



# **OXFORD DIOCESAN BOARD OF FINANCE**

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

for the year ended 31 December 2015

Company limited by guarantee (No. 142978)

Registered charity (No. 247954)

REGISTERED & PRINCIPAL OFFICE:  
CHURCH HOUSE OXFORD  
LANGFORD LOCKS  
KIDLINGTON  
OXFORD OX5 1GF



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Key to abbreviations:			
CBF	Central Board of Finance	ODBE	Oxford Diocesan Board of Education
CEFPS	Church of England Funded Pension Scheme	ODBF	Oxford Diocesan Board of Finance
CEPB	Church of England Pensions Board	ODBOF	ODBOF Developments Limited
CSUST	Church Schools Uniform Statutory Trust	ODES	Oxford Diocesan Education Services Limited
DAC	Diocesan Advisory Committee	PACT	Parents and Children Together
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		
MPC	Mission & Pastoral Committee		

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2015.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees Annual Report under the Charities Act 2011

## **LEGAL OBJECTS**

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

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.

## **STRATEGIC AIMS AND OBJECTIVES**

The main role of the ODBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

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 through the annual grant to ODBE.

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.

## **ACTIVITIES AND ACHIEVEMENTS IN THE YEAR**

The failure of the Crown Nominations Commission (CNC) to identify someone to be the next Bishop of Oxford, and the subsequent delay of a year until the CNC could consider the matter again, meant that a number of expected activities and developments failed to take place. In particular the work with Christ Church Cathedral to plan the welcome and installation services was put on hold.

However under the leadership of Bishop Colin, as the acting Diocesan Bishop, progress was made in a number of important areas which have helped to embed the principles of Living Faith in the life of the diocese.

- There has been active engagement with the consultations on the national Renewal and Reform programme, particularly with respect to RME (Resourcing Ministerial Education) which proposes significant changes to funding and organisation of ordination training.
- The appointment of Andrew Anderson-Gear to replace the Revd Canon Michael Beasley as Director of Mission and of the Revd Caroline Windley as Diocesan Director of Ordinands provided new leadership in the key areas of discipleship and vocations for lay and ordained ministries. A vocations strategy for the diocese is being developed which will encourage a greater number of people to explore a range of lay and ordained ministries. This will help to us to both develop Confident Collaborative Leadership and support the work to develop vibrant Christian Communities

## ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

- There is a commitment to the national target of increasing the number of candidates going forward to ordination training by at least 50% to help address the shortfall in stipendiary clergy resulting from higher than normal retirement, and subsequent vacancy, rates. It has been noticeable that fewer candidates offered themselves for vacant parochial posts during the year. 31 curates completed IME (Initial Ministerial Education) part 2 within the diocese with 10 training incumbents receiving further training in supervision skills.
- A strategy development group on rural matters has been set up in line with the work of the national church. It is making good progress in conjunction with colleagues from Education and Communications. A consultation on the simplification of parochial structures in rural areas "Lightening the Load", was held and attended by over 100 people.
- The communications team developed and delivered the #washday Lent campaign which was taken up by the national church as part of Making a Difference in the World.
- Departments, particularly the Board of Mission and Communications, have prioritised staff resources on needs identified by deaneries and parishes as they develop their Mission Action Plans. This has tended to take the form of consultancy, training or facilitation with a number of parishes/benefices holding vision days to develop Mission Action Plans.
- In the Berkshire Archdeaconry staff time and funding has been used to support the piloting of Partnership for Missional Church to help parishes engage with new ways of delivering mission and ministry. The first cohort of parishes is now underway.
- A Mission Shaped Ministry Course was set up in conjunction with the Church Mission Society with a view to enabling lay people to develop Fresh Expressions of Church. There are 25 people in the first study group.
- 280 people attended social justice events and 2 social justice publications were produced : "Loneliness" and " Living Well in the End Times" both of which have been very well received. 150 people trained in the spiritual care of older people.
- In line with national requirements mandatory safeguarding training was developed for all the licensed ministers in the diocese. Initial training is underway with 181 clergy and 81 LLMS trained in 2015. The programme will continue in 2016 and a 3 year refresher programme will also be developed. A working group was set up to respond as required to the National Abuse Inquiry.
- The triennial elections to the Diocesan Synod and its Boards and Councils were organised with a good number of new and returning candidates and few vacancies outstanding. The General Synod elections in the diocese had the highest number of candidates of any diocese in the country with 21 lay and 29 clergy for 8 and 9 places respectively. The diocesan website was successfully used to allow engagement with the General Synod candidates, with short videos of each candidate being produced along with their written answers to a number of questions.

## ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

- New larger office accommodation was identified for the central diocesan staff team to accommodate increased staff and activity. The Bishop and Archdeacon of Dorchester are joining the Bishop and Archdeacon of Oxford in working from that building. The first stage of the review of staff remuneration was undertaken but priority was given to the consultation and staffing issues linked to the office move.
- Funding, housing and Continuing Ministerial Development were provided for the clergy of the Diocese. Stipends were provided for 357 clergy including 52 curates in training (at the end of 2015). Housing was also provided and maintained for 413 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 £533k to diocesan income in 2015. Support and training was provided for 129 self-supporting ministers. £807k was contributed to the national pool for the funding of ordinands. This was in addition to £496k for other ordinand related costs within the diocese.
- The management of ODBF assets and close budgetary control allowed the application of an average share increase of 1.2 %. Parishes responded by contributing 2.1% more in cash terms than the previous year.(1.6% when net of rebates) and increasing the amount of share paid to 96.5% from 95.1% in 2014. This was aided by the success of the parish discount scheme for payment in a lump sum at the start of the year or by direct debit. 284 parishes benefitted from this discount. A new parish share leaflet was produced to explain the methodology and use of the share and training was provided for new treasurers.

## FUTURE PLANS

- With Christ Church cathedral to resource and organise the welcome and installation of the next Bishop of Oxford and their introduction to the diocese through the media
- To support archdeaconries, deaneries, parishes and benefices in the development, enhancement and implementation of their mission action plans
- To work with the emerging frameworks for RME (Resourcing Ministerial Education) with the aim of increasing the number of ordination candidates going forward for selection and training
- To develop a vocations strategy for the diocese and to facilitate the development of lay ministry, discipleship and leadership
- To publish and begin implementation of a diocesan rural strategy following consultation with rural leaders.
- To devise and deliver a strategy for the promotion of the national funerals and baptisms projects
- To pilot the national Parish Giving Scheme within the diocese
- To prepare responses to the National Abuse Inquiry and to national requirements on Safeguarding as required
- To develop a safeguarding training program for licensed ministers and churchwardens

## **FUTURE PLANS (continued)**

- To identify an Area Office for Berkshire which will provide an office base for the Area Bishop, Archdeacon and Parish Development Advisor.
- To undertake a project to significantly improve the level and quality of data submission and use within the diocese, developing a missional information management system to inform the development of mission and ministry in the diocese
- To develop and implement a new remuneration structure for ODBF and ODBE staff, identifying and utilising a comprehensive HR Management system.
- To provide funding, housing and Continuing Ministerial Development for the clergy of the Diocese
- To ensure consistency of HR practice in relation to clergy matters and to develop a network of professional support to enhance clergy wellbeing.
- To manage ODBF assets, generate income and control costs with the aim of achieving a sustainably balanced budget with the application of an average increase in parish share across the Diocese which is no more than the increase in clergy stipends and to provide additional training and resources for those involved in parish and deanery finance.

## **FINANCIAL REVIEW**

### **Financial Performance**

The Statement of Financial Activities (SOFA) for the year shows net income of £1.9M before revaluation gains (2014: £3.1M). In addition, investment gains, property and pension revaluations totalling £22.8M resulted in an overall increase in funds of £24.7M (2014:£27.4M). This was mainly due to unrealised gains revaluation gains on properties and glebe investments due to rising markets, including a 9.5% increase in house prices.

Income in the SOFA totalled £25.6M (2014: £25.9M). Parish share, the money given by Parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. Parish share income (net after rebates) accounted for 71% (2014: 69%) of total income. Current year receipts before rebates grew by £0.4M from 2014 and 96.5% of apportioned share for the year was received (2014: 96.1%). The rate of increase in parish share for 2015 was set at an average of 1.2% (2014: 0.56%).

Total income dropped by £0.3M between 2014 and 2015 due to one-off items in the 2014 accounts – other income was £0.3M higher due to gains on house sales.

Expenditure in the SOFA increased by £1.0M; £0.3M increased expenditure on clergy housing repairs and improvements, £0.3M use of restricted donations, and £0.4M changes of £0.1M or less, including other property transactions and FRS102 pension adjustments.

### **Transitional adjustments to Financial Statements**

During the year ended 31 December 2015 as noted within the accounting policies on page 23, the ODBF has adopted for the first time as required the Statement of Recommended Practice for Charities (SORP 2015) which takes into account a number of changes contained within Financial Reporting Statement (FRS) 102. This has resulted in changes to the accounting policies in accounting for pension scheme deficits on multi-employer defined benefit pension schemes – requiring the inclusion of ODBF's share of the clergy pension scheme deficit.

The net impact of these changes is disclosed within note 27 to the financial statements. The changes in accounting policy are of significant impact to necessitate adjustment and the restatement of the year-ended 31 December 2014 financial statements. The restatement represents a decrease in the net assets of £12.9M as at 31 December 2013 (the opening reserves). The effect on the net income for 2014 as compared with the accounts as previously stated was an increase in the surplus of £0.7M with the cumulative effect on the reserves as at 31 December 2014 being a reduction by £12.2M.

In addition to the required transitional adjustment, the presentation of all amounts has been aligned to that required under FRS102 and SORP 2015.

### **Balance Sheet position**

While the net assets at the balance sheet date totalled £399M (2014:£374M) it must be remembered that included in this total are properties, mostly in use for the ministry (valued at £294M) and glebe investments (valued at £104M) where the use of capital is restricted and the income is used to pay stipends. Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the ODBF.

### **Investment performance**

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 £35.0M at 31 December 2015 (2014: £30.0M). The increase in value from 2014 was due to an increase in the value per acre and the revaluation of a glebe farm pending sale. Rents receivable amounted to £0.5M (2014: £0.5M).

Glebe listed investments are managed by Newton Investment Management. Glebe investment holdings were valued at £68.9M at 31 December 2015 (2014: £68.9M). Dividends and interest receivable amounted to £3.0M (2014: £2.9M).

### **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



### **Investment policies (continued)**

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

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

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

### **Glebe Investments**

Glebe investments are held in equities, fixed interest securities and cash, agricultural land, commercial and residential land and buildings. The portfolio is reviewed by the Investment Committee at least two 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**

#### **Free reserves**

ODBF has very substantial ongoing responsibilities including the remuneration of some 357 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 2015, ODBF's free reserves were equivalent to 3.05 months (2014 4.8 months) of gross expenditure from general funds in the forthcoming year. The decrease in free reserves was mostly due to the net result of property purchases and sales, including the purchase of Church House Oxford.

#### **Designated funds**

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2015 total designated reserves were £71.0M (2014: £63.1M).

### **Restricted and endowment funds**

As set out in notes 22 and 23 ODBF holds and administers a large number of restricted and endowment funds, including the diocesan stipends fund and the parsonage house fund. As at 31 December 2015 restricted funds totalled £2.2M (2014: £2.3M) and endowment funds totalled £319.0M (2014: £301.2M). Neither are available for the general purposes of the ODBF.

### **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 8). Grants are paid to other connected charities and to other projects that are in furtherance of ODBF's charitable objectives. (See note 12).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary and Heads of Department.

The risk register identifies four areas where the probability of occurrence or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

Sudden significant under payment of Parish Share, mitigated by:

- Transparency and accountability to congregations through the budget approval process is agreed by Diocesan Synod.
- Regular monthly reporting of contributions received and review of trends
- Archdeacons, Deanery Lay Chairs, Deanery and PCC Treasurers are closely involved in the whole process of collection making for effective early warning of problems

Abuse of a child, young person or vulnerable adult at a Diocesan event.

- All leaders are made aware of Diocesan safeguarding policy and best practice
- Training is compulsory for all relevant staff

Inappropriate behaviour of a Church Officer

- Continuing use of Diocesan good practice to guard against opportunities for this to occur.
- A disciplinary procedure is in place covering all Church Officers
- Statutory employer responsibilities and the Clergy Discipline Measure also apply
- Diocesan Safeguarding Children's Adviser is available for advice
- Allegations of misconduct involving children should be referred to the Local Authority Designated Officer

Reputational risks associated with our transactions involving our property

- Advice is sought from professional advisers prior to entering into any agreement.

## **STRUCTURE AND GOVERNANCE**

### **Summary Information about the structure of the Church of England**

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese of Oxford is itself divided into twenty-nine deaneries, each with its own Synod and within each parish there is a parochial church council which shares, with the parish priest, responsibility for the mission of the church in that place.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

## **ORGANISATIONAL STRUCTURE**

The Oxford Diocesan Board of Finance (ODBF) is a company limited by guarantee (No. 142978) and a registered charity (No. 247954) governed by its Memorandum and Articles of Association.

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 four 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 they may wish to consult, to deal with items referred by the General Synod of the Church of England or deanery synods, 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, which were amended in 2015. 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;
- 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.

### **Committee structure (continued)**

In 2015 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 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.

Diocesan responsibilities for education are carried out by ODBE, a charitable company limited by guarantee.

### **Bishop's Council**

The members of the Bishop's Council are the Board of Directors. Bishop's Council consists of twelve ex officio members, including the Diocesan and Area Bishops and the four Archdeacons, two clerical and three lay members from each of the Berkshire, Buckingham and Dorchester archdeaconries, one clerical and two lay members from the Oxford archdeaconry, and a maximum of four members nominated by the Diocesan Bishop.

The Bishop's Council also acts as the 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.

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.

*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.

## **Bishop's Council continued**

*Human Resources Panel*, which is responsible for personnel issues concerning staff.

Both the Audit Committee and the Human Resources Panel also serve ODBE.

## **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 four 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;
- 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 grant 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 2015 ODBF had no subsidiary companies.

## **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.

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.

Parents and Children Together (PACT) – a charitable company supporting families through adoption, therapeutic support and community projects.

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

## **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.

## **STATEMENT OF DISCLOSURE TO THE AUDITORS**

So far as the Directors are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) they have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

## **Appointment of Auditors**

The re-appointment of Critchleys as auditors to the ODBF will be proposed at the Annual General Meeting.



## ADMINISTRATIVE DETAILS

### 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 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
The Revd J H Tattersall	Ex officio, Bishop of Dorchester
Mr M R Hardman	Ex officio, Chairman ODBF
Mrs J A Babb	Ex officio, Vice Chairman ODBF
Mr R Birch	Lay member, Archdeaconry of Buckingham
The Revd Canon A K E Blyth	Nominated by the Bishop of Oxford
The Revd Canon S E Booy	Clerical member, Archdeaconry of Buckingham
Mr M F Chandler from 27/1/16	Ex officio, Vice President of Synod
The Revd Canon A M Daffern from 1/11/15	Lay member, Archdeaconry of Berkshire
Mrs J Dziegiel	Clerical member, Archdeaconry of Dorchester
The Revd Dr G Fancourt from 28/9/15	Lay member, Archdeaconry of Buckingham
The Ven J K French	Clerical member, Archdeaconry of Berkshire
Mr H Gibbon from 26/10/15	Ex officio, Archdeacon of Dorchester
Mr A Glaze from 26/10/15	Lay member, Archdeaconry of Oxford
The Ven M C Gorick	Lay member, Archdeaconry of Berkshire
The Ven O J Graham	Ex officio, Archdeacon of Oxford
Mr J J Macnamara from 26/10/15	Ex officio, Archdeacon of Berkshire
The Revd Canon A P Marsden	Lay member, Archdeaconry of Dorchester
The Revd D W McFarland from 26/10/15	Clerical member, Archdeaconry of Berkshire
Mr R G Merrylees from 26/10/15	Clerical member, Archdeaconry of Oxford
Ms J Ozanne from 26/10/15	Lay member, Archdeaconry of Buckingham
The Very Revd Professor M Percy	Lay member, Archdeaconry of Oxford
The Right Revd A Proud	Ex officio, Dean of Christ Church Cathedral
Mr S A Richards	Ex officio, Bishop of Reading
Mrs J M Scott	Lay member, Archdeaconry of Dorchester
Mr J P Smith	Ex officio, Vice President of Synod
Dr A Thomas-Betts	Lay member, Archdeaconry of Berkshire
	Lay member, Archdeaconry of Buckingham to 31/10/15. Nominated by the Bishop of Oxford from 4/1/16
The Revd Cl Walton from 9/12/15	Clerical member, Archdeaconry of Buckingham
Mr M H Waring	Lay member, Archdeaconry of Dorchester
The Revd J J West from 27/1/16	Clerical member, Archdeaconry of Dorchester
The Right Revd Dr A T L Wilson	Ex officio, Bishop of Buckingham

## **DIRECTORS OF THE BOARD (continued)**

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

Lord I W Blair of Boughton to 16/7/15	Nominated by the Bishop of Oxford
The Revd Canon Dr A W H Bunch to 14/7/15	Clerical member, Archdeaconry of Oxford
The Revd T C Davis to 14/7/15	Clerical member, Archdeaconry of Berkshire
The Ven K M Gorham to 23/2/16	Ex officio, Archdeacon of Buckingham
The Revd Canon R E Harper to 7/12/15	Clerical member, Archdeaconry of Buckingham
The Revd Canon D P Hodgson to 14/7/15	Clerical member, Archdeaconry of Berkshire
Mrs W A M Lee to 14/7/15	Lay member, Archdeaconry of Oxford
Mrs P L Michael to 14/7/15	Lay member, Archdeaconry of Oxford
Prof J F Missenden to 14/7/15	Lay member, Archdeaconry of Berkshire
The Revd D W F Witchell to 14/7/15	Clerical member, Archdeaconry of Buckingham
The Revd T C Wright to 14/7/15	Clerical member, Archdeaconry of Dorchester
Mr R E Chapman to 11/6/15	Lay member, Archdeaconry of Buckingham

Registered Office: Church House Oxford, Langford Locks, Kidlington, Oxford OX5 1GF

Bankers NatWest Bank plc, 32 Cornmarket Street, Oxford, OX1 3EZ

Auditors Critchleys LLP, Greyfriars Court, Paradise Square, Oxford, OX1 1BE

Solicitors & Diocesan Registrar Winckworth Sherwood LLP, 16 Beaumont Street, Oxford, OX1 2LZ

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

Glebe Agents Carter Jonas , Anchor House, 269 Banbury Road, Oxford, OX2 7LL  
and Sidleys Chartered Surveyors, 6 King Edward Street, Oxford, OX1 4JL

Insurers EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Directors' Report, the Directors are also approving the Strategic Report included on pages 2-8 within their capacity as company directors.

This Directors' report, incorporating the Strategic Report, were approved by the Directors on 18 May 2016

By Order of the Board

Revd J H Tattersall  
Chairman

18 May 2016

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## 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 2015 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement 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 auditors' 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 opinion we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 12 and 13, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charitable company as at 31 December 2015 and of its incoming resources and application of resources, including the 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 Annual Report, incorporating the Strategic Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

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 2015**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations	2						
Parish contributions		18,236	-	-	-	18,236	17,948
Archbishops' Council		-	-	189	-	189	350
Other donations		298	17	300	309	924	941
Charitable activities	3	1,206	-	-	-	1,206	1,228
Other activities	4	675	-	-	-	675	636
Investments	5	3,736	2	153	-	3,891	3,775
Other	6	80	173	-	258	511	1,042
		<u>24,231</u>	<u>192</u>	<u>642</u>	<u>567</u>	<u>25,632</u>	<u>25,920</u>
<b>Expenditure on</b>							
Raising and managing funds	7	413	-	-	227	640	662
Charitable activities	8	23,151	21	807	(1,172)	22,807	21,823
Loss on sales of assets	9	5	37	-	270	312	287
		<u>23,569</u>	<u>58</u>	<u>807</u>	<u>(675)</u>	<u>23,759</u>	<u>22,772</u>
<b>Net income/(expenditure) before investment gains</b>		662	134	(165)	1,242	1,873	3,148
Net gains/(losses) on investments		66	1	(27)	5,254	5,294	4,467
<b>Net income/(expenditure)</b>		<u>728</u>	<u>135</u>	<u>(192)</u>	<u>6,496</u>	<u>7,167</u>	<u>7,615</u>
<b>Transfers between funds</b>	15	(2,707)	4,090	93	(1,476)	-	-
<b>Other recognised gains/(losses)</b>							
Gains/(losses) on revaluation of assets and liabilities		-	3,690	-	12,781	16,471	20,210
Actuarial gain/(loss) on defined benefit pension schemes	26	1,048	-	-	-	1,048	(452)
<b>Net movement in funds</b>		<u>(931)</u>	<u>7,915</u>	<u>(99)</u>	<u>17,801</u>	<u>24,686</u>	<u>27,373</u>
<b>Total funds brought forward</b>		<u>7,665</u>	<u>63,094</u>	<u>2,251</u>	<u>301,244</u>	<u>374,254</u>	<u>346,881</u>
<b>Total funds carried forward</b>	21	<u>6,734</u>	<u>71,009</u>	<u>2,152</u>	<u>319,045</u>	<u>398,940</u>	<u>374,254</u>

All activities derive from continuing activities. The notes on pages 22 to 48 form part of the financial statements

**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 2015**

	<b>Total 2015 £'000</b>	<b>Total 2014 £'000</b>
Income	25,065	25,557
Expenditure	(24,433)	(23,189)
<b>Operating surplus/(deficit) for the year</b>	<b>632</b>	<b>2,368</b>
Net gains on investments	40	108
<b>Net income for the year</b>	<b>672</b>	<b>2,476</b>
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	3,690	4,879
Actuarial gains/(losses) on defined Benefit pension schemes	1,048	(452)
<b>Total comprehensive income</b>	<b>5,410</b>	<b>6,903</b>

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

**OXFORD DIOCESAN BOARD OF FINANCE**  
**BALANCE SHEET AS AT 31 DECEMBER 2015**

Charity number 247954  
 Company number 142978

	Note	2015 £'000	2014 £'000	2014 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	16		294,214		276,347
Investments	17		108,772		103,552
			<u>402,986</u>		<u>379,899</u>
<b>CURRENT ASSETS</b>					
Debtors due in over one year	18	690		599	
Pension surplus – staff scheme	18	411		-	
Debtors	18	1,266		1,020	
Cash on deposit and at bank		8,822		9,433	
			<u>11,189</u>	<u>11,052</u>	
CREDITORS: amounts falling due within one year	19	(1,823)		(1,210)	
<b>NET CURRENT ASSETS</b>			<u>9,366</u>		<u>9,842</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>412,352</u>		<u>389,741</u>
<b>CREDITORS: amounts falling due after more than one year</b>					
Pension scheme liabilities – staff scheme			-		(799)
Pension scheme liabilities – clergy scheme	26		(10,955)		(12,127)
Other creditors	20		(2,457)		(2,561)
<b>NET ASSETS</b>			<u>398,940</u>		<u>374,254</u>
<b>FUNDS</b>					
<b>Endowment funds</b>					
(Including investment revaluation reserve of £176,071K) (2014: £160,886K)			319,045		301,244
<b>Restricted income funds</b>					
(Including investment revaluation reserve of £52K) (2014: £80K)			2,152		2,251
<b>Unrestricted income funds:</b>					
General funds (Including revaluation reserve of £404K) (2014: £458K)			6,734		7,665
<b>Designated funds</b>					
(Including investment revaluation reserve of £36,234K) (2014: £33,041K)			71,009		63,094
<b>TOTAL FUNDS</b>	21		<u>398,940</u>		<u>374,254</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2016 and signed on behalf of the Board by:

The Right Reverend C W Fletcher  
 Acting Bishop of Oxford

Revd J H Tattersall  
 Chairman

## CASH FLOW STATEMENT

For the year ended 31 December 2015

	2015		2014
	£'000	£'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>		(3,058)	(558)
<i>Cash flows from investing activities:</i>			
Dividends, interest and rent from investments	3,804		3,681
Interest paid	(3)		(4)
Proceeds from the sale of:			
Tangible fixed assets	4,585		5,125
Fixed asset investments	13,525		12,364
Purchase of:			
Tangible fixed assets for the use of the ODBF	(5,807)		(4,457)
Fixed asset investments	(13,374)		(14,240)
	-----		-----
<b>Net cash provided by/(used in) investing activities</b>		2,730	2,469
<i>Cash flows from financing activities:</i>			
Loans repaid by the ODBF	(592)		(1,874)
New loan received by ODBF	299		-
Loans repaid to ODBF	10		10
	-----		-----
<b>Net cash provided by/(used in) financing activities</b>		(283)	(1,864)
		-----	-----
<b>Change in cash and cash equivalents in the reporting period</b>		(611)	47
Cash and cash equivalents at 1 January		9,433	9,386
		-----	-----
Cash and cash equivalents at 31 December		8,822	9,433
		=====	=====
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>			
<b>Net movement in funds for the year ended 31 December before gains/losses</b>		1,874	3,148
<b>Adjustments for:</b>			
Depreciation charges		57	52
Interest paid		3	4
Dividends, interest and rent from investments		(3,804)	(3,681)
Loss/(profit) on sale of functional assets		(40)	(495)
Decrease/(increase) in debtors (ex. loans)		(336)	1,576
Increase/(decrease) in creditors (ex. loans)		620	105
Non cash movement in clergy pension fund		(1,172)	(741)
Non cash movement in staff pension fund		(162)	(284)
Recoupment of impairment		(98)	(242)
		-----	-----
<b>Net cash provided by/(used in) operating activities</b>		(3,058)	(558)
		-----	-----



## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting policies

The Oxford Diocesan Board of Finance (ODBF) is a company limited by guarantee (No. 142978) and a registered charity (No. 247954) governed by its Memorandum and Articles of Association, incorporated in England.

#### *Basis of preparation and assessment of going concern*

The financial statements are prepared in accordance with applicable accounting standards, the Companies Act 2006, and the Charities SORP 2015 (FRS102). 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. There are no material uncertainties regarding ability to continue as a going concern.

#### *Funds accounting*

ODBF holds the following types of funds:

##### Endowment funds

These are all considered to be 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, and Church House Oxford which is stated at cost. Valuations are undertaken annually as at 31 December each year by reference to values for detached houses in various areas covered by Land Registry house price index data (previously with reference to the Nationwide house price index). 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.

1 Accounting policies (continued)  
*Tangible fixed assets (continued)*

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

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

Extensions to buildings are capitalised.

With the exception of Church House Oxford, 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.

## 1 Accounting policies (continued)

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 endowment funds and held with the intention of producing a sustainable income to help fund stipend payments whilst safeguarding capital values in the long term.

CBF deposits are highly liquid investments and are included in cash at bank and in hand.

### *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.

### *Creditors*

Creditors and provisions for liabilities and charges are recognised at their anticipated settlement amount.

### **Income**

Income, net of sales tax, including legacies, grants and rents, are accounted for on an accruals basis where both the amount and receipt are probable.

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.

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.

Rental income relating to the next financial year is deferred and included in creditors at year end.

## 1 Accounting policies (continued)

### 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.

### **Expenditure**

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.

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

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

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

### 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 benefit 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. Details of the staff and clergy schemes are set out in note 26.

The financial statements take account of the annual valuation of the defined benefit schemes undertaken by the pension fund's actuaries.

1 Accounting policies (continued)

*Pensions (continued)*

The change in the value of the pension asset or 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. More details are included in note 26.

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. DONATIONS

### Parish Contributions

The majority of donations are collected from the parishes of the Diocese through the parish share system.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Current year receipts	18,786	-	-	-	18,786	18,399
Rebates and discounts	(557)	-	-	-	(557)	(484)
Receipts for prior years	7	-	-	-	7	33
<b>Total Income</b>	<b>18,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,236</b>	<b>17,948</b>

Current year parish share receipts represent 96.5% of the total apportioned (2014 – 96.1%).

### Archbishops' Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Mission Development Fund	-	-	180	-	180	170
New Communities grant	-	-	9	-	9	180
	-	-	189	-	189	350

### Other donations

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
All Churches Trust Grant	264	-	-	-	264	257
Donations for parsonage repairs	-	-	126	-	126	323
Trust funds	-	-	-	309	309	57
Other Donations	34	17	174	-	225	304
	298	17	300	309	924	941

### 3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Statutory fees	1,126	-	-	-	1,126	1,124
Training, events & other	80	-	-	-	80	104
	<u>1,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,206</u>	<u>1,228</u>

### 4. OTHER ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Housing income	533	-	-	-	533	456
School premises support	136	-	-	-	136	170
Other	6	-	-	-	6	10
	<u>675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>675</u>	<u>636</u>

### 5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Dividends receivable	3,029	2	147	-	3,178	3,068
Interest receivable	62	-	6	-	68	65
Rents receivable	557	-	-	-	557	548
Solar panels income	88	-	-	-	88	94
	<u>3,736</u>	<u>2</u>	<u>153</u>	<u>-</u>	<u>3,891</u>	<u>3,775</u>

### 6. OTHER INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Gain on sale of properties	-	126	-	90	216	799
Recoupment of previous impairment	-	39	-	60	99	242
Gains on loan redemption	80	8	-	-	88	-
Other property income	-	-	-	108	108	1
	<u>80</u>	<u>173</u>	<u>-</u>	<u>258</u>	<u>511</u>	<u>1,042</u>

The recoupment of previous impairment is due to house price rises in the year.

## 7. RAISING AND MANAGING FUNDS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Glebe costs	326	-	-	227	553	597
Parsonage rental costs	49	-	-	-	49	41
Other	38	-	-	-	38	24
	<u>413</u>	<u>-</u>	<u>-</u>	<u>227</u>	<u>640</u>	<u>662</u>

## 8. CHARITABLE ACTIVITIES - EXPENDITURE

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
<b>Contributions to</b>						
<b>Archbishops' Council</b>						
Training for Ministry	807	-	-	-	807	802
National Church	-	-	-	-	-	-
Responsibilities	609	-	-	-	609	612
Mission agency pension costs	48	-	-	-	48	46
Retired clergy housing	256	-	-	-	256	245
Grants & provisions	78	-	-	-	78	76
Pooling of ordinand maintenance grants	29	-	-	-	29	19
	<u>1,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,827</u>	<u>1,800</u>
<b>Resourcing Ministry and Mission</b>						
Parish Ministry:						
Stipends	8,611	-	-	-	8,611	8,680
National insurance	688	-	-	-	688	681
Pension contributions	3,098	-	-	-	3,098	2,994
Clergy defined benefit pension adjustment	-	-	-	(1,172)	(1,172)	(741)
Housing costs	4,099	-	299	-	4,398	3,638
Removal, resettlement, parish & clergy grants	357	-	109	-	466	467
Other parish expenses	498	-	-	-	498	435
Parish share refund	368	-	-	-	368	-
	<u>17,719</u>	<u>-</u>	<u>408</u>	<u>(1,172)</u>	<u>16,955</u>	<u>16,154</u>
<b>Support for parish ministry and training:</b>						
Ordinand grants	400	-	67	-	467	445
Diocesan training costs	529	-	-	-	529	569
Mission in the Diocese	1,140	21	148	-	1,309	1,209
DAC, MPC & DT(O)L	281	-	-	-	281	260
Communications	265	-	-	-	265	250
Bishops, Archdeacons & Area Offices	510	-	-	-	510	462
	<u>3,125</u>	<u>21</u>	<u>215</u>	<u>-</u>	<u>3,361</u>	<u>3,195</u>



## 8. CHARITABLE ACTIVITIES - EXPENDITURE(continued)

### Expenditure on Education

Grant to Oxford Diocesan Board of Education	244	-	60	-	304	308
Grants to other Organisations(see note 12)	236	-	124	-	360	370
	<u>23,151</u>	<u>21</u>	<u>807</u>	<u>(1,172)</u>	<u>22,807</u>	<u>21,823</u>

## 9. LOSS ON SALE OF ASSETS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Loss on sale of properties	-	11	-	232	243	283
Loss on loans redemption	-	21	-	-	21	-
Other	5	5	-	38	48	4
	<u>5</u>	<u>37</u>	<u>-</u>	<u>270</u>	<u>312</u>	<u>287</u>

## 10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Support Costs £'000	Total costs 2015 £'000
Raising and managing funds	574	66	640
Charitable activities:			
Contributions to Archbishops' Council	1,827	-	1,827
Resourcing parish ministry	16,517	438	16,955
Support for parish ministry and training	2,471	890	3,361
Grant to Board of Education	304	-	304
Grants to other organisations	360	-	360
Loss on sale of assets	312	-	312
	<u>22,365</u>	<u>1,394</u>	<u>23,759</u>

See notes 7-9 for breakdown of costs per category.

## 11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Human Resources & Admin	330	-	-	-	330	327
Finance	414	-	-	-	414	368
Secretariat	135	-	-	-	135	136
ICT	251	-	-	-	251	253
Premises & other	89	-	-	-	89	54
Governance:						
External audit	19	-	-	-	19	19
Registrar and Chancellor	120	-	-	-	120	112
Synod costs	36	-	-	-	36	20
	<u>1,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,394</u>	<u>1,289</u>

## 12. ANALYSIS OF GRANTS MADE

	2015 Number	2014 Number	2015 £'000	2014 £'000
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishops' Council	<u>1</u>	<u>1</u>	<u>1,827</u>	<u>1,800</u>
<b>From unrestricted funds to institutions:</b>				
Parents and Children Together (PACT)	1	1	95	95
Ecumenical grants	6	6	104	110
Grants for parish building projects	30	30	83	82
Bishops discretionary grants	4	4	21	21
Oxford Diocesan Council for the Deaf	1	1	37	37
Other small grants			20	25
	<u>42</u>	<u>43</u>	<u>360</u>	<u>370</u>

## 13. STAFF COSTS

Employee costs during the year were as follows:		
Wages and salaries		2,040
National insurance contributions		194
Pension costs		418
		<u>2,652</u>
Total		<u>2,621</u>
The average number of persons employed during the year: (headcount)		
		<b>Number</b>
Charitable activities		53
Support and finance		17
		<u>70</u>
Total		<u>73</u>

### 13. STAFF COSTS (continued)

The average number of persons employed during the year based on full-time equivalents:

	Number	Number
Charitable activities	48	49
Support and finance	14	14
	<u>        </u>	<u>        </u>
Total	62	63
	<u>        </u>	<u>        </u>

The numbers of staff whose emoluments (including benefits in kind but Excluding Pension contributions) amounted to more than £60,000 were as follows:

	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
	<u>        </u>	<u>        </u>

### Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2015 they were:

Diocesan Secretary and Company Secretary	Canon Rosemary Pearce
Director of Mission	Mr Andrew Anderson-Gear
Director of Finance	Mrs Alison Jestico
Director of Buildings:	Mr David Mason
Director of Human Resources	Mrs Poli Shajko
Director of Communications	Mrs Sarah Meyrick

Remuneration and pensions for these 6 employees amounted to £404K.

### Directors' emoluments

No remuneration has been paid to any director during the year (2014: £nil) for acting as a director or trustee. However, 16 (2014: 13) directors, who held ecclesiastical office during the year, were paid aggregate stipends of £364,000 (2014: £337,000) and expenses of £33,000 (2014: £26,000). Pension contributions on those stipends amounted to £127,000 (2014: £114,000). 6 other directors were reimbursed for travel, subsistence and incidental costs amounting to £3,000 (2014: £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 (cost £10K).

### Directors' emoluments (continued)

The following table gives details of the Directors who were in receipt of a stipend and/or housing provided by the ODBF during the year:

	Stipend	Housing
The Right Revd C Fletcher	No	Yes
The Right Revd A Proud	No	Yes
The Right Revd Dr A Wilson	No	Yes
The Venerable J French	Yes	Yes
The Venerable M Gorick	Yes	Yes
The Venerable K Gorham	Yes	Yes
The Venerable O Graham	Yes	Yes
The Revd AKE Blyth	Yes	Yes
The Revd Canon S Booyes	Yes	Yes
The Revd Canon Dr A Bunch	Yes	Yes
The Revd Canon A Daffern	Yes	Yes
The Revd T Davis	Yes	Yes
The Revd Dr G Fancourt	Yes	Yes
The Revd Canon R Harper	Yes	Yes
The Revd Canon D Hodgson	Yes	Yes
The Revd Canon A Marsden	Yes	Yes
The Revd D McFarland	Yes	Yes
The Revd C Walton	Yes	Yes
The Revd T Wright	Yes	Yes

The ODBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The ODBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Area Bishops but excluding Diocesan Bishop and cathedral staff.

The stipends of the Bishops were paid and funded by the Church Commissioners. The stipends of the Diocesan Bishop and Area Bishops are funded by the Church Commissioners and are in the range £34,460-£42,880 (2014 range £33,780-£42,040). The annual rate of stipend, funded by the ODBF, paid to Archdeacons in 2015 was in the range £33,010 - £33,670 (2014 range £32,360 – £33,010) and other clergy who were Directors were paid in the range £24,830 - £25,327 (2014 range £24,102 – £24,830). The Archbishops' Council has estimated the average value across the country to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at £9,910 (2014 - £9,950).

### 14 RELATED PARTIES

The directors consider that the following are related parties:

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

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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Recharged by ODBF:				
Pay costs	-	-	19	22
Grants made by ODBF	95	95	7	7
Inter-company debtor balances at 31 December 2015	-	-	4	6

ODBF bears the entire operating costs of DT(O)L, consisting principally of accounting, secretarial and administrative services. These amounted to £98K (2014: £91K). At 31 December 2015 there was a balance of £8K due from DT(O)L to ODBF (2014: £8K) for land registry costs, included in other debtors in note 18.

ODBF made grants of £304K to ODBE in 2015 (2014: £299K and £9K transfer of restricted grant funds). ODBF recharges ODBE for accounting, company secretarial, human resources, ICT, premises administrative services on a monthly basis. The balance due from ODBE at 31 December 2015 was £67K (2014: £55K), included in other debtors in note 18.

15. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
<b>Type of transfer</b>				
a Sale of Board owned properties in the year	2,381	(2,381)	-	-
b Purchase and improvements to properties	(4,347)	4,347	-	-
c Property transfers following pastoral measures		1,460	-	(1,460)
d Transfer to designated fund for development posts & new communities	(800)	800	-	-
e Other transfers of less than £250,000 each	59	(136)	93	(16)
	<u>(2,707)</u>	<u>4,090</u>	<u>93</u>	<u>(1,476)</u>

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) Benefice properties may become Board properties as a result of pastoral reorganisations under the provision of the Glebe and Pastoral Measure.

d) In February 2016, Bishop's Council considered and approved the transfer of £800K from general funds to the designated fund for development posts and new communities.

**16. TANGIBLE FIXED ASSETS**

	<b>Freehold Property</b>	<b>Leasehold Property</b>	<b>Vehicles &amp; Office Equipment</b>	<b>Benefice Property</b>	<b>Glebe team Vicarages</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>						
At 1 January 2015	63,379	634	535	186,643	25,599	276,790
Additions	4,350	-	72	528	857	5,807
Disposals	(2,398)	-	-	(2,214)	-	(4,612)
Transfers	1,460	-	-	(551)	(909)	-
Impairment recouped	39	-	-	60	-	99
Revaluation	3,833	16	-	10,927	1,854	16,630
At 31 December 2015	<u>70,663</u>	<u>650</u>	<u>607</u>	<u>195,393</u>	<u>27,401</u>	<u>294,714</u>
<b>Depreciation</b>						
At 1 January 2015	-	-	443-	-	-	443
Disposals	-	-	-	-	-	-
Charge for the year	-	-	57	-	-	57
At 31 December 2015	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
<b>Net Book Value</b>						
At 31 December 2015	<u>70,663</u>	<u>650</u>	<u>107</u>	<u>195,393</u>	<u>27,401</u>	<u>294,214</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>
<b>Cost or ICV</b>						
At 31 December 2015	<u>33,955</u>	<u>-</u>	<u>607</u>	<u>72,399</u>	<u>11,110</u>	<u>118,071</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>

Freehold properties include Diocesan Church House, formerly the main office of the Diocese, at a total value of £2,464K (2014: £2,250K), revalued in November 2015 by Carter Jonas, and Church House Oxford, its replacement, at a total cost of £3,225K. Apart from that all properties were houses for occupation by the clergy and others involved in ministry.

**17a. FIXED ASSETS INVESTMENTS**

	At 1 January 2015 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2015 £'000
<b>Unrestricted funds</b>						
Equity mortgage loans	972	-	(155)	-	65	882
<b>Designated funds</b>						
Administered funds	38	-	(3)	-	-	35
<b>Restricted funds</b>						
ODBF Trusts & other	592	45	(64)	-	(25)	548
<b>Endowment funds</b>						
Glebe	98,882	13,683	(14,330)	-	5,669	103,904
ODBF Trusts & other	3,068	310	-	-	25	3,403
	101,950	13,993	(14,330)	-	5,694	107,307
<b>Total</b>	103,552	14,038	(14,552)	-	5,734	108,772

**17b. GLEBE INVESTMENTS**

	Agricultural Land £'000	Residential Property £'000	Commercial Property £'000	Amenity & other Property £'000	Listed Investments £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2015	23,945	2,334	1,812	1,909	68,882	98,882
Additions in year	1	4	-	-	13,678	13,683
Disposals in year	(223)	-	-	(9)	(14,098)	(14,330)
Unrealised gains /(losses) in year	4,823	132	92	166	456	5,669
<b>Net Book Value:</b>						
<b>At 31 Dec 2015</b>	28,546	2,470	1,904	2,066	68,918	103,904
At 31 Dec 2014	23,945	2,334	1,812	1,909	68,882	98,882
<b>Cost or ICV</b>						
At 31 Dec 2015	4,579	1,829	2,455	1,062	59,182	69,107
At 31 Dec 2014	4,764	1,826	2,455	1,063	58,871	68,979

<b>18. DEBTORS</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year</b>		
Prepayments	233	243
Accrued income	90	86
Other debtors	688	528
Loans	111	94
Connected charities	144	69
	<u>1,266</u>	<u>1,020</u>
Pension fund surplus	411	-
<b>Due after more than one year</b>		
Loans to parishes	690	599
<b>Total debtors</b>	<u><u>2,367</u></u>	<u><u>1,619</u></u>
<b>19. CREDITORS: amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
CBF loans	69	76
Bank loans	-	-
Creditors and accruals	1,574	1,058
Taxation and social security	52	52
Deferred income	128	24
<b>Total creditors: amounts falling due within one year</b>	<u><u>1,823</u></u>	<u><u>1,210</u></u>
<b>20. CREDITORS: amounts falling due after more than one year</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Loans	2,457	2,561
<b>Total creditors: amounts falling due after more than one year</b>	<u><u>2,457</u></u>	<u><u>2,561</u></u>
The maturity of the above loans may be analysed as follows:		
Within one year	69	76
Between one and two years	39	37
Between two and five years	85	97
In five years and more	2,333	2,427
	<u>2,526</u>	<u>2,637</u>

Creditor loans include equity mortgage loans from the Church Commissioners. Equity mortgages are secured on individual freehold properties and are repayable on disposal.



## 21 SUMMARY OF FUND MOVEMENTS

	Balances At 1 Jan 2015 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances 31 Dec 2015 £'000
<b>UNRESTRICTED FUNDS</b>						
General	7,665	24,231	(23,569)	(2,707)	1,114	6,734
<b>DESIGNATED FUNDS</b>						
Board Properties fund	61,708	173	(32)	3,290	3,690	68,829
Relocation fund	500	-	(5)	-	-	495
Development posts and new communities fund	600	-	-	800	-	1,400
Other funds	286	19	(21)	-	1	285
	<u>63,094</u>	<u>192</u>	<u>(58)</u>	<u>4,090</u>	<u>3,691</u>	<u>71,009</u>
<b>RESTRICTED FUNDS</b>						
Diocesan Pastoral Account	47	2	(18)	152	-	183
Mission grants fund	340	179	(206)	-	-	313
Parsonage repairs donation	295	111	(283)	-	-	123
Silitoe Bequest	607	22	-	(2)	(27)	600
Other funds below £250K each	962	328	(300)	(57)	-	933
	<u>2,251</u>	<u>642</u>	<u>(807)</u>	<u>93</u>	<u>(27)</u>	<u>2,152</u>
<b>ENDOWMENT FUNDS</b>						
Glebe team vicarages	26,822	-	-	(908)	1,854	27,768
Glebe investments	98,704	108	(265)	-	5,229	103,776
Clergy pension fund deficit	(12,127)	-	1,172	-	-	(10,955)
Diocesan Stipends fund	113,399	108	907	(908)	7,083	120,589
Parsonage House fund	184,706	150	(232)	(568)	10,927	194,983
Stipends bequest fund	1,380	39	-	-	16	1,435
Ordination candidates funds	783	270	-	-	(2)	1,051
Other	976	-	-	-	11	987
	<u>301,244</u>	<u>567</u>	<u>675</u>	<u>(1,476)</u>	<u>18,035</u>	<u>319,045</u>
<b>Total funds</b>	<u><u>374,254</u></u>	<u><u>25,632</u></u>	<u><u>(23,759)</u></u>	<u><u>-</u></u>	<u><u>22,813</u></u>	<u><u>398,940</u></u>

22 SUMMARY OF ASSETS BY FUND	Fixed assets		Current	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000	Assets £'000		
<b>Unrestricted funds – General</b>	107	882	7,473	(1,728)	6,734
<b>Unrestricted - designated</b>					
Board Properties fund	71,313	-	4	(2,488)	68,829
Relocation fund	-	-	495	-	495
Development posts and new communities fund	-	-	1,400	-	1,400
Other funds	-	35	250	-	285
	<u>71,313</u>	<u>35</u>	<u>2,149</u>	<u>(2,488)</u>	<u>71,009</u>
<b>Restricted</b>					
Diocesan Pastoral Account	-	-	194	(11)	183
Mission grants fund	-	-	333	(20)	313
Parsonage repairs donation	-	-	123	-	123
Silitoe Bequest	-	509	91	-	600
Other funds below £250K each	-	39	927	(33)	933
	<u>-</u>	<u>548</u>	<u>1,668</u>	<u>(64)</u>	<u>2,152</u>
<b>Endowment</b>					
Glebe team vicarages	27,401	300	67	-	27,768
Glebe investments	-	103,604	172	-	103,776
Clergy pension fund deficit	-	-	-	(10,955)	(10,955)
Diocesan Stipends fund	<u>27,401</u>	<u>103,904</u>	<u>239</u>	<u>(10,955)</u>	<u>120,589</u>
Parsonage House fund	195,393	-	(410)	-	194,983
Stipends bequest fund	-	1,396	39	-	1,435
Ordination candidates funds	-	1,051	-	-	1,051
Other	-	956	31	-	987
	<u>222,794</u>	<u>107,307</u>	<u>(101)</u>	<u>(10,955)</u>	<u>319,045</u>
<b>Total funds</b>	<u><u>294,214</u></u>	<u><u>108,772</u></u>	<u><u>11,189</u></u>	<u><u>(15,235)</u></u>	<u><u>398,940</u></u>

## **23. DESCRIPTION OF FUNDS**

### **General fund**

The general fund is the ODBF's unrestricted undesignated fund available for any of the ODBF's purposes without restriction.

### **Designated funds**

#### 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.

#### Development posts and relocation funds

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 office relocation costs. In February 2016 Bishop's Council approved the transfer of an additional £800K to the fund for development posts.

### **Restricted funds**

#### Diocesan Pastoral Account

The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the Diocesan stipends fund income or capital accounts.

#### Silitoe Bequest

A bequest was received in April 1999 to establish a discretionary fund to help clergy to 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.

### **Endowment funds**

#### Diocesan stipends fund capital

The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses.

#### Parsonage house fund

The parsonage property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses.

Although benefice houses are vested in the incumbents for the time being of the benefices concerned, ODBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the ODBF.

#### Stipends Bequests fund

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

#### Ordination Candidates fund

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

### **24. CAPITAL COMMITMENTS**

At 31 December 2015 the ODBF had capital expenditure commitments authorised but not contracted for of £0.9M (2014 - £NIL), and contracted for but not yet due of £1.1M (2014 - £NIL).

### **25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

There were no post balance sheet events or contingent liabilities at the balance sheet date.

### **26. PENSIONS**

#### **Stipendiary Clergy**

ODBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

## 26. PENSIONS (continued)

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future 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 females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
<b>Total contribution rate</b>	<b>38.2%</b>	<b>39.9%</b>

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2015 £'000	2014 £'000
Balance sheet liability at 1 January	12,127	12,868
Deficit contribution paid	(1,183)	(1,057)
Interest cost (recognised in SoFA)	265	432
Remaining change to the balance sheet liability* (recognised in SoFA)	(254)	(116)
Balance sheet liability at 31 December	10,955	12,127

\* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

## 26. PENSIONS (continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2015	December 2014	December 2013
Discount rate	2.5% pa	2.3% pa	3.5% pa
Price inflation	2.4% pa	2.7% pa	3.2% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa	1.7% pa

### Salaried staff defined benefit scheme

Eligible salaried employees of ODBF were offered the opportunity to join the Oxford Diocesan Board of Finance Staff Retirement Scheme until September 2006 and at which point the scheme closed to new entrants. The Scheme is a defined benefit (final salary) scheme administered by the Pensions Trust who are also the trustees.

The scheme is funded by contributions by ODBF, employees are not required to contribute towards the cost of their benefits. 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 2015 was 29% of basic salaries each month (2014: 29%), which amounted to £209K (2014: £225K). ODBF paid contributions of £70K 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 £198K (2014: £192K).

A qualified actuary has prepared the pension scheme figures quoted in this note as required under Financial Reporting Standard 102 (FRS102). The basis of FRS102 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.

The FRS102 deficit at the start of 2015, £799K, decreased by £1,210K during the year to a surplus of £411K at 31 December 2015. The liabilities are valued on the basis of corporate bond yields at the date of calculation which this year was 3.80% (2014 3.65%), 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.

### Salaried staff defined benefit scheme (continued)

The FRS102 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 FRS102. The triennial valuation as at 30 September 2014 showed a deficit of £670K. To eliminate this funding shortfall, directors have agreed to pay additional contributions of £150K per annum from 1 January 2016 to 31 August 2017, increasing by 3% per annum. This will be in addition to an employer's contribution of 29.2% of basic salaries and annual payments of £51K to meet scheme expenses.

The main financial assumptions under FRS102 are (per annum):

	2015	2014
	%	%
Discount rate	3.80	3.65
Salary increases	2.50	2.50
Inflation (RPI)	3.10	3.10
LPI pension increases	3.00	3.00
Fixed pension increases	3.00	3.00
Revaluations of deferred benefits (excluding GMP)	3.10	3.10

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.

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 2015 was £10,055K (2014: £9,573K) as below:

	2015	2014
	£'000	£'000
Equities	5,388	4,733
Deposit	72	72
Fixed Interest Bonds	701	673
Index-linked gilts	2,554	2,897
Property	1,340	1,198
	<u>10,055</u>	<u>9,573</u>

The Scheme's financial position as at 31 December (FRS102 basis) recognised in the Balance Sheet was:

	2015	2014
	£'000	£'000
Fair value of plan assets	10,055	9,573
Present value of defined benefit obligation	<u>(9,644)</u>	<u>(10,372)</u>
Surplus/(deficit) in plan	<u>411</u>	<u>(799)</u>

### Salaried staff defined benefit scheme (continued)

Reconciliation of opening and closing balances of the fair value of plan assets:

	2015	2014
	£'000	£'000
Fair value of assets, 1 January	9,573	8,232
Interest income	353	383
Employer contributions	498	501
Benefits paid and expenses	(277)	(296)
Actuarial gain/(loss) on assets	(92)	753
Fair value of assets, 31 December	<u>10,055</u>	<u>9,573</u>

Reconciliation of opening and closing balances of the defined benefit obligation:

	2015	2014
	£'000	£'000
Defined benefit obligation at 1 January	10,372	8,863
Current service cost	241	258
Expenses	69	61
Interest cost	379	408
Benefits paid and expenses	(277)	(296)
Actuarial (gain)/loss	(1,140)	1,078
Defined benefit obligation at 31 December	<u>9,644</u>	<u>10,372</u>

Defined benefit costs recognised in the SOFA:

	2015	2014
	£'000	£'000
Current service cost	241	258
Net interest cost	26	25
Expenses	69	61
Total	<u>336</u>	<u>344</u>

Defined benefit costs recognised in other comprehensive income:

	2015	2014
	£'000	£'000
Return on plan assets – gain (loss)	(92)	753
Experience gains /(losses) arising on plan liabilities	761	16
Effects of changes in demographic & financial assumptions underlying the present value of the plan liabilities- gain (loss)	379	(1,094)
Total amount recognised in other comprehensive income	<u>1,048</u>	<u>(325)</u>

### Staff Church Workers Pension Fund (CWPF)

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

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.



## **Pension Builder Scheme**

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

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

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

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

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable. Employer contributions of 12% were made by ODBF in 2015.

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

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

## **27 Transition to FRS102**

This is the first year ODBF has presented its results under FRS 102 and SORP2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are a reconciliation of the surplus for the year and the reserves from the amounts previously stated in the 2014 financial statements following the change in accounting policies.

## 27 Transition to FRS102 (continued)

<b>Reconciliation of the net income for the financial year as previously stated to that restated.</b>	<b>Unrestricted 2014 £'000</b>	<b>Designated 2014 £'000</b>	<b>Restricted 2014 £'000</b>	<b>Endowment 2014 £'000</b>	<b>Total 2014 £'000</b>
Surplus/(deficit) as previously reported (before investment gains)	1,407	1,602	(643)	41	2,407
Clergy Defined benefit pension scheme adjustment	-	-	-	741	741
	<u>1,407</u>	<u>1,602</u>	<u>(643)</u>	<u>782</u>	<u>3,148</u>
Net income for the year under FRS102 (before investment gains)					
	<u>1,407</u>	<u>1,602</u>	<u>(643)</u>	<u>782</u>	<u>3,148</u>
<b>Reserves reconciliation – 1 January 2014</b>					
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 1 January 2014 – as previously reported	6,614	56,611	1,912	294,612	359,749
Clergy Defined benefit pension scheme adjustment	-	-	-	(12,868)	(12,868)
	<u>6,614</u>	<u>56,611</u>	<u>1,912</u>	<u>281,744</u>	<u>346,881</u>
As at 1 January 2014 – Restated					
	<u>6,614</u>	<u>56,611</u>	<u>1,912</u>	<u>281,744</u>	<u>346,881</u>
<b>Reserves reconciliation – 31 December 2014</b>					
As at 31 December 2014 – as previously reported	7,665	63,094	2,251	313,371	386,381
Clergy Defined benefit pension scheme adjustment	-	-	-	(12,127)	(12,127)
	<u>7,665</u>	<u>63,094</u>	<u>2,251</u>	<u>301,244</u>	<u>374,254</u>
As at 31 December 2014 - Restated					
	<u>7,665</u>	<u>63,094</u>	<u>2,251</u>	<u>301,244</u>	<u>374,254</u>

### Recognition of the liability to fund pension fund deficits on defined benefit pension schemes

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. Upon transition, ODBF has recognised the present value of deficit funding contributions for the Clergy Pension Scheme deficit. As at 31 December 2015, this amounted to £10,955k (2014:£12,127K).

## 28. Prior year comparative SOFA restated

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2014 £'000
	General £'000	Designated £'000			
<b>Income and endowments from</b>					
Donations					
Parish Contributions	17,948	-	-	-	17,948
Archbishops' Council	-	-	350	-	350
Other donations	318	84	483	56	941
Charitable activities	1,228	-	-	-	1,228
Other activities	636	-	-	-	636
Investments	3,635	2	138	-	3,775
Other	-	735	-	307	1,042
	<u>23,765</u>	<u>821</u>	<u>971</u>	<u>363</u>	<u>25,920</u>
<b>Expenditure on</b>					
Raising and managing funds	353	-	-	309	662
Charitable activities	21,890	78	581	(726)	21,823
Loss on sale of assets	4	283	-	-	287
Total	<u>22,247</u>	<u>361</u>	<u>581</u>	<u>(417)</u>	<u>22,772</u>
<b>Net income/(expenditure) before investment gains and losses</b>	1,518	460	390	780	3,148
Net gains on investments	96	2	10	4,359	4,467
<b>Net income/(expenditure)</b>	<u>1,614</u>	<u>462</u>	<u>400</u>	<u>5,139</u>	<u>7,615</u>
<b>Transfers between funds</b>	(111)	1,142	(61)	(970)	-
<b>Other recognised gains/(losses)</b>					
Gains/(losses) on revaluation of fixed assets	-	4,879	-	15,331	20,210
Actuarial gain/(loss) on defined benefit pension schemes	(452)	-	-	-	(452)
<b>Net movement in funds</b>	<u>1,051</u>	<u>6,483</u>	<u>339</u>	<u>19,500</u>	<u>27,373</u>
<b>Total funds at 1 January 2014 as previously stated</b>	6,614	56,611	1,912	294,612	359,749
Transitional adjustment – FRS102	-	-	-	(12,868)	(12,868)
<b>Funds restated as at 1 January 2014</b>	<u>6,614</u>	<u>56,611</u>	<u>1,912</u>	<u>281,744</u>	<u>346,881</u>
<b>Total funds at 31 December 2014</b>	<u>7,665</u>	<u>63,094</u>	<u>2,251</u>	<u>301,244</u>	<u>374,254</u>