014	58,639	579	470	169,503	27,188	256,379
Additions in year	2,256	-	66	2,108	27	4,457
Disposals in year	(4,179)	-	(1)	(449)	-	(4,629)
Impairment recouped/ (written down)	46	-	-	196	-	242
Transfers in year	1,662	-	-	1,548	(3,210)	-
Revaluations in year	4,955	55	-	13,737	1,594	20,341
At 31 December 2014	<u>63,379</u>	<u>634</u>	<u>535</u>	<u>186,643</u>	<u>25,599</u>	<u>276,790</u>
<u>Depreciation:</u>						
At 1 January 2014	-	-	391	-	-	391
Charge for year	-	-	52	-	-	52
Disposals in year	-	-	-	-	-	-
At 31 December 2014	<u>-</u>	<u>-</u>	<u>443</u>	<u>-</u>	<u>-</u>	<u>443</u>
<u>Net Book Value:</u>						
At 31 December 2014	<u>63,379</u>	<u>634</u>	<u>92</u>	<u>186,643</u>	<u>25,599</u>	<u>276,347</u>
At 31 December 2013	<u>58,639</u>	<u>579</u>	<u>79</u>	<u>169,503</u>	<u>27,188</u>	<u>255,988</u>
<u>Cost or ICV:</u>						
At 31 December 2014	<u>29,913</u>	<u>-</u>	<u>535</u>	<u>72,954</u>	<u>10,606</u>	<u>114,008</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>

Freehold properties include Diocesan Church House, the main office of the Diocese, at a total value of £2,250,000 (2013: £1,656,000). This was revalued in January 2015 by the Director of Buildings. 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	-	98,882	-	98,882
General investments	7.3	38	592	3,068	3,698
Equity mortgage loans	7.4	972	-	-	972
Shares in subsidiaries	7.5	-	-	-	-
At 31 December 2014	<u>972</u>	<u>38</u>	<u>99,474</u>	<u>3,068</u>	<u>103,552</u>
At 31 December 2013	<u>944</u>	<u>39</u>	<u>93,434</u>	<u>2,861</u>	<u>97,278</u>



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 2014	21,679	2,689	1,717	2,045	64,986	93,116
Additions in year	86	-	2	-	13,793	13,881
Disposals in year	(42)	(460)	-	(150)	(12,676)	(13,328)
Unrealised gains/ (losses) in year	2,222	105	93	14	2,779	5,213
Net book value:						
At 31 December 2014	<u>23,945</u>	<u>2,334</u>	<u>1,812</u>	<u>1,909</u>	<u>68,882</u>	<u>98,882</u>
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>
Cost or ICV:						
At 31 December 2014	<u>4,764</u>	<u>1,826</u>	<u>2,455</u>	<u>1,063</u>	<u>58,871</u>	<u>68,979</u>
At 31 December 2013	<u>4,850</u>	<u>1,839</u>	<u>2,453</u>	<u>1,074</u>	<u>56,051</u>	<u>66,267</u>

7.3 General investments

	Unrestricted		Restricted £'000	Endowment £'000	Total £'000
	General £'000	Designated £'000			
Cost or valuation:					
At 1 January 2014	-	39	317	2,861	3,217
Additions in year	-	-	301	5	306
Disposals in year	-	(3)	(36)	(15)	(54)
Unrealised gains/(losses) in year	-	2	10	217	229
Net book value:					
At 31 December 2014	<u>-</u>	<u>38</u>	<u>592</u>	<u>3,068</u>	<u>3,698</u>
At 31 December 2013	<u>-</u>	<u>39</u>	<u>317</u>	<u>2,861</u>	<u>3,217</u>
Cost or ICV:					
At 31 December 2014	<u>-</u>	<u>17</u>	<u>513</u>	<u>947</u>	<u>1,477</u>
At 31 December 2013	<u>-</u>	<u>18</u>	<u>244</u>	<u>943</u>	<u>1,205</u>

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 2014	943	-	-	-	943
Advances/increased equity in year	-	-	-	-	-
Repayments in year	(68)	-	-	-	(68)
Revaluations in year	97	-	-	-	97
Net book value:					
At 31 December 2014	972	-	-	-	972
At 31 December 2013	943	-	-	-	943
Cost:					
At 31 December 2014	548	-	-	-	548
At 31 December 2013	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

	2014 £'000	2013 £'000
Shares	-	2

ODBOF Developments Ltd, the previously wholly owned subsidiary of ODBF, was dissolved on 23 September 2014.

8 Debtors and loans receivable

	2014					2013
	Unrestricted		Restricted		Total Funds	Total funds
	General	Designated	Restricted	Endowment		
£'000	£'000	£'000	£'000	£'000	£'000	
Amounts falling due within 1 year:						
Prepayments	213	10	20	-	243	407
Accrued income	9	-	77	-	86	92
VAT	-	-	-	-	-	7
Other debtors	194	-	397	-	591	1,881
Loans	94	-	-	-	94	59
Connected charities (note 4.2.2)	6	-	-	-	6	114
<b>Total</b>	<b>516</b>	<b>10</b>	<b>494</b>	<b>-</b>	<b>1,020</b>	<b>2,560</b>
Amounts falling due after 1 year:						
Loans	541	-	25	33	599	704
<b>Total</b>	<b>1,057</b>	<b>10</b>	<b>519</b>	<b>33</b>	<b>1,619</b>	<b>3,264</b>

Loans included above:

	2014					2013
	Unrestricted		Restricted		Total Funds	Total Funds
	General	Designated	Restricted	Endowment		
£'000	£'000	£'000	£'000	£'000	£'000	
Repair and development of church buildings	323	-	-	-	323	356
Other Loans	292	-	25	33	350	385
Car Loans	20	-	-	-	20	22
<b>Total</b>	<b>635</b>	<b>-</b>	<b>25</b>	<b>33</b>	<b>693</b>	<b>763</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

	2014				2013	
	Unrestricted		Restr- icted	Endow- ment	Total funds	Total Funds
	General	Desig- nated				
£'000	£'000	£'000	£'000	£'000	£'000	
CBF Deposit Fund	4,918	1,349	517	38	6,822	7,632

OXFORD DIOCESAN BOARD OF FINANCE

Directors' Report and Financial Statements  
for the year ended 31 December 2014

10 Cash at bank and in hand

	2014				2013	
	Unrestricted		Restrict- ed	Endow- ment	Total Funds	Total Funds
	General	Desig- nated				
	£'000	£'000	£'000	£'000	£'000	£'000
Bank balances	2,559	-	32	-	2,591	1,735
Cash floats	20	-	-	-	20	19
	<u>2,579</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>2,611</u>	<u>1,754</u>

11 Creditors

	2014				2013	
	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	76	-	-	-	76	38
Bank loan	-	-	-	-	-	1,341
Creditors and accruals	760	-	298	-	1,058	982
Taxation and social security	52	-	-	-	52	-
Deferred income	21	-	3	-	24	46
	<u>909</u>	<u>-</u>	<u>301</u>	<u>-</u>	<u>1,210</u>	<u>2,407</u>

	2014				2013	
	1 – 2 years		2 – 5 years		Over 5 years	Total
	£'000	£'000	£'000	£'000		
Repayable in						
CBF and other loans		37	97	111	245	320
Equity mortgage loans		-	-	2,316	2,316	2,809
		<u>37</u>	<u>97</u>	<u>2,427</u>	<u>2,561</u>	<u>3,129</u>

The bank loan facility is secured on 2 Diocesan properties. Balance at 31.12.14 was nil.

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 2014	Incoming resources	Resources Expended	Transfers	Realised & unrealised net gains /(losses)	Balance as at 31 December 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Stipends bequests fund	1,323	-	(15)	-	72	1,380
Ordination candidates funds	740	-	-	-	43	783
Other	871	56	-	-	49	976
	<u>2,934</u>	<u>56</u>	<u>(15)</u>	<u>-</u>	<u>164</u>	<u>3,139</u>

OXFORD DIOCESAN BOARD OF FINANCE

Directors' Report and Financial Statements  
for the year ended 31 December 2014

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 2014.

12.2 Restricted funds

	Balance as at 1 January 2014 £'000	Incoming resources £'000	Resources Expended £'000	Transfers £'000	Realised & unrealised net gains /losses £'000	Balance as at 31 December 2014 £'000
Glebe team vicarages	28,419	20	-	(3,211)	1,594	26,822
Glebe investments	94,816	1	(309)	1	4,195	98,704
Diocesan Stipends Fund	123,235	21	(309)	(3,210)	5,789	125,526
Diocesan Pastoral Account	80	2	(31)	(4)	-	47
Parsonage House Fund	168,443	286	-	2,240	13,737	184,706
Glebe and Other Clergy Pay Fund	-	4,771	(4,820)	49	-	-
Sillitoe Bequest	588	13	-	-	6	607
Other restricted funds	1,244	957	(551)	(57)	4	1,597
	<u>293,590</u>	<u>6,050</u>	<u>(5,711)</u>	<u>(982)</u>	<u>19,536</u>	<u>312,483</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)

#### 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 is 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.

#### Silitoe Bequest

A bequest was received in April 1999 to establish a discretionary fund to help clergy retire early for reasons other than ill health. The allocation of funds is agreed by the Diocesan Secretary and the Archdeacon or Bishop of an Archdeaconry as appropriate.

#### Other restricted funds

This represents the total of all other restricted funds, which were each below £250,000 at 31 December 2014.

12 Funds analysis (continued)

12.3 General funds

	Balance as at 1 January 2014	Incoming resources	Resources expended	Transfers	Unrealised net gains/ (losses)	Balance as at 31 December 2014
	£'000	£'000	£'000	£'000	£'000	£'000
General funds	<u>7,245</u>	<u>18,902</u>	<u>(17,334)</u>	<u>(161)</u>	<u>(188)</u>	<u>8,464</u>

12.4 Designated funds

	Balance as at 1 January 2014	Incoming resources	Resources expended	Transfers	Unrealised net gains/ (losses)	Balance as at 31 December 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Board Properties Fund	56,414	735	(283)	(37)	4,879	61,708
Other Designated Funds	<u>197</u>	<u>86</u>	<u>(79)</u>	<u>1,180</u>	<u>2</u>	<u>1,386</u>
	<u>56,611</u>	<u>821</u>	<u>(362)</u>	<u>1,143</u>	<u>4,881</u>	<u>63,094</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.

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 2014:					
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>
Realisation of revaluation gains of previous years:					
Tangible fixed assets	-	(2,284)	(294)	-	(2,578)
Glebe property and investments	-	-	(2,091)	-	(2,091)
Other investments	-	(2)	(4)	(13)	(19)
Debtors – loans	(20)	-	-	-	(20)
Creditors – loans	-	115	-	-	115
	<u>(20)</u>	<u>(2,171)</u>	<u>(2,389)</u>	<u>(13)</u>	<u>(4,593)</u>
Gains/(Losses) on the revaluation of assets for the charity's own use, investments and equity loans:					
Tangible fixed assets	-	5,010	15,331	-	20,341
Glebe property and investments	-	-	5,215	-	5,215
Other investments	-	2	11	164	177
Debtors – loans	95	-	-	-	95
Creditors – loans	-	(131)	-	-	(131)
	<u>95</u>	<u>4,881</u>	<u>20,557</u>	<u>164</u>	<u>25,697</u>
Transfer between funds					
Tangible fixed assets	-	708	(708)	-	-
Balance at 31 December 2014					
Tangible fixed assets	-	34,100	128,682	-	162,782
Glebe property and investments	-	-	30,134	-	30,134
Other investments	-	21	81	2,069	2,171
Debtors – loans	458	-	-	-	458
Creditors – loans	-	(1,080)	-	-	(1,080)
	<u>458</u>	<u>33,041</u>	<u>158,897</u>	<u>2,069</u>	<u>194,465</u>

12.6 Impairment Provision

	Note	2014 £'000
Impairment provision at 1 January 2014		(576)
Previous impairment recouped in the year	2.4	242
Impairments in the year	2.12	-
Impairment provision at 31 December 2014		<u>(334)</u>

The impairment provision of £(334)K is reflected in the value of property.



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	-	1,342	38	-	1,380
Ordination candidates funds	-	783	-	-	783
Other	-	943	33	-	976
	<u>-</u>	<u>3,068</u>	<u>71</u>	<u>-</u>	<u>3,139</u>
<b>Restricted funds</b>					
Glebe funds:					
Team Vicarages	25,598	300	924		26,822
Investments	-	98,582	210	(88)	98,704
Diocesan Stipends Fund	25,598	98,882	1,134	(88)	125,526
Diocesan Pastoral Account	-	-	47		47
Parsonage Houses Fund	186,644	-	(1,938)		184,706
Glebe and Other Clergy Pay Funds	-	-	209	(209)	-
Sillitoe Bequest	-	539	68	-	607
Other	-	53	1,548	(4)	1,597
	<u>212,242</u>	<u>99,474</u>	<u>1,068</u>	<u>(301)</u>	<u>312,483</u>
<b>Designated funds</b>					
Administered funds	-	38	50	-	88
Board Properties Fund	64,013	-	11	(2,316)	61,708
Other	-	-	1,298	-	1,298
	<u>64,013</u>	<u>38</u>	<u>1,359</u>	<u>(2,316)</u>	<u>63,094</u>
<b>General funds</b>					
General funds	92	972	8,554	(1,154)	8,464
Pension reserve	-	-	-	(799)	(799)
	<u>92</u>	<u>972</u>	<u>8,554</u>	<u>(1,953)</u>	<u>7,665</u>
<b>Total funds</b>	<u>276,347</u>	<u>103,552</u>	<u>11,052</u>	<u>(4,570)</u>	<u>386,381</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	4,587	(4,587)	-	-
Purchase and improvements to properties	b	(2,949)	2,262	687	-
Equity mortgages repaid	c	(625)	625	-	-
Property transfers following pastoral measures	d	-	1,663	(1,663)	-
Transfer to relocation fund	e	(500)	500	-	-
Transfer to development posts fund	e	(600)	600		
Other transfers of less than £250,000 each		(74)	80	(6)	-
		<u>(161)</u>	<u>1,143</u>	<u>(982)</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.  
 e) In July 2014 and February 2015, Bishop's Council considered and approved the transfer of £600K to a new designated fund for development posts in new communities and £500K to a new designated fund for potential office relocation costs.

13 Net cash inflow/(outflow) from operating activities

	2014		2013	
	£'000	£'000	£'000	£'000
Net incoming resources/(resources expended) before other recognised gains and losses per SOFA		2,407		1,149
(Increase)/Decrease in debtors (excluding loans)	1,576		(1,429)	
Increase/(decrease) in creditors (excluding loans)	105		(216)	
Non-cash movement in pension fund asset	(284)		(251)	
Realised gain on property held for charity's own use	(778)		(20)	
Realised loss on property held for charity's own use	283		35	
Depreciation	52		42	
Impairment of assets held for charity's own use	-		60	
Previous impairment recouped	(242)		(372)	
Interest paid	4		4	
Dividends received	(3,014)		(2,913)	
Interest received	(66)		(61)	
		<u>(2,364)</u>		<u>(5,121)</u>
Net cash inflow/(outflow) from operating activities		<u>43</u>		<u>(3,972)</u>

14 Cash flow - cash and cash equivalents

	Note	2014	2013
		£'000	£'000
Balances at start 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>
Balances at end of year:			
Deposits	9	6,822	7,632
Cash	10	<u>2,610</u>	<u>1,754</u>
		<u>9,432</u>	<u>9,386</u>
Net cash inflow/(outflow)		<u>46</u>	<u>166</u>

OXFORD DIOCESAN BOARD OF FINANCE

Directors' Report and Financial Statements  
for the year ended 31 December 2014

15 Analysis of changes in net funds

	At 1/1/2014 £'000	Cashflow £'000	Other non- cash changes £'000	At 31/12/14 £'000
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	1,754	856	-	2,610
CBF deposits	<u>7,632</u>	<u>(810)</u>	-	<u>6,822</u>
	<u>9,386</u>	<u>46</u>	-	<u>9,432</u>
<b>Debt receivable</b>				
Equity loans repayable after more than one year	943	(68)	97	972
Loans repayable within one year	59	35	-	94
Loans repayable after more than one year	<u>704</u>	<u>(105)</u>	-	<u>599</u>
	<u>1,706</u>	<u>(138)</u>	<u>97</u>	<u>1,665</u>
<b>Debt payable</b>				
Debt due within one year:				
CBF loans and other loans	(38)	(38)	-	(76)
Bank loan	(1,341)	1,341	-	-
Debt due after more than one year:				
CBF loans and other loans	(320)	75	-	(245)
Equity mortgage loans	<u>(2,809)</u>	<u>625</u>	<u>(132)</u>	<u>(2,316)</u>
	<u>(4,508)</u>	<u>2,003</u>	<u>(132)</u>	<u>(2,637)</u>
<b>Net funds</b>	<u>6,584</u>	<u>1,911</u>	<u>(35)</u>	<u>8,460</u>
Reconciliation of net cash flow to movement in net funds				2014 £'000
Increase in cash and cash equivalents during the year				46
Cash flow from increase/decrease in debt and financing				1,865
Non-cash changes in debt and financing				<u>(35)</u>
				1,876
Net funds at 1 January 2014				6,584
Net funds at 31 December 2014				<u>8,460</u>

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

16 Financial commitments

	2014 £'000	2013 £'000
Capital commitments contracted for:		
Board property	30	-
Benefice property	71	722
Glebe property	-	3
	<u>101</u>	<u>725</u>

16 Financial commitments (continued)

Future Commitments

ODBF has no future commitments in respect of approved capital grants not yet paid (2013:£nil).

There are no obligations under leases.

17 Post balance sheet events

None