

OXFORD DIOCESAN BOARD OF FINANCE– PRESENTATION OF DIRECTORS’ REPORT AND FINANCIAL STATEMENTS 2020 TO THE ANNUAL GENERAL MEETING

Overall, the results for the year in the management accounts were a deficit of £0.4M, compared with the budgeted surplus of £4K. The full set of statutory accounts is presented with this report to be formally received by the Annual General Meeting of the Diocesan Board of Finance.

This year the audit report from Buzzacott has no going concern related narrative, as was required in the 2019 accounts. The situation last year – an ‘emphasis of matter’ within the audit report and associated disclosures within the statutory accounts relating to Covid19 & going concern - has not repeated itself.

Introduction

This report to the members of Synod comprises:

- I. a comparison between the actual results shown in the 2020 management accounts and the Synod revenue budget for 2020.
- II. a reconciliation between these results and those shown in the Statement of Financial Activities (“SOFA”) in the statutory financial statements.
- III. a summary of the balance sheet at 31 December 2020.
- IV. major capital transactions during 2020.
- V. the reserves policy.

I. Management Accounts - Performance Against Budget (£M)

2019			2020			
Actual			Actual		Budget	Variance – Favourable/ (Adverse)
£M	%		£M	%	£M	£M
<u>Expenditure</u>						
21.4	81	Parochial Ministry	20.9	81	21.0	0.1
3.0	11	Mission in the Diocese	2.8	11	3.0	0.2
1.1	4	National Church contribution	1.1	4	1.1	-
0.9	4	Administration & finance	0.9	4	0.9	-
26.4	100		25.7	100	26.0	0.3
<u>Income</u>						
19.2	75	Parish share net of rebates	18.9	75	19.5	(0.6)
4.4	17	Glebe income	4.5	18	4.4	0.1
1.7	7	Parish Fees & Rentals	1.6	6	1.8	(0.2)
0.4	1	General investment income	0.3	1	0.3	-
25.7	100		25.3	100	26.0	(0.7)
(0.7)		Net expenditure	(0.4)		-	(0.4)

Direct Parochial Ministry costs (stipends & pensions) were £296K over budget for the year, predominantly due to a lower than budgeted vacancy rate. Statutory fees were under budget by £0.3M as activity levels were impacted by lockdown. These overspends were offset by a £0.5M underspend in clergy housing and vicarage repair costs in the year (for example, planned inspection visits were necessarily deferred due to the pandemic restrictions).

ODBF received 94.4% of parish share requested for the year (2019: 96.7%). Levels of under payment of share totalled £1,149K (2019: £683K).

II. Reconciliation between Management Accounts and SOFA

The deficit for the year according to the management accounts above was £0.4M whereas the total net expenditure for all funds in the SOFA for the year before investment gains was £3.8M.

The Synod budget and management accounts relate to general funds income and expenditure only, whereas the statutory accounts include transactions relating to the designated, restricted and endowment funds, primarily relating to property and trust funds.

A summary is shown below of the reconciliation of the deficit shown in the management accounts to the net income shown in the SOFA:

	£M	Note
Deficit per management accounts	(0.4)	
Glebe investment management and development costs	(0.4)	a
Other property income/costs including surplus/loss on disposal	(0.2)	b
Total return transfer from endowment to support glebe income	(1.2)	c
Common Vision expenditure	(1.6)	d
SOFA: Net deficit before investment gains	(3.8)	
SOFA: Net gains on investments	6.2	
SOFA: Net income	2.4	
SOFA: Other gains	17.7	e
SOFA: Total Movement in funds	20.1	

a) Glebe investment management costs are funded by glebe capital under the Endowments and Glebe Measure and excluded from the management accounts results. These are fees paid to Newton Investment Management for managing the glebe investment portfolios.

b) Other property net income is mostly losses on property disposals during 2020.

- c) Total return transfer from endowment to general funds in line with agreed withdrawal under total return (included within income in the management accounts). This transfer ensures that budgeted investment income continues to rise with inflation each year via the application of Total Return accounting.
- d) Expenditure on Common Vision began in 2019 and includes £0.1M Development Fund grants paid out in 2020 and £0.3M costs of work carried out in the focus areas.
- e) Other gains represent an upwards revaluation, predominantly of the property portfolio, and a £1.4m positive valuation adjustment relating to final salary pension schemes (closed lay staff scheme and our proportion of the movements in the national clergy scheme).

III. Balance Sheet

The balance sheet at 31 December 2020 analysed by fund is as follows:-

Total		General and designated funds	Tangible Fixed Assets property fund	Restricted funds	Endowment funds	Total
2019						
£M		£M	£M	£M	£M	£M
308.2	Fixed assets	0.1	77.9	-	242.0	320.0
137.4	Investments	0.6	-	0.8	141.4	142.8
22.0	Current assets	17.8	-	1.6	4.0	23.4
(8.0)	Liabilities	(2.4)	(2.4)	(0.2)	(1.6)	(6.6)
459.6	Total Assets	16.1	75.5	2.2	385.8	479.6
Funds						
447.2	At 1 January 2020	12.8	74.0	2.2	370.6	459.6
12.4	Net movement in funds	3.3	1.5	-	15.2	20.0
459.6	At 31 December 2020	16.1	75.5	2.2	385.8	479.6

95% of funds are invested in 453 houses for clergy (valued at £320M), glebe investments (valued at £136M) where the use of capital is restricted and the income is used to pay stipends. The total funds and assets have increased by £20M during the year, mainly due to the then favourable market conditions increasing investment values.

IV. Capital Transactions

3 Board properties were sold and 1 house build was completed during the year. 5 Parsonage houses were sold, 1 house build was completed and 2 houses were purchased during the year. 1 Glebe funded property was sold during the year. Land to the value of £60K was transferred from the Parsonage fund to the Glebe investment fund for the new Berkshire area office at Theale.

V. Reserves policy

ODBF has very substantial ongoing responsibilities including the remuneration of some 370 stipendiary clergy, the upkeep of some 453 houses and the employment of some 90 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 forthcoming year.

At 31 December 2020, ODBF's free reserves were equivalent to 3.2 months (2019: 3.2 months) of gross expenditure from general funds in the forthcoming year. The free reserves were augmented at the year-end by the cash received from the Board property sales as noted above.

**John Orridge
Director Finance
May 2021**

Oxford Diocesan Board of Finance

Directors' Report and Financial Statements

For the year ended 31 December 2020

Company limited by guarantee (No. 142978 England and Wales)

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	ODBST	Oxford Diocesan Bucks Schools Trust
CSUST	Church Schools Uniform Statutory Trust	ODST	Oxford Diocesan Schools Trust
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
ICV	Initial Carrying Value	SORP	Statement of Recommended Practice
LPI	Limited Price Index		
MPC	Mission & Pastoral Committee		

DIRECTORS' ANNUAL REPORT

The directors, who are also trustees for the purposes of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

The directors and trustees are one and the same and in signing as trustees of the charity they are also signing the strategic report sections in their capacity as company 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 OBJECTIVES

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

- (1) Training, funding and other support for ministry (both clerical and lay) within the Diocese of Oxford and in the wider Church of England, Anglican Communion, and other Christian churches with which the Church of England has ecumenical relationships or otherwise recognises as partners in its mission;
- (2) Provision for pensions for retired ministers (both clerical and lay) and support for their dependants;
- (3) Management of investments and historic assets 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; and
- (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.

The role of Diocesan Authority for parochial and other trusts is carried out by DT(O)L, a separate charitable company resourced by ODBF.

STRATEGIC REPORT - STRATEGIC AIMS AND OBJECTIVES

The Diocese promotes the work and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Oxford and elsewhere. Together, we are the Church, called and sent by God as disciples of Jesus Christ and filled with the Holy Spirit. We are a living, growing network of more than a thousand congregations, chaplaincies and schools. The strategy and approach of the Diocese is described as 'a common vision for a more Christ-like Church: contemplative, compassionate and courageous for the sake of God's world'.

To support these aims the main role of the ODBF is to identify and manage the financial aspects of the provision of mission and ministry within the Diocese so as to provide appropriate personnel and

STRATEGIC AIMS AND OBJECTIVES (Cont'd.)

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 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 good communications, HR and finance support; 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 (DAC) in relation to church buildings;
- Strategic leadership and support in focus areas of Common Vision such as environmental action, new congregations, discipleship and poverty and inequality;
- Safeguarding resources, advice and case handling, 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.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We are this year for the first time providing a statement on our environment, social and governance (ESG) policies and practices as this is becoming a part of good governance and as we are committed to adopting good practice in these areas.

We now have a focus area concentrating only on environmental action. As part of this, we are committed to working towards net carbon zero by 2035. Following the Church of England decision in 2020 that parishes, church schools and DBF property would be 'in scope', work is underway in all three areas. In particular, in January 2021 an environment survey of our vicarages has begun and will result in recommendations for action.

During the year a social investment working group considered how some of the diocese's glebe assets could be used to recognise the social needs of our communities. The group focused its work on housing. In particular, the need for social housing across the diocese has been estimated at twenty times what is available. Bishop's Council in December agreed that, initially, up to £5m of its portfolio should be invested in developments which will predominantly be available for social housing. We remain strongly committed to social justice (as demonstrated by our new poverty and inequality focus area) and to community organising as a means of communities coming up with solutions themselves.

ENVIRONMENT, SOCIAL AND GOVERNANCE (Cont'd.)

Governance is rightly an important topical area and, having not reviewed the governance of the diocese for some years, a governance review was initiated in the middle of the year; the resulting report was approved by Bishop's Council in February 2021 and is being implemented during 2021. It recognises the crucial importance of culture and of governance structures supporting our mission. We now also have a new Conflicts of Interest Policy.

Our Glebe investment sub-committee receives at each meeting, and discusses with our investment managers, an ESG report on our investment portfolio. The most recent report places our portfolio in the 95th percentile in terms of ESG engagement compared with peers. Our investment managers on our behalf meet with companies and exercise voting rights to support responsible investment. Bishop's Council in December decided to disinvest from companies which are predominantly fossil fuels producers and this has now been done.

ACHIEVEMENTS AND PERFORMANCE IN THE YEAR

Covid-19

2020 has been significantly dominated by the extraordinary impact of Covid-19. We immediately put in motion in March a structure to provide appropriate leadership, coordination and support to the diocese, with 'gold' and 'silver' groups meeting up to twice-weekly. Covid-19 updates were issued widely across the diocese whenever there was any information or guidance to share; they were received very positively and attracted a very high open-rate. The diocese has sought to communicate a measured approach, supporting parishes in local decision-making wherever possible. This has significantly affected what has been carried out by Church House staff (often remotely) and how it has been carried out (with a huge reliance on technology such as Zoom and MS Teams).

Our approach has been to ensure that we continue to provide all the essential services on which the clergy and lay people of the Diocese critically depend, including the provision of a weekly streamed service for those whose churches are not able to provide that. Diocesan meetings have largely continued, but virtually, as have some events. Training has been moved online wherever possible.

It was clear from the outset that one of the harshest impacts of the pandemic would be financial. We worked in partnership with parishes from the beginning (with a financial consultation with deanery treasurers, led by Bishop Steven, in April). The Diocese took steps in April 2020 to review its 2020 budget and identified savings across most headings, which included all heads of department and many other staff voluntarily sacrificing salary, furloughing a number of staff and reducing the buildings budget.

ACHIEVEMENTS AND PERFORMANCE IN THE YEAR (Cont'd.)

Common Vision

The implications of Covid-19 are profound for us as a nation and as a Diocese and we are committed to adapting, strategically and financially, to how we can best serve and equip our parishes, schools and chaplaincies to be a more Christ-like Church in that new context. The crisis has brought major challenges and suffering, but also some opportunities and we are reflecting carefully on them all as we discern together with the clergy and lay people of the Diocese what it means to be contemplative, compassionate and courageous in a post-Covid-19 world.

However, the commitment to become **a more Christlike Church for the sake of God's world** has remained pivotal to all that we do as we seek to support and enable God's work in all the parishes, benefices, deaneries and chaplaincies of this large Diocese, under Bishop Steven's leadership. Bishop's Council reaffirmed in mid-2020 that our Common Vision remained at least as applicable in the new context of Covid-19 and, with the addition of a new focus area, that our areas of focus were highly relevant. Alongside this, through the extraordinary commitment of our staff and others, nearly all normal work continued to be carried out to high standards.

It is set out below what was planned for 2020 and what ODBF, through its staff and volunteers, achieved during the year:

We relaunched our Common Vision website in January 2020 and, as planned, had a more forward-looking focus on what can be achieved, considering impact measures as part of this, within what became six focus areas:

1. Environmental action

An environmental action plan was formed by the working group chaired by Bishop Olivia. The Diocesan Synod declared a climate emergency in March and committed to a programme of action to achieve net zero by 2035. An environment newsletter launched later in the year. The diocese committed to a programme of environmental surveys of all our vicarages (which began in January 2021) and to divesting from fossil fuels and this has now been done.

2. Christian formation and discipleship

Personal Discipleship Plans continued to be well-received, with nearly 400 mentors now trained, and the working group, now under Bishop Steven's leadership, created Bishop's Webinars in the autumn and the Come and See initiative, which is running in early 2021.

3. Growing new congregations

We were pleased to be awarded £2m of national Strategic Development Funding for our new congregations initiative, which in particular enables resource hubs to be established in Milton Keynes, High Wycombe, Slough and Reading. The New Congregations Board was established under Archdeacon Jonathan's leadership.

ACHIEVEMENTS AND PERFORMANCE IN THE YEAR (Cont'd.)

4. Schools, Children and Young People

Disciples Together was launched in June at the informal meeting of Diocesan Synod and is already starting to have a positive impact across the diocese and beyond in helping churches to become genuinely intergenerational. Six new school chaplaincies were established and the contemplative toolkit was very successfully piloted in many schools.

5. Poverty and inequality

This new focus area was added by Bishop's Council in July in direct response to the pandemic. It draws in existing community organising work, which is being focused on addressing poverty and inequality, but also recognises how Covid-19 is exacerbating inequality. The working group which has been formed under Archdeacon Stephen's leadership is updating *For Richer, for Poorer*, is conducting research and also draws in several key agencies already active in this area.

6. Celebrate and Bless Milton Keynes

The 'Pray MK' initiative has been an important part of the work here, as has the provision of shared office space (although this could not be used as much due to Covid). The working group has fed into the choice and development of the Milton Keynes resource hubs.

Ongoing operations

As part of our normal business, we said that we would:

- Formulate, keep actively under review on an ongoing basis, and implement appropriate financial strategies in the light of Covid-19

We reviewed all expenditure, making savings of about £800,000. We kept in close touch with deaneries and parishes about the financial impact of the pandemic on parish share and altered the deadlines for rebates. We delayed or avoided purchases of new clergy properties. In reviewing our total return assumptions during the year we took account of the risk which crystallised in early 2020 of a significant drop in investment values. We delayed total return decision-making for our 2021-23 triennium until later in the year. These strategies have stood us in good stead.

- Ensure that our church communities are as safe as they can be, including by conducting the Past Cases Review 2 exercise

We welcomed a new Diocesan Safeguarding Adviser in July. We made good progress on the Past Cases Review 2 exercise during the year, with responses from almost all parishes received and with most files reviewed by our independent reviewers; it will conclude by the middle of 2021. We had a significant volume of casework, including several high profile cases in which the national safeguarding team was involved. We published two lessons learned reviews.

ACHIEVEMENTS AND PERFORMANCE IN THE YEAR (Cont'd.)

- Carry out and implement a review of our communications function and carry out a review of the Department of Mission

The review of the communications function was concluded in July and resulted in a refocusing of the function on being responsive to the expected future needs of the Diocese. This involved staff changes, without any increase in cost, and we welcomed two new staff to the team in November.

The Department of Mission was reviewed between June and December. This was carried out with an eye to the context of Covid and financial realities, but in particular two senior retirements gave an opportunity to review how our largest department could best support the Diocese going forwards. It has resulted in a more effective line management structure, with several staff roles becoming more proactive and outward-focused and a greater focus on strong two-way communication. Ministry has been added to the department name in view of the many roles carried out in relation to the selection, training and CMD of ordained and authorised ministers.

- Produce an impact leaflet on work being undertaken across the Diocese and significantly enhance our website

This has been deferred to 2021 due to Covid-19 and the communications review and will be carried out during the current year.

- Report back to Diocesan Synod, on how best to provide urgent practical support and funding to those parishes that are most in need of basic facilities to enable them to fulfil their mission and consider how we should respond to the needs experienced by other Dioceses which have different levels of resource

The working group reported back to Bishop's Council and Diocesan Synod and its recommendations were agreed. Bishop's Council in December allocated an earmarked sum of £200,000 p.a. for the next three years, to be distributed through the Development Fund.

- Make good appointments to the roles of Bishop of Dorchester and Director of Finance, on the retirement of these postholders

We expressed our enormous appreciation to Bishop Colin on his retirement in October, having been Bishop of Dorchester for 20 years (the longest-serving suffragan bishop in the Church of England). His impact on the Diocese, including periods as acting Bishop of Oxford, and particularly across the Dorchester area, has been immense. We were delighted that the Venerable Gavin Collins has been appointed as our new Bishop of Dorchester and he started his ministry on 28 February 2021 (and was consecrated Bishop on 14 April 2021).

Alison Jestico retired as Director of Finance in December 2020 after eight years of excellent service in the role, having kindly delayed her retirement due to Covid-19. John Orridge has succeeded her from January 2021.

FUTURE PLANS

In addition to all the work operationally required and delivered from year to year, we plan in 2021:

1. To provide leadership and support across the Diocese that recognises the spiritual, practical, emotional and financial challenges of Covid-19.
2. To ensure, through the refocused and renamed department of Mission and Ministry, that we are outward-focused, inspiring, equipping and supporting parishes as effectively as possible in creative, proactive and responsive ways.
3. To enable and realise significant impact for the sake of the Diocese and God's world through the focus areas of Common Vision and the Development Fund.
4. To significantly refresh the Diocesan website.
5. To review our investment management arrangements and to begin a review of our parish share mechanism and a replacement of our accounting system.
6. To conclude and implement a review of our governance.

FINANCIAL REVIEW

Financial Performance

The Statement of Financial Activities (SOFA) for the year shows net expenditure of £3.8M before investment and revaluation gains (2019: £0.8M net income). Investment gains, property and pension revaluations totalling £23.8M resulted in an overall increase in funds of £20.0M (2019: £12.4M).

Glebe agricultural land increased in value by £0.2M and glebe listed investments increased in value due to market conditions, with a £5M unrealised gain as at 31 December 2020.

In addition, £1.1M of the revaluation increase is due to the 2020 year-end valuations of the staff and clergy defined benefit pension schemes. The housing market increased in 2020 and there was a 6% (£16.3M) increase in the value of properties in the year. (2019: 0% increase).

Total return accounting was adopted from 1 January 2018, with a 7% (£7.3M) withdrawal to income in 2020. This has enabled, an additional £3.8M to be transferred to support general funds and an additional £3.5M to be spent: £3.1M on Common Vision strategy and £0.4M on investment management costs. The money for Common Vision is held in a designated fund whilst plans are being implemented (see note 16c and note 22).

Income in the SOFA totalled £26.1M (2019: £26.5M), a decrease of £0.4M. Parish share, the money given by parishes to the Diocese to fund its mission and ministry, is the main income to the Diocese. Parish share income (net after rebates) totalled £18.9M (2019: £19.2M). Current year receipts before rebates fell by £0.3M from 2019 and 94.4% of apportioned share for the year was received (2019: 96.7%). The rate of increase in parish share for 2020 was set at an average of 1.75% (2019: 1.75%). Income from donations include a grant of £244K (2019: £257k) from the All Churches Trust. The Diocese is most grateful for this grant which supported the work of the Parish Development Advisers and safeguarding training.

The implementation of total return accounting has meant that our investment managers no longer need to focus on maintaining dividend income, which saw a decline of £0.4M since last year. Restricted income from charitable activities grew by £0.1M for funding ordinand training received directly by the Diocese from Archbishops' Council – this is reduced by additional costs of £0.06M in payments to theological colleges. Other income relating to endowment funds increased by £0.5M due to a surplus on property disposals.

2020 expenditure in the SOFA totalled £29.9M (2019: £25.8M), an increase of £4.1M after an adjustment of £0.09M (2019: £3.5M credit) relating to revaluation of the clergy pension scheme. When this and the prior year pension adjustment is excluded, costs increased by £0.5M. 2020 is the third year of expenditure on Common Vision, using the designated fund set aside from total return, and this totalled £3.1M, including Development Fund grants. Clergy stipendiary costs were lower in 2019 due to high vacancies, and costs increased in 2020 as more posts were filled and the number of training curates in post increased. Clergy housing costs decreased by £0.5M due to the deferral of repair projects & maintenance visits in the year and renting in more houses for clergy.

FINANCIAL REVIEW (Cont'd.)

Balance Sheet

Net assets totalling £480M (2019: £460M) consist principally of properties to house the clergy, valued at £319M, (2019: £305M) and glebe investments of £136M (2019: £131M) which are analysed in Note 16(b) and for which use of capital is restricted while the income, recognised on a total return basis, is used to pay clergy stipends. Many of the remaining assets shown in the balance sheet are held as restricted funds, which 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 £32.1M at 31 December 2020 (2019: £31.5M), see note 16b. Rents receivable amounted to £0.6M (2019: £0.6M).

Glebe listed investments are managed by Newton Investment Management. Glebe listed investment holdings were valued at £104M at 31 December 2020 (2019: £99.9M).

Investment policies

Investment policy is delegated by the directors to the investment sub-committee, members of which make investment decisions after taking advice from professional investment advisers. ODBF's investment policies are based on two general key principles:

- Ethical investment - this includes ensuring that investments are held in companies that have high standards of corporate governance and behaviour and that act with openness, accountability, transparency and integrity in a responsible way towards all stakeholders and have good environmental policies; and
- Long-term consideration - the directors consider the long-term effect of their decisions very carefully. This results in a more cautious approach to investment decisions than might be found in a commercial environment.

From 1 January 2018 the Oxford Diocesan Board of Finance has adopted a total return approach to investments with regard to the Glebe listed investment portfolio. The initial value for implementing total return for investment was determined at 31 December 2000 and valued at £14.7M. This was the amount held in listed investments at that date. The unapplied total return was calculated as at the 1 January 2018 and valued at £14.9M as the increase above inflation in the value of these investments since the initial valuation, adjusted for the introduction of new investment in the portfolio following significant sales of glebe land which have taken place since 2008. Bishop's Council voted in 2020 to include 2018 & 2019 glebe land sales totalling £12.5m within the unapplied total return calculation with effect from 1 January 2021. It also voted to apply the CPI inflation measure (backdated to 2000), rather than RPI, further increasing unapplied total return by approximately £0.5m from 1 January 2021.

FINANCIAL REVIEW (Cont'd.)

Investment policies (cont'd.)

The directors sought advice from the company's legal advisers and auditor before approving a withdrawal to income funds equivalent to 7% of the value of the Glebe funds in listed investments as at 1 January for each of the three years 2018 to 2020 and approved that this policy should be reviewed thereafter. During 2020 the withdrawal to income funds from the unapplied total return was £7.3M (2019: £6.3M).

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 Glebe Investment Sub-Committee at least twice a year to ensure that the total return on investments is maximised 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 370 stipendiary clergy, the upkeep of some 458 houses and the employment of some 90 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 forthcoming year. At 31 December 2020, ODBF's free reserves of £9.8M (2019: £7.8M) were equivalent to 3.2 months (2019: 3.2 months) of gross expenditure from general funds in the forthcoming year.

Tangible fixed assets property fund

This fund represents the net book value of the ODBF's tangible fixed asset properties plus any specifically related debtors less loans drawn down to finance the purchase of those properties.

Designated funds

The directors may designate additional unrestricted funds to be retained for an agreed purpose where this is considered to be prudent. Such designated funds 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 fund together with the intended use of the fund is set out in note 22. At 31 December 2020 total designated funds were £6.3M (2019: £4.9M), with the growth due to the transfer of £3.1M to the designated fund for the Common Vision strategy.

FINANCIAL REVIEW (Cont'd.)

Restricted and endowment funds

As set out in note 21, 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 2020 restricted funds totalled £2.3M (2019: £2.2M) and endowment funds totalled £385.8M (2019: £370.6M).

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 7). Grants are paid to other connected charities and to other projects that are in furtherance of ODBF's charitable objectives. (See note 11).

Statement on raising funds

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with Parochial Church Councils (PCCs), donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on PCCs, donors and supporters. It applies best practice to protect the data of individuals and never sells data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk areas and the associated mitigation strategies are:

Significant under payment of Parish Share either following Covid-19 or linked to decisions within the wider Church mitigated by:

- Close partnership and regular communication between the Diocese, Deaneries and Parishes
- Ongoing discussions between the Bishop's staff and other parties, building good relationships, and an openness to discuss doctrinal issues.

Current or historic safeguarding case of harm to children, young people or vulnerable adults resulting from inappropriate behaviour of a Church Officer mitigated by:

- Safeguarding policies and procedures in place, regularly used and monitored
- Proactive engagement on training, learning, development and good practice
- Disciplinary procedure used wherever appropriate; and active reaching out and support to victims.

Centralisation of glebe funds directed by General Synod leads to serious loss of capital funds and total return on funds mitigated by:

- Dialogue with National Church and other Dioceses; and proactive steps on mutual support
- Demonstration of how glebe income has been used wisely.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 Pensions 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)

Organisational structure

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 archdeacons 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. 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 co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year, determines major policy matters and approves an annual budget.

Its role is also to act as a forum for discussion of Christian opinion, to advise the Bishop of Oxford on matters on which he may 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 England and Wales) limited by guarantee and its governing documents are the Memorandum and Articles of Association, which were most recently amended slightly in March 2021. 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;

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)

Decision-making structure (cont'd.)

- 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 which may be 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 committees that, though not sub-committees of the Board, can influence the operations of the Board.

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

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 2020 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. The Glebe Investment Sub Committee reviews the investment portfolio and reported to the Glebe Committee.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)**Committee structure (cont'd.)**

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.

Bishop's Council

The members of the Bishop's Council are the Board of Directors. In 2020 Bishop's Council consisted of 13 ex officio members, (including the Diocesan and Area Bishops and the four Archdeacons), 2 clerical and 3 lay members from each of the Berkshire, Buckingham and Dorchester archdeaconries, 2 clerical and 2 lay members from the Oxford archdeaconry, and 2 members nominated by the Diocesan Bishop.

The Bishop's Council also acts as the Diocesan Mission and Pastoral Committee, which is responsible for the task of approving pastoral reorganisation taking account of available clergy numbers and making use of new patterns of ministry.

The Bishop's Council as Board of Directors of ODBF has 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 the directors 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, reviewing and proposing auditors for appointment and review of risk registers.

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

The Audit Committee serve ODBE and DToL and the Human Resources Panel serves ODBE.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd)

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 for the purpose of company law.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the net income and expenditure of the company for that period.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)**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 attached financial statements.
- Parochial Church Councils (PCCs) and Deaneries
ODBF is required by Measure to be custodian trustee in relation to PCC property, and ODBF delegates this to DT(O)L 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.

Connected Charities

The directors consider the following to be connected charities:

- Oxford Diocesan Board of Education (ODBE) – a charitable company with responsibility for some 282 Church schools across the Diocese, providing pastoral and professional support to all its schools and which 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 ODBF and which is responsible for ensuring that parish and educational properties and trust funds are used in accordance with the terms of trust. ODBF has transferred responsibility of being Diocesan Authority for parochial and other trusts to DT(O)L.
- Oxford Diocesan Schools Trust – which is a charitable company and is a Multi Academy Trust serving church and community schools across Oxfordshire and Berkshire.
- Oxford Diocesan Bucks Schools Trust - which is a charitable company and a Multi Academy Trust serving church and community schools across Buckinghamshire.
- Oxford Diocesan Council for the Deaf - which works with deaf and hard-of-hearing people to meet their spiritual, social and general needs and to give them a voice and full participation in church and society.
- Parents and Children Together (PACT) – a charitable company supporting families through adoption, therapeutic support and community projects.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)**PUBLIC BENEFIT**

The directors are aware of the Charity Commission's guidance on public benefit 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 AUDITOR

So far as each director is aware:

- a) there is no relevant audit information of which the charitable company's auditor is unaware, and
- b) he/she has taken all the steps that ought to have been taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

ADMINISTRATIVE DETAILS**DIRECTORS**

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 at the date of this report:

The Right Revd Dr S J Croft	Ex officio, Bishop of Oxford, President of Synod
The Revd J H Tattersall	Ex officio, Chairman ODBF
Mr S A Richards	Ex officio, Vice Chairman ODBF
Dr A R Bell	Lay member, Archdeaconry of Buckingham
The Revd Canon V Breed	Clerical member, Archdeaconry of Dorchester
Mr M N Burton	Lay member, Archdeaconry of Berkshire
The Revd Canon Dr GB Bayliss fm 1/5/20	Ex officio, Vice President of Synod
The Ven J Chaffey from 01/05/20	Ex officio, Archdeacon of Oxford
The Right Revd GA Collins from 28/2/21	Ex officio, Bishop of Dorchester
The Revd E K Denno	Clerical member, Archdeaconry of Oxford
Mrs J Dziegiel	Lay member, Archdeaconry of Buckingham
The Ven G C Elsmore	Ex officio, Archdeacon of Buckingham
The Ven J K French	Ex officio, Archdeacon of Dorchester
The Right Revd O Graham	Ex officio, Bishop of Reading
Ms C S Kallipetis from 26/10/20	Lay member, Archdeaconry of Berkshire
The Revd Dr TH Kuin Lawton fm 20/11/20	Clerical member, Archdeaconry of Dorchester
The Revd R J Lamey	Clerical member, Archdeaconry of Berkshire
The Revd D J Meakin	Clerical member, Archdeaconry of Buckingham
The Revd C Messervy	Clerical member, Archdeaconry of Buckingham
Prof J F Missenden	Lay member, Archdeaconry of Berkshire
Dr S Northover from 26/10/20	Lay member, Archdeaconry of Dorchester
The Very Revd Professor M Percy	Ex officio, Dean of Christ Church Cathedral
Mr M Powell	Lay member, Archdeaconry of Dorchester
The Ven S Pullin from 29/02/20	Ex officio, Archdeacon of Berkshire
Mrs S E Scane	Nominated by the Bishop of Oxford
The Revd M K J Smith	Clerical member, Archdeaconry of Oxford
Dr B Sollereder from 26/10/20	Lay member, Archdeaconry of Oxford
Mr J N Sykes	Ex officio, Vice President of Synod
Dr A Thomas-Betts	Nominated by the Bishop of Oxford
Mr M H Waring	Lay member, Archdeaconry of Dorchester
Mr A F Whittow	Lay member, Archdeaconry of Buckingham
The Right Revd Dr A T L Wilson	Ex officio, Bishop of Buckingham

ADMINISTRATIVE DETAILS (Cont'd.)**Directors who were not re-elected/resigned during the year or by the date of this report:**

The Revd Canon S E Booy to 4/8/20	Clerical Member, Archdeaconry of Dorchester
The Right Revd C W Fletcher to 16/11/20	Ex officio, Bishop of Dorchester
Mr H Gibbon to 17/11/20	Lay member, Archdeaconry of Oxford
The Ven M C Gorick to 27/01/20	Ex officio, Archdeacon of Oxford
Mr J J Macnamara to 9/7/20	Lay member, Archdeaconry of Dorchester
Ms J Ozanne to 6/10/20	Lay member, Archdeaconry of Oxford
Mr J P Smith to 31/03/20	Lay member, Archdeaconry of Berkshire

Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility for planning, directing and controlling the activities of ODBF. In addition to the directors of the company, key management personnel during 2020 comprised the Diocesan Secretary and Company Secretary, the Director of Mission, the Director of Finance, the Director of Buildings, the Director of Human Resources and the Director of Communications.

None of the directors of the company received any remuneration connected with their role as key management personnel. Key management personnel employed by ODBF are remunerated at rates that are deemed appropriate for the level of skills and experience they bring to their roles and at a rate commensurate with that of similar roles in comparable organisations. Remuneration is reviewed on an annual basis and approved by the company directors.

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

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

Auditor Buzzacott LLP, 130 Wood Street, London, EC2V 6DL

Solicitors and Diocesan Registrar Winckworth Sherwood LLP, 2 Chawley Park, Cumnor Hill, Oxford OX2 9GG

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, was approved by the directors on 12 May 2021.

By order of the directors



Revd J H Tattersall
Chairman

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Oxford Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT (Cont'd.)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

INDEPENDENT AUDITOR'S REPORT (Cont'd.)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with those charged with Governance and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011, the Companies Act 2006, Church Assembly and General Synod Measures, data protection legislation, anti-bribery, employment, health and safety legislation, and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias
- performed substantive testing of expenditure; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.

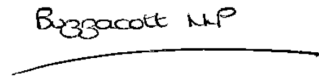
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

A handwritten signature in dark ink, appearing to read "Buzzacott LLP", with a long horizontal line drawn underneath it.

27 May 2021

Amanda Francis (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 December 2020

	Note	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
		General & Designated Funds	Tangible Fixed Assets Property Fund				
		£'000	£'000	£'000	£'000	£'000	£'000
Income and Endowments from:							
Donations	2	19,292	-	122	-	19,414	19,852
Charitable activities	3	1,719	-	662	-	2,381	2,535
Investments	4	747	-	181	2,543	3,471	3,908
Other sources	5	67	193	273	266	799	248
Total		21,825	193	1,238	2,809	26,065	26,543
Expenditure on:							
Raising and managing funds	6	320	-	-	476	796	888
Charitable activities	7	27,520	-	975	95	28,590	24,753
Other property costs	8	-	237	-	239	476	137
Total		27,840	237	975	810	29,862	25,778
Net (expenditure)/income before investment gains:		(6,015)	(44)	263	1,999	(3,797)	765
Net gains on investments		2	-	88	6,097	6,187	10,773
Net (expenditure)/income		(6,013)	(44)	351	8,096	2,390	11,538
Total Return transfer	14a	6,878	-	-	(6,878)	-	-
Net income/(expenditure) after Total Return transfer		865	(44)	351	1,218	2,390	11,538
Other transfers	14b	2,280	(2,214)	(330)	264	-	-
		3,145	(2,258)	21	1,482	2,390	11,538
Other recognised gains:							
Gains on re-valuation of tangible fixed assets	15	-	3,754	-	12,574	16,328	-
Gains on defined benefit pension scheme	25	253	-	-	1,106	1,359	831
Net movement in funds		3,398	1,496	21	15,162	20,077	12,369
Total funds brought forward		12,718	73,992	2,240	370,616	459,566	447,197
Total funds carried forward	20	16,116	75,488	2,261	385,778	479,643	459,566

All activities derive from continuing activities. The notes on pages 31 to 67 form part of the financial statements.

The prior year comparative Statement of Financial Activities (SOFA) for 2019 is shown in Note 26 on page 67.

INCOME AND EXPENDITURE ACCOUNT For the year ended 31 December 2020

	Total 2020 £'000	Total 2019 £'000
Income	23,256	23,304
Expenditure	(29,052)	(28,697)
Operating deficit for the year	(5,796)	(5,393)
Net gains on investments	90	60
Transfers from endowment funds	6,614	5,838
Net income for the year	908	505
Other comprehensive income:		
Revaluation of tangible fixed assets	3,754	-
Actuarial gains/(losses) on defined benefit pension scheme	253	(248)
Total comprehensive income	4,915	257

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


Company No. 142978 (England and Wales)

BALANCE SHEET as at 31 December 2020

		2020		2019	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15		320,056		308,264
Investments	16		142,794		137,383
			<u>462,850</u>		<u>445,647</u>
CURRENT ASSETS					
Debtors due after more than one year	17	221		557	
Pension scheme surplus – staff scheme	25	828		604	
Debtors due within one year	17	2,088		4,519	
Cash on deposit and at bank		<u>20,257</u>		<u>16,284</u>	
		23,394		21,964	
CREDITORS: amounts falling due within one year	18	<u>(2,837)</u>		<u>(3,288)</u>	
NET CURRENT ASSETS			<u>20,557</u>		<u>18,676</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			483,407		464,323
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities – Clergy Scheme	25		(1,358)		(2,376)
Other creditors	19		<u>(2,406)</u>		<u>(2,381)</u>
NET ASSETS			<u>479,643</u>		<u>459,566</u>
FUNDS					
Endowment Funds					
(including asset revaluations of £199,038K (2019: £185,959K))			385,778		370,616
Restricted Income Funds					
(including asset revaluations of £329K (2019: £241K))			2,261		2,240
Unrestricted Income Funds:					
Tangible Fixed Asset Property Fund			75,488		73,992
(including asset revaluations of £39,555K (2019: £36,822K))					
Designated Funds			6,324		4,935
General Fund					
(including asset revaluation of £319K (2019: £317K))			<u>9,792</u>		<u>7,783</u>
TOTAL FUNDS	21		<u>479,643</u>		<u>459,566</u>

The notes on pages 31 to 67 form part of these financial statements. The financial statements were approved by the Directors and authorised for issue on 12 May 2021 and signed on behalf of the Directors by:


The Right Reverend Dr. S. J. Croft
Bishop of Oxford


The Reverend J. H. Tattersall
Chairman

STATEMENT OF CASH FLOWS**For the year ended 31 December 2020**

	2020		2019	
	£'000	£'000	£'000	£'000
Net cash used in operating activities (Below A)		(5,234)		(2,020)
Cash flows from investing activities				
Dividends, interest and rent from investments	3,471		3,908	
Proceeds from the disposal of:				
Tangible Fixed Assets	6,329		1,830	
Fixed Asset Investments	15,742		18,192	
Purchase of:				
Tangible Fixed Assets	(1,816)		(6,027)	
Fixed Asset Investments	(14,907)		(14,395)	
Net cash provided by investing activities		8,819		3,508
Cash flows from financing activities				
Loans repaid to ODBF	424		126	
New loans advanced by ODBF	(36)		(492)	
Net cash provided by (used in) financing activities		388		(366)
Change in cash and cash equivalents in the year		3,973		1,122
Cash and cash equivalents at 1 January		16,284		15,162
Cash and cash equivalents at 31 December (Below B)		20,257		16,284
Reconciliation of net movement in funds to net cash used in operating activities				
A. Net (expenditure) income for the year before investment gains		(3,797)		765
Adjustments for:				
Depreciation charges		142		139
Dividends, interest and rent from investments		(3,471)		(3,908)
Gains on sale of functional assets		(96)		(166)
Decrease in debtors (ex loans)		2,383		3,190
(Decrease)/increase in creditors (ex loans)		(558)		1,466
Clergy pension scheme adjustment		88		(3,486)
Staff pension scheme adjustment		29		(20)
Recoupment of impairment		46		-
Net cash used in operating activities		(5,234)		(2,020)
B. Analysis of cash and cash equivalents				
Cash at bank and on deposit		20,257		16,284

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

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

Basis of accounting

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

Basis of preparation

These financial statements have been prepared for the year to 31 December 2020 with comparative information provided for the year to *31 December 2019*.

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

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

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

The financial statements are presented in sterling and are rounded to the nearest £1,000.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the directors and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- the valuation of Diocesan houses
- the valuation of investment land and property
- the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge
- the underlying assumptions in the actuarial valuations of the defined benefit schemes
- the estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

Going concern

The directors have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The directors have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

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

The directors anticipate further shortfalls in 2021 in parish share despite the valiant efforts of many parishes to maintain payments wherever they can. Parishes responded magnificently in the extraordinary circumstances of 2020 with 94.4% of parish share being received. Whilst 2021 is expected to be worse than this, the directors do not consider that 2021 or beyond would give rise to any inability of the charity to continue as a going concern. The directors are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due especially given that the charity has sufficient monetary assets, including short term cash deposits, which could be readily realised to meet liabilities should there be an unexpected curtailment of income.

In the year ending 31 December 2021, the most significant areas of uncertainty that may affect the carrying value of assets held by the charity are the level of investment return and the performance of the investment market and land values.

Income

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

Income comprises donations and legacies, including Parish Share income, income from listed and property (Glebe) investments, income directly related to charitable activities (including grants) and the surplus on disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable.

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charity has entitlement to the income and the amount due can be measured.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

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

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

1. Principal Accounting Policies (cont'd.)

Expenditure

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

1. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
2. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the directors' report i.e. promoting the work of the Church in the Diocese including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

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

Tangible Fixed Assets

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 retention and use, and Church House Oxford which is stated at cost less accumulated depreciation. Valuations are undertaken annually as at 31 December each year by the Director of Buildings with reference to advice from professional agents. 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, if any, is shown in the statement of financial activities.

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

Extensions to and significant adaptations to the fabric of buildings are capitalised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

1. Principal Accounting Policies (cont'd.)

With the exception of Church House Oxford (net book value £3.439m), 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.

Depreciation is charged on Church House at an annual rate of 2.5% based on original cost with refurbishment work thereto being depreciated at 5% per annum based on cost.

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, 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, therefore, they are recognised as tangible fixed assets of ODBF in the balance sheet.

Other tangible fixed assets

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

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

	Rate per annum
Motor cars	25% of cost
Computers	33⅓% of cost
Other office equipment	5% to 25% of cost

Office furniture and small items of equipment costing less than £1k are written off as a revenue cost in the year of purchase.

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

Investments include agricultural holdings and commercial, residential and amenity properties, financial investments and cash deposits. 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. 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. No depreciation is applied to investment properties.

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

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

The Glebe permanent endowment fund comprises assets (including listed investments) which must be held as capital. From 1 January 2018, the charity has operated a total return approach to the management of the listed investment portfolio representing the Glebe permanent endowment fund. Using this approach, the charity is required to analyse the fund between the amount held for investment (non-distributable funds) and the unapplied total return.

The charity is permitted to allocate from the unapplied total return element such sums as the directors consider appropriate provided the directors exercise their statutory duty to be even handed as between present and future beneficiaries and that they maintain the unapplied total return at such a level as to ensure it remains positive after having due consideration to the volatility of the investment markets. The charity's objective is also to maintain the value of non-distributable funds in real terms.

Financial instruments

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

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

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. CBF deposits are highly liquid investments and are included in cash at bank and in hand.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Funds structure

The unrestricted funds include certain tangible fixed assets of the company, those assets designated or set aside by the directors for specific purposes and those assets which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the directors.

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

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

Pensions

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 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 25.

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

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

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 included in the Statement of Financial Activities. Actuarial gains and losses arising from updating the latest actuarial valuation to reflect conditions at the balance sheet date are included as other recognised gains or losses. More details are included in note 25.

ODBF's contributions to the defined contribution scheme, the stakeholder scheme, personal pensions and the CEPB scheme are included as expenditure when payable.

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

	2020			2019		
	Unrestricted Funds	Restricted Funds	Total Funds 2020	Unrestricted Funds	Restricted Funds	Total Funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Parish contributions	19,466	-	19,466	19,782	-	19,782
Share rebates and discounts	(545)	-	(545)	(578)	-	(578)
	18,921	-	18,921	19,204	-	19,204
Archbishops' Council	-	15	15	-	-	-
All Churches Trust	244	-	244	257	-	257
Other donations	127	107	234	166	225	391
Total Income	19,292	122	19,414	19,627	225	19,852

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

Current year Parish share receipts in 2020 represent 94.4% of the total apportioned (2019: 96.7%).

3. Income from Charitable Activities

	2020			2019		
	Unrestricted Funds	Restricted Funds	Total Funds 2020	Unrestricted Funds	Restricted Funds	Total Funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	721	-	721	912	-	912
Training, events and similar	122	662	784	142	531	673
Housing income	813	-	813	819	-	819
School premises support	54	-	54	105	-	105
Other	9	-	9	26	-	26
	1,719	662	2,381	2,004	531	2,535

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**4. Income from Investments**

	2020			
	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2020 £'000
Dividends receivable	2	175	2,543	2,720
Interest receivable	75	6	-	81
Rents receivable	581	-	-	581
Other investment income	89	-	-	89
	<u>747</u>	<u>181</u>	<u>2,543</u>	<u>3,471</u>
	2019			
	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2019 £'000
<i>Dividends receivable</i>	<i>1</i>	<i>171</i>	<i>2,974</i>	<i>3,146</i>
<i>Interest receivable</i>	<i>106</i>	<i>12</i>	<i>-</i>	<i>118</i>
<i>Rents receivable</i>	<i>552</i>	<i>-</i>	<i>-</i>	<i>552</i>
<i>Other investment income</i>	<i>92</i>	<i>-</i>	<i>-</i>	<i>92</i>
	<u>751</u>	<u>183</u>	<u>2,974</u>	<u>3,908</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**5. Income from Other Sources**

	2020				
	General Funds	Tangible Fixed Assets Property Fund	Restricted Funds	Endowment Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000
Surplus on disposal of properties	-	193	-	206	399
Disposal of closed church	-	-	273	-	273
Furlough grants	63	-	-	-	63
Other property income	4	-	-	60	64
	<u>67</u>	<u>193</u>	<u>273</u>	<u>266</u>	<u>799</u>

The £60K above is the transfer from Glebe Commercial Property. See note 15 below.

	2019			
	<i>Tangible Fixed Assets Property Fund</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds</i>
	£'000	£'000	£'000	£'000
<i>Surplus on disposal of properties</i>	-	-	195	195
<i>Other property income</i>	-	-	53	53
	<u>-</u>	<u>-</u>	<u>248</u>	<u>248</u>

6. Expenditure on Raising and Managing Funds

	2020			2019		
	Unrestricted Funds	Endowment Funds	Total Funds 2020	Unrestricted Funds	Endowment Funds	Total Funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe costs	268	476	744	269	538	807
Parsonage rental costs	39	-	39	64	-	64
Other	13	-	13	17	-	17
	<u>320</u>	<u>476</u>	<u>796</u>	<u>350</u>	<u>538</u>	<u>888</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**7. Expenditure on Charitable Activities**

	2020			
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020
	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council				
Training for Ministry	923	-	-	923
National Church Responsibilities	694	-	-	694
Mission agency pension costs	35	-	-	35
Retired clergy housing	332	-	-	332
Grants and provisions	78	-	-	78
Pooling of ordinand maintenance grants	151	-	-	151
	<u>2,213</u>	<u>-</u>	<u>-</u>	<u>2,213</u>
Resourcing Ministry & Mission				
Parish Ministry:				
Stipends	9,709	-	-	9,709
National insurance	793	-	-	793
Pension contributions	3,402	-	-	3,402
Clergy pension adjustment (see note 25)	-	-	88	88
Apprenticeship levy	45	-	-	45
Housing costs	4,139	-	-	4,139
Removal, resettlement, parish & clergy grants	350	1	-	351
Other parish expenses	843	-	-	843
	<u>19,281</u>	<u>1</u>	<u>88</u>	<u>19,370</u>
Support for parish ministry & training				
Ordinand grants	592	11	-	603
Diocesan training costs	651	661	-	1,312
Mission in the Diocese	1,908	164	7	2,079
DAC, MPC & DT(O)L	416	-	-	416
Communications	287	-	-	287
Bishops, Archdeacons & Area Offices	487	-	-	487
	<u>4,341</u>	<u>836</u>	<u>7</u>	<u>5,184</u>
Expenditure on grants				
Grants to Oxford Diocesan Board of Education (ODBE)	269	-	-	269
Grants to other organisations (see note 11)	1,416	138	-	1,554
	<u>1,685</u>	<u>138</u>	<u>-</u>	<u>1,823</u>
Total charitable activities	<u>27,520</u>	<u>975</u>	<u>95</u>	<u>28,590</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**7. Expenditure on Charitable Activities (cont'd.)**

	2019			
	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds 2019</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Contributions to Archbishops' Council				
<i>Training for Ministry</i>	924	-	-	924
<i>National Church Responsibilities</i>	734	-	-	734
<i>Mission agency pension costs</i>	10	-	-	10
<i>Retired clergy housing</i>	316	-	-	316
<i>Grants and provisions</i>	78	-	-	78
<i>Pooling of ordinand maintenance grants</i>	110	-	-	110
	<u>2,172</u>	<u>-</u>	<u>-</u>	<u>2,172</u>
Resourcing Ministry and Mission				
<i>Parish Ministry:</i>				
<i>Stipends</i>	9,682	-	-	9,682
<i>National insurance</i>	774	-	-	774
<i>Pension contributions</i>	3,354	-	-	3,354
<i>Clergy pension adjustment (see note 25)</i>	-	-	(3,486)	(3,486)
<i>Apprenticeship levy</i>	44	-	-	44
<i>Housing costs</i>	4,672	-	-	4,672
<i>Removal, resettlement, parish & clergy grants</i>	365	-	-	365
<i>Other parish expenses</i>	892	-	-	892
	<u>19,783</u>	<u>-</u>	<u>(3,486)</u>	<u>16,297</u>
Support for parish ministry and training				
<i>Ordinand grants</i>	527	10	-	537
<i>Diocesan training costs</i>	730	527	-	1,257
<i>Mission in the Diocese</i>	1,806	162	-	1,968
<i>DAC, MPC & DT(O)L</i>	412	-	-	412
<i>Communications</i>	301	-	-	301
<i>Bishops, Archdeacons & Area Offices</i>	537	-	-	537
	<u>4,313</u>	<u>699</u>	<u>-</u>	<u>5,012</u>
Expenditure on grants				
<i>Grants to Oxford Diocesan Board of Education (ODBE)</i>	594	-	-	594
<i>Grants to other organisations (see note 11)</i>	570	108	-	678
	<u>1,164</u>	<u>108</u>	<u>-</u>	<u>1,272</u>
Total charitable activities	<u>27,432</u>	<u>807</u>	<u>(3,486)</u>	<u>24,753</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**8. Other Property Costs**

2020			
Unrestricted Funds			
General Funds	Tangible Fixed Asset Property Fund	Endowment Funds	Total Funds 2020
£'000	£'000	£'000	£'000
Loss on disposal of properties	-	81	221
Valuation and related costs	-	156	18
	-	237	239
			476

2019			
Unrestricted Funds			
General Funds	Tangible Fixed Asset Property Fund	Endowment Funds	Total Funds 2019
£'000	£'000	£'000	£'000
Loss on disposal of properties	-	-	29
Valuation and related costs	72	36	-
	72	36	29
			137

9. Analysis of Expenditure Including Allocation of Support Costs

	2020			2019		
	Activities Undertaken Directly	Support Costs (Note 10)	Total Costs 2020	Activities Undertaken Directly	Support Costs (Note 10)	Total Costs 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Raising and managing funds (note 6)	730	66	796	823	65	888
Charitable activities (note 7):						
Contributions to						
Archbishops' Council	2,213	-	2,213	2,172	-	2,172
Resourcing parish ministry	18,960	410	19,370	15,889	408	16,297
Support for parish ministry and training	4,286	898	5,184	4,082	930	5,012
Grant to Board of Education	269	-	269	594	-	594
Grants to other organisations	1,554	-	1,554	678	-	678
Other property related costs (Note 8)	476	-	476	137	-	137
	28,488	1,374	29,862	24,375	1,403	25,778

See notes 6 to 8 for an analysis of the costs per category

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**10. Analysis of Support Costs**

	Unrestricted Funds	
	2020	2019
	£'000	£'000
Human resources and administration	287	251
Finance	306	312
Secretariat	179	198
ICT	168	163
Premises and other	247	292
Governance:		
External audit	26	26
Registrar and Chancellor	153	138
Synod costs	8	23
	<u>1,374</u>	<u>1,403</u>

11. Analysis of Grants Made

	2020 No.	2019 No.	2020 £'000	2019 £'000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council (note 7)	<u>1</u>	<u>1</u>	<u>2,213</u>	<u>2,172</u>
From general and restricted funds to institutions: (Note 7)				
Parents and Children Together (PACT)	1	1	95	95
Development Fund Grants	45	36	1,135	293
Ecumenical and chaplaincy grants	3	3	51	54
Grants for parish building projects	38	51	56	101
Bishops discretionary grants	4	4	21	21
Oxford Diocesan Council for the Deaf	1	1	7	7
Anglican Communion – Covid support	1	-	50	-
Other grants	<u>-</u>	<u>-</u>	<u>139</u>	<u>107</u>
	<u>93</u>	<u>96</u>	<u>1,554</u>	<u>678</u>

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

	2020 £'000	2019 £'000
Staff costs during the year were as follows:-		
Wages and salaries	2,938	2,854
National Insurance contributions	300	287
Pension costs	471	491
Total	<u>3,709</u>	<u>3,632</u>

	Number	Number
The average number of persons employed during the year based on headcount:		
Charitable activities	73	69
Support	18	17
Total	<u>91</u>	<u>86</u>

The average number of persons employed during the year based on full-time equivalents		
Charitable activities	58	56
Support	16	15
Total	<u>74</u>	<u>71</u>

The numbers of staff whose emoluments (including benefits in kind but excluding employer's pension contributions and National Insurance) amounting to more than £60,000 were as follows:

£60,001-£70,000	2	2
£70,001-£80,000	2	2
£80,001-£90,000	<u>1</u>	<u>-</u>

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, for planning, directing and controlling the activities of ODBF. In addition to the directors of the company, key management personnel during 2020 comprise

Diocesan Secretary and Company Secretary	Canon Mark Humphriss
Director of Mission	Canon Andrew Anderson-Gear
Director of Finance	Mrs Alison Jestico to 31 December 2020
Director of Buildings	Mr David Mason
Director of Human Resources	Mrs Poli Shajko
Director of Communications	Mr Steven Buckley

The aggregate remuneration, including pensions and employer's National Insurance contributions for these 6 posts amounted to £529K (2019: £540K).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

12. Staff Costs (Cont'd.)

Directors' emoluments

No remuneration has been paid to any director during the year (2019: *£nil*) for acting as a director or a member of key management. However, 13 (2019: 11) directors, who held ecclesiastical office during the year, were paid aggregate stipends of £350,000 (2019: £334,000). Pension contributions on those stipends amounted to £120,000 (2019: £112,000) and employer's National Insurance thereon was £32,000 (2019: £29,000). 15 Directors (2019: 14) were reimbursed for travel, subsistence and incidental costs amounting to £16,000 (2019: £22,000) for services provided to ODBF in all the capacities in which they serve. Some directors are provided with housing because of their ecclesiastical office. One of the archdeacons were provided with a car with a cost of £14K (2019: 2 cars at a cost of £24K).

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 O Graham	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	No
The Venerable J Chaffey	Yes	No
The Venerable S Pullin	Yes	Yes
The Revd Canon Dr GB Bayliss	Yes	Yes
The Revd V Breed	Yes	Yes
The Revd Canon S Booyes	Yes	Yes
The Revd E K Denno	Yes	Yes
The Revd R J Lamey	Yes	Yes
The Revd D J Meakin	Yes	Yes
The Revd C Messervy	Yes	Yes
The Revd M K J Smith	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 the Diocesan Bishop and cathedral staff.

The stipends of the Diocesan Bishop and Area Bishops are funded by the Church Commissioners and are in the range £46,180 - £46,560 (2019 range £45,270 - £45,650). The annual rate of stipend, funded by the ODBF, paid to Archdeacons in 2020 was in the range £36,100 - £36,800 (2019 range £35,400-£36,100) and other stipendiary clergy who were directors were paid in the range £27,400 - £29,400 (2019 range £27,280 - £28,780).

The charity has insurance to indemnify the directors and officers against the consequences of any neglect or default on their part. The insurance is provided as part of the charity's general insurance and as such there is no separate premium payable (2019: none). The cover provided is up to £100,000 (2019: £100,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**13. 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)
Oxford Diocesan Buckinghamshire Schools Trust	(ODBST)
Parents and Children Together	(PACT)
Oxford Diocesan Council for the Deaf	(ODCD)

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

	PACT		ODCD	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Recharged by ODBF:				
Pay costs	-	-	-	15
Grants made by ODBF (Note 11)	95	95	7	7
Amounts due to ODBF at 31 December	-	-	-	11

ODBF bears the entire operating costs of DT(O)L, consisting principally of accounting, secretarial and administrative services. These amounted to £114K (2019: £109K). At 31 December 2020 there was a balance of £nil due from DT(O)L to ODBF (2019: £3K for land registry costs).

ODBF made grants of £269K to ODBE in 2020 (2019: £594K) (see Note 9) and committed future grants payable to ODBE in 2021-22 totalling £143K. ODBF recharged ODBE for accounting, company secretarial, human resources, ICT, premises administrative services totalling £171K in 2020 (2019: £168K). The balance due from ODBE at 31 December 2020 was £20K (2019: £14K) and the balance due to ODBE was £143K (2019: £253K).

ODST occupied space in Church House Oxford and contributed £32K (2019: £30K) towards the running costs of the building including reception and ICT. The balance due from ODST at 31 December 2020 was £125 (2019: £6K). The balance due to ODST at 31 December 2020 was £752 (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**14. Analysis of Transfers between Funds****a) Transfer in respect of Total Return**

	Unrestricted Funds		Restricted Funds	Endowment Funds
	General & designated Funds	Tangible Fixed Assets Fund		
	£'000	£'000	£'000	£'000
i) Total Return transfer to designated fund for Common Vision (note 16c)	3,091	-	-	(3,091)
ii) Total Return transfer to general funds to supplement revenue (note 16c)	3,787	-	-	(3,787)
	<u>6,878</u>	<u>-</u>	<u>-</u>	<u>(6,878)</u>
i) Following the adoption of total return accounting from 1 January 2018, £3.1M (2019: £2.1M) has been transferred to a designated income fund for expenditure in relation to the Common Vision strategy. These funds will be expended in the next 1-4 years.				
ii) The transfer to General Funds is in line with the agreed withdrawal under the total return policy.				

2019 prior year comparatives:

	Unrestricted Funds		Restricted Funds	Endowment Funds
	General & designated Funds	Tangible Fixed Assets Fund		
	£'000	£'000	£'000	£'000
i) Total Return transfer to designated fund for Common Vision (note 16c)	2,122	-	-	(2,122)
ii) Total Return transfer to general funds to supplement revenue (note 16c)	3,687	-	-	(3,687)
	<u>5,809</u>	<u>-</u>	<u>-</u>	<u>(5,809)</u>

b) Other transfers

Type of transfer	Unrestricted Funds		Restricted Funds	Endowment Funds
	General & designated Funds	Tangible Fixed Assets Fund		
	£'000	£'000	£'000	£'000
iii) Purchase and improvements to properties	(314)	314	-	-
iv) Disposal of Board properties	2,528	(2,528)	-	-
v) Purchase, improvement and disposal of Benefice properties in the year	-	-	(264)	264
Other transfers of less than £250,000 each	66	-	(66)	-
	<u>2,280</u>	<u>(2,214)</u>	<u>(330)</u>	<u>264</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**14. Analysis of Transfers between Funds (cont'd)**

- iii) The purchase of Board owned properties require an equivalent transfer from the general fund to the Board Properties Fund, which finances Board properties.
- iv) The disposal of Board properties require an equivalent transfer from the general fund to the Board Properties Fund, which finances Board properties.
- v) When a Benefice property is purchased the endowment fund is increased by means of a transfer from restricted funds.

2019 prior year comparatives:

<i>Type of transfer</i>	Unrestricted Funds			
	<i>General & designated Funds</i>	<i>Tangible Fixed Assets Fund</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>iii) Purchase and improvements to properties</i>	(2,567)	2,567	-	-
<i>iv) Property transfers following measures</i>	-	689	-	(689)
<i>v) Purchase, improvement and disposal of Benefice properties in the year</i>	-	-	(659)	659
<i>Other transfers of less than £250,000 each</i>	116	(50)	(66)	-
<i>Type of transfer</i>	<u>(2,451)</u>	<u>3,206</u>	<u>(725)</u>	<u>(30)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**15 Tangible Fixed Assets**

	Freehold Property	Leasehold Property	Vehicles & Office Equipment	Benefice Property	Glebe Team Vicarages	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2020	75,888	676	1,000	201,531	30,316	309,411
Additions	314	-	35	1,467	-	1,816
Disposals	(2,419)	-	(10)	(3,216)	(598)	(6,243)
Reclassification(note 16)	-	-	-	(60)	-	(60)
Revaluations	3,779	41	-	10,943	1,648	16,411
At 31 December 2020	77,562	717	1,025	210,665	31,366	321,335
Depreciation						
At 1 January 2020	339	-	808	-	-	1,147
Charge for the year	86	-	56	-	-	142
Disposals	-	-	(10)	-	-	(10)
At 31 December 2020	425	-	854	-	-	1,279
Net Book Values						
At 31 December 2020	77,137	717	171	210,665	31,366	320,056
At 31 December 2019	75,549	676	192	201,531	30,316	308,264

16 a) Fixed Asset Investments

	At 1 January 2020	Additions	Disposals	Change in Market Value	At 31 December 2020
	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds					
Equity Mortgage Loans	546	-	-	-	546
Designated Funds					
Administered funds	32	-	(7)	1	26
Restricted Funds					
ODBF Trusts & other	731	-	-	88	819
Endowment Funds					
Glebe (see note 16b)	131,374	14,538	(15,141)	5,564	136,335
ODBF Trusts & other	4,700	369	(364)	363	5,068
	136,074	14,907	(15,505)	5,927	141,403
Total	137,383	14,907	(15,512)	6,016	142,794

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**16 b) Glebe Investments**

	Agricultural Land	Residential Property	Commercial Property	Amenity & Other Property	Listed Investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2020	24,266	2,562	1,981	2,679	99,886	131,374
Additions at cost	-	-	42	105	14,391	14,538
Disposals	(67)	-	-	-	(15,074)	(15,141)
Reclassification	-	-	60	-	-	60
Unrealised gains	188	153	137	23	5,003	5,504
Net Book Value						
At 31 December 2020	24,387	2,715	2,220	2,807	104,206	136,335
Cost or ICV						
At 31 December 2020	4,141	1,544	2,524	1,847	83,697	93,753

The above reclassification relates to the transfer of £60K from Benefice Property in note 15 above.

Subsequent to the year end, a Glebe property was disposed of for £950K, the value at which it is included as at 31 December 2020.

Glebe listed investments are managed by Newton Investment Management.

16 c) Application of the power of total return to Glebe Investments

The investment power of total return permits ODBF to invest the permanently endowed funds of glebe investments to maximise total return and apply an appropriate portion of the unapplied total return each year. Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains part of the permanent endowment. 7% of the value of Glebe listed investments, i.e. £7,303K, was transferred in the year.

From 1 January 2018 the Oxford Diocesan Board of Finance adopted a total return approach to investments with regard to the Glebe listed investment portfolio. The initial value for implementing total return for investment was determined at 31 December 2000 and valued at £14.7M. This was the amount held in listed investments at that date. The unapplied total return was calculated as at the 1 January 2018 and valued at £14.9M as the increase above inflation in the value of these investments since the initial valuation, adjusted for the introduction of new investment in the portfolio following significant sales of glebe land which have taken place since 2008.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**16 c) Application of the power of total return to Glebe Investments (cont'd)**

	Trust for investment	Unapplied Total Return	Total endowment
	£'000	£'000	£'000
As at 1 January 2020:			
Base value of the permanent endowment	90,460	-	90,460
Unapplied total return	-	13,872	13,872
Total	90,460	13,872	104,332
Movements in the year:			
Additional sale proceeds of Glebe land sale	2,576	-	2,576
Investment returns: dividends received	-	2,543	2,543
Investment return: realised and unrealised gains	-	4,336	4,336
Investment management fees	-	(425)	(425)
Unapplied total return allocated to income in the year	-	(6,878)	(6,878)
Add indexation of base level of endowment	1,086	(1,086)	-
Net movements in the year	3,662	(1,510)	2,152
As at 31 December 2020:			
Base value of the permanent endowment	94,122	-	94,122
Unapplied total return	-	12,362	12,362
Valuation as at 31 December 2020	94,122	12,362	106,484

The total endowment includes cash funds of £2,278K in addition to listed investments of £104,206K.

Analysis of Withdrawal to income

Supplementing revenue (see note 14a)	3,787
Designated fund for Common Vision (see note 14a)	3,091
Subtotal: Unapplied total return allocated to income	6,878
Investment management fees	425
Withdrawal to income	7,303

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**16 c) Application of the power of total return to glebe investments (cont'd)***Prior year figures for the year ended 31 December 2019*

	<i>Trust for investment</i>	<i>Unapplied Total Return</i>	<i>Total endowment</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 January 2019:			
<i>Base value of the permanent endowment</i>	81,361	-	81,361
<i>Unapplied total return</i>	-	7,678	7,678
Total	81,361	7,678	89,039
Movements in the year:			
<i>Additional sale proceeds of glebe land sale</i>	7,309	-	7,309
<i>Investment returns: dividends received</i>	-	2,974	2,974
<i>Investment return: realised and unrealised gains</i>	-	11,242	11,242
<i>Investment management fees</i>	-	(423)	(423)
<i>Unapplied total return allocated to income in the year</i>	-	(5,809)	(5,809)
<i>Add indexation of base level of endowment</i>	1,790	(1,790)	-
Net movements in the year	9,099	6,194	15,293
As at 31 December 2019:			
<i>Base value of the permanent endowment</i>	90,460	-	90,460
<i>Unapplied total return</i>	-	13,872	13,872
Valuation as at 31 December 2019	90,460	13,872	104,332

The total endowment includes cash funds of £4,446K in addition to listed investments of £99,886K.

Analysis of Withdrawal to income

<i>Supplementing revenue (see note 14a)</i>	3,687
<i>Designated fund for Common Vision (see note 14a)</i>	2,122
<i>Subtotal: Unapplied total return allocated to income</i>	5,809
<i>Investment management fees</i>	423
<i>Withdrawal to income</i>	6,232

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

	2020 £'000	2019 £'000
Amounts due after more than one year		
Loans to parishes	221	557
Pension Scheme surplus (Note 25)	828	604
Amounts due within one year		
Prepayments	282	333
Accrued income	406	176
Other debtors	1,045	3,585
Loans	335	386
Amounts due from connected charities	20	39
Total	2,088	4,519
Total debtors	3,137	5,680

18 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Creditors and accruals	2,518	3,013
Taxation and social security	82	81
Deferred income	237	194
Total creditors: amounts falling due within one year	2,837	3,288

19 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Creditors and accruals	34	143
Loans	2,372	2,238
Total creditors: amounts falling due after more than one year	2,406	2,381

The above loans are all repayable after more than five years

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)
20 Summary of Fund Movements

	2020					
	Balances at 1 Jan 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains & Losses £'000	Balances at 31 Dec 2020 £'000
UNRESTRICTED FUNDS						
General	7,783	21,800	(26,111)	6,067	253	9,792
Designated Funds						
Common Vision	3,726	7	(1,560)	3,091	-	5,264
Development posts and new communities fund	1,039	-	(142)	-	-	897
Other funds	170	18	(27)	-	2	163
	4,935	25	(1,729)	3,091	2	6,324
Total General and Designated Funds	12,718	21,825	(27,840)	9,158	255	16,116
Tangible Fixed Assets						
Property Fund						
Board properties fund	73,992	193	(237)	(2,214)	3,754	75,488
RESTRICTED FUNDS						
Diocesan Pastoral Account	199	275	(10)	(264)	-	200
Mission grants fund	58	-	(15)	-	-	43
Sillitoe Bequest	901	24	-	-	87	1,012
Other funds below £250K	1,082	939	(950)	(66)	1	1,006
	2,240	1,238	(975)	(330)	88	2,261
ENDOWMENT FUNDS						
Glebe team vicarages	31,326	-	(72)	-	1,653	32,907
Glebe investments	137,440	2,569	(476)	(6,818)	5,724	138,439
Clergy pension scheme deficit	(2,376)	-	(88)	-	1,106	(1,358)
Diocesan stipends fund	166,390	2,569	(636)	(6,818)	8,483	169,988
Parsonage house fund	199,462	240	(167)	204	10,921	210,660
Stipends bequest fund	1,947	-	-	-	162	2,109
Ordination candidates funds	1,426	-	-	-	111	1,537
Other funds	1,391	-	(7)	-	100	1,484
	370,616	2,809	(810)	(6,614)	19,777	385,778
Total funds	459,566	26,065	(29,862)	-	23,874	479,643

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**20. Summary of Fund Movements (Cont'd.)**

	2019					
	<i>Balances at 1 Jan 2019 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Transfers £'000</i>	<i>Gains and Losses £'000</i>	<i>Balances at 31 Dec 2019 £'000</i>
UNRESTRICTED FUNDS						
<i>General</i>	<u>11,304</u>	<u>22,358</u>	<u>(26,805)</u>	<u>1,236</u>	<u>(310)</u>	<u>7,783</u>
Designated Funds						
<i>Common Vision</i>	2,391	5	(792)	2,122	-	3,726
<i>Relocation fund</i>	72	-	(72)	-	-	-
<i>Development posts and new communities fund</i>	1,196	-	(157)	-	-	1,039
<i>Other funds</i>	<u>174</u>	<u>19</u>	<u>(28)</u>	<u>-</u>	<u>5</u>	<u>170</u>
	<u>3,833</u>	<u>24</u>	<u>(1,049)</u>	<u>2,122</u>	<u>5</u>	<u>4,935</u>
Total General and Designated Funds	<u>15,137</u>	<u>22,382</u>	<u>(27,854)</u>	<u>3,358</u>	<u>(305)</u>	<u>12,718</u>
Tangible Fixed Assets Property Fund						
<i>Board properties fund</i>	<u>70,822</u>	<u>-</u>	<u>(36)</u>	<u>3,206</u>	<u>-</u>	<u>73,992</u>
RESTRICTED FUNDS						
<i>Diocesan Pastoral Account</i>	868	4	(13)	(660)	-	199
<i>Mission grants fund</i>	141	-	(15)	(68)	-	58
<i>Sillitoe Bequest</i>	762	24	-	-	115	901
<i>Other funds below £250K</i>	<u>962</u>	<u>894</u>	<u>(779)</u>	<u>3</u>	<u>2</u>	<u>1,082</u>
	<u>2,733</u>	<u>922</u>	<u>(807)</u>	<u>(725)</u>	<u>117</u>	<u>2,240</u>
ENDOWMENT FUNDS						
<i>Glebe team vicarages</i>	31,326	-	-	-	-	31,326
<i>Glebe investments</i>	130,724	3,025	(539)	(5,809)	10,039	137,440
<i>Clergy pension scheme deficit</i>	<u>(6,941)</u>	<u>-</u>	<u>3,486</u>	<u>-</u>	<u>1,079</u>	<u>(2,376)</u>
<i>Diocesan stipends fund</i>	155,109	3,025	2,947	(5,809)	11,118	166,390
<i>Parsonage house fund</i>	199,323	197	(28)	(30)	-	199,462
<i>Stipends bequest fund</i>	1,671	-	-	-	276	1,947
<i>Ordination candidates funds</i>	1,235	-	-	-	187	1,422
<i>Other funds</i>	<u>1,167</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>211</u>	<u>1,395</u>
	<u>358,505</u>	<u>3,239</u>	<u>2,919</u>	<u>(5,839)</u>	<u>11,792</u>	<u>370,616</u>
Total funds	<u>447,197</u>	<u>26,543</u>	<u>(25,778)</u>	<u>-</u>	<u>11,604</u>	<u>459,566</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**21 Summary of Assets by Fund**

			2020		
	Tangible Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	171	546	10,150	(1,075)	9,792
Designated					
Common Vision	-	-	6,599	(1,365)	5,234
Development posts and new communities fund	-	-	897	-	897
Other funds	-	27	188	(22)	193
	-	27	7,684	(1,387)	6,324
Total general and designated funds	171	573	17,834	(2,462)	16,116
Tangible fixed assets property fund					
Board properties fund	77,854	-	6	(2,372)	75,488
RESTRICTED FUNDS					
Diocesan Pastoral Account	-	-	199	-	199
Mission grants fund	-	-	43	-	43
Sillitoe Bequest	-	805	205	-	1,010
Other funds below £250K each	-	13	1,161	(165)	1,009
	-	818	1,608	(165)	2,261
ENDOWMENT FUNDS					
Glebe team vicarages	31,366	300	1,241	-	32,907
Total Return Investments	-	106,484	-	-	106,484
Glebe investments	-	29,551	2,648	(244)	31,955
Clergy pension scheme deficit	-	-	-	(1,358)	(1,358)
Diocesan stipends fund	31,366	136,335	3,889	(1,602)	169,988
Parsonage house fund	210,665	-	(5)	-	210,660
Stipends bequest fund	-	2,071	38	-	2,109
Ordination candidates funds	-	1,537	-	-	1,537
Other	-	1,460	24	-	1,484
	242,031	141,403	3,946	(1,602)	385,778
Total Funds	320,056	142,794	23,394	(6,601)	479,955

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**21 Summary of Assets by Fund (Cont'd.)**

	<i>Tangible Fixed Assets £'000</i>	<i>Investments £'000</i>	2019 <i>Current Assets £'000</i>	<i>Creditors £'000</i>	<i>Net Assets £'000</i>
UNRESTRICTED FUNDS					
<i>General</i>	192	546	9,403	(2,358)	7,783
Designated					
<i>Common Vision</i>	-	-	4,253	(527)	3,726
<i>Development posts and new communities fund</i>	-	-	1,039	-	1,039
<i>Other funds</i>	-	32	143	(5)	170
	-	32	5,435	(532)	4,935
Total general and designated funds	192	578	14,838	(2,890)	12,718
Tangible fixed assets property fund					
<i>Board properties fund</i>	76,225	-	4	(2,237)	73,992
RESTRICTED FUNDS					
<i>Diocesan Pastoral Account</i>	-	-	199	-	199
<i>Mission grants fund</i>	-	-	58	-	58
<i>Sillitoe Bequest</i>	-	719	182	-	901
<i>Other funds below £250K each</i>	-	12	1,210	(140)	1,082
	-	731	1,649	(140)	2,240
ENDOWMENT FUNDS					
<i>Glebe team vicarages</i>	30,316	300	710	-	31,326
<i>Total Return Investments</i>	-	104,332	-	-	104,332
<i>Glebe investments</i>	-	26,742	6,768	(402)	33,108
<i>Clergy pension scheme deficit</i>	-	-	-	(2,376)	(2,376)
<i>Diocesan stipends fund</i>	30,316	131,374	7,478	(2,778)	166,390
<i>Parsonage house fund</i>	201,531	-	(2,069)	-	199,462
<i>Stipends bequest fund</i>	-	1,909	38	-	1,947
<i>Ordination candidates funds</i>	-	1,422	-	-	1,422
<i>Other</i>	-	1,369	26	-	1,395
	231,847	136,074	5,473	(2,778)	370,616
Total Funds	308,264	137,383	21,964	(8,045)	459,566

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**22 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 fundsCommon Vision

Following the adoption of total return accounting from 1 January 2018, £2.4M was transferred to a designated income fund for expenditure in relation to the Common Vision strategy, and in 2019 a further £2.1M was added and expenditure incurred totalling £0.8M. The balance of these funds will be expended in the next 1-3 years. In 2020 a further £3.1M was added and expenditure was £1.6M.

Development posts and new communities fund

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. In February 2016 Bishop's Council approved the transfer of an additional £800K to the fund for development posts. After net expenditure incurred these funds stand at £0.9M at the year-end (2019 £1.0M).

Tangible Fixed Assets Property FundBoard properties fund

The Board properties fund is represented by tangible fixed asset properties plus any related debtors less loans drawn down to finance the purchase of those properties.

Restricted fundsDiocesan 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**22. Description of Funds (cont'd).**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 fundsDiocesan stipends capital fund

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 house 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 funds

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

23. Capital Commitments

Capital commitments in respect of development of clergy housing contracted but not provided totalled £0.5M at 31 December 2020 (2019: £0.4M).

24. Members liability

The Charity is constituted as a company limited by guarantee. In the event that the company is wound up, company members are required to contribute an amount not exceeding £1 each.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

25. 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 Responsible Bodies.

Each participating Responsible Body 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 each specific Responsible Body, and this means that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2020: £3,402K, 2019: £3,354K), plus the figures highlighted in the table below as being recognised in the statement of financial activities, giving a total charge of £3,490K for 2020 (2019 credit of £132K).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50M, based on assets of £1,818M and a funding target of £1,868M, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% p.a.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	<i>1 January 2018 to 31 December 2020</i>	<i>1 January 2021 to 31 December 2022</i>
Deficit repair contributions	<u>11.9%</u>	<u>7.1%</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**25. Pensions (cont'd).**

As at 31 December 2020 and 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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 balance sheet liability is set out in the table below.

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	2,376	6,941
Deficit contribution paid	(1,106)	(1,079)
Interest cost	20	134
Remaining change to the Balance Sheet liability*	68	(3,620)
Pension adjustment to statement of financial activities	88	(3,486)
Balance sheet liability at 31 December	1,358	2,376

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

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 2020	December 2019
Discount rate	0.2%	1.1%
Price inflation	3.1%	2.8%
Increase to total pensionable payroll	1.6%	1.3%

The legal structure of the scheme is such that if another Responsible Body fails, Oxford Diocesan Board of Finance could become responsible for paying a share of that Responsible Body'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 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**25. Pensions (cont'd).**

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 expenditure in the SOFA each year.

Contribution rates vary according to actuarial reviews undertaken every three years. The contribution rate paid in 2020 was 30.1% of basic salaries each month (2019: 30.1%), which amounted to £215K (2019: £159K). ODBF paid contributions of £20K for staff in the scheme previously employed by ODBF (2019: £29K). No additional contributions were due or paid in 2020 towards the previous deficit (2019: £nil).

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 2020, £604K, increased by £224K during the year to a surplus of £828K at 31 December 2020. The liabilities are valued on the basis of corporate bond yields at the date of calculation which this year was 1.4% (2019: 2.05%), 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 the potential to be very significant.

In addition, changes to corporate bond yields and mortality assumptions from one year to the next can give rise to volatility in the SOFA figures.

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 2017 was updated to 31 December 2020 by a qualified actuary independent of the scheme's sponsoring employer and showed a surplus of £340K. The employer contribution rate from 1 January 2020 is 30.1%, in addition to payment of scheme expenses of £57K.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**25. Pensions (cont'd).**

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

	2020	2019
	%	%
Discount rate	1.40	2.05
Salary increases	2.50	2.50
Inflation (RPI)	2.95	3.00
Inflation (CPI)	2.70	2.00
Allowance for pension in payment increases of RPI or 5% if less	2.85	2.90
Allowance for pension in payment increases of CPI or 5% if less	2.65	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 0.5% 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 2020 was £16,014K (2019: £14,443K) as below:

	2020	2019
	£'000	£'000
Deposit	159	275
Fixed Interest Bonds	4,725	6,895
Index-linked gilts	6,071	4,059
Property	1,141	1,570
Other	3,918	1,644
	<u>16,014</u>	<u>14,443</u>

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

	2020	2019
	£'000	£'000
Fair value of plan assets	16,014	14,443
Present value of defined benefit obligations	(14,248)	(12,383)
Unrecognised surplus	<u>(938)</u>	<u>(1,456)</u>
Surplus recognised (see note 17)	<u>828</u>	<u>604</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**25. Pensions (cont'd).**

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

	2020	2019
	£'000	£'000
Fair value of assets at 1 January	14,443	12,913
Interest income	295	366
Employer contributions	215	245
Benefits paid and expenses	(303)	(366)
Actuarial gain on assets	1,364	1,285
Fair value of assets at 31 December	<u>16,014</u>	<u>14,443</u>

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

	2020	2019
	£'000	£'000
Defined benefit obligation at 1 January	12,383	10,990
Current service cost	194	190
Interest cost	253	309
Benefit paid	(241)	(305)
Actuarial losses	1,658	1,199
Loss due to benefit changes	1	-
Defined benefit obligation at 31 December	<u>14,248</u>	<u>12,383</u>

Defined benefit costs recognised in the SOFA:

	2020	2019
	£'000	£'000
Current service cost	194	190
Loss due to benefit changes	1	-
Net interest income	(13)	(26)
Expenses	62	61
Total	<u>244</u>	<u>225</u>

Defined benefit income (costs) recognised in other comprehensive income:

	2020	2019
	£'000	£'000
Return on plan assets – gains	1,364	1,285
Experience gains arising on plan liabilities	129	20
Effects of changes in demographic & financial assumptions underlying the present value of the plan liabilities – losses	(1,787)	(1,219)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	547	(334)
Total amount recognised in other comprehensive income	<u>253</u>	<u>(248)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**25. Pensions (cont'd).****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 scheme 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.

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 (2020: £226K, 2019: £222K).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020. For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time. For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**26. Statements of Financial Activities (Prior) Year***For the year ended 31 December 2019*

	<i>Note</i>	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2019
		General & Designated Funds	Tangible Fixed Assets Property Fund			
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Income and Endowments from:						
<i>Donations</i>	2	19,627	-	208	17	19,852
<i>Charitable activities</i>	3	2,004	-	531	-	2,535
<i>Investments</i>	4	751	-	183	2,974	3,908
<i>Other sources</i>	5	-	-	-	248	248
Total		22,382	-	922	3,239	26,543
Expenditure on:						
<i>Raising and managing funds</i>						
	6	350	-	-	538	888
<i>Charitable activities</i>	7	27,432	-	807	(3,486)	24,753
<i>Other property costs</i>	8	72	36	-	29	137
Total		27,854	36	807	(2,919)	25,778
Net (expenditure)/income before investment gains:						
		(5,472)	(36)	115	6,158	765
<i>Net (losses)/gains on investments</i>		(57)	-	117	10,713	10,773
Net (expenditure)/income		(5,529)	(36)	232	16,871	11,538
<i>Total Return transfer</i>	14	5,809	-	-	(5,809)	-
Net income/(expenditure) after Total Return transfer		280	(36)	232	11,062	11,538
<i>Other transfers</i>	14	(2,451)	3,206	(725)	(30)	-
		(2,171)	3,170	(493)	11,032	11,538
Other recognised (losses)/gains:						
<i>(Losses)/gains on defined benefit pension scheme</i>	25	(248)	-	-	1,079	831
Net movement in funds		(2,419)	3,170	(493)	12,111	12,369
Total funds brought forward		15,137	70,822	2,733	358,505	447,197
Total funds carried forward	20	12,718	73,992	2,240	370,616	459,566