



# **OXFORD DIOCESAN BOARD OF FINANCE**

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

for the year ended 31 December 2016

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 2016.

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 transferred 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 Christian 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, the spiritual care of older people, world development, 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

- 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  
*The announcement and arrival of the Rt Revd Steven Croft as Bishop of Oxford gave cause for celebration after a lengthy vacancy in see. His inauguration service took place on 30<sup>th</sup> September at Christ Church Cathedral and was attended by some 500 guests. He had identified three personal priorities at the beginning of his ministry in Oxford: **children and young people; the poor; and discipleship**. He began home visits to the clergy of the Oxford Area and in December, a programme of day visits to all of the 29 deaneries which will conclude in July. His discernment from those visits is feeding into a developing diocesan strategy. Bishop Colin, who was acting Diocesan Bishop, stood down on 8<sup>th</sup> July - Bishop Steven's formal appointment date, and was presented with a gift at Diocesan Synod in recognition of his leadership and heavy workload during the vacancy.*
- To support archdeaconries, deaneries, parishes and benefices in the development, enhancement and implementation of their mission action plans  
*Departments, particularly the Departments of Mission and Communications, have prioritised staff resources to address 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.*
- 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  
*During 2016 a full strength DDO team was recruited with 3 full-time Directors of Ordinands and 2 self-supporting part-time DDOs. Given the length of the discernment process it will take some time to see the numbers increasing but the signs are encouraging.*

## ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

- To develop a vocations strategy for the diocese and to facilitate the development of lay ministry, discipleship and leadership

*The first draft of the vocations strategy has been taken to the Board of Mission and will be developed further. Work on lay ministry, discipleship and leadership has begun and will be aligned to the national report from the Lay Leadership Task Group: "Setting God's People Free". Meanwhile 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.*

- To publish and begin implementation of a diocesan rural strategy following consultation with rural leaders.

*This year has seen the development of a Rural Strategy, approved by the Board of Mission – "Resourcing and Enhancing the Rural Church in the Diocese of Oxford." Objectives include more evidence of lay and ordained leaders thriving, more people engaging with and experiencing the church buildings in their community, relationships between local churches and schools growing and flourishing, the exploration of a range of options relating to governance and increasing the financial sustainability of churches.*

- To devise and deliver a strategy for the promotion of the national funerals and baptisms projects

*It was agreed that the focus would be to raise awareness of research, good practice and resources. Work was undertaken to embed the learning from the presentations on Funerals in 2015 provided by the national Projects Officer Canon Sandra Miller. In 2016 she returned and addressed over 80 people on the national Baptism Project. This was linked to a feature on baptisms in The DOOR. A group of curates are exploring how this work can be taken forward.*

- To pilot the national Parish Giving Scheme within the diocese

*This project had to be put on hold until the diocesan Generous Giving Advisor had been appointed to oversee the work.*

- To develop a safeguarding training program for licensed ministers and churchwardens and to prepare responses to the National Abuse Inquiry and to national requirements on Safeguarding as required

*In line with national requirements mandatory safeguarding training was developed for all the licensed ministers in the diocese. Initial training is underway with 190 clergy and LLMs trained in 2016. The programme will continue in 2017 and a 3 year refresher programme is in place. A working group was set up to respond as required to the National Abuse Inquiry.*

- To identify an Area Office for Berkshire which will provide an office base for the Area Bishop, Archdeacon and Parish Development Advisor.

*After exploring a number of possibilities it has been agreed that this project should be deferred. However new larger office accommodation was identified for the central diocesan staff team to accommodate increased staff and activity, including the rapidly developing work in the Education area and in the Oxford Diocesan Schools Trust. The Bishop and Archdeacon of Dorchester joined the Bishop and Archdeacon of Oxford in working from the building. The open plan office is significantly improving staff effectiveness and communication.*

## ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

- 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

*Discussions took place with the national Research and Statistics department with a view to identifying ways to improving the level and quality of data submission and use. The work is now located within the Board of Mission team but is still at an early stage.*

- To develop and implement a new remuneration structure for ODBF and ODBE staff, identifying and utilising a comprehensive HR Management system.

*The review of staff remuneration was undertaken and a new remuneration structure agreed for ODBF and ODBE which will be implemented in September 2017. A suitable HR Management system has been identified which will be used jointly by ODST, ODBE and ODBF staff.*

- To provide funding, housing and Continuing Ministerial Development for the clergy of the Diocese

*Stipends were provided for 359 clergy including 52 curates in training at the end of 2016. Housing was also provided and maintained for 414 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 £507k to diocesan income in 2016. Support and training was provided for 125 self-supporting ministers. £827k was contributed to the national pool for the funding of ordinands. This was in addition to £472k for other ordinand related costs within 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.

*A small working group has been set up to look at ways of enhancing clergy wellbeing under the leadership of the Archdeacon of Berkshire and the Director of Human Resources. The HR team continued to work with the Bishops and Archdeacons, Area Deans and others to ensure consistency of HR practice in relation to clergy matters.*

- 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

*The management of ODBF assets and close budgetary control allowed the application of an average share increase of 1.25 %. Parishes responded by increasing the amount of share paid to 96.8% of the amount requested from 96.5% in 2015. This continues to be 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

- To work under the leadership of Bishop Steven to develop a vision and strategic priorities for the next stage of the diocese's life. The financial resources of the ODBF and the focus of staff time will then need to be appropriately aligned to assist implementation.

## **FUTURE PLANS (continued)**

- To support developments in Discipleship, including extending the use of the Partnership for Missional Church programme, promoting the national prayer initiative “thy Kingdom Come”, the “Whatever You Do” prayer calendar and working with parishes on giving using the national “Giving for Life Re-ignited” resource.
- To develop further the Vocation strategy with a focus on increasing the number and range of vocations, developing the financial and policy structures to support the training of ordinands, accompanied by continuing work on initial and ongoing training and resourcing for clergy and LLMs.
- To undertake the preparatory work necessary for the 2018 Clergy Conference
- To work on the rural strategy prepared in 2016.
- To continue to improve the collection and use of data.
- To create missional responses to the pastoral and evangelistic opportunities offered by the development of new communities across the diocese.
- Development of case work management systems, office policies and committee structures to process the approximately 700 annual faculty applications more efficiently so that more time is available to support parishes in utilising their buildings for mission and outreach.
- To develop Safeguarding training in line with national requirements contributing to the external safeguarding audit of the diocese and to the National Abuse Inquiry as required.
- To carry out a review of current financial audit provision in conjunction with the Audit Committee.
- To provide funding, housing and Continuing Ministerial Development for the clergy of the Diocese
- To ensure vicarages are in the right location and are fit for purpose: it is intended to replace five properties, develop one and carry out extensions at a further six vicarages in 2017
- 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 £2.1M before revaluation gains. In addition, investment gains, property and pension revaluations totalling £34.0M resulted in an overall increase in funds of £36.1M (2015:£24.7M). £14.3M of the increase is due to unrealised revaluation gains on glebe land pending sale for development.



## **FINANCIAL REVIEW (continued)**

### **Financial Performance (continued)**

In addition, funds have risen by unrealised revaluation gains on properties and glebe investments due to rising markets, including a 4% increase in house prices.

Income in the SOFA totalled £25.5M (2015: £25.6M). 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 72% (2015: 71%) of total income. Current year receipts before rebates grew by £0.2M from 2015 and 96.8% of apportioned share for the year was received (2015: 96.5%). The rate of increase in parish share for 2016 was set at an average of 1.25% (2015: 1.2%).

Total income dropped by £0.2M between 2015 and 2016 due to one-off items in the 2015 accounts – other donation income in 2015 included £0.3M new trust fund endowments.

2016 expenditure in the SOFA was consistent with 2015 apart from a £0.4M increase in the credit from the clergy pension fund valuation (2016: £1.6M, 2015: £1.2M) (note 8). Without it the surplus for the year would be £0.5M.

### **Balance Sheet position**

While the net assets at the balance sheet date totalled £435M (2015: £399M) it must be remembered that included in this total are properties, mostly in use for the ministry (valued at £306M, 2015: £294M) and glebe investments (valued at £125M, 2015: £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 £45.6M at 31 December 2016 (2015: £35.0M). The increase in value from 2015 was due to the revaluation of glebe land pending sale and a general increase in the value per acre. Rents receivable amounted to £0.6M (2015: £0.5M).

Glebe listed investments are managed by Newton Investment Management. Glebe investment holdings were valued at £79.8M at 31 December 2016 (2015: £68.9M). Dividends and interest receivable amounted to £3.1M (2015: £3.0M).

### **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.

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

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

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

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

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

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

#### **Glebe Investments**

Glebe investments are held in equities, fixed interest securities and cash, agricultural land, commercial and residential land and buildings. The portfolio is reviewed by the Investment Committee at least 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 360 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 2016, ODBF's free reserves were equivalent to 1.77 months (2015 3.05 months) of gross expenditure from general funds in the forthcoming year. The decrease in free reserves is due to the timing of property purchases in the year, and the reserves are expected to recover once Diocesan Church House is sold.

### **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 2016 total designated reserves were £76.3M (2015: £71.0M).

### **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 2016 restricted funds totalled £2.3M (2015: £2.2M) and endowment funds totalled £352.2M (2015: £319.0M). 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 which 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
- The Diocesan Safeguarding Adviser is available to give advice.

Escalation of the Oxford Diocese's share of National Church costs outside Diocesan control

- Diocesan representation to central Church bodies and involvement in consultation on additional expenditure.

## **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

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 and Dorchester respectively. Each archdeaconry is subdivided into deaneries, there being a total of 29 deaneries across the Diocese, which are further subdivided into some 620 parishes.

The Diocese is governed by Standing Orders approved on 27 February 1988 and subsequent amendments. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese and which has a small majority of lay members. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to five persons may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year, determines major policy matters and approves an annual budget.

## **ORGANISATIONAL STRUCTURE (continued)**

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 most recently 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.

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

The statutory committees are:

*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.

*Buildings Committee*, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by ODBF.

In 2016 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.

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

*Partnership in World Mission*, which promotes world Christian 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 thirteen 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.

### **Bishop's Council (continued)**

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.

*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 elected as clerical or lay members from each of the four archdeaconries or nominated 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.

### **Directors' responsibilities (continued)**

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 2016 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 transferred 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.



### **Connected Charities (continued)**

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.

## 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 Dr S J Croft from 6/7/16	Ex officio, Bishop of Oxford, President
The Right Revd C W Fletcher	Ex officio, Acting Bishop of Oxford, President to 5/7/16
	Ex officio, Bishop of Dorchester
The Revd J H Tattersall	Ex officio, Chairman ODBF
Mr S A Richards	Lay member, Archdeaconry of Dorchester
Mrs J A Babb	Ex officio, Vice Chairman ODBF from 12/11/16
The Revd Canon S E Booy	Lay member, Archdeaconry of Buckingham
Mr M F Chandler from 27/1/16	Ex officio, Vice President of Synod
The Revd Canon A M Daffern	Lay member, Archdeaconry of Berkshire
Mrs J Dziegiel	Clerical member, Archdeaconry of Dorchester
The Ven G C Elsmore from 18/7/16	Lay member, Archdeaconry of Buckingham
The Revd Dr G Fancourt	Ex officio, Archdeacon of Buckingham
The Ven J K French	Clerical member, Archdeaconry of Berkshire
Mr H Gibbon	Ex officio, Archdeacon of Dorchester
Mr A Glaze	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	Ex officio, Archdeacon of Berkshire
The Revd Canon A P Marsden	Lay member, Archdeaconry of Dorchester
The Revd D W McFarland	Clerical member, Archdeaconry of Berkshire
Mr R G Merrylees	Clerical member, Archdeaconry of Oxford
Ms J Ozanne	Lay member, Archdeaconry of Buckingham
The Very Revd Professor M Percy	Lay member, Archdeaconry of Oxford
Mr M Powell from 8/2/17	Ex officio, Dean of Christ Church Cathedral
The Right Revd A Proud	Lay member, Archdeaconry of Dorchester
Mrs S.E.Scane from 10/5/17	Ex officio, Bishop of Reading
Mrs J M Scott	Nominated by the Bishop of Oxford
Mr J P Smith	Ex officio, Vice President of Synod
Dr A Thomas-Betts	Lay member, Archdeaconry of Berkshire
The Revd C I Walton	Nominated by the Bishop of Oxford
Mr M H Waring	Clerical member, Archdeaconry of Buckingham
The Revd Canon J J West from 27/1/16	Lay member, Archdeaconry of Dorchester
The Right Revd Dr A T L Wilson	Clerical member, Archdeaconry of Dorchester
	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:

Mr R Birch to 8/2/17	Nominated by the Bishop of Oxford
The Revd Canon A K E Blyth to 17/3/17	Clerical member, Archdeaconry of Buckingham
The Ven K M Gorham to 23/2/16	Ex officio, Archdeacon of Buckingham
Mr M R Hardman to 12/11/16	Ex officio, Vice Chairman ODBF

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  
Sidleys Chartered Surveyors, 6 King Edward Street, Oxford, OX1 4JL  
and Bidwells, Seacourt Tower, West Way Oxford OX2 0JJ

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

In approving this Directors' Report, the Directors are also approving the Strategic Report within their capacity as company directors.

This Directors' report, incorporating the Strategic Report, were approved by the Directors on 18 May 2017

By Order of the Board

Revd J H Tattersall  
Chairman

18 May 2017

## **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 2016 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 2016 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 2016**

	Note	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2016	2015
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations	2						
Parish contributions		18,425	-	-	-	18,425	18,236
Archbishops' Council		-	-	193	-	193	189
Other donations		300	18	202	15	535	924
Charitable activities	3	1,165	-	-	-	1,165	1,206
Other activities	4	699	-	-	-	699	675
Investments	5	3,883	1	134	-	4,018	3,891
Other	6	-	72	178	166	416	511
		<u>24,472</u>	<u>91</u>	<u>707</u>	<u>181</u>	<u>25,451</u>	<u>25,632</u>
<b>Expenditure on</b>							
Raising and managing funds	7	430	-	-	277	707	640
Charitable activities	8	23,399	38	542	(1,581)	22,398	22,807
Other property related costs	9	2	201	-	-	203	312
		<u>23,831</u>	<u>239</u>	<u>542</u>	<u>(1,304)</u>	<u>23,308</u>	<u>23,759</u>
<b>Net income/(expenditure) before investment gains</b>		641	(148)	165	1,485	2,143	1,873
Net gains/(losses) on investments		35	4	82	24,811	24,932	5,294
<b>Net income/(expenditure)</b>		<u>676</u>	<u>(144)</u>	<u>247</u>	<u>26,296</u>	<u>27,075</u>	<u>7,167</u>
<b>Transfers between funds</b>	15	(1,955)	2,547	(52)	(540)	-	-
<b>Other recognised gains/(losses)</b>							
Gains/(losses) on revaluation of assets and liabilities		-	2,878	-	7,354	10,232	16,471
Actuarial gain/(loss) on defined benefit pension schemes	26	(1,256)	-	-	-	(1,256)	1,048
<b>Net movement in funds</b>		<u>(2,535)</u>	<u>5,281</u>	<u>195</u>	<u>33,110</u>	<u>36,051</u>	<u>24,686</u>
<b>Total funds brought forward</b>		<u>6,734</u>	<u>71,009</u>	<u>2,152</u>	<u>319,045</u>	<u>398,940</u>	<u>374,254</u>
<b>Total funds carried forward</b>	21	<u>4,199</u>	<u>76,290</u>	<u>2,347</u>	<u>352,155</u>	<u>434,991</u>	<u>398,940</u>

All activities derive from continuing activities. The notes on pages 25 to 49 form part of the financial statements

**STATEMENT OF FINANCIAL ACTIVITIES (PRIOR YEAR)**  
**For the year ended 31 December 2015**

	Note	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2015	2014
		£'000	£'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
Other property related costs	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>

**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 2016**

	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
Income	25,270	25,065
Expenditure	(24,612)	(24,433)
<b>Operating surplus/(deficit) for the year</b>	<b>658</b>	<b>632</b>
Net gains on investments	121	40
<b>Net income for the year</b>	<b>779</b>	<b>672</b>
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	2,878	3,690
Actuarial gains/(losses) on defined Benefit pension schemes	(1,256)	1,048
<b>Total comprehensive income</b>	<b>2,401</b>	<b>5,410</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 2016**

Charity number 247954  
 Company number 142978

	Note	2016 £'000	2015 £'000	2015 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	16		306,628		294,214
Investments	17		130,704		108,772
			<u>437,332</u>		<u>402,986</u>
<b>CURRENT ASSETS</b>					
Debtors due in over one year	18	694		690	
Pension surplus – staff scheme	18	-		411	
Debtors	18	1,112		1,266	
Cash on deposit and at bank		9,909		8,822	
		<u>11,715</u>		<u>11,189</u>	
CREDITORS: amounts falling due within one year	19	(1,661)		(1,823)	
<b>NET CURRENT ASSETS</b>			<u>10,054</u>		<u>9,366</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>447,386</u>		<u>412,352</u>
<b>CREDITORS: amounts falling due after more than one year</b>					
Pension scheme liabilities – staff scheme	26		(671)		-
Pension scheme liabilities – clergy scheme	26		(9,374)		(10,955)
Other creditors	20		(2,350)		(2,457)
<b>NET ASSETS</b>			<u>434,991</u>		<u>398,940</u>
<b>FUNDS</b>					
<b>Endowment funds</b>					
(Including investment revaluation reserve of £200,915K) (2015: £176,071K)			352,155		319,045
<b>Restricted income funds</b>					
(Including investment revaluation reserve of £131K) (2015: £52K)			2,347		2,152
<b>Unrestricted income funds:</b>					
General funds (Including revaluation reserve of £438K) (2015: £404K)			4,199		6,734
<b>Designated funds</b>					
(Including investment revaluation reserve of £38,745K) (2015: £36,234K)			76,290		71,009
<b>TOTAL FUNDS</b>	21		<u>434,991</u>		<u>398,940</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 2017 and signed on behalf of the Board by:

The Right Reverend Dr S J Croft  
 Bishop of Oxford

The Revd J H Tattersall  
 Chairman

## CASH FLOW STATEMENT

For the year ended 31 December 2016

	2016		2015
	£'000	£'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>		(3,576)	(3,058)
<i>Cash flows from investing activities:</i>			
Dividends, interest and rent from investments	3,932		3,804
Interest paid	(2)		(3)
Proceeds from the sale of:			
Tangible fixed assets	1,766		4,585
Fixed asset investments	17,748		13,525
Purchase of:			
Tangible fixed assets for the use of the ODBF	(3,806)		(5,807)
Fixed asset investments	(14,747)		(13,374)
	-----		-----
<b>Net cash provided by/(used in) investing activities</b>		<b>4,891</b>	<b>2,730</b>
<i>Cash flows from financing activities:</i>			
Loans repaid by the ODBF	(252)		(592)
New loan received by ODBF	-		299
Loans repaid to ODBF	129		10
New loans made by ODBF	(105)		-
	-----		-----
<b>Net cash provided by/(used in) financing activities</b>		<b>(228)</b>	<b>(283)</b>
		-----	-----
<b>Change in cash and cash equivalents in the reporting period</b>		<b>1,087</b>	<b>(611)</b>
Cash and cash equivalents at 1 January		8,822	9,433
		-----	-----
Cash and cash equivalents at 31 December		9,909	8,822
		=====	=====
<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>		<b>2,143</b>	<b>1,874</b>
<b>Adjustments for:</b>			
Depreciation charges		171	57
Interest paid		2	3
Dividends, interest and rent from investments		(3,932)	(3,804)
Loss/(profit) on sale of functional assets		(179)	(40)
Decrease/(increase) in debtors (ex. loans)		126	(336)
Increase/(decrease) in creditors (ex. loans)		(129)	620
Non cash movement in clergy pension fund		(1,581)	(1,172)
Non cash movement in staff pension fund		(174)	(162)
Recoupment of impairment		(23)	(98)
		-----	-----
<b>Net cash provided by/(used in) operating activities</b>		<b>(3,576)</b>	<b>(3,058)</b>
		-----	-----

## 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 the Director of Buildings with reference to advice from professional agents (previously with reference to the Land Registry house price index data). All properties are subject to an annual impairment review by the Director of Buildings; properties are written down to net realisable value where that is lower than carrying value.

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

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.

### *Buildings, refurbishments, 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
Church House Oxford:	
Building	2.5% of cost
Refurbishment	5% of cost
Motor cars	25% of cost
Computers	33⅓% 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.

## 1 Accounting policies (continued)

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

### 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 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Current year receipts	18,970	-	-	-	18,970	18,786
Rebates and discounts	(567)	-	-	-	(567)	(557)
Receipts for prior years	22	-	-	-	22	7
Total Income	<u>18,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,425</u>	<u>18,236</u>

Current year parish share receipts represent 96.8% of the total apportioned (2015 – 96.5%).

### Archbishops' Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Mission Development Fund	-	-	180	-	180	180
New Communities grant	-	-	13	-	13	9
	<u>-</u>	<u>-</u>	<u>193</u>	<u>-</u>	<u>193</u>	<u>189</u>

### Other donations

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
All Churches Trust Grant	270	-	-	-	270	264
Donations for parsonage repairs	-	-	14	-	14	126
Trust funds	-	-	-	15	15	309
Other Donations	30	18	188	-	236	225
	<u>300</u>	<u>18</u>	<u>202</u>	<u>15</u>	<u>535</u>	<u>924</u>



### 3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Statutory fees	1,113	-	-	-	1,113	1,126
Training, events & other	52	-	-	-	52	80
	<u>1,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,165</u>	<u>1,206</u>

### 4. OTHER ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Housing income	507	-	-	-	507	533
School premises support	190	-	-	-	190	136
Other	2	-	-	-	2	6
	<u>699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>699</u>	<u>675</u>

### 5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Dividends receivable	3,112	1	129	-	3,242	3,178
Interest receivable	46	-	5	-	51	68
Rents receivable	639	-	-	-	639	557
Solar panels income	86	-	-	-	86	88
	<u>3,883</u>	<u>1</u>	<u>134</u>	<u>-</u>	<u>4,018</u>	<u>3,891</u>

### 6. OTHER INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Gain on sale of properties	-	71	-	133	204	216
Recoupment of previous impairment	-	1	-	22	23	99
Gains on loan redemption	-	-	-	-	-	88
Sale of closed church	-	-	178	-	178	-
Other property income	-	-	-	11	11	108
	<u>-</u>	<u>72</u>	<u>178</u>	<u>166</u>	<u>416</u>	<u>511</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 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Glebe costs	333	-	-	277	610	553
Parsonage rental costs	52	-	-	-	52	49
Other	45	-	-	-	45	38
	<u>430</u>	<u>-</u>	<u>-</u>	<u>277</u>	<u>707</u>	<u>640</u>

## 8. CHARITABLE ACTIVITIES - EXPENDITURE

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
<b>Contributions to</b>						
<b>Archbishops' Council</b>						
Training for Ministry	827	-	-	-	827	807
National Church	-	-	-	-	-	-
Responsibilities	624	-	-	-	624	609
Mission agency pension costs	49	-	-	-	49	48
Retired clergy housing	270	-	-	-	270	256
Grants & provisions	78	-	-	-	78	78
Pooling of ordinand maintenance grants	-	-	-	-	-	29
	<u>1,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,848</u>	<u>1,827</u>
<b>Resourcing Ministry and Mission</b>						
Parish Ministry:						
Stipends	8,989	10	-	-	8,999	8,611
National insurance	732	-	-	-	732	688
Pension contributions	3,249	-	-	-	3,249	3,098
Clergy defined benefit pension adjustment (note26)	-	-	-	(1,581)	(1,581)	(1,172)
Housing costs	3,982	-	125	-	4,107	4,398
Removal, resettlement, parish & clergy grants	377	-	70	-	447	466
Other parish expenses	491	-	-	-	491	498
Parish share refund	-	-	-	-	-	368
	<u>17,820</u>	<u>10</u>	<u>195</u>	<u>(1,581)</u>	<u>16,444</u>	<u>16,955</u>
<b>Support for parish ministry and training:</b>						
Ordinand grants	430	-	42	-	472	467
Diocesan training costs	502	-	-	-	502	529
Mission in the Diocese	1,273	20	111	-	1,404	1,309
DAC, MPC & DT(O)L	259	-	25	-	284	281
Communications	265	-	-	-	265	265
Bishops, Archdeacons & Area Offices	516	8	-	-	524	510
	<u>3,245</u>	<u>28</u>	<u>178</u>	<u>-</u>	<u>3,451</u>	<u>3,361</u>

## 8. CHARITABLE ACTIVITIES - EXPENDITURE(continued)

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
<b>Expenditure on grants</b>						
Grant to Oxford Diocesan Board of Education	309	-	60	-	369	304
Grants to other Organisations(see note 12)	177	-	109	-	286	360
<b>Total charitable activities</b>	<u>23,399</u>	<u>38</u>	<u>542</u>	<u>(1,581)</u>	<u>22,398</u>	<u>22,807</u>

## 9. OTHER PROPERTY RELATED COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Loss on sale of properties			-			243
Loss on loans redemption	-	25	-	-	25	21
Other	2	176	-	-	178	48
	<u>2</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>312</u>

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

	Activities	Support Costs £'000	Total costs 2016 £'000
	Undertaken Directly £'000		
Raising and managing funds	643	64	707
Charitable activities:			
Contributions to Archbishops' Council	1,848	-	1,848
Resourcing parish ministry	16,023	421	16,444
Support for parish ministry and training	2,489	962	3,451
Grant to Board of Education	369	-	369
Grants to other organisations	286	-	286
Loss on sale of assets	203	-	203
	<u>21,861</u>	<u>1,447</u>	<u>23,308</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 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Human Resources & Admin	337	-	-	-	337	330
Finance	417	-	-	-	417	414
Secretariat	144	-	-	-	144	135
ICT	252	-	-	-	252	251
Premises & other	128	-	-	-	128	89
Governance:						
External audit	21	-	-	-	21	19
Registrar and Chancellor	108	-	-	-	108	120
Synod costs	40	-	-	-	40	36
	<u>1,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,447</u>	<u>1,394</u>

## 12. ANALYSIS OF GRANTS MADE

	2016 Number	2015 Number	2016 £'000	2015 £'000
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishops' Council	<u>1</u>	<u>1</u>	<u>1,848</u>	<u>1,827</u>
<b>From unrestricted funds to institutions:</b>				
Parents and Children Together (PACT)	1	1	95	95
Ecumenical grants	5	6	62	104
Grants for parish building projects	32	30	75	83
Bishops discretionary grants	4	4	21	21
Oxford Diocesan Council for the Deaf	1	1	20	37
Other small grants	-	-	13	20
	<u>43</u>	<u>42</u>	<u>286</u>	<u>360</u>

## 13. STAFF COSTS

Employee costs during the year were as follows:		
Wages and salaries		2,210
National insurance contributions		220
Pension costs		417
		<u>2,847</u>
Total		<u>2,652</u>
The average number of persons employed during the year: (headcount)		
	Number	Number
Charitable activities	59	53
Support	17	17
	<u>76</u>	<u>70</u>
Total	<u>76</u>	<u>70</u>

### 13. STAFF COSTS (continued)

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

	Number	Number
Charitable activities	52	48
Support	15	14
	<u>        </u>	<u>        </u>
Total	67	62
	<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	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 2016 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 £424K.

### Directors' emoluments

No remuneration has been paid to any director during the year (2015: £nil) for acting as a director or trustee. However, 13 (2015: 16) directors, who held ecclesiastical office during the year, were paid aggregate stipends of £314,000 (2015: £364,000) and expenses of £26,000 (2015: £33,000). Pension contributions on those stipends amounted to £106,000 (2015: £127,000). 5 other directors (2015: 6) were reimbursed for travel, subsistence and incidental costs amounting to £3,000 (2015: £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. Two of the archdeacons were provided with cars (cost £24K).

### 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 G Elsmore	Yes	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 Canon AKE Blyth	Yes	Yes
The Revd Canon S Booyes	Yes	Yes
The Revd Canon A Daffern	Yes	Yes
The Revd Dr G Fancourt	Yes	Yes
The Revd Canon A Marsden	Yes	Yes
The Revd D McFarland	Yes	Yes
The Revd C Walton	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 £34,980-£43,220 (2015 range £34,460-£42,880). The annual rate of stipend, funded by the ODBF, paid to Archdeacons in 2016 was in the range £33,670 - £34,180 (2015 range £33,010 – £33,670) and other clergy who were Directors were paid in the range £25,327- £26,834 (2015 range £24,830 – £25,627).

### 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)

## 14 RELATED PARTIES (continued)

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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Recharged by ODBF:				
Pay costs	-	-	15	19
Grants made by ODBF	95	95	7	7
Inter-company debtor balances at 31 December 2016	-	-	7	4

ODBF bears the entire operating costs of DT(O)L, consisting principally of accounting, secretarial and administrative services. These amounted to £96K (2015: £98K). At 31 December 2016 there was a balance of £8K due from DT(O)L to ODBF (2015: £8K) for land registry costs, included in other debtors in note 18.

ODBF made grants of £369K to ODBE in 2016 (2015: £304K). ODBF recharges ODBE for accounting, company secretarial, human resources, ICT, premises administrative services on a monthly basis, £160K in 2016 (2015:£164K). The balance due from ODBE at 31 December 2016 was £7K (2015: £43K), included in other debtors in note 18.

## 15. ANALYSIS OF TRANSFERS BETWEEN FUNDS

Type of transfer	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
a Sale of Board owned properties in the year	1,014	(1,014)		
b Purchase and improvements to properties	(2,741)	2,741		
c Property transfers following pastoral measures		540		(540)
Repayment of equity mortgages	(360)	360		
Other transfers of less than £250,000 each	132	(80)	(52)	
	<u>(1,955)</u>	<u>2,547</u>	<u>(52)</u>	<u>(540)</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.

**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 2016	70,663	650	607	195,393	27,401	294,714
Additions	2,742	-	354	102	608	3,806
Disposals	(950)	-	-	-	(613)	(1,563)
Transfers	540	-	-	(540)	-	-
Impairment recouped	1	-	-	22	-	23
Revaluation	2,939	26	-	6,381	973	10,319
At 31 December 2016	<u>75,935</u>	<u>676</u>	<u>961</u>	<u>201,358</u>	<u>28,369</u>	<u>307,299</u>
<b>Depreciation</b>						
At 1 January 2016	-	-	500	-	-	500
Disposals	-	-	-	-	-	-
Charge for the year	81	-	90	-	-	171
At 31 December 2016	<u>81</u>	<u>-</u>	<u>590</u>	<u>-</u>	<u>-</u>	<u>671</u>
<b>Net Book Value</b>						
At 31 December 2016	<u>75,854</u>	<u>676</u>	<u>371</u>	<u>201,358</u>	<u>28,369</u>	<u>306,628</u>
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>
<b>Cost or ICV</b>						
At 31 December 2016	<u>36,706</u>	<u>-</u>	<u>961</u>	<u>72,089</u>	<u>11,000</u>	<u>120,756</u>
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>

Freehold properties include Diocesan Church House, formerly the main office of the Diocese, at a total value of £2,475K (2015: £2,464K), valued in November 2015 by Carter Jonas, and updated by the Director of Buildings at 31 December 2016 based on anticipated sales proceeds.



**17a. FIXED ASSETS INVESTMENTS**

	At 1 January 2016 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2016 £'000
<b>Unrestricted funds</b>						
Equity mortgage loans	882	-	(10)	-	34	906
<b>Designated funds</b>						
Administered funds	35	-	(5)	-	4	34
<b>Restricted funds</b>						
ODBF Trusts & other	548	25	(25)	-	83	631
<b>Endowment funds</b>						
Glebe (see note 17b)	103,904	14,706	(17,777)	-	24,530	125,363
ODBF Trusts & other	3,403	17	-	-	350	3,770
	107,307	14,723	(17,777)	-	24,880	129,133
<b>Total</b>	<b>108,772</b>	<b>14,748</b>	<b>(17,817)</b>	<b>-</b>	<b>25,001</b>	<b>130,704</b>

**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 2016	28,546	2,470	1,904	2,066	68,918	103,904
Additions in year	-	-	-	-	14,706	14,706
Disposals in year	(7,273)	-	-	-	(10,504)	(17,777)
Unrealised gains /(losses) in year	17,573	92	58	135	6,672	24,530
<b>Net Book Value: At 31 Dec 2016</b>	<b>38,846</b>	<b>2,562</b>	<b>1,962</b>	<b>2,201</b>	<b>79,792</b>	<b>125,363</b>
At 31 Dec 2015	28,546	2,470	1,904	2,066	68,918	103,904
<b>Cost or ICV</b>						
At 31 Dec 2016	3,821	1,544	2,455	1,062	64,441	73,323
At 31 Dec 2015	4,579	1,829	2,455	1,062	59,182	69,107

<b>18. DEBTORS</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year</b>		
Prepayments	231	233
Accrued income	71	90
Other debtors	639	688
Loans	83	111
Connected charities	88	144
	<u>1,112</u>	<u>1,266</u>
Pension fund surplus	-	411
<b>Due after more than one year</b>		
Loans to parishes	694	690
<b>Total debtors</b>	<u>1,806</u>	<u>2,367</u>
<b>19. CREDITORS: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
CBF loans	35	69
Creditors and accruals	1,482	1,574
Taxation and social security	59	52
Deferred income	85	128
<b>Total creditors: amounts falling due within one year</b>	<u>1,661</u>	<u>1,823</u>
<b>20. CREDITORS: amounts falling due after more than one year</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Loans	2,350	2,457
<b>Total creditors: amounts falling due after more than one year</b>	<u>2,350</u>	<u>2,457</u>
The maturity of the above loans may be analysed as follows:		
Within one year	35	69
Between one and two years	35	39
Between two and five years	75	85
In five years and more	2,240	2,333
	<u>2,385</u>	<u>2,526</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 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances 31 Dec 2016 £'000
<b>UNRESTRICTED FUNDS</b>						
General	6,734	24,472	(23,831)	(1,955)	(1,221)	4,199
<b>DESIGNATED FUNDS</b>						
Board Properties fund	68,829	72	(24)	2,547	2,878	74,302
Relocation fund	495	-	(176)	-	-	319
Development posts and new communities fund	1,400	-	(10)	-	-	1,390
Other funds	285	19	(29)	-	4	279
	<u>71,009</u>	<u>91</u>	<u>(239)</u>	<u>2,547</u>	<u>2,882</u>	<u>76,290</u>
<b>RESTRICTED FUNDS</b>						
Diocesan Pastoral Account	183	179	(25)	-	-	337
Mission grants fund	313	180	(132)	-	-	361
Parsonage repairs donation	123	-	(112)	-	-	11
Sillitoe Bequest	600	22	-	-	80	702
Other funds below £250K each	933	326	(273)	(52)	2	936
	<u>2,152</u>	<u>707</u>	<u>(542)</u>	<u>(52)</u>	<u>82</u>	<u>2,347</u>
<b>ENDOWMENT FUNDS</b>						
Glebe team vicarages	27,768	133	-	-	972	28,873
Glebe investments	103,776	11	(277)	-	24,462	127,972
Clergy pension fund deficit	(10,955)	-	1,581	-	-	(9,374)
Diocesan Stipends fund	120,589	144	1,304	-	25,434	147,471
Parsonage House fund	194,983	22	-	(540)	6,381	200,846
Stipends bequest fund	1,435	-	-	-	145	1,580
Ordination candidates funds	1,051	15	-	-	100	1,166
Other	987	-	-	-	105	1,092
	<u>319,045</u>	<u>181</u>	<u>1,304</u>	<u>(540)</u>	<u>32,165</u>	<u>352,155</u>
<b>Total funds</b>	<u><u>398,940</u></u>	<u><u>25,451</u></u>	<u><u>(23,308)</u></u>	<u><u>-</u></u>	<u><u>33,908</u></u>	<u><u>434,991</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>	371	906	5,292	(2,370)	4,199
<b>Unrestricted - designated</b>					
Board Properties fund	76,530	-	10	(2,238)	74,302
Relocation fund	-	-	319	-	319
Development posts and new communities fund	-	-	1,390	-	1,390
Other funds	-	34	246	(1)	279
	<u>76,530</u>	<u>34</u>	<u>1,965</u>	<u>(2,239)</u>	<u>76,290</u>
<b>Restricted</b>					
Diocesan Pastoral Account	-	-	337	-	337
Mission grants fund	-	-	361	-	361
Parsonage repairs donation	-	-	11	-	11
Sillitoe Bequest	-	589	113	-	702
Other funds below £250K each	-	42	907	(13)	936
	<u>-</u>	<u>631</u>	<u>1,729</u>	<u>(13)</u>	<u>2,347</u>
<b>Endowment</b>					
Glebe team vicarages	28,369	300	204	-	28,873
Glebe investments	-	125,063	2,969	(60)	127,972
Clergy pension fund deficit	-	-	-	(9,374)	(9,374)
	<u>28,369</u>	<u>125,363</u>	<u>3,173</u>	<u>(9,434)</u>	<u>147,471</u>
Diocesan Stipends fund	28,369	125,363	3,173	(9,434)	147,471
Parsonage House fund	201,358	-	(512)	-	200,846
Stipends bequest fund	-	1,542	38	-	1,580
Ordination candidates funds	-	1,166	-	-	1,166
Other	-	1,062	30	-	1,092
	<u>229,727</u>	<u>129,133</u>	<u>2,729</u>	<u>(9,434)</u>	<u>352,155</u>
<b>Total funds</b>	<u>306,628</u>	<u>130,704</u>	<u>11,715</u>	<u>(14,056)</u>	<u>434,991</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.

#### Sillitoe 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 2016 the ODBF had capital expenditure commitments authorised but not contracted for of £1.1M (2015 - £0.9M), and contracted for but not yet due of £0.2M (2015 - £1.1M).

### **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 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

## 26. PENSIONS (continued)

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	1 January 2015 to 31 December 2017	1 January 2018 to 31 December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of stipends until December 2025.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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.

	2016 £'000	2015 £'000
Balance sheet liability at 1 January	10,955	12,127
Deficit contribution paid	(1,206)	(1,183)
Interest cost (recognised in SoFA)	259	265
Remaining change to the balance sheet liability* (recognised in SoFA)	(634)	(254)
Balance sheet liability at 31 December	9,374	10,955

\* 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 2016	December 2015	December 2014
Discount rate	1.5%	2.5% pa	2.3% pa
Price inflation	3.1%	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6%	0.9% pa	1.2% pa

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

### 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 2016 was 29.2% of basic salaries each month (2015: 29%), which amounted to £192K (2015: £209K). ODBE paid contributions of £31K for staff in the scheme (previously employed by ODBF) (2015: £42K). In addition to the monthly contributions, additional contributions were made towards clearing the pension fund deficit amounting to £150K (2015: £198K).

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 surplus at the start of 2016, £411K, decreased by £1,082K during the year to a deficit of £671K at 31 December 2016. The liabilities are valued on the basis of corporate bond yields at the date of calculation which this year was 2.70% (2015 3.80%), 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):

	2016	2015
	%	%
Discount rate	2.70	3.80
Salary increases	2.50	2.50
Inflation (RPI)	3.35	3.10
Inflation (CPI)	2.35	2.10
Allowance for pension in payment increases of RPI or 5% if less	3.20	3.00
Allowance for pension in payment increases of CPI or 5% if less	2.40	2.10

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 0.85% 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 2016 was £12,109K (2015: £10,055K) as below:

	2016	2015
	£'000	£'000
Equities	6,330	5,388
Deposit	14	72
Fixed Interest Bonds	777	701
Index-linked gilts	3,580	2,554
Property	1,408	1,340
	<u>12,109</u>	<u>10,055</u>

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

	2016	2015
	£'000	£'000
Fair value of plan assets	12,109	10,055
Present value of defined benefit obligation	<u>(12,780)</u>	<u>(9,644)</u>
Surplus/(deficit) in plan	<u>(671)</u>	<u>411</u>

### Salaried staff defined benefit scheme (continued)

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

	2016	2015
	£'000	£'000
Fair value of assets, 1 January	10,055	9,573
Interest income	385	353
Employer contributions	424	498
Benefits paid and expenses	(251)	(277)
Actuarial gain/(loss) on assets	1,496	(92)
Fair value of assets, 31 December	<u>12,109</u>	<u>10,055</u>

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

	2016	2015
	£'000	£'000
Defined benefit obligation at 1 January	9,644	10,372
Current service cost	205	241
Expenses	63	69
Interest cost	367	379
Benefits paid and expenses	(251)	(277)
Actuarial (gain)/loss	2,752	(1,140)
Defined benefit obligation at 31 December	<u>12,780</u>	<u>9,644</u>

Defined benefit costs recognised in the SOFA:

	2016	2015
	£'000	£'000
Current service cost	205	241
Net interest cost	(18)	26
Expenses	63	69
Total	<u>250</u>	<u>336</u>

Defined benefit costs recognised in other comprehensive income:

	2016	2015
	£'000	£'000
Return on plan assets – gain (loss)	1,496	(92)
Experience gains /(losses) arising on plan liabilities	28	761
Effects of changes in demographic & financial assumptions underlying the present value of the plan liabilities- gain (loss)	<u>(2,780)</u>	<u>379</u>
Total amount recognised in other comprehensive income	<u>(1,256)</u>	<u>1,048</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 (2016:£151K, 2015:£125K). Employer contributions of 12.5% were made by ODBF in 2016 (2015:12.5%).

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.